

Approved: 4/29/95  
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 10:00 a. m. on April 20, 1995 in Room 514-S of the Capitol.

All members were present except: Representative Minor, excused

Committee staff present: Alan Conroy, Legislative Research Department  
Don Cawby, Legislative Research Department  
Laura Howard, Legislative Research Department  
Pat Mah, Legislative Research Department  
Russell Mills, Legislative Research Department  
Eric Milstead, Legislative Research Department  
Patricia Pierron, Legislative Research Department  
Kathy Porter, Legislative Research Department  
Leah Robinson, Legislative Research Department  
Paul West, Legislative Research Department  
Susan Wieggers, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Lenore Olson, Committee Secretary  
Tara Eubanks, Administrative Assistant

Conferees appearing before the committee:  
Gloria Timmer, Director, Division of the Budget

Others attending: See attached list

Paul West, KLRD, briefed the Committee on the status of the Economic Development Initiatives Fund (EDIF). He said both the House and Senate have concurred on the recommended expenditures for FY 96, at this time all bills are before the Governor and there have been no vetoes as of yet of any of these items (Attachment 1).

Russell Mills, KLRD, updated the Committee on the expenditures from the resources of the State Water Plan Fund. Mr. Mills said expenditures approved thus far by the 1995 Legislature overspend this fund by \$8,004; however, during the recess, the State Conservation Commission discovered some savings (of about \$222,000) from some projects of which expenditures were not fully needed (Attachment 2).

Alan Conroy, KLRD, presented a review of a April 6, 1995, memorandum from Division of the Budget and Legislative Research Department. The memorandum covered the adjusted estimates made by the Consensus Revenue Estimating Group for FY 1995 and FY 1996 SGF receipts (Attachment 3). Mr. Conroy distributed a summary of appropriations bills and said that the summary excludes the state employee pay plan bill and the Governor's Budget Amendment #3 (regarding the Lottery) (Attachment 4). He also distributed a comparison chart showing FTE positions by function of government and agency (Attachment 5). Mr. Conroy distributed the State General Fund profile. The consensus estimate on receipts for FY 95 and FY 96 was adjusted for the shift in the military retirees' income tax repayment fund and the transfer from the Securities Commissioner of \$450,000 was incorporated. Also, updated school finance estimates are reflected in the FY 95 and FY 96 figures (Attachment 6).

Leah Robinson, KLRD, reviewed a staff memorandum listing items for omnibus consideration. The memorandum included Governor's budget amendments up through April 19, 1995, and includes GBA # 3 (Attachment 7). Also distributed was an analyst omnibus list by agency and subcommittee and a subcommittee list by agency and analyst (Attachment 8).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 10:00 a.m. on April 20, 1995.

Governor's Budget Amendment # 4 was distributed (Attachment 9) and Gloria Timmer, Director, Division of the Budget, addressed the Committee on the issue of special projects positions under the SHARP system. She said the system does not have a place for special projects positions and explained that the Governor's recommendation to convert special project and intermittent positions to FTE positions would involve no salary changes.

The Chair announced the next meeting of the full Appropriations Committee would start at 8:00 a.m. on April 21, 1995.

The meeting adjourned at 11:50 a.m. so the Subcommittees could meet to consider items to be contained in the omnibus bill.

The minutes of March 28, 29, 30 and 31, 1995, were distributed to the Committee on April 6, 1995, with instructions that if there were any additions and/or corrections, to notify the Committee Secretary no later than 4:00 p.m. on March 7, 1995.

# APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 4/20/95

NAME	REPRESENTING
Gracey Empson	Orvis Fowles
Diana Waterworth	Division of the Budget
Philip D. Knapp	Youth Center Operations Division
Nicole Cheyney	Intern - Farmer
Bill Watts	KDOT
Jacque Dukes	SQF
Dr. Shovel	KLS
Mark Barcellona	KDO@H
Dick Koerth	KDWP
Kathy Sexton	BUDGET
Karen Lowery	KASB
John Peterson	Ks Governmental Consulting
Tom Bruno	Attend ASSOC.
Whitney Damon	Pete McGill Associates
Michelle Peterson	Ks Governmental Consulting

STATUS OF THE ECONOMIC DEVELOPMENT INITIATIVES FUND

Bill No.	Agency/Program	***					
		Governor's Rec. FY 96	Pct of \$ Avail.	House Rec. FY 96	Pct of \$ Avail.	Senate Rec. FY 96	Pct of \$ Avail.
HB 2132	Department of Commerce and Housing						
	Agency Operations	\$ 6,150,914		\$ 6,104,558		\$ 6,104,558	
	Small Business Development Centers	325,000		325,000		325,000	
	Certified Development Companies	475,000		475,000		475,000	
	Kansas Industrial Training/Retraining	3,000,000		3,000,000		3,000,000	
	Trade Show Promotion Grants	270,000		270,000		270,000	
	Stategic Planning/Action Grants	600,000		600,000		600,000	
	Kansas Quality Improvement Network	65,000		--		--	
	Mid - America World Trade Center	--		65,000		65,000	
	Economic Initiative Opportunity Fund	4,000,000		4,000,000		4,000,000	
	High Performance Incentive Grants	75,000		75,000		75,000	
	Tourism Grants	379,600		379,600		379,600	
HB 2235	Travel Information Center Repairs	35,000		35,000		35,000	
	Micro Loan Program	2,400,000		1,500,000		1,500,000	
	Subtotal - KDCH	\$ 17,775,514	37.18%	\$ 16,829,158	34.45%	\$ 16,829,158	34.45%
HB 2132	Kansas Technology Enterprise Corporation						
	Agency Operations	\$ 1,651,579		\$ 1,594,239		\$ 1,594,239	
	Centers of Excellence	4,250,000		4,350,000		4,350,000	
	Research Matching Grants	1,260,000		1,260,000		1,260,000	
	Business Innovative Research Grants	86,000		86,000		86,000	
	Training Equipment Grants	250,000		250,000		250,000	
	Industrial Liaison Program	300,000		300,000		300,000	
	Seed Capital	3,300,000		3,300,000		3,300,000	
	Special Projects	163,000		163,000		163,000	
	Commercialization	1,286,539		1,286,539		1,286,539	
	Agricultural Value Added Center	528,250		528,250		528,250	
	Mid-America Manufact. Tech. Center	1,000,000		1,000,000		1,000,000	
	EPSCoR	4,000,000		3,900,000		3,900,000	
	Subtotal - KTEC	\$ 18,075,368	37.81%	\$ 18,018,028	36.88%	\$ 18,018,028	36.88%
HB 2132	Kansas, Inc.						
	Agency Operations	\$ 129,144	0.27%	\$ 126,685	0.26%	\$ 126,685	0.26%
HB 2265	Wildlife & Parks - Grant for Wildscape	\$ --	--	\$ 40,000	0.08%	\$ 40,000	0.08%
SB 153	Board of Agriculture						
	Market Promotion and Development	\$ 366,707	0.77%	\$ 366,707	0.75%	\$ 366,707	0.75%
SB 70	Department of Education						
	Innovative Program Assist.	\$ 1,485,000		\$ 1,485,000		\$ 1,485,000	
	Matching Grants - AVTS	145,000		500,000		500,000	
	Postsecondary Aid - AVTS	6,050,000		6,050,000		6,050,000	
	Capital Outlay Aid - AVTS	1,500,000		1,650,000		1,650,000	
	Foundation for Agriculture	--		25,000		25,000	
	Cultural Heritage & Arts Center	--		20,000		20,000	
	Less Funds Available From Prior Years	(133,766)		(133,766)		(133,766)	
	Subtotal - Education	\$ 9,046,234	18.92%	\$ 9,596,234	19.64%	\$ 9,596,234	19.64%
SB 80	State Library - Local Library Data Base Grants	\$ --	--	\$ 211,200	0.43%	\$ 211,200	0.43%
SB 80	Historical Society - Historic Sites Transitions	\$ --	--	\$ 42,586		\$ 42,586	
	Museum Operations	--	--	139,904		139,904	
SB 178	Hollenberg Station Land	--	--	5,000		5,000	
	Subtotal - Historical Society	\$ --	--	\$ 187,490	0.38%	\$ 187,490	0.38%
SB 153	State Fair - State Operations	\$ --	--	\$ 114,000	0.23%	\$ 114,000	0.23%
79-4804	State Water Plan Fund	\$ 2,000,000	4.18%	\$ 2,000,000	4.09%	\$ 2,000,000	4.09%
	<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 47,392,967</b>	<b>99.14%</b>	<b>\$ 47,489,502</b>	<b>97.20%</b>	<b>\$ 47,489,502</b>	<b>97.20%</b>
<b>FY 1995 ADJUSTMENTS</b>							
SB 236	State Library - Local Library Data Base Grants	\$ --		\$ 100,000	0.20%	\$ 100,000	0.20%
<b>REVENUE ADJUSTMENTS</b>							
HB 2090	Transfer From KDFA Basic Enter. Loan Program	\$ --		\$ 1,050,000		\$ 1,050,000	
	<b>EDIF Resource Estimate</b>	<b>Governor's</b>		<b>House</b>		<b>Senate</b>	
		<b>Rec. FY 96</b>		<b>Rec. FY 96</b>		<b>Rec. FY 96</b>	
	Beginning Balance	\$ 5,005,580		\$ 4,905,580		\$ 4,905,580	
	Lottery Transfers **	38,142,000		38,142,000		38,142,000	
	Racing Transfers	4,358,000		4,358,000		4,358,000	
	Other Income	300,000		1,350,000		1,350,000	
	Total Available	\$ 47,805,580	100.00%	\$ 48,755,580	100.00%	\$ 48,755,580	100.00%
	Less: Expenditures and Transfers	47,392,967		47,489,502		47,489,502	
	<b>ENDING BALANCE</b>	<b>\$ 412,613</b>	<b>0.86%</b>	<b>\$ 1,266,078</b>	<b>2.60%</b>	<b>\$ 1,266,078</b>	<b>2.60%</b>

\*\* - Assumes continuation of the Lottery

\*\*\* Governor's Recommendation is for comparative purposes only. In GBA #3, the Governor recommended that all of these projects be financed from the State General Fund except for \$9,099,000 of the funding recommended for KTEC.

4/20/95

*Appropriations Cmte*

04/19/95

*Attachment 1*

EXPENDITURES FROM THE RESOURCES OF THE STATE WATER PLAN FUND

Bill No.	Agency/Program	Request FY 96	Governor's Rec. FY 96	Senate Rec. FY 96	House Rec. FY 96	Conference Committee
S.B. 153	State Conservation Commission					
	Conservation District Aid	\$ 1,006,457	\$ 981,646	\$ 981,646	\$ 981,646	\$ 981,646
	Watershed Dam Construction	1,325,633	855,000	855,000	855,000	855,000
	Multipurpose Small Lakes	2,500,000	800,000	--	800,000	500,000
	Nonpoint Source Pollution Asst.	2,500,000	1,500,000	2,000,000	1,500,000	2,000,000
	Water Resources Cost Share	7,750,000	5,200,000	5,200,000	5,200,000	5,200,000
	Riparian and Wetland Program	150,000	100,000	100,000	50,000	100,000
	Watershed Planning Assistance	145,000	45,000	45,000	45,000	45,000
	Total - Conservation Commission	\$ 15,377,090	\$ 9,481,646	\$ 9,181,646	\$ 9,431,646	\$ 9,681,646
S.B. 153	Kansas Water Office					
	Neosho Sub-basin	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Republican Sub-basin	125,000	125,000	125,000	125,000	125,000
	Mineral Intrusion-Big Bend Prairie	65,000	65,000	65,000	65,000	65,000
	Tech. Assist. to Water Users	150,000	150,000	150,000	150,000	150,000
	Educ. Assist. to Water Users	75,000	35,000	35,000	35,000	35,000
	Geography Resource Center	50,000	50,000	50,000	50,000	50,000
	Stream Gaging Program	--	307,762	307,762	307,762	307,762
	GIS Data Access & Support Ctr.	--	120,000	120,000	120,000	120,000
	Eval. Policies Irrig. Withdrawals	30,000	--	--	--	--
	GIS Data Base/GIS Manager	300,000	351,574	351,574	351,574	351,574
	Questionnaire/Public Information	35,000	25,000	25,000	25,000	25,000
	Salt Water Intrusion-Equus Beds	50,000	25,000	25,000	25,000	25,000
	Storage Acquisition/O&M	1,490,110	405,981	405,981	405,981	405,981
	Weather Modification/Shift to EDIF	200,000	190,000	--	190,000	190,000
	Quality /Declines UARK River	60,000	35,000	35,000	35,000	35,000
	Verdigris Reservoir Sediment.	10,000	7,500	7,500	7,500	7,500
	Upper Ark. Hydrological Impact	40,000	17,500	17,500	17,500	17,500
	Alfalfa/Wheat Irrig. Requirements	30,000	--	--	--	--
	Ark. River Pilot Channel Research	30,000	--	--	--	--
	Mineral Intrusion-Upper KS. River	5,000	5,000	5,000	5,000	5,000
	Total - Kansas Water Office	\$ 2,845,110	\$ 1,965,317	\$ 1,775,317	\$ 1,965,317	\$ 1,965,317
H.B. 2265	Wildlife and Parks					
	Cheyenne Bottoms Renovation	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
	Hillsdale State Park	1,000,000	--	--	--	--
	Dam Maintenance & Repair	500,000	--	--	--	--
	Neosho Madtom/Stream Monitor.	50,000	50,000	50,000	50,000	50,000
	Total - Wildlife and Parks	\$ 2,550,000	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000
H.B. 2236	University of Kansas					
	Dakota Aquifer Study	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
S.B. 153	Board of Agriculture					
	Interstate Water Issues	221,891	200,000	200,000	200,000	200,000
	Subbasin Management Plan	732,172	674,689	674,689	674,689	674,689
	Water Rights Backlog	167,133	167,133	167,133	167,133	167,133
	Total - Board of Agriculture	\$ 1,121,196	\$ 1,041,822	\$ 1,041,822	\$ 1,041,822	\$ 1,041,822
H.B. 2265	Health and Environment					
	Contamination Remediation	\$ 3,589,932	\$ 1,471,793	\$ 1,471,793	\$ 1,471,793	\$ 1,471,793
	Local Environmental Aid	2,625,625	2,150,000	2,150,000	2,150,000	2,150,000
	Nonpoint Source Program	670,114	609,487	609,487	609,487	609,487
	Total - Health and Environment	\$ 6,885,671	\$ 4,231,280	\$ 4,231,280	\$ 4,231,280	\$ 4,231,280
<b>TOTAL EXPENDITURES</b>		<b>\$ 28,979,067</b>	<b>\$ 17,970,065</b>	<b>\$ 17,480,065</b>	<b>\$ 17,920,065</b>	<b>\$ 18,170,065</b>
	Estimated Receipts/Transfers	15,856,399	15,856,399	15,856,399	15,856,399	15,856,399
	Beginning Balance	596,685	596,685	596,685	596,685	596,685
	Estimated Carryforward/Available	1,708,977	1,708,977	1,708,977	1,708,977	1,708,977
	<b>Balance</b>	<b>\$ (10,817,006)</b>	<b>\$ 191,996</b>	<b>\$ 681,996</b>	<b>\$ 241,996</b>	<b>\$ (8,004)</b>



DIVISION OF THE BUDGET  
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Bill Graves  
Governor

Gloria M. Timmer  
Director

MEMORANDUM

April 6, 1995

To: Governor Bill Graves and Legislative Budget Committee

From: Division of the Budget and Legislative Research Department

**STATE GENERAL FUND (SGF) RECEIPTS**

**Adjusted Estimates for FY 1995 and FY 1996**

On April 4, the Consensus Revenue Estimating Group met to adjust the estimates made last November of SGF receipts for FY 1995 and FY 1996. The attached table shows the changes, if any, for each source of revenue. Significant changes in specific revenue sources are discussed later in this memo.

The estimate of total receipts in FY 1995 was decreased by \$7.3 million and the estimate for FY 1996 was reduced by \$33.03 million. For the two years combined, the change is a decrease of \$40.33 million, or 0.6 percent, from the estimates made last November. Importantly, \$31.9 million of the reduction over the two-year period is attributable to passage of SB 14, eliminating the sales tax on original construction services and utilities consumed in the production process.

**Economic Forecasts**

In November 1994, moderate and steady growth in the Kansas economy was forecast for the period ending on June 30, 1996. There has been no change in that opinion.

4/20/95  
Appropriations Cmte  
Attachment 3

**Kansas Personal Income.** The forecast last November was that Kansas personal income would increase 5.3 percent in CY 1994, 5.2 percent in CY 1995, and 5.3 percent in CY 1996. The forecast has been changed to 5.4 percent in CY 1994, 5.6 percent in CY 1995, and 5.0 percent in CY 1996.

**Inflation Rate.** The November forecast was that inflation, as measured by the Consumer Price Index for All Urban Consumers, would rise by 2.7 percent in CY 1994, by 3.4 percent in CY 1995, and by 3.2 percent in CY 1996. Inflation increased by 2.6 percent in CY 1994. For 1995, the new forecast is 2.9 percent. An increase of 3.2 percent is still the estimate for CY 1996.

**Interest Rates.** The Pooled Money Investment Board invests state idle funds in bank CDs, repurchase agreements, and statutorily-authorized securities, with the latter being the largest component of the total portfolio. Last November, the rate of return on the whole portfolio was estimated to be 4.7 percent in FY 1995 and 5.1 percent in FY 1996. The FY 1996 estimate has now been adjusted to 4.9 percent.

**Natural Gas.** For purposes of estimating severance tax receipts, the November forecast was that natural gas prices (gross) would average \$1.60 per mcf in FY 1995 and \$1.70 per mcf in FY 1996. It is now estimated that the average prices will be somewhat lower at \$1.45 in FY 1995 and \$1.60 in FY 1996. Last November's estimate of the taxable value of gas was \$1.065 billion for FY 1995 and \$1.159 billion for FY 1996. The new estimate is \$957.4 million in FY 1995 and \$1.092 billion in FY 1996, a reduction of 7.9 percent for the two years combined.

**Crude Oil.** The November forecast was that crude oil taxable prices would average \$16.50 per barrel in FY 1995 and \$17 per barrel in FY 1996. Those averages have been lowered to \$15.75 for FY 1995 and \$16.40 for FY 1996. For taxable oil production, the estimates last November were 27.9 million barrels in FY 1995 and 27.6 million barrels in FY 1996. The new estimate for FY 1995 is 27.8 million barrels and for FY 1996 is 26.5 million barrels, a reduction of 2.2 percent for the two-year period.

### **FY 1995 Receipts**

The adjusted estimate of total SGF receipts in FY 1995 is \$3.281 billion, which is \$7.3 million less than the estimate made last November and is \$105.1 million, or 3.3 percent, more than actual receipts in FY 1994.

Individual income tax revenue was reduced by \$5.0 million, and no change was made in the estimate of corporate income tax receipts. Estimated revenue from the privilege tax on financial institutions was lowered by \$1.0 million, and the inheritance tax estimate was reduced by \$2.0 million, primarily based on receipt patterns to date.

Retail sales tax receipts remained unchanged while compensating use tax revenue was increased by \$6.0 million. Although the retail sales tax estimate is unchanged, the revised estimate would be \$2.1 million greater if SB 14 had not been enacted. The insurance premiums tax also is expected to yield \$2.0 million more than previously forecast.

Severance tax receipts were lowered by a total of \$7.0 million in FY 1995 primarily because of lower gas and oil prices. The reduction includes a \$6.1 million decrease in the estimate for the severance tax on gas and a \$0.9 million decrease in the severance tax on oil.

### **FY 1996 Receipts**

The new estimate of SGF receipts in FY 1996 is \$3.376 billion. That amount is \$33.03 million less than the estimate made last November and is \$95.5 million, or 2.9 percent, over the adjusted estimate for FY 1995. The growth rate for FY 1996 is lower than for FY 1995 because the estimate for FY 1996 takes into account 1995 SB 14.

Retail sales tax receipts were reduced by \$26.0 million from the November estimate. The new estimate reflects an increase from the November estimate of \$3.8 million coupled with a reduction of \$29.8 million because of the passage of 1995 SB 14.

Income and privilege tax receipts were reduced by a total of \$13.0 million, of which \$7.0 million was for the individual income tax, based on slightly less growth in personal income in CY 1996 than previously forecast. Corporate income tax revenue was decreased by \$5.0 million from the November estimate. The estimate for corporate income tax receipts does not include any extraordinary assessments in either fiscal year.

Interest earnings were increased by \$6.0 million based primarily on the forecast of higher short-term interest rates. Insurance premiums tax receipts increased \$1.7 million.

Other reductions from the November estimates were \$4.6 million in oil and gas severance tax revenue for reasons previously noted and \$1.4 million in net transfers.

### **Pending Legislation Not Considered**

The adjusted estimates made on April 4 do not take into account any pending state or federal legislation that would affect SGF receipts. Further adjustments will be made prior to final adjournment of the Legislature, as required by KSA 1994 Supp. 75-6701, to account for recently passed legislation.



# State General Fund Receipts

(In Thousands)

	FY 1995			FY 1996		
	Estimate of 11/15/94	Estimate of *4/4/95	Change	Estimate of 11/15/94	Estimate of *4/4/95	Change
<b>Property Tax:</b>						
Motor Carrier	\$11,600	\$11,800	\$200	\$12,600	\$12,800	\$200
<b>Income Taxes:</b>						
Individual	\$1,280,000	\$1,275,000	(\$5,000)	\$1,370,000	\$1,363,000	(\$7,000)
Corporation	210,000	210,000	0	210,000	205,000	(5,000)
Financial Inst.	40,000	39,000	(1,000)	40,000	39,000	(1,000)
Domestic Ins. Co.	1,915	1,840	(75)	1,715	1,715	0
<b>Total</b>	<b>\$1,531,915</b>	<b>\$1,525,840</b>	<b>(\$6,075)</b>	<b>\$1,621,715</b>	<b>\$1,608,715</b>	<b>(\$13,000)</b>
Inheritance	\$60,000	\$58,000	(\$2,000)	\$62,000	\$60,000	(\$2,000)
<b>Excise Taxes:</b>						
Retail Sales	\$1,165,000	\$1,165,000	\$0	\$1,210,000	\$1,184,000	(\$26,000)
Compensating Use	142,000	148,000	6,000	149,000	155,000	6,000
Cigarette	52,000	52,000	0	52,000	52,000	0
Tobacco Prod.	2,700	2,700	0	2,900	2,900	0
Cereal Malt Bev.	2,600	2,600	0	2,500	2,500	0
Liquor Gallonage	12,600	12,600	0	12,600	12,600	0
Liquor Enforce.	25,400	25,000	(400)	26,200	25,500	(700)
Liquor Dr. Places	4,600	4,600	0	4,700	4,700	0
Corp. Franchise	12,000	12,000	0	12,400	12,400	0
Severance	79,600	72,600	(7,000)	74,300	69,700	(4,600)
Gas	62,000	55,900	(6,100)	55,400	52,200	(3,200)
Oil	17,600	16,700	(900)	18,900	17,500	(1,400)
<b>Total</b>	<b>\$1,498,500</b>	<b>\$1,497,100</b>	<b>(\$1,400)</b>	<b>\$1,546,600</b>	<b>\$1,521,300</b>	<b>(\$25,300)</b>
<b>Other Taxes:</b>						
Insurance Prem.	\$91,900	\$93,900	\$2,000	\$97,600	\$99,300	\$1,700
Miscellaneous	1,700	1,700	0	1,800	1,800	0
<b>Total</b>	<b>\$93,600</b>	<b>\$95,600</b>	<b>\$2,000</b>	<b>\$99,400</b>	<b>\$101,100</b>	<b>\$1,700</b>
<b>Total Taxes</b>	<b>\$3,195,615</b>	<b>\$3,188,340</b>	<b>(\$7,275)</b>	<b>\$3,342,315</b>	<b>\$3,303,915</b>	<b>(\$38,400)</b>
<b>Other Revenues:</b>						
Interest	\$58,900	\$59,500	\$600	\$52,900	\$58,900	\$6,000
Net Transfers	(8,275)	(10,100)	(1,825)	(27,370)	(28,800)	(1,430)
Agency Earnings	41,900	43,100	1,200	41,500	42,300	800
<b>Total Other Revenue</b>	<b>\$92,525</b>	<b>\$92,500</b>	<b>(\$25)</b>	<b>\$67,030</b>	<b>\$72,400</b>	<b>\$5,370</b>
<b>TOTAL RECEIPTS</b>	<b>\$3,288,140</b>	<b>\$3,280,840</b>	<b>(\$7,300)</b>	<b>\$3,409,345</b>	<b>\$3,376,315</b>	<b>(\$33,030)</b>

\* Includes reductions to sales tax receipts as a result of passage of SB 14 of \$2.1 million in FY 1995 and \$29.8 million in FY 1996.

**Comparison of House, Senate, and Conference Positions**

**FY 1996 - State General Fund**

Bill No.	Bill	Adjusted Governor's Rec.*	House Position	Senate Position	Conference Position	Difference From Governor	Difference From House	Difference From Senate
48	Judicial Branch	75,189,790	75,448,330	75,887,837	75,994,980	805,190	546,650	107,143
49	Dept. of Transportation	94,871,846	94,871,846	94,871,846	94,871,846	0	0	0
70	Department of Education	1,725,890,430	1,733,726,908	1,739,807,367	1,735,254,322	9,363,892	1,527,414	(4,553,045)
71	Dept. of Corrections/Facilities	168,317,187	168,826,972	168,857,919	168,826,972	509,785	0	(30,947)
80	Other Education	20,749,072	20,899,030	20,979,231	20,899,030	149,958	0	(80,201)
153	Agriculture/Natural Resources	17,743,027	17,510,236	17,754,419	17,503,236	(239,791)	(7,000)	(251,183)
343	SRS/Institutions	600,351,128	596,909,774	594,882,914	596,519,019	(3,832,109)	(390,755)	1,636,105
2085	Legis./Elected Officials	105,305,585	105,616,164	106,833,325	105,333,325	27,740	(282,839)	(1,500,000)
2090	Other Public Safety	59,321,653	59,009,084	59,510,686	59,390,686	69,033	381,602	(120,000)
2091	Fee Boards	0	0	0	0	0	0	0
2132	Revenue, Commerce, etc.	32,160,572	31,354,781	32,083,195	31,723,988	(436,584)	369,207	(359,207)
2236	Regents and Institutions	455,402,732	449,078,679	455,774,291	451,419,307	(3,983,425)	2,340,628	(4,354,984)
2264	Dept. of Administration, etc.	24,016,633	24,093,388	24,224,359	24,219,224	202,591	125,836	(5,135)
2265	Health and Environment, etc.	50,727,489	50,151,278	50,062,144	50,052,595	(674,894)	(98,683)	(9,549)
	<b>TOTAL</b>	<u>3,430,047,144</u>	<u>3,427,496,470</u>	<u>3,441,529,533</u>	<u>3,432,008,530</u>	<u>1,961,386</u>	<u>4,512,060</u>	<u>(9,521,003)</u>

\*Excludes pay plan and Governor's Budget Amendment #3

**FY 1995 - State General Fund**

All Agencies	<u>3,342,324,732</u>	<u>3,340,939,793</u>	<u>3,342,911,409</u>	<u>3,342,901,860</u>	<u>577,128</u>	<u>1,962,067</u>	<u>(9,549)</u>
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*4/20/95  
Appropriations Committee  
Attachment 4*

## Comparison of House, Senate, and Conference Positions

FY 1996 - All Funds

4-2

Bill No.	Bill	Adjusted Governor's Rec.*	House Position	Senate Position	Conference Position	Difference From Governor	Difference From House	Difference From Senate
48	Judicial Branch	78,243,501	78,502,041	78,941,548	79,048,691	805,190	546,650	107,143
49	Dept. of Transportation	1,142,346,410	1,142,346,410	1,143,246,410	1,142,346,410	0	0	(900,000)
70	Department of Education	1,983,714,984	1,991,611,909	1,998,181,921	1,993,644,323	9,929,339	2,032,414	(4,537,598)
71	Dept. of Corrections/Facilities	183,616,777	185,626,555	184,407,502	184,576,555	959,778	(1,050,000)	169,053
80	Other Education	27,935,398	28,483,135	28,422,829	28,483,135	547,737	0	60,306
153	Agriculture/Natural Resources	47,610,140	46,935,357	47,308,958	47,178,357	(431,783)	243,000	(130,601)
343	SRS/Institutions	1,553,284,053	1,552,556,379	1,540,639,508	1,552,653,344	(630,709)	96,965	12,013,836
2085	Legis./Elected Officials	219,737,459	220,078,701	221,311,909	219,811,909	74,450	(266,792)	(1,500,000)
2090	Other Public Safety	94,690,169	94,305,720	94,835,169	94,715,169	25,000	409,449	(120,000)
2091	Fee Boards	11,688,062	11,608,223	11,732,041	11,710,006	21,944	101,783	(22,035)
2132	Revenue, Commerce, etc.	284,305,840	282,973,307	279,108,421	278,249,214	(6,056,626)	(4,724,093)	(859,207)
2236	Regents and Institutions	1,190,150,597	1,189,618,307	1,190,777,045	1,186,422,061	(3,728,536)	(3,196,246)	(4,354,984)
2264	Dept. of Administration, etc.	414,823,099	413,888,933	414,750,501	414,637,266	(185,833)	748,333	(113,235)
2265	Health and Environment, etc.	467,428,857	467,710,812	467,691,043	467,081,494	(347,363)	(629,318)	(609,549)
	<b>TOTAL</b>	<u>7,699,575,346</u>	<u>7,706,245,789</u>	<u>7,701,354,805</u>	<u>7,700,557,934</u>	<u>982,588</u>	<u>(5,687,855)</u>	<u>(796,871)</u>

\*Excludes pay plan and Governor's Budget Amendment #3

FY 1995 - All Funds

All Agencies	<u>7,425,640,159</u>	<u>7,425,647,495</u>	<u>7,433,454,891</u>	<u>7,433,342,814</u>	<u>7,702,655</u>	<u>7,695,319</u>	<u>(112,077)</u>
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## FTE POSITIONS BY FUNCTION OF GOVERNMENT AND AGENCY

	FY 1994 APPROVED	FY 1995 AUTHORIZED	FY 1995 GOV. REC.	FY 1995 LEG. ADJ.	FY 1995 APPROVED	FY 1996 GOV. REC.	FY 1996 LEG. ADJ.	FY 1996 APPROVED
GENERAL GOVERNMENT								
ABSTRACTERS BOARD OF EXAMINERS	.0	.0	.0	.0	.0	.0	.0	.0
BOARD OF ACCOUNTANCY	3.0	3.0	3.0	.0	3.0	3.0	.0	3.0
KANSAS HUMAN RIGHTS COMMISSION	40.0	43.0	43.0	.0	43.0	43.0	(5.0)	38.0
ATTORNEY GENERAL	67.0	68.0	68.0	.0	68.0	70.0	2.0	72.0
STATE BANK COMMISSIONER	73.0	73.0	73.0	.0	73.0	73.0	.0	73.0
BOARD OF BARBERING	2.0	2.0	2.0	.0	2.0	2.0	.0	2.0
BEHAVIORAL SCIENCES REG BOARD	6.5	8.5	8.5	.0	8.5	8.5	(2.0)	6.5
BOARD OF HEALING ARTS	24.0	26.0	26.0	.0	26.0	26.0	1.0	27.0
CITIZENS' UTILITY RATEPAYER BOARD	3.0	3.0	3.0	.0	3.0	4.0	(2.0)	2.0
KANSAS CORPORATION COMMISSION	224.0	225.0	224.0	.0	224.0	224.0	(9.0)	215.0
BOARD OF COSMETOLOGY	9.0	9.0	9.0	.0	9.0	9.0	.0	9.0
DEPT. OF CREDIT UNIONS	12.0	12.0	12.0	.0	12.0	12.0	.0	12.0
KANSAS DENTAL BOARD	2.4	2.4	2.4	.0	2.4	2.4	.0	2.4
DEPARTMENT OF ADMINISTRATION	917.7	919.7	917.7	.0	917.7	909.0	.0	909.0
BOARD OF MORTUARY ARTS	3.0	3.0	3.0	.0	3.0	3.0	.0	3.0
GOVERNMENTAL STANDARDS & CONDUCT COMM.	6.0	6.0	6.0	.0	6.0	8.0	.0	8.0
OFFICE OF THE GOVERNOR	27.0	27.0	28.0	.0	28.0	28.0	.0	28.0
HEARING AID BOARD OF EXAMINERS	.0	.0	.0	.0	.0	.0	.0	.0
HEALTH CARE STABILIZATION FUND BOARD	13.7	14.7	14.7	.0	14.7	14.7	1.3	16.0
DEPARTMENT OF COMMERCE AND HOUSING	114.5	116.5	116.5	.0	116.5	116.5	.0	116.5
BD OF INDIGENTS DEFENSE SVCS	89.5	101.5	113.0	1.0	114.0	113.0	3.0	116.0
INSURANCE DEPARTMENT	157.5	162.5	162.5	.0	162.5	162.5	1.0	163.5
JUDICIAL COUNCIL	4.0	4.0	4.0	.0	4.0	4.0	.0	4.0
KANSAS, INC.	4.5	5.0	5.0	.0	5.0	5.0	.0	5.0
KPERS	76.0	76.0	76.0	.0	76.0	76.0	.0	76.0
KS TECHNOLOGY ENTERPRISE CORP.	11.0	11.0	11.0	.0	11.0	13.0	(2.0)	11.0
LEGISLATIVE COORDINATING COUNCIL	10.0	10.0	10.0	.0	10.0	10.0	.0	10.0
LEGISLATIVE RESEARCH DEPT	35.3	35.3	35.3	.0	35.3	35.3	.0	35.3
LEGISLATURE	28.0	28.0	30.0	.0	30.0	30.0	.0	30.0
OFFICE OF THE LIEUTENANT GOVERNOR	3.0	3.0	3.0	.0	3.0	3.0	.0	3.0

4/20/95  
 Appropriations Cmte  
 Attachment 5

## FTE POSITIONS BY FUNCTION OF GOVERNMENT AND AGENCY

	FY 1994 APPROVED	FY 1995 AUTHORIZED	FY 1995 GOV. REC.	FY 1995 LEG. ADJ.	FY 1995 APPROVED	FY 1996 GOV. REC.	FY 1996 LEG. ADJ.	FY 1996 APPROVED
<b>GENERAL GOVERNMENT</b>								
KANSAS LOTTERY	98.0	98.0	98.0	.0	98.0	.0	98.0	98.0
CONSUMER CREDIT COMMISSIONER	7.0	7.0	7.0	.0	7.0	6.0	.0	6.0
BOARD OF NURSING	17.0	17.0	17.0	.0	17.0	17.0	(1.0)	16.0
BOARD OF EXAMINERS IN OPTOMETRY	.3	.3	.3	.0	.3	.3	.0	.3
BOARD OF PHARMACY	6.0	6.0	6.0	.0	6.0	6.0	.0	6.0
LEGISLATIVE DIVISION OF POST AUDIT	19.0	20.0	20.0	.0	20.0	20.0	.0	20.0
REAL ESTATE APPRAISAL BOARD	2.0	2.0	2.0	.0	2.0	2.0	.0	2.0
KANSAS REAL ESTATE COMMISSION	15.0	15.0	15.0	.0	15.0	15.0	.0	15.0
KANSAS RACING COMMISSION	41.5	51.5	49.5	.0	49.5	49.5	(49.5)	.0
BOARD OF TAX APPEALS	36.0	36.0	36.0	.0	36.0	35.0	.0	35.0
DEPARTMENT OF REVENUE	1,265.5	1,262.0	1,260.0	.0	1,260.0	1,266.0	(11.0)	1,255.0
REVISOR OF STATUTES	27.8	27.8	27.8	.0	27.8	27.8	.0	27.8
SECRETARY OF STATE	61.0	61.0	60.0	.0	60.0	60.0	.0	60.0
OFFICE OF THE SECURITIES COMMISSIONER	26.0	26.0	26.0	.0	26.0	26.0	.0	26.0
BOARD OF TECHNICAL PROFESSIONS	4.0	4.0	4.0	.0	4.0	4.0	.0	4.0
STATE TREASURER	57.5	58.5	57.5	.0	57.5	57.5	.0	57.5
JUDICIAL BRANCH	1,712.5	1,728.5	1,732.0	.0	1,732.0	1,732.0	12.0	1,744.0
BOARD OF VETERINARY EXAMINERS	1.0	1.0	1.0	.0	1.0	1.0	.0	1.0
<b>TOTAL FOR GENERAL GOVERNMENT</b>	<b>5,363.7</b>	<b>5,419.7</b>	<b>5,428.7</b>	<b>1.0</b>	<b>5,429.7</b>	<b>5,333.0</b>	<b>36.8</b>	<b>5,369.8</b>
<b>HUMAN RESOURCES</b>								
DEPARTMENT ON AGING	31.0	40.0	40.0	.0	40.0	40.0	.0	40.0
CORPORATION FOR CHANGE	.0	.0	.0	.0	.0	.0	.0	.0
DEPT OF HEALTH AND ENVIRONMENT - HEALTH	419.5	445.6	444.6	(7.0)	437.6	443.6	(6.0)	437.6
KANSAS HEALTHY KIDS CORPORATION	.0	.0	.0	.0	.0	.0	.0	.0
DEPARTMENT OF HUMAN RESOURCES	915.0	928.5	928.5	.0	928.5	928.5	.0	928.5
KANSAS NEUROLOGICAL INSTITUTE	814.5	764.5	764.5	.0	764.5	743.5	23.0	766.5
LARNED STATE HOSPITAL	866.1	859.1	849.1	.0	849.1	808.1	.0	808.1

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FTE POSITIONS BY FUNCTION OF GOVERNMENT AND AGENCY

	FY 1994 APPROVED	FY 1995 AUTHORIZED	FY 1995 GOV. REC.	FY 1995 LEG. ADJ.	FY 1995 APPROVED	FY 1996 GOV. REC.	FY 1996 LEG. ADJ.	FY 1996 APPROVED
<b>EDUCATION</b>								
UNIVERSITY OF KANSAS	4,458.2	4,495.2	4,497.2	.0	4,497.2	4,504.8	.0	4,504.8
UNIV OF KANSAS MEDICAL CENTER	4,799.1	4,811.4	4,814.9	.0	4,814.9	4,827.1	(10.2)	4,816.9
WICHITA STATE UNIVERSITY	1,714.6	1,723.7	1,722.0	.0	1,722.0	1,721.8	.0	1,721.8
<b>TOTAL FOR EDUCATION</b>	<b>18,335.6</b>	<b>18,541.6</b>	<b>18,526.1</b>	<b>.0</b>	<b>18,526.1</b>	<b>18,565.0</b>	<b>(6.5)</b>	<b>18,558.5</b>
<b>PUBLIC SAFETY</b>								
ADJUTANT GENERAL	191.0	231.0	230.0	.0	230.0	230.0	.0	230.0
ATTORNEY GENERAL - K.B.I.	191.0	191.0	190.0	.0	190.0	188.0	4.0	192.0
DEPARTMENT OF CIVIL AIR PATROL	.5	.5	.5	.0	.5	.5	.0	.5
OMBUDSMAN OF CORRECTIONS	4.0	4.0	4.0	.0	4.0	4.0	.0	4.0
ELLSWORTH CORRECTIONAL FACILITY	185.5	189.5	190.5	.0	190.5	190.5	.0	190.5
EL DORADO CORRECTIONAL FACILITY	390.0	390.0	390.0	.0	390.0	390.0	.0	390.0
EMERGENCY MEDICAL SERVICES BOARD	13.0	13.0	13.0	.0	13.0	13.0	.0	13.0
STATE FIRE MARSHAL	39.0	40.0	40.0	.0	40.0	40.0	.0	40.0
HIGHWAY PATROL	813.5	814.6	814.6	.0	814.6	814.6	.0	814.6
HUTCHINSON CORRECTIONAL FACILITY	521.0	521.0	521.0	.0	521.0	521.0	.0	521.0
YOUTH CENTER AT TOPEKA	219.0	219.0	218.0	.0	218.0	218.0	4.0	222.0
YOUTH CENTER AT BELOIT	103.0	103.0	103.0	.0	103.0	103.0	.0	103.0
YOUTH CENTER AT ATCHISON	127.5	127.5	127.5	.0	127.5	127.5	.0	127.5
LANSING CORRECTIONAL FACILITY	724.0	720.0	708.0	.0	708.0	708.0	.0	708.0
LARNED CORRECTIONAL MH FACILITY	175.0	175.0	174.0	.0	174.0	174.0	.0	174.0
YOUTH CENTER AT LARNED	58.0	122.0	122.0	.0	122.0	122.0	.0	122.0
DEPARTMENT OF CORRECTIONS	364.0	365.0	362.0	.0	362.0	362.0	.0	362.0
KANSAS PAROLE BOARD	13.0	13.0	13.0	.0	13.0	12.0	.0	12.0
NORTON CORRECTIONAL FACILITY	252.0	252.0	252.0	.0	252.0	252.0	.0	252.0
SENTENCING COMMISSION	5.0	5.0	5.0	.0	5.0	6.0	(1.0)	5.0
TOPEKA CORRECTIONAL FACILITY	322.0	288.0	299.0	.0	299.0	299.0	.0	299.0
WINFIELD CORRECTIONAL FACILITY	105.0	105.0	105.0	.0	105.0	105.0	.0	105.0

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FTE POSITIONS BY FUNCTION OF GOVERNMENT AND AGENCY

	FY 1994 APPROVED	FY 1995 AUTHORIZED	FY 1995 GOV. REC.	FY 1995 LEG. ADJ.	FY 1995 APPROVED	FY 1996 GOV. REC.	FY 1996 LEG. ADJ.	FY 1996 APPROVED
TOTAL FOR PUBLIC SAFETY	4,816.0	4,889.1	4,882.1	.0	4,882.1	4,880.1	7.0	4,887.1
AGRICULTURE AND NATURAL RESOURCES								
BOARD OF AGRICULTURE	326.5	327.5	327.5	.0	327.5	321.5	(7.0)	314.5
ANIMAL HEALTH DEPARTMENT	29.5	29.5	29.5	.0	29.5	29.5	.0	29.5
GRAIN INSPECTION DEPARTMENT	136.0	136.0	135.0	.0	135.0	135.0	.0	135.0
DEPT OF HEALTH AND ENVIRONMENT - ENVIRON	345.5	397.5	397.5	(2.0)	395.5	401.5	(2.0)	399.5
KANSAS STATE FAIR BOARD	17.0	17.0	17.0	.0	17.0	17.0	.0	17.0
KANSAS WHEAT COMMISSION	8.0	8.0	8.0	.0	8.0	8.0	.0	8.0
STATE CONSERVATION COMMISSION	11.0	14.0	14.0	.0	14.0	14.0	.0	14.0
KANSAS WATER OFFICE	22.0	22.0	22.0	.0	22.0	22.0	.0	22.0
DEPARTMENT OF WILDLIFE AND PARKS	406.0	406.0	406.0	.0	406.0	406.0	.0	406.0
TOTAL FOR AGRICULTURE AND NATURAL RESOURCES	1,301.5	1,357.5	1,356.5	(2.0)	1,354.5	1,354.5	(9.0)	1,345.5
HIGHWAYS AND OTHER TRANSPORTATION								
KANSAS DEPARTMENT OF TRANSPORTATION	3,299.0	3,304.0	3,304.0	.0	3,304.0	3,304.0	.0	3,304.0
TOTAL FOR HIGHWAYS AND OTHER TRANSPORTATION	3,299.0	3,304.0	3,304.0	.0	3,304.0	3,304.0	.0	3,304.0
TOTAL	42,982.9	43,351.6	43,322.1	(48.0)	43,274.1	43,094.3	12.3	43,106.6



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FTE POSITIONS BY FUNCTION OF GOVERNMENT AND AGENCY  
FOR FEE AGENCY BILL 2091

	FY 1995 AUTHORIZED	FY 1995 APPROVED	FY 1996 APPROVED	FY 1997 GOV. REC.	FY 1997 LEG. ADJ.	FY 1997 APPROVED
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GENERAL GOVERNMENT						
ABSTRACTERS BOARD OF EXAMINERS	.0	.0	.0	.0	.0	.0
BOARD OF ACCOUNTANCY	3.0	3.0	3.0	3.0	.0	3.0
STATE BANK COMMISSIONER	73.0	73.0	73.0	73.0	.0	73.0
BOARD OF BARBERING	2.0	2.0	2.0	2.0	.0	2.0
BEHAVIORAL SCIENCES REG BOARD	8.5	8.5	6.5	8.5	(2.0)	6.5
BOARD OF HEALING ARTS	26.0	26.0	27.0	26.0	1.0	27.0
BOARD OF COSMETOLOGY	9.0	9.0	9.0	9.0	.0	9.0
DEPT. OF CREDIT UNIONS	12.0	12.0	12.0	12.0	.0	12.0
KANSAS DENTAL BOARD	2.4	2.4	2.4	2.4	.0	2.4
BOARD OF MORTUARY ARTS	3.0	3.0	3.0	3.0	.0	3.0
HEARING AID BOARD OF EXAMINERS	.0	.0	.0	.0	.0	.0
CONSUMER CREDIT COMMISSIONER	7.0	7.0	6.0	6.0	.0	6.0
BOARD OF NURSING	17.0	17.0	16.0	17.0	(1.0)	16.0
BOARD OF EXAMINERS IN OPTOMETRY	.3	.3	.3	.3	.0	.3
BOARD OF PHARMACY	6.0	6.0	6.0	6.0	.0	6.0
REAL ESTATE APPRAISAL BOARD	2.0	2.0	2.0	2.0	.0	2.0
KANSAS REAL ESTATE COMMISSION	15.0	15.0	15.0	15.0	.0	15.0
OFFICE OF THE SECURITIES COMMISSIONER	26.0	26.0	26.0	26.0	.0	26.0
BOARD OF TECHNICAL PROFESSIONS	4.0	4.0	4.0	4.0	.0	4.0
BOARD OF VETERINARY EXAMINERS	1.0	1.0	1.0	1.0	.0	1.0
TOTAL FOR GENERAL GOVERNMENT	217.2	217.2	214.2	216.2	(2.0)	214.2
TOTAL	217.2	217.2	214.2	216.2	(2.0)	214.2

STATE GENERAL FUND PROFILE  
In Millions

	FY 1995	Increase	FY 1996	Increase	FY 1997	Increase	FY 1998	Increase	FY 1999	Increase	FY 2000	Increase
Beginning Balance	\$ 454.4		\$ 360.9		\$ 305.7		\$ 268.7		\$ 277.5		\$ 290.1	
Released Encumbrances	1.2 <sup>a</sup>											
Receipts												
Consensus Est. <sup>b</sup>	3,243.9	2.1%	3,395.2	4.7%	3,545.1	4.4%	3,708.6	4.6%	3,880.0	4.6%	4,061.1	4.7%
Expenditures												
Gen. and Supp. School Aids <sup>c</sup>	1,348.2	42.0	1,365.3	\$ 17.1	1,376.6	\$ 11.3	1,393.4	\$ 16.8	1,394.3	\$ 0.9	1,390.1	\$ (4.2)
Demand Transfer to:												
SDCIF	11.2	4.2	16.5	5.3	20.5	4.0	22.5	2.0	24.0	1.5	26.0	2.0
SHF	81.5	2.4	84.5	3.0	93.0	8.5	96.7	3.7	100.6	3.9	104.6	4.0
LAVTRF	44.6	4.4	46.3	1.7	48.7	2.4	50.6	1.9	52.7	12.1	54.8	2.1
CCRSF	33.4	2.7	34.6	1.2	37.3	2.7	38.6	1.3	40.1	1.5	41.8	1.7
CCHF	10.0	0.3	10.4	0.4	13.2	2.8	13.8	0.6	14.5	0.7	15.2	0.7
WPF	5.9	0.2	6.0	0.1	6.0	--	6.0	--	6.0	--	6.0	--
State Fair	0.1	--	0.1	--	0.1	--	0.1	--	0.1	--	0.1	--
All Other Expend.	1,803.7	171.4	1,886.7	83.0	1,986.7	100.0	2,078.1	91.4	2,235.1	157.1	2,409.0	173.9
Total	3,338.6	227.6	3,450.4	111.8	3,582.1	131.7	3,699.8	117.7	3,867.4	167.7	4,047.6	180.2
Percent Increase		7.3%		3.3%		3.8%		3.3%		4.5%		4.7%
Ending Balance	360.9		305.7		268.7		277.5		290.1		303.6	
% of Expenditures	10.8%		8.9%		7.5%		7.5%		7.5%		7.5%	
Receipts in Excess of Expend.	(94.7)		(55.2)		(37.0)		8.8		12.6		13.5	

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Demand Transfers

<p>See footnotes on following page  SDCIF -- School District Capital Improvements Funds  SHF -- State Highway Fund*  LAVTRF -- Local Ad Valorem Tax Reduction Fund  CCRSF -- County-City Revenue Sharing Fund  CCHF -- City-County Highway Fund*  WPF -- Water Plan Fund*  *For FY 1995, the SHF, CCHF, and WPF transfers are capped at 3 percent over FY 1994 actual.</p>	<p>Notes: Estimated demand transfers for FY 1996 are all capped at no greater than a 3.7 percent increase above the FY 1995 levels with the exception of the SDCIF. The SDCIF reflects the latest estimates. For FYs 1997 through 2000 the demand transfers reflect current law.</p>
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**FOOTNOTES:**

- a) Inclusion of \$1.2 million in released encumbrances through March, 1995.
- b) Revenue estimates for FY 1995 and FY 1996 reflects the consensus estimate adjusted in the following manner: transfers to the Military Retirement Income Tax Refund Fund scheduled for FY 1996 and FY 1997 have been shifted to FY 1995; transfer of \$450,000 from the Securities Commissioner in FY 1996. The estimates for FYs 1997 through 2000 are not a consensus estimate.
- c) Expenditures for general and supplemental school aid payments in FY 1995 and FY 1996 reflect the latest estimate; for FYs 1997 through 2000 the funding is based on \$3,626 per pupil.

Kansas Legislative Research Department  
April 20, 1995

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# MEMORANDUM

## Kansas Legislative Research Department

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April 19, 1995

### ITEMS FOR OMNIBUS CONSIDERATION

#### Department of Revenue

**A. Technical Correction.** In posting the changes for FY 1995, adding \$117,000 of expenditure authority to the Division of Vehicles Operating Fund when it was shifted from FY 1996 to FY 1995 was inadvertently left out of H.B. 2234 to correctly reflect legislative action of the second house and with which the Conference Committee concurred.

#### Department of Transportation

**A. Omnibus Review Item and Joint Committee on State Building Construction Recommendation.** The Conference Committee on S.B. 49 agreed that this item which had been recommended by the Joint Building Construction Committee should be reviewed during the Omnibus period in order for both houses to consider adding \$900,000 to the Department of Transportation's FY 1996 expenditures for constructing a subarea facility in "East" Wichita to serve existing and new, urban roads which will add over 200 lane miles for Area Six (Wichita). Currently, to other facilities for "hillside" and "West" Wichita provided services for the entire urban area. The Senate approved this item in the capital improvements bill, but the House did not review this project.

#### Kansas Lottery

**A. Governor's Budget Amendment No. 3.** In G.B.A. No. 3 dated March 24, 1995, the Governor amends the FY 1996 budget of the Kansas Lottery by reducing \$108,989,490 in expenditures and eliminating 98.0 FTE positions. Based on elimination of the Lottery, all transfers from the Lottery Operating Fund are eliminated in FY 1996. For FY 1996, the *Governor's Budget Report* originally estimated transfers of \$46.2 million to the State Gaming Revenues Fund (SGRF), of \$4.74 million to the State General Fund, and of \$124,008 to the Gaming Unit of the Kansas Bureau of Investigation (KBI).

**B. Omnibus Review Item.** Several Senate Subcommittees reviewing transfers to the Kansas Bureau of Investigation's Gaming Unit requested further review during Omnibus of the Lottery's security staff and the possibility of reducing the number of employees since the Governor has directed that future background checks be undertaken by the KBI and not by Lottery security staff. The Lottery has 4.0 FTE security staff, including an unclassified Director of Security established by statute and three classified investigators. During FY 1994, the Lottery security staff conducted 11 background checks, in addition to

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their other assigned duties and responsibilities. The bulk of their work is other than conducting background checks, according to the Lottery.

**C. Technical Correction.** The Lottery indicates that in shifting \$1,920,536 from the agency's limited line item appropriation to a no-limit account in order for printing of tickets to be outside the agency's expenditure limitation on administrative costs, approximately \$150,000 of printing costs not for printing of instant tickets was shifted. The Lottery requests that the FY 1996 expenditure limitation be increased by \$150,000 to reflect printing costs other than for tickets is budgeted as administrative expenses since the proviso will not allow anything but printing of tickets to be in addition to the expenditure limitation. (Staff Note: The Division of Printing indicates that the Lottery was billed \$88,683 in FY 1994 and \$33,284 in FY 1995 (to date) for printing purchased from that state agency. Other types of printing are done by private contractors since certain jobs cannot be completed by the Division of Printing.)

**D. Pending Legislation.** Several provisions in pending bills could have impact on the Kansas Lottery, depending upon whether or not certain provisions pass the 1995 Legislature.

1. **S.B. 27. Continues the Lottery after July 1, 1996 (House Committee of the Whole).** Passage of S.B. 27 would continue the Lottery in existence. Failure to pass this bill during the 1995 Legislature could lead to a phase out of lottery sales, beginning July 1, 1995, when on-line sales could end since there is a one year prize liability for those types of games. Beginning January 1, 1996, instant sales could end due to a six months prize liability period for those types of games. Only pull-tab sales might continue after January 1, 1996, since the licensees who sell them are responsible for paying all prizes. An alternative which could allow online and instant ticket sales to continue during all of FY 1996 if reauthorizing legislation does not pass the 1995 Legislature would be to provide for some agency, such as the Treasurer's Office or Department of Revenue, to assume responsibility for paying claims during FY 1997 made by holders of winning tickets. An amendment by the House Federal and State Affairs Committee to S.B. 27 would authorize the Kansas Lottery to conduct electronic games of chance under certain circumstances at parimutuel licensee locations, if county voters approved.

### **Kansas Racing Commission**

**A. Omnibus Review Item.** The 1995 Legislature in H.B. 2132 deleted all funding and staffing for this agency, pending Omnibus review. Specifically, the Senate Ways and Means Committee recommendation states the following:

Reduce all expenditure authority for the Racing Commission to \$0 and reduce FTE positions to 0.0 in FY 1996, pending a post audit study of certain parimutuel reports and further legislative review of various parimutuel matters, including information requested but never received by the Senate Subcommittee. In particular, information regarding revised estimates for handle (betting) at the race tracks and cashflow to the State Racing Fund in FY 1995 and FY 1996 was requested, but never submitted to the Legislature by the Racing Commission staff. The Senate Committee plans to review these projections during the Omnibus period, if available, and would consider restoring expenditure authority for the Racing Commission

when that information is provided for the Legislature to review in late April, along with the post audit report on the financial trends at the race tracks and other parimutuel matters.

**Budget Overview.** The following information was presented during the 1995 Legislature as an overview of the agency's FY 1996 budget request.

Expenditure	Actual FY 94	Agency Est. FY 95	Governor's Rec. FY 95	Agency Req. FY 96	Governor's Rec. FY 96
State Operations	\$ 2,862,512	\$ 3,330,063	\$ 3,139,148	\$ 3,667,711	\$ 3,543,542
Other Assistance	1,372,951	1,336,730	1,336,730	1,536,294	1,536,294
TOTAL	<u>\$ 4,235,463</u>	<u>\$ 4,666,793</u>	<u>\$ 4,475,878</u>	<u>\$ 5,204,005</u>	<u>\$ 5,079,836</u>
FTE Positions	41.5	49.5	49.5	49.5	49.5
Special Project Appointments	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>41.5</u>	<u>49.5</u>	<u>49.5</u>	<u>49.5</u>	<u>49.5</u>

**Agency Overview.** 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.

Although the Commission does not have an organizational structure which reflects different distinct units or bureaus, statutes do suggest a functional structure based on unclassified positions authorized for the agency which the Commission uses in its organizational chart included with the budget. In addition to the Commission which has powers and duties established by K.S.A. 74-8804, a subsequent statute (K.S.A. 74-8805) provides for the appointment of an Executive Director and other unclassified employees, including an Inspector of Parimutuels, a Director of Security, a Director of Racing Operations, and other employees in the classified service. K.S.A. 74-8806 provides for unclassified Animal Health Officers and Assistants. K.S.A. 88-8809 provides for two unclassified Assistant Attorneys General. K.S.A. 74-8818 provides for unclassified Stewards and Racing Judges.

**Budget Overview.** The following information summarizes the FY 1995 and FY 1996 budget changes for the Kansas Racing Commission as recommended by the Governor.

**Summary of Operating Budget Changes By Funding Source  
Governor's Recommendations -- FY 1995 and FY 1996**

<u>Expenditures by Fund</u>	<u>Actual FY 1994</u>	<u>Revised FY 1995</u>	<u>Change FY 1994-95</u>	<u>Estimated FY 1996</u>	<u>Change FY 1995-96</u>
<b>State Operations:</b>					
Racing Fund	\$ 1,878,031	\$ 1,992,236	\$ 114,205	\$ 2,089,762	\$ 97,526
Reimbursmnt. Fund	817,058	820,692	3,634	1,101,590	280,898
Greyhound Fund	135,000	283,500	148,500	308,000	24,500
Horse Fund	2,100	22,720	20,620	24,190	1,470
County Fair Fund	30,323	0	(30,323)	0	0
Investigative Fund	0	20,000	20,000	20,000	0
Subtotal -- St. Ops.	<u>\$ 2,862,512</u>	<u>\$ 3,139,148</u>	<u>\$ 276,636</u>	<u>\$ 3,543,542</u>	<u>\$ 404,394</u>
<b>Other Assistance:</b>					
Greyhound Fund	\$ 428,876	\$ 405,000	\$ (23,876)	\$ 440,000	\$ 35,000
Horse Fund	552,720	431,680	(121,040)	459,610	27,930
County Fair Fund	391,355	500,050	108,695	636,684	136,634
Subtotal -- Assist.	<u>\$ 1,372,951</u>	<u>\$ 1,336,730</u>	<u>\$ (36,221)</u>	<u>\$ 1,536,294</u>	<u>\$ 199,564</u>
<b>Total -- Operating</b>	<u><u>\$ 4,235,463</u></u>	<u><u>\$ 4,475,878</u></u>	<u><u>\$ 240,415</u></u>	<u><u>\$ 5,079,836</u></u>	<u><u>\$ 603,958</u></u>

**FY 1996 Budget Year.** For state operations, the Racing Commission proposes 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. The manner in which racing officials who are stationed at each race track are paid has been a budget issue in recent years.

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.

**Legislative Adjustments.** The FY 1996 budget recommended by the Governor was adjusted by the first house actions. The House Subcommittee recommendations reduced \$58,536 from salaries and benefits enhancements which were recommended by the Governor for classified and unclassified personnel. In addition, the Director of Racing which has never been filled and \$45,000 of salary financing were removed from the FY 1996 budget. Net reductions of \$103,536 and 1.0 FTE position were made by the House. The Senate Subcommittee concurred with the House reductions. In addition, the Senate Subcommittee recommended adding 2.0 FTE positions and funds for two classified auditors in order to monitor activities at each race track. Currently, only one auditor is assigned to the Wichita race track and

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the Senate Subcommittee recommendation was intended to provide staff at both the Kansas City and Southeast Kansas facilities. The Racing Commission estimates that two new auditors will cost \$74,339 in FY 1996. It was noted by the Senate Subcommittee that the Inspector of Parimutuels who supervises the audit staff is vacant and that position should be filled by someone with professional qualifications, including a CPA designation. Legislation was recommended to make the CPA a statutory requirement. The Senate Committee amended its Subcommittee's Report to delete all funds and staff for the Racing Commission in FY 1996, pending Omnibus review.

**Staffing at Race Tracks.** A potential problem in hiring three race judges for the new race track in Frontenac has developed. The 1994 Legislature approved 3.0 FTE positions and related funding for new judges at that facility. The Governor's revised FY 1995 recommended budget includes both staff and funds for these positions. However, the Division of Personnel Services has raised a statutory concern about K.S.A. 74-8818 and a 1993 revision in that law which appears to limit the Racing Commission's appointing authority: "The Commission shall appoint three individuals to serve as full-time stewards or racing judges." Since there are three judges at Kansas City and three additional judges at Wichita, all of whom are considered full-time, the three additional new judges at Frontenac would bring the total to nine, or six more than the statutory interpretation. Pending legislation (S.B. 124; S.B. 379; both in House Federal and State Affairs) address this issue with clarifying language: "The Commission shall appoint at least three individuals to serve as stewards or racing judges at each horse or greyhound race meeting, but no more than three judges or stewards shall be on duty at any one time at any racing performance." Racing at the new track is scheduled to begin May 17, 1995. (Staff Note: The Legislature may wish to consider adding a provision in the Omnibus bill to assure that three racing judges are permitted at each Kansas race track if the approved budget reflects staffing and funding for those positions.)

**Handle at Tracks.** The following information presents the actual and projected figures for betting (handle) at the Kansas race tracks as originally available to the 1995 Legislature, based on the Kansas Racing Commission budget that was submitted in September, 1994. 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.

**TABLE 1: Original Track Information**

Track Location	Actual FY 1993	Actual FY 1994	Estimated FY 1995	Agency Revised FY 1995	Agency Estimated FY 1996
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>

Revised information has been provided to the Legislature by the Kansas Racing Commission for review during the 1995 Omnibus period. Detailed projections as submitted by the Commission are available and summary information is included in Table 2.

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**TABLE 2: Revised Track Information**

Track Location	Actual FY 1993	Actual FY 1994	Agency Revised FY 1995	Agency Revised FY 1996	Difference FY 1995-96
Kansas City Woodlands	\$ 155,862,512	\$ 171,777,302	\$ 117,019,569	\$ 81,682,655	\$(35,336,914)
Wichita Greyhound Park	66,680,059	65,521,140	63,581,279	53,883,400	(9,697,879)
Frontenac Track Southeast	0	0	5,270,000	31,640,000	26,370,000
Eureka, Anthony	0	841,794	1,021,338	950,845	(70,493)
Total Handle	<u>\$ 222,542,571</u>	<u>\$ 238,140,236</u>	<u>\$ 186,892,186</u>	<u>\$ 168,156,900</u>	<u>\$(18,735,286)</u>

**Revised Cashflow Estimates.** The following table summarizes the status of the State Racing Fund as recommended by the Governor and with revised and updated cashflow information provided by the Racing Commission.

Resource Estimate	Actual FY 94	Gov. Rec. FY 95	Agency Revised FY 95	Gov. Rec. FY 96	Agency Revised FY 96
Beginning Balance	\$ 706,621	\$ 595,810	\$ 595,810	\$ 353,499	\$ 200,000
Net Receipts	8,052,972	6,865,638	6,232,228	7,498,573	5,309,017
Total Funds Available	<u>\$ 8,759,593</u>	<u>\$ 7,461,448</u>	<u>\$ 6,828,038</u>	<u>\$ 7,852,172</u>	<u>\$ 5,509,017</u>
Less:					
Expenditures	\$ 1,878,031	\$ 1,992,236	\$ 1,992,236	\$ 2,089,762	\$ 2,066,406
Transfers to SGRF	5,963,172	4,749,245	4,269,434	5,127,100	2,870,538
Transfers to KBI	322,580	366,368	366,368	372,023	372,073
Nonreportable	0	0	0	0	0
Ending Balance	<u>\$ 595,810</u>	<u>\$ 353,599</u>	<u>\$ 200,000</u>	<u>\$ 263,287</u>	<u>\$ 200,000</u>

It should be noted that the revised estimated transfers to the SGRF in both FY 1995 and FY 1996 are lower than the estimates included in the *Governor's Budget Report*. The revised estimated cashflow to the State Racing Fund is lower than anticipated in the earlier estimates, and hence net receipts are less than previously assumed.

**SGRF Transfers.** 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. G.B.A. No. 3 for the Lottery also is shown below (although no adjustments in the Governor's original recommendation for parimutuel are reflected in G.B.A. No. 3). Revised FY 1995 and FY 1996 estimates for both Lottery and parimutuel are provided below. The FY 1995 and FY 1996 estimates for Lottery was adopted by the 1995 Legislature. The revised parimutuel estimates have not been considered previously.

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Financial Activity	Gov. Rec.	Gov. Rec.	G.B.A. No. 3	Agency	Agency
	FY 95	FY 96	FY 96	Revised Est. FY 95	Revised Est. FY 96
Transfers by Source:					
Lottery	\$ 46,175,163	\$ 49,613,357	\$ 0	\$ 53,236,357	\$ 50,390,357
Parimutuel	4,749,245	5,127,100	4,749,245	4,269,434	2,870,538
Total Estimated	<u>\$ 50,924,408</u>	<u>\$ 54,740,457</u>	<u>\$ 4,749,245</u>	<u>\$ 57,505,791</u>	<u>\$ 53,260,895</u>
SGF Estimate <sup>a</sup>	\$ 924,408	\$ 4,740,457	\$ 0	\$ 7,505,791	\$ 3,260,895

a) Any amount in excess of \$50.0 million transferred to the State General Fund the following fiscal year on July 15.

**B. Pending Legislation.** Provisions amended into **S.B. 190** (Conference Committee) by the House Committee of the Whole would reduce the current \$2,000 per month salary for Racing Commissioners to the per diem compensation (currently set for \$65 in FY 1996 by S.B. 190) paid to legislators. The Governor presently is authorized by statute to set the compensation of Racing Commissioners. The amendment in S.B. 190 would eliminate the Governor's authority to set their compensation and fix future compensation to that paid legislators. The FY 1996 budget as recommended by the Governor includes \$120,480 (excluding benefits) for compensation of Racing Commissioners.

**Kansas Public Employees Retirement System (KPERs)**

**A. H.B. 2555 (Conference).** The Omnibus KPERs bill has several provisions that may have fiscal impact. The House version did not contain the same provisions in the Senate version as noted below.

- 1. New Staff.** A new, unclassified position is established in the Senate version of this bill. Funding of \$53,174 and 1.0 FTE position in FY 1996 would be required if the Legislature wishes to authorize filling the new statutory position of Assistant Investment Officer. The House version of the bill did not include authority for this new staff position.
- 2. Employer Contribution Rate Increase.** The Senate version of H.B. 2555 assumed implementation in FY 1997 for increasing the employer contribution rate for KPERs state/school. The House version of H.B. 2569 assumed starting in FY 1996 with a first-year additional cost of \$2,647,492 for the state, of which \$2.2 million would be from the State General Fund for the KPERs state/school employer contributions. Provision to add this funding to agency budgets in FY 1996 would need to be addressed either in the Omnibus bill or in another appropriate mechanism, such as S.B. 190, if the House version of implementing this change in FY 1996 is approved by the Legislature. The FY 1997 estimated cost for the Senate version is \$2,753,392 for the state, of which \$2.3 million would be from the State General Fund.
- 3. Retired Judges Program.** Provisions of H.B. 2005 are included in the Senate version of H.B. 2555 and would authorize the Supreme Court to initiate a new

post-retirement judicial service program for retired judges and justices. The House version of H.B. 2005 would have provided for an annual transfer from the Supreme Court, beginning in FY 1997 to reimburse KPERS costs of paying judges and justices enhanced retirement benefits for participating in this program. The Senate version included in H.B. 2555 would require the Supreme Court to pay stipends during FY 1996 for judges and justices participating in this program. Both versions of the program anticipated paying 25 percent of current compensation for no more than 104 days of judicial duties after retirement. Only the mechanism for payment differed, with the House version relying on an increase in post-retirement benefits and the Senate version using stipends paid by the Court. The fiscal impact of the Senate version is provided in the portion of this Memo dealing with the Judicial Branch.

4. **Periodic Actuarial Audit.** A provision would require an actuarial audit of the KPERS actuary at least once every six years, with the first review mandated to be completed in CY 1995. KPERS staff estimated costs for an actuarial audit would be between \$10,000 and \$50,000, depending upon the complexity of the audit work. The House Appropriations Subcommittee recommended that funding of \$50,000 be added to the Legislative Coordinating Council's FY 1996 budget to pay for this new audit which should be comprehensive (auditing the annual valuation and three-year review work). Since the proposed legislation had not passed both houses when the Legislature's FY 1996 budget was considered, it was recommended that this matter be reviewed during Omnibus. This item is addressed in this Memo under the Legislature.

**B. Omnibus Review Item.** The Senate Ways and Means Committee agreed to review the current estimate for KPERS payments to its financial consultants in FY 1995 since the appropriation limitation on this account may need to be adjusted to reflect recent revisions in contractual costs. The FY 1995 limitation was reduced from \$17,627,496 approved by the 1994 Legislature to \$16,456,374 in 1995 H.B. 2234, based on information provided by KPERS staff and the Governor's FY 1995 recommendations. Current law provides that any contracts entered into by the Board are to be paid pursuant to rates fixed by the KPERS Board, subject to provisions of appropriations acts, and are to be based on specific contractual fee arrangements.

**Summary of Investment Related Fees Changes  
Approved FY 1995 H.B. 2234**

Expenditures	Actual FY 1994	Gov. Rec. FY 1995	Leg. Adj. FY 1995	Approved FY 1995	KPERS Rev. Adj. FY 95 a)
Direct Placement Mgmt.	\$ 2,480,000	\$ 2,480,000	\$ (103,338)	\$ 2,376,662	\$ 0
Real Estate Mgmt.	1,036,400	1,100,000	56,175	1,156,175	0
Public Traded Securities	9,882,595	10,353,923	(29,386)	10,324,537	112,699
Custodial Bank	910,977	800,000	0	800,000	125,000
Investment Consultants	215,250	149,000	0	149,000	0
Direct Placement Legal	627,065	600,000	0	600,000	(247,000)
Litigation Related	777,262	1,050,000	0	1,050,000	247,000
Total--Reportable Fees	<u>\$ 15,929,549</u>	<u>\$ 16,532,923</u>	<u>\$ (76,549)</u>	<u>\$ 16,456,374</u>	<u>\$ 237,699</u>

a) NOTE: KPERS staff may provide additional information regarding FY 1995 revised estimates for the litigation category of expenditure. Information reflects updated estimates as of April 19, 1995.

**C. SHARP Revised Cost Estimates.** KPERS staff has revised the estimate for FY 1996 costs associated with implementing the new personnel/payroll system. Funding of \$48,000 was originally requested and recommended by the Governor in FY 1996. During review of this initial estimate, funding was removed from the KPERS budget and placed in the Department of Administration's FY 1996 budget. A copy of the revised estimate for SHARP computer related equipment has been submitted by KPERS to the SHARP project director. The new FY 1996 estimate is \$101,600 for hardware and software to provide 25 KPERS staff with access to the SHARP database. Further details are provided in the portion of this Memo dealing with the Department of Administration.

**D. Technical Adjustments.** KPERS staff has notified the Director of Accounts and Reports to cancel without spending \$250,224.90 of FY 1994 State General Fund moneys previously encumbered for the employer share of school retirement contributions (the total was \$54,746,525.25 in FY 1994). These unexpended funds will lapse and be returned to the State General Fund as revenue. In addition, KPERS has notified the Division of Accounts and Reports concerning FY 1995 transfers from the Department of Education for payment of the employer share of school retirement contributions. In April 7, 1995, KPERS correspondence, total FY 1995 school employer contributions paid by the state are estimated at \$58,605,508. The Governor's supplemental appropriation, added to the previously approved amount from the State General Fund, makes available \$59,894,000 in FY 1995. The funds are appropriated to the Department of Education in FY 1995 and exceed the KPERS estimate by \$1,288,492. Further details are provided in the portion of this Memo dealing with the Department of Education.

**Legislature**

**A. H. Sub. for S.B. 19 (Conference).** H. Sub. for S.B. 19 would revise the statute which creates the Kansas Information Resources Council and provides for its membership. The substitute bill would change the appointing authority for the two legislative members on the Council and would authorize both legislators who serve on the Council to be paid legislative per diem compensation and subsistence expenses for attendance at meetings. One legislative member of the House of Representatives would be appointed by the Speaker and the other legislative member of the Senate would be appointed by the President. Under the bill, the legislative members would be from different political parties. The substitute bill also would delete the Chairperson of the Joint Committee on Computers and Telecommunications as a

member on the Council and the Director of the Kansas Bureau of Investigation would be added as a member. Currently, the legislative members do not receive any compensation or subsistence expenses for serving on the Council. Assuming that the Council will meet one day a month throughout the year, the legislators would be eligible for compensation for the eight months outside of the legislative session. The estimated fiscal impact (based on the preceding assumptions) in FY 1996 from the State General Fund for the additional payments is \$3,888. The Senate version of the bill deleted the legislative members of the Council.

### **Legislative Coordinating Council**

**A. H.B. 2555 (Conference).** H.B. 2555 (the Kansas Public Employees Retirement System - KPERS omnibus bill), as amended by the Senate, among other things, would require an actuarial audit of the KPERS actuary at least once every six years, with the first review mandated to be completed in CY 1995. KPERS staff estimated costs for actuarial audit which would review and audit the actuary's work would cost between \$10,000 and \$50,000, depending upon the complexity and depth of the audit work. The House Appropriations Subcommittee recommended that funding of \$50,000 be added to the Legislative Coordinating Council's FY 1996 budget to pay for this new audit which would be comprehensive (auditing the annual valuation and three-year review work). Since the proposed legislation had not passed both houses when the Legislative Coordinating Council's FY 1996 budget was considered, it was recommended that this matter be reviewed during Omnibus. The House included the requirement for an actuarial audit in H.B. 2077 which is currently in the Senate Ways and Means Committee.

### **Lieutenant Governor**

**A. H.B. 2555 (Conference).** H.B. 2555, as amended by the Senate, among other things, authorizes the Lieutenant Governor's staff to participate in the state 8.0 percent deferred compensation program instead of the regular KPERS retirement program. The state contributes 8.0 percent of the employee's salary to the Kansas Public Employees Deferred Compensation Plan, while the employee is not required to make a contribution. Current employees that are eligible to participate in the 8.0 percent deferred compensation program include all cabinet secretaries, Superintendent of the Kansas Highway Patrol, State Grain Inspector, Executive Director of the Kansas Lottery, Executive Director of the Kansas Racing Commission, President of the Kansas Development Finance Authority, State Fire Marshal, State Librarian, State Securities Commissioner, Adjutant General, members of the Governor's staff, Board of Tax Appeal members, Kansas Corporation Commission members, Kansas Parole Board members, and staff members of the House and Senate leadership offices. In the approved FY 1996 budget for the Office of Lieutenant Governor, funding is included for the regular KPERS employer contribution of 3.3 percent for the two employees of the agency. If H.B. 2555 is approved and the employees elect to participate in the deferred compensation plan, the agency would contribute an additional \$2,644 (State General Fund) in FY 1996 above the current approved budget. The House has not considered this item.

### **Department of Health and Environment**

**A. H.B. 2256 (Governor).** H.B. 2256 provides for the regulation of laundry facilities using drycleaning solvents. Specifically, the bill establishes the Drycleaning Facility Release Trust Fund which is to be administered by the Secretary of the Department of Health and Environment. Revenues for the new Trust Fund are to be generated mostly from taxes and fees imposed by passage of H.B. 2256. The bill imposes, as of July 1, 1995, a 2.0 percent gross receipt tax on certain laundering and drycleaning businesses. In addition, the bill imposes a \$3.50 per gallon fee for the purchase or acquisition of drycleaning solvent.

The fee is to start July 1, 1995, and is to be increased by \$0.25 each successive calendar year until the fee rates reaches \$5.50 per gallon. Estimated revenues are projected at \$1.11 million in FY 1996 and \$1.161 million in FY 1997.

The moneys in the new Trust Fund are to be used for administration and enforcement costs as well as for corrective actions costs related to environmental clean-ups required because of drycleaning solvent releases. The bill also allows moneys in the Trust Fund to be used to pay reimbursement of up to \$100,000 per site to individuals who have incurred costs for corrective action prior to the effective date of H.B. 2256.

The Department of Health and Environment's fiscal note for the bill reflects the following anticipated expenditures:

Salaries and Wages for 3.0 New FTE Positions (Geologist I, Geologist II, and Office Assistant IV)	\$	102,852
Communication Costs		6,558
Rent		7,700
Travel		3,940
Blood Level Screening of Staff		1,000
Laboratory Sample Analysis		9,000
Corrective Action Contracts		975,432
Protective Clothing, Office, and Field Supplies		3,350
Office Equipment		2,625
Computers, printers, and software		5,043
GRAND TOTAL	\$	<u>1,117,500</u>

**B. House Substitute for S.B. 127 (Law).** House Substitute for S.B. 127, among other things, increase driver's license reinstatement fees from \$25 to \$50. A portion of the fee revenues (10 percent) is to be credited to the Driving Under the Influence Equipment Fund, which is established by the bill and designated for use by the Department of Health and Environment to purchase breath alcohol test equipment or provide drivers' safety programs.

The new fund needs to be appropriated in the Omnibus bill. The Department of Revenue indicates that the fee revenues were \$50,000 last calendar year and that it is in the process of completing an estimate due to provisions of House Substitute for S.B. 127.

#### **Kansas State Board of Agriculture/Kansas Department of Agriculture**

**A. Senate Sub. for H.B. 2384 (Law).** Senate Sub. for H.B. 2384 provides for the reorganization of the Kansas State Board of Agriculture. The legislation establishes the Kansas Department of Agriculture and provides for a Secretary of Agriculture appointed by the Governor from a list of three nominees submitted by the new Kansas State Board of Agriculture, which also is created by the legislation. The nominees for Secretary of Agriculture must have demonstrated executive and administrative ability to discharge the duties of the office. The Governor rejects any or all of the nominations for Secretary and, if necessary, ask the Board to submit a new list.

The Secretary is subject to Senate confirmation, serves at the pleasure of the Governor and is a member of the Governor's Cabinet. The Secretary also is required to organize annual public informational meetings, to take place in each Congressional district on a rotating basis. Under the transition provisions to the new system, the acting Secretary of Agriculture becomes the Secretary. This person is subject to Senate confirmation and serves at the pleasure of the Governor.

The legislation creates a new nine-member Kansas State Board of Agriculture, appointed by the Governor. One member is to come from each Congressional district and the remaining members are appointed at-large. After initially serving for staggered terms, the Board members will serve four year terms. In addition to the duty of submitting a list of nominees from whom the Governor chooses the Secretary, the Board advises the Governor and Secretary on other matters.

The Secretary of Agriculture is authorized to appoint an assistant secretary (or secretaries). These persons serve at the pleasure of the Secretary and are in the unclassified service. The chief administrative officer of each division in the Department of Agriculture remains in the unclassified service. Other employees of the previous agency transfer to the newly created agency.

The powers, duties, and property of the previous agency and secretary transfer to the new Secretary of Agriculture. In addition, the rules and regulations of the previous Secretary and Board transfer to the new Secretary of Agriculture. However, the rules and regulations of the Chief Engineer of the Division of Water Resources remain the rules and regulations of the Chief Engineer.

The legislation adds the Secretary of Agriculture to the Cabinet positions listed in K.S.A. 1994 Supp. 75-2935 which are entitled to one personal secretary, one special assistant, one public information officer, and one chief attorney. All of these positions are in the unclassified service.

As a result of this reorganization, the Board estimates expenditures of \$110,917. The costs include \$68,400 for salary and fringe benefits for an Assistant Secretary (this would also require the addition of an FTE position); \$25,117 for a Personal Secretary (this would also require the addition of an FTE position); and \$5,100 for travel and subsistence reimbursement for the new advisory board.

Additionally, the Acting Secretary of Agriculture claims that the implementation of Senate Sub. for H.B. 2384 necessitates three reclassifications of employees to "assist in building the agency management team while maintaining efficiencies and savings." The requested reclassifications are outlined below:

Research Analyst IV→Public Service Executive II	\$6,900
Program and Policy Consultant→Public Service Executive II	\$3,600
Secretary II→Secretary III	\$2,700

**B. SHARP Implementation.** The agency estimates expenditures of \$9,300 for implementation of SHARP.

**C. Governor's Budget Amendment No. 3.** To make up for the loss of lottery revenue to the Economic Development Initiatives Fund, the Governor switches financing in the amount of \$366,607 for the Board of Agriculture's Marketing Division from the Economic Development Initiatives Fund to the State General Fund.

**Department of Social and Rehabilitation Services/Mental  
Health and Retardation Services**

**A. S.B. 343 (Technical Adjustment).** To correct a posting error in Senate Bill 3, \$152 needs to be lapsed from the State General Fund appropriation to the Mental Health and Retardation Services Aid and Assistance account of the Department of Social and Rehabilitation Services.

**Kansas Guardianship Program**

**A. S.B. 342 (Governor).** S.B. 342 creates the Kansas Guardianship Program. The Kansas Guardianship Program is a non-profit organization whose mission is to recruit volunteers to serve as court appointed guardians or conservators, or both, of adults who are found by courts to need to protection of guardianship or conservatorship. The program was created in 1979, and has been, since that time, administered by Kansas Advocacy and Protective Services, Inc. (KAPS), which provides protection and advocacy services for people pursuant to federal law (KAPS is a federally-funded entity). In 1994, federal reviewers found that there was a conflict of interest in KAPS' operation of the Guardianship Program. In response to that finding, KAPS' board acted to separate the Guardianship Program from KAPS.

The passage of S.B. 342 will, according to the agency, require the following:

- Lapse of the \$1,074,200 from the Kansas Guardianship Program account of the State General Fund in the FY 1996 appropriation to the Department of Social and Rehabilitation Services, and appropriation of this funding directly to the Kansas Guardianship Program.

In addition, the agency requests \$238,670 to meet the costs of separation (\$160,750, as a result of costs that can no longer be shared with KAPS, and for one-time expenses such as moving expenses), for annualization of clients added during FY 1995 (\$44,800), and to phase in services to 276 new clients during FY 1996 (\$33,120). The Guardianship Program proposes to fund part of this expense by lapsing the state operating grant in the amount of \$32,171 from KAPS (which may no longer receive state funds, as a result of the federal audit mentioned above).

Additional Funding Requested	\$	238,670
Transfer from KAPS		(32,171)
<b>Net Additional Funding Requested</b>	<b>\$</b>	<b>206,499</b>

**Youth Center at Atchison**

**A. Capital Outlay.** The Youth Center at Atchison requested \$58,985 (excluding new initiatives) for capital outlay in FY 1996. The Governor recommended no funding for capital outlay items in FY 1996 and concurred with the agency's estimate of \$19,925 for capital outlay in FY 1995. The House Subcommittee recognized the need for capital outlay in the youth centers, but recommended that funding for



capital outlay items be revisited during the Omnibus Session once a determination was made if the youth centers would be moved under the authority of a different agency or remain in the Department of SRS.

In response to a request of the Senate Subcommittee, the Youth Centers presented prioritized lists of needed capital outlay and planned equipment and furniture replacement for FY 1996. The Youth Center at Atchison's list totaled \$42,723. The Senate Subcommittee noted the recommendation of the House to revisit funding of capital outlay in the Omnibus Session, but concurred with the Governor by recommending no funding for capital outlay items in FY 1996.

**B. Education Contract/Teacher Salary Increases.** The agency requested \$30,199 (State General Fund) for a 3.3 percent increase for teacher's salaries in FY 1996 and \$3,837 for a 0.4 percent increase in administration fees for FY 1996. The Governor's budget recommendation does not include a salary increase for teachers. The House Subcommittee recommended that education contract increases be revisited during the Omnibus Session. The 1994 Legislature approved a \$25,514 (State General Fund) increase in the education contract for a 3.0 percent increase in teacher's salaries for FY 1995.

### **Youth Center at Beloit**

**A. Capital Outlay.** The Youth Center at Beloit requested \$114,602 (excluding new initiatives) for capital outlay in FY 1996. The Governor recommended no funding for capital outlay items in FY 1996 and concurred with the agency's estimate of \$19,275 for capital outlay in FY 1995. The House Subcommittee recognized the need for capital outlay in the youth centers, but recommended that funding for capital outlay items be revisited during the Omnibus Session once a determination was made if the youth centers would be moved under the authority of a different agency or remain in the Department of SRS.

In response to a request of the Senate Subcommittee, the Youth Centers presented prioritized lists of needed capital outlay and planned equipment and furniture replacement for FY 1996. The Youth Center at Beloit's list totaled \$40,000. The Senate Subcommittee noted the recommendation of the House to revisit funding of capital outlay in the Omnibus Session, but concurred with the Governor by recommending no funding for capital outlay items in FY 1996.

**B. Teacher Salary Increases.** The agency requested \$36,755 (State General Fund) for a 4.0 percent increase for teacher's salaries in FY 1996. The Governor's budget recommendation does not include a salary increase for teachers. The House Subcommittee recommended that education contract increases be revisited during the Omnibus Session. The 1994 Legislature approved a \$26,764 (State General Fund) increase in the education contract for a 3.0 percent increase in teacher's salaries for FY 1995.

### **Youth Center at Topeka**

**A. Capital Outlay.** The Youth Center at Topeka requested \$239,238 (excluding new initiatives) for capital outlay in FY 1996. The Governor recommended no funding for capital outlay items in FY 1996 and concurred with the agency's estimate of \$38,724 for capital outlay in FY 1995. The House Subcommittee recognized the need for capital outlay in the youth centers, but recommended that funding for capital outlay items be revisited during the Omnibus Session once a determination was made if the youth centers would be moved under the authority of a different agency or remain in the Department of SRS.

In response to a request of the Senate Subcommittee, the Youth Centers presented prioritized lists of needed capital outlay and planned equipment and furniture replacement for FY 1996. The Youth

Center at Topeka's list totaled \$88,526. The Senate Subcommittee noted the recommendation of the House to revisit funding of capital outlay in the Omnibus Session, but concurred with the Governor by recommending no funding for capital outlay items in FY 1996.

**B. Teacher Salary Increases.** The agency requested \$77,845 (State General Fund) for a 4.3 percent increase for teacher's salaries in FY 1996. The Governor's budget recommendation does not include a salary increase for teachers. The House Subcommittee recommended that education contract increases be revisited during the Omnibus Session. The 1994 Legislature approved a \$49,443 (State General Fund) increase in the education contract for a 3.0 percent increase in teacher's salaries for FY 1995.

#### **Department of Social and Rehabilitation Services (SRS)**

**A. Substitute for H.B. 2458 (Governor).** Sub. H.B. 2458 includes the provisions of S.B. 361, which eliminates the requirement that SRS contract with the Department of Human Resources for job placement services for KanWork clients. The Conference Committee on the FY 1996 budget for SRS agreed to delete all funding for KanWork job placement services with the direction that the issue be reviewed at Omnibus. The Governor and the House had recommended \$740,392 SGF (\$1,850,980 all funds) for FY 1996 job placement services, while the Senate had recommended \$1,389,412 SGF (\$2,500,000 all funds) for these services.

**B. Caseload Estimates.** Staff of the Kansas Legislative Research Department, the Division of the Budget, and SRS met on April 17 to develop consensus caseload estimates on agency programs. Consensus was reached on expenditure estimates for the AFDC program, General Assistance, regular medical assistance, nursing facilities (including adult care homes, nursing facilities for mental health, and intermediate care facilities for the mentally retarded), and the Home and Community Based Services (HCBS) program. Expenditures estimates were revised downward for the AFDC program and General Assistance, while increased expenditures are estimated for regular medical assistance, nursing facilities, and HCBS. During its deliberations on the FY 1996 budget, the 1995 Legislature reduced the Governor's recommendation for General Assistance by \$3.5 million. Thus, the following table summarizes adjustments from the budget as approved by the 1995 Legislature.

**SRS CONSENSUS CASELOADS**  
**Revised Expenditure Estimates and Adjustments from Approved Budget**

	<b>FY 1995</b>		<b>Change from Approved</b>	
	<u>Revised Estimate</u>		<u>State Funds</u> <u>All Funds</u>	
	<u>State Funds</u>	<u>All Funds</u>	<u>State Funds</u>	<u>All Funds</u>
AFDC	\$ 48,560,770	\$ 118,600,000	\$ (1,985,126)	\$ (3,914,994)
General Assistance	9,079,758	9,079,758	(1,331,171)	(1,331,171)
Regular Medical	182,252,361	432,800,000	994,471	1,095,238
Nursing Facilities	110,459,493	261,645,350	3,061,463	1,647,581
HCBS	26,896,000	65,600,000	2,037,591	5,953,752
<b>TOTAL</b>	<b>\$ 377,248,382</b>	<b>\$ 887,725,108</b>	<b>\$ 2,777,228</b>	<b>\$ 3,450,406</b>

	<b>FY 1996</b>		<b>Change from Approved</b>	
	<u>Revised Estimate</u>		<u>State Funds</u> <u>All Funds</u>	
	<u>State Funds</u>	<u>All Funds</u>	<u>State Funds</u>	<u>All Funds</u>
AFDC	\$ 49,890,915	\$ 121,700,000	\$ (2,141,139)	\$ (3,300,000)
General Assistance	5,850,000	5,850,000	(130,699)	(130,699)
Regular Medical	189,805,840	455,000,000	1,285,394	4,292,289
Nursing Facilities	116,327,000	272,500,000	5,998,883	6,322,327
HCBS	30,996,000	75,600,000	2,200,659	6,199,637
<b>TOTAL</b>	<b>\$ 392,869,755</b>	<b>\$ 930,650,000</b>	<b>\$ 7,213,098</b>	<b>\$ 13,383,554</b>

**C. Technical Adjustment.** Reappropriation language was inadvertently omitted from S.B. 343 for the Kansas Social Services Information System Project account of the State General Fund. The 1994 Legislature approved \$5.4 million for the state's share of the total project cost (estimated to be \$20.1 million) with the understanding that the actual expenditures of project funding would occur over three fiscal years (FY 1995 to FY 1997).

**Mental Health Hospitals -- Systemwide**

**A. Teacher Salary Increases.** The amounts recommended by the Governor and approved by the 1995 Legislature for the school contracts do not include funding for teacher salary increases in FY 1996. The following table shows the amounts from the State General Fund that would be needed to fund salary increases of various percentages.

<u>% Increase</u>	<u>Osawatomie</u>	<u>Topeka</u>	<u>Larned</u>	<u>Rainbow</u>
.5%	\$ 3,571	\$ 2,852	\$ 9,742	\$ 4,647
1.0	7,786	5,703	16,318	8,451
1.5	10,778	8,555	22,891	12,254
2.0	14,951	11,406	29,467	16,060
2.5	17,921	14,259	36,042	19,864
3.0	22,100	17,109	42,619	23,667
3.5	25,064	19,963	49,194	27,471
4.0	29,249	22,812	55,768	31,274
4.5	32,207	25,667	62,343	35,079
5.0	36,357	28,515	68,919	38,883

**B. Categorical Aid.** In FY 1996, the budgeted school contracts for each of the institutions include categorical aid based on a rate of \$19,400 (the amount set for FY 1995 by the 1994 Legislature). Currently, the FY 1996 categorical aid rate per eligible teaching unit is estimated to be \$19,500. If this rate is maintained, the school contracts at the hospitals would be over funded. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1996 to adjust for this difference in rates:

<u>Hospital</u>	<u>Amount</u>
Larned State Hospital	\$ (1,014)
Osawatomie State Hospital	(1,420)
Rainbow Mental Health Facility	(1,792)
Topeka State Hospital	(1,990)

The 1995 Legislature has made a current year adjustment to the FY 1995 categorical aid rate, increasing the rate per eligible teaching unit from the \$19,400 set by the 1994 Legislature to \$19,500. If this rate is maintained, the school contracts at the hospitals would be over funded. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1995 to adjust for this difference in rates:

<u>Hospital</u>	<u>Amount</u>
Larned State Hospital	\$ (1,014)
Osawatomie State Hospital	(1,420)
Rainbow Mental Health Facility	(1,792)
Topeka State Hospital	(1,990)

**Topeka State Hospital**

**A. Technical Adjustment.** To correct an oversight, the sum of \$148,535 should be reduced from the operating expenditures line of State General Fund appropriations to properly reflect the Legislature's intent.

**B. House Subcommittee Recommendation -- Increase Expenditure Limitation on the Topeka State Hospital Fee Fund.** SRS requested a Governor's Budget Amendment to increase the expenditure limitation on the hospital fee fund by \$100,000 in FY 1995 in order to help reduce the shrinkage rate at the hospital from 8.8 percent to 8.3 percent. This money is in addition to the \$115,000 added by the Senate. The total amount needed by the hospital is \$215,000. The House Subcommittee recommended that if the requested Governor's Budget Amendment was not granted the increase should be looked at in Omnibus.

#### **Office of the State Bank Commissioner**

**A. S.B. 95 (Conference Committee).** S.B. 95 authorizes expenditures from the State General Fund and various special revenue funds for the payment of specific claims against the State of Kansas. The bill includes a payment of \$18,308 from the Bank Commissioner Fee Fund in FY 1995 to reimburse a claimant for attorney fees incurred in a Civil Service Board appeal. According to the agency, there are sufficient balances in the fee fund to cover the payments. However, the agency reports that payment of these claims could cause difficulties for the agency in staying within the expenditure limitation set by the Legislature.

#### **Consumer Credit Commissioner**

**A. S.B. 95 (Conference Committee).** S.B. 95 authorizes expenditures from the State General Fund and various special revenue funds for the payment of specific claims against the State of Kansas. The bill includes a payment of \$59,095 from the Consumer Credit Fee Fund in FY 1995 to reimburse monetary losses incurred by several claimants as the result of the failure of certain financial institutions. According to the agency, there are sufficient balances in the fee fund to cover the payments. However, the agency reports that payment of these claims could cause difficulties for the agency in staying within the expenditure limitation set by the Legislature.

#### **Human Rights Commission**

**A. Technical Item for FY 1996.** Federal funds should be decreased by \$102,591 in FY 1996 to offset a reappropriation of State General Fund from FY 1995 to FY 1996 to cover a shortfall in federal funds for FY 1996.

#### **Mental Retardation Institutions -- Systemwide**

**A. Teacher Salary Increases.** The amounts recommended by the Governor and approved by the 1995 Legislature for the school contracts do not include funding for teacher salary increases in FY 1996. The following table shows the amounts from the State General Fund that would be needed to fund salary increases of various percentages.

<u>% Increase</u>	<u>KNI</u>	<u>PSHTC</u>	<u>WSHTC</u>
.5%	\$ 5,379	\$ 2,771	\$ 4,804
1.0	10,758	5,542	9,609
1.5	16,138	8,313	14,414
2.0	21,517	11,084	19,219
2.5	26,896	13,855	24,024
3.0	32,275	16,626	28,829
3.5	37,655	19,397	34,854
4.0	43,034	22,168	38,439
4.5	48,413	24,939	43,244
5.0	53,792	27,710	48,049

**B. Categorical Aid.** In FY 1996, the budgeted school contracts for each of the institutions include categorical aid based on a rate of \$19,400 (the amount set for FY 1995 by the 1994 Legislature). Currently, the FY 1996 categorical aid rate per eligible teaching unit is estimated to be \$19,500. If this rate is maintained, the school contracts at the hospitals would be over funded. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1996 to adjust for this difference in rates:

<u>Hospital</u>	<u>Amount</u>
Kansas Neurological Institute	\$ (2,255)
Parsons State Hospital and Training Center	(1,069)
Winfield State Hospital and Training Center	(2,633)

The 1995 Legislature has made a current year adjustment to the FY 1995 categorical aid rate, increasing the rate per eligible teaching unit from the \$19,400 set by the 1994 Legislature to \$19,500. If this rate is maintained, the school contracts at the hospitals would be over funded. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1995 to adjust for this difference in rates:

<u>Hospital</u>	<u>Amount</u>
Kansas Neurological Institute	\$ (2,255)
Parsons State Hospital and Training Center	(1,069)
Winfield State Hospital and Training Center	(2,583)

**C. Technical Adjustment.** Make a technical adjustment to each hospital's operating expenditures account to correct a posting error.

**Kansas Neurological Institute**

**A. Technical Adjustment -- FY 1995 Foster Grandparents Program.** The Governor's revised FY 1995 budget for KNI increases expenditures from the Foster Grandparents Program -- federal fund from the approved level of \$193,387 to \$212,411, an increase of \$19,024. However, the FY 1995

expenditure limitation increase required to allow expenditure of these funds was omitted from the supplemental bill.

### **Board of Healing Arts**

**A. S.B. 57 (Governor).** S.B. 57 enacts the athletic trainers registration act. The bill provides for the registration of athletic trainers by the State Board of Healing Arts; defines educational requirements for athletic trainers; and establishes maximum limits for their registration fees. S.B. 57 also creates an athletic training council of five members.

The Board of Healing Arts estimates a total of 200 athletic trainers and 50 temporary permits would be registered pursuant to the bill. Based on an application fee of \$50, the bill would generate \$12,500 in revenues to the Healing Arts Fee Fund every other year, as athletic trainers will be required to renew their registrations biennially. The Board estimates \$12,388 in FY 1996 expenditures. Approximately \$3,000 of the FY 1996 costs are one-time expenses for establishment of a new council within the Board. Annual expenses of \$6,620 for communications, travel, and the Impaired Provider Program and \$2,768 for temporary personnel for one year make up the remainder of expenses.

### **Secretary of State**

**A. Conference Committee Recommendation.** During the 1995 Legislative Session, the House Subcommittee noted that the agency had failed to request funding for the Presidential Preference Primary. The House recommended either repealing the statute requiring the Presidential Preference primary or addressing the matter in the Omnibus session. The Senate recommended funding the \$1,500,000 for the Presidential Preference Primary to reflect the current statutory requirements. The Conference Committee recommended deleting the \$1,500,000 and discussing the item in the Omnibus session.

### **Kansas Bureau of Investigation (KBI)**

**A. Governor's Budget Amendment No. 3, Item 8 -- KBI Gaming Unit.** Should the lottery not be re-authorized, the Governor recommends a reduction of \$124,008 and 2.0 FTE positions from the KBI Gaming Unit. The KBI Gaming Unit performs investigations for the Kansas Lottery. The Gaming Unit is funded from transfers from the Kansas Lottery and the Kansas Racing Commission. Elimination of the lottery would reduce the 2.0 positions funded from lottery funds.

**B. Automated Fingerprint Identification System (AFIS) Replacement (Senate Committee and Joint Committee on Computers and Telecommunications [JCCT]).** In its budget submission, the agency requested \$488,000 in FY 1996 for the first year of a planned two-year upgrade of the AFIS system. The AFIS system has been operational since September, 1990. It was designed to provide a database for fingerprint submissions and a search/match capability for the comparison of unknown latent fingerprints to the tenprint file. The agency states that, during the past four years, the system has produced over 620 latent "hits," or matches, many of which have led to the identification and subsequent prosecution of felony offenders. The requested upgrade would have replaced the system's outdated Optimen library handler with a faster disk drive system. Phase II of the upgrade, which was scheduled for FY 1997, would have upgraded the search/match processor, at a cost of \$631,000.

The agency notes that, in addition to the repairs and maintenance costs associated with the present system, the agency has been notified that Printrak, Inc., the current AFIS vendor, cannot maintain or support certain older equipment, including the library handler and search/match processor, beyond December 1995. The maintenance cost for the remainder of the system will be higher for the next five years due to the age of the system. Workstations used for data entry, processing, and verification of tenprint cards cannot be supported by 1997. The addition of remote latent workstations at the Wichita Police Department, the Johnson County crime laboratory, the Topeka Police Department, and the KBI's Great Bend laboratory also have contributed to slowing the AFIS system's response time. The AFIS system can optically scan a fingerprint card in 60 seconds, but it takes nearly 15 minutes for the processor to search the database and complete the card submission. This contributes to the backlog of fingerprint cards awaiting entry to the system.

The agency presented its upgrade plan to JCCT, which requested a needs analysis of the project. The agency presented its needs analysis to JCCT on Wednesday, April 5. The agency noted that its two options were upgrading the AFIS system by contracting with the present vendor, or replacing the current AFIS system by contracting with a new vendor. Information presented to JCCT included the estimated costs of upgrading the system, the estimated five year maintenance costs associated with the present system, and the costs of replacing the current system with a new system and the related six year maintenance costs. **After reviewing the agency's needs analysis, JCCT recommended that the agency pursue replacement of the AFIS system rather than an upgrade of the current system.** Additional information on the costs and benefits of upgrading or replacing the AFIS system is available for Committee use.

The agency has requested a direct grant from the National Criminal History Improvement Program (NCHIP) of the U.S. Department of Justice in the amount of \$2,000,000. Any NCHIP funding awarded to the state would be a direct grant that does not need to be matched with state funds. The agency will not know if the federal funds are approved until July 1995. The agency has also requested a Governor's Budget Amendment for \$2,000,000 from the State General Fund for system replacement. In addition to these potential funding sources, the agency is exploring other financing options.

**C. S.B. 127 (Governor).** S.B. 127 would, among other provisions, increase the driver's license reinstatement fee following refusal to take a test or upon a conviction of driving under the influence of alcohol or drugs. The reinstatement fee would be increased from \$25 to \$50, of which 20 percent, or \$10 per reinstatement, would be credited to the Forensic Laboratory and Materials Fee Fund of the KBI. The bill specifies that "moneys credited to the forensic laboratory and materials fee fund shall be used to supplement existing appropriations and shall not be used to supplant state general fund appropriations for the Kansas bureau of investigation." The Forensic Laboratory and Materials Fee Fund has an FY 1996 expenditure limitation of \$20,000, which is based on receipts into the fund from other sources. Without an expenditure limitation increase in FY 1996, the KBI cannot expend any additional revenues generated by S.B. 127.

## **Judicial Branch**

**A. H.B. 2555 (Conference).** The Senate version of H.B. 2555 includes the provisions of H.B. 2005, which would establish a post-retirement judicial service program for retired judges and justices. The bill would allow retirants to enter into written agreements with the Supreme Court that, after retirement, the judge or justice would perform judicial duties for no more than 104 days, or 40 percent of each year. In exchange, the judge or justice would receive a stipend equal to 25 percent of the current monthly salary of judges or justices serving in the same position as held by the retirant at the time of retirement. For FY 1996, the Judicial Branch estimates that, based on current caseloads and estimated available judges, it could



utilize 25 contracts with retired judges at a cost of \$496,819 annually. The House version of H.B. 2005 would provide for an annual transfer from the Supreme Court to KPERS beginning in FY 1997 to reimburse KPERS for the costs of paying the enhanced benefits to judges and justices. Under the House version of the bill, there would be no FY 1996 cost to the Judicial Branch.

**State Board of Indigents' Defense Services (BIDS)**

**A. Funding for Assigned Counsel and Regional Defense Delivery System Expansion (House Subcommittee Recommendation).** The House Subcommittee reviewing the Board's budget noted that the agency was requesting FY 1995 supplemental funding and increased FY 1996 funding to pay assigned counsel claims. The House Subcommittee received testimony that, effective March 3, 1995, the Board stopped paying current year vouchers for assigned counsel claims. Although the Board may find it possible to pay some claims filed after that date, the majority of vouchers filed after March 3 will not be paid until FY 1996 unless the Board receives additional supplemental funding. The House Subcommittee recommended that assigned counsel funding be addressed as an Omnibus item, stating that the agency would have additional year-to-date claims and would be able to make a more accurate estimate of assigned counsel claims at Omnibus time. The Subcommittee also recommended that the agency's plans for its regional defense delivery system expansion, including start-up costs (and the related projected savings) be considered in Omnibus in conjunction with the request for assigned counsel funding.

The agency's requests for these items in FY 1995 and FY 1996 total \$5,611,567. Of the total, \$490,874 is for assigned counsel payments in FY 1995, \$1,346,838 is for assigned counsel payments in FY 1996, \$411,696 is for capital defender funding in FY 1995, \$2,583,686 is for capital defender funding in FY 1996, \$689,867 is for additional funding for existing public defender offices to prevent additional shifting from the public defender system to the assigned counsel system, and \$88,606 is for start-up costs for expansion of the Regional Defense Delivery System. The \$88,606 estimate for start-up costs for expansion of the public defender system is based on the premise that the agency's request for assigned counsel would be fully funded and that all costs of the expansion (excluding the \$88,606) would be shifted from assigned counsel to public defender office expansion. Additional details on each of these items follow.

**Assigned Counsel for Non-Capital Defense Claims.** The table below notes the amounts requested for assigned counsel in non-capital cases. The agency included these amounts in its request for a Governor's Budget Amendment and states that the amounts requested are based on a review of the most recent data on actual expenditures and on revised projections for the remainder of the fiscal year.

	<u>BIDS SGF Request</u>	<u>Governor's SGF Recommendation</u>	<u>Approved by Legislature</u>	<u>Amended BIDS Request</u>	<u>Amount Above Approved Funding</u>
<b>FY 1995:</b>					
Assigned Counsel (Non-Capital Cases)	\$ 5,713,386	\$ 5,402,640	\$ 5,713,386	\$ 6,204,260	\$ 490,874
<b>FY 1996:</b>					
Assigned Counsel (Non-Capital Cases)	\$ 6,978,687	\$ 5,399,640	\$ 5,399,640	\$ 6,746,478	\$ 1,346,838
<b>TOTAL</b>					<u>\$ 1,837,712</u>

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**FY 1995 and FY 1996 Capital Defender Cases--Agency Estimate.** To date in FY 1995, four capital cases have been assigned to the Board. One capital case filed in Salina ended in a plea agreement two months after the case was filed. Four capital cases were assigned in March: one in Kansas City, one in Leavenworth, and two in Junction City. In addition, three escapees of a Sublette jail who are charged with the murder of their jailer are being held in Pueblo, Colorado. When they are returned to Kansas, it is expected that they will be charged with a capital crime.

The Board's request for capital defender funding is based on expenditures for the four capital cases currently assigned to the Board and an additional four cases (the three Sublette cases and one additional case) being assigned during FY 1995. The Board anticipates that a total of eight cases will be carried forward from FY 1995 to FY 1996. The agency's funding estimate also includes seven new cases being filed in FY 1996, four of which the agency estimates will proceed to trial.

	<u>Approved Funding</u>	<u>Revised Request</u>	<u>Increase</u>
FY 1995	\$ 179,147	\$ 590,843	\$ 411,696
FY 1996	281,211	2,864,897	2,583,686
<b>TOTAL</b>			<u><u>\$ 2,995,382</u></u>

**Apart from its proposed expansion of the Regional Defender System, the agency requests the following positions to address its increasing caseload. The agency states that this would prevent shifting of expenditures for defense services from the public defender system into the assigned counsel system.**

<u>Office</u>	<u>Position</u>	<u>Salaries and Wages</u>	<u>OOE</u>	<u>Total</u>
Topeka PDO	1.0 Attorney	\$ 35,015	\$ 2,745	\$ 37,760
North Central PDO	2.0 Attorneys	70,030	5,490	75,520
Wichita PDO	5.0 Attorneys	175,075	13,725	188,800
	1.0 Investigator	29,703	2,109	31,812
	1.0 Secretary	20,240	1,912	22,152
Olathe PDO	1.0 Legal Assistant	26,083	2,580	28,663
	1.0 Office Assistant	16,529	1,912	18,441
Garden City PDO	1.0 Attorney	35,015	2,745	37,760
	1.0 Legal Assistant	26,083	2,580	28,663
Appellate Defender	4.0 Attorneys	140,060	10,980	151,040
	1.0 Legal Assistant	26,083	2,580	28,663
	1.0 Secretary	20,240	1,192	22,152
	1.0 Office Assistant	16,529	1,912	18,441
<b>TOTAL</b>	<b>21.0 FTE</b>	<u><u>\$ 636,685</u></u>	<u><u>\$ 53,182</u></u>	<u><u>\$ 689,867</u></u>

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**Expansion of the Regional Defense Services Delivery System.** The House Subcommittee recommended that the agency's plan for expansion of the regional defense services delivery system be reviewed as an Omnibus item. The agency proposes the following public defender office (PDO) expansions for FY 1996. If the agency's FY 1996 request for assigned counsel were fully funded, the agency would shift funds from assigned counsel to public defender office funding for finance this expansion. The agency would, however, request the \$88,606 requested for one-time start-up costs of the proposed expansion.

<u>Office</u>	<u>Position</u>	<u>Salaries and Wages</u>	<u>OOE</u>	<u>Start-Up Costs</u>	<u>Total</u>
Douglas County	2.0 Attorneys	\$ 71,600	\$ 13,500	\$ 17,020	\$ 128,473
	1.0 Legal Assistant	26,353			
Lyon/Chase Counties	2.0 Attorneys	71,600	23,458	21,539	140,058
	1.0 Secretary	23,461			
North Central Office	2.0 Attorneys	71,600	31,250	13,792	166,585
	1.0 Investigator	29,703			
	1.0 Secretary	20,240			
South Central	3.0 Attorneys	107,400	5,084	23,533	211,196
	1.0 Regional Coordinator	25,236			
	1.0 Investigator	29,703			
	1.0 Secretary	20,240			
Miami County	1.0 Attorney	35,800	3,000	2,745	41,545
Seward County	1.0 Attorney C	46,830	13,825	9,977	158,611
	1.0 Attorney A	35,800			
	1.0 Investigator	29,703			
	1.0 Secretary II	22,476			
<b>TOTAL</b>	<b>21.0 FTE</b>	<b>\$ 667,745</b>	<b>\$ 90,117</b>	<b>\$ 88,606</b>	<b>\$ 846,468</b>

FY 1994 assigned counsel costs totaled \$213,465 in Douglas County, or \$84,992 more than the agency's proposed expansion; costs in Lyon and Chase Counties totaled \$186,013, or \$45,955 more than the agency's proposed expansion; and costs in Miami County totaled \$41,008, or \$537 less than the proposed expansion. The attorney assigned to the Miami County office would also carry a caseload in the Johnson County office. The proposed Seward County expansion is in response to the recent addition of 1.5 prosecuting attorneys in Liberal.

**B. S.B. 184 (Governor).** S.B. 184 would amend the crime of sexual exploitation of a child to include possessing any photocopy, video tape, laser disk, computer hardware, software, floppy disk, or other computer related or generated image in which a child is shown or heard engaging in sexually explicit conduct. The State Board of Indigents' Defense Services estimates additional FY 1996 expenditures of \$40,953 for defending indigent persons charged with this new crime.

**C. S.B. 16 (Governor).** S.B. 16 would create two new crimes: injury to a pregnant woman and injury to a pregnant woman by a vehicle. Injury to a pregnant woman is defined as injury to a pregnant woman in the commission of a felony causing a miscarriage. Injury to a pregnant woman by a vehicle is defined as injury to a pregnant woman by a person in the unlawful operation of a motor vehicle causing the pregnant woman to suffer a miscarriage. Depending upon the circumstances, the crime ranges

from a class A person misdemeanor to a severity level 4 person felony. The Board of Indigents' Defense Services estimates a fiscal impact of \$88,974 in FY 1996 based on a total of 36 cases. Of the 36 cases, it is estimated 18 would be assigned to public defenders and 18 would be contracted out to assigned counsel. Public defender costs are estimated at \$335 per case and assigned counsel costs are estimated at \$608 per case, for a total cost of \$16,974. Expert witness fees are calculated at \$4,000 per case that proceeds to trial and \$2,000 per case that does not proceed to trial. The agency estimates expenditures of \$72,000 for expert witness fees.

**D. H.B. 2331 (Conference).** H.B. 2331 would abolish the defense of "not guilty by reason of insanity" and would allow a finding of "mental disease or defect excluding criminal responsibility." This finding could be made if a jury returns a verdict of "not guilty" in a case in which the defendant has offered substantial evidence that, "as a result of mental disease or defect," the defendant lacked the mental state required as an element of the offense charged. The jury must then determine whether the defendant is not guilty solely because the defendant was suffering from a mental disease or defect which means the defendant was incapable of possessing the necessary criminal intent. The Office of Judicial Administration states that the bill would permit evidence of mental disease or defect to affect the criminal intent element of any crime, and could result in longer hearings and more hearings in which the element of criminal intent would be a defense issue. The Board of Indigents' Defense Services estimates a fiscal impact of \$40,750 in FY 1996, of which \$32,000 would be for trial level defense and \$8,750 would be for appellate defense.

#### **Department of Administration**

**A. Statewide Human Resource and Payroll System (SHARP) Project Personal Computers and Related Equipment for State Agencies (Senate and House Committees).** Following is a list of personal computers and related equipment requested by state agencies to enable the agencies to access the SHARP (Statewide Human Resource and Payroll System) Project. In most cases, both the Senate and House Committees recommended that funds recommended by the Governor for SHARP equipment be deleted from the individual agency budgets and appropriated to the Department of Administration in the 1995 Omnibus Bill. As noted below, however, some amounts were added by the Legislature or were recommended for Omnibus review.

The column entitled "comments" notes the number of personal computers (PCs) included for each agency. In most cases, however, the total amount noted also may include funding for peripheral equipment, wiring, printers, software, and other items.

**FY 1995.** The following amounts were requested by the agencies noted and were included in the Governor's recommendation. The funding noted was deleted from the agency budget to be appropriated to the Department of Administration (D of A) in the Omnibus Bill.

Agency	State General Fund	Other Funds	Total	Comments
<b>FY 1995:</b>				
State Treasurer	\$ 3,000	\$ 0		Includes 1 PC and related equipment.
Department of Administration	0	316,677		Includes 47 PCs, printers, servers, and software. This funding has already been transferred to the Computer Services Recovery Fund (the SHARP Fund).
<b>Subtotal FY 1995</b>	\$ 3,000	\$ 316,677		48 PCs
<b>Subtotal All Funds FY 1995</b>			\$ 319,677	
<b>FY 1996:</b>				
Kansas Corporation Commission	\$ 0	17,332		Includes 7 PCs Macintosh environment; agency has offices in several locations
Insurance Department	0	5,000		Includes 2 PCs
Judicial Branch	0	44,904		Includes 10 PCs Macintosh environment; both Committees recommend that Judicial Technology Fund money not be transferred to D of A, but that Judicial Branch work with SHARP project personnel.
KPERS	0	48,000		Includes 12 PCs Macintosh environment; frequent use of personnel/payroll system. On April 17, KPERS submitted a revised request for a total of \$101,600 for hardware and software to provide 25 staff with access to the SHARP database. SHARP personnel are reviewing the KPERS request.
Legislative Agencies	4,800	0		Includes 2 PCs
Department of Revenue	36,530	0		Includes 13 PCs and related equipment; Macintosh environment
Board of Tax Appeals	5,144	0		Includes 2 PCs
Department of Human Resources	0	27,000		Includes 5 PCs
Department of Corrections	9,000	0		Includes 3 PCs
El Dorado Correctional Facility	19,142	0		Includes 3 PCs
Ellsworth Correctional Facility	12,798	0		Includes 1 PC
Hutchinson Correctional Facility	25,190	0		Includes 5 PCs
Lansing Correctional Facility	15,516	0		Includes 2 PCs
Larned Corr. Mental Health Facility	15,431	0		Includes 2 PCs
Norton Correctional Facility	12,708	0		Includes 1 PC
Topeka Correctional Facility	16,196	0		Includes 2 PCs
Winfield Correctional Facility	12,798	0		Includes 1 PC
State Fire Marshall	0	6,198		Includes 3 PCs
Highway Patrol	30,338	0		Includes 7 PCs
<b>Subtotal FY 1996</b>	\$ 215,591	\$ 148,434		83 Pcs
<b>Subtotal All Funds FY 1996</b>			\$ 364,025	

In addition to the amounts noted above, the Governor's recommendation included \$20,000 each for Osawatomie and Topeka State Hospitals for SHARP equipment. The House and Senate both deleted this funding because funding for the Department of Social and Rehabilitation Services (SRS) institutions will

be considered together with the SRS request. The amounts noted do not include any funding for SRS computers. SRS will submit a Governor's Budget Amendment request for SHARP project funding.

The following items were not included in the Governor's budget recommendation. The "comments" column notes the specific Legislative recommendation for each item.

<b>FY 1995</b>				
State Library	\$ 2,894	\$ 0		The Governor did not recommend additional funding for this item. The agency found current year savings for SHARP equipment, and this amount was deleted by both the House and Senate to be appropriated to D of A in Omnibus.
<b>FY 1996</b>				
Emergency Medical Services	\$ 0	\$ 4,350		The House did not recommend funding for this item. The Senate recommended that the agency consult with SHARP and that this be reviewed in Omnibus.
Board of Indigents Defense Services	15,600	0		The Senate recommended that \$15,600 be appropriated to D of A in Omnibus. The House concurred. SHARP personnel state that \$6,000 would fund SHARP equipment for the central office and that the additional amounts would fund the existing regional public defender offices.
Judicial Council	1,170	0		The Senate recommended that agency determine its needs and present its request to the House. The House recommended that \$1,170 be appropriated to D of A in Omnibus.
Kansas Bureau of Investigation	15,710	0		The House did not address this item. The Senate recommended that the agency request a Governor's Budget Amendment and that this be addressed as an Omnibus item.
Legislative Research Department	1,298	0		The House did not address this item. The Senate recommended that this item be appropriated to D of A in Omnibus to permit the agency to acquire network software for fiscal staff to access SHARP.
State Conservation Commission	4,431	0		The Senate Committee did not address this item. The House recommended \$4,431 for one printer, a computer upgrade, and related software.
Animal Health Department	2,500	0		The Senate did not address this item. The House recommended \$2,500 for one PC.
Kansas Water Office	4,184	0		The Senate did not address this item. The House recommended \$4,184 for 2 PCs.
<b>Subtotal FY 1996</b>	<b>\$ 44,893</b>	<b>\$ 4,350</b>		
<b>Subtotal All Funds FY 1996</b>			<b>\$ 49,243</b>	

<b>TOTAL FY 1995</b>	\$ 5,894	\$ 316,677	
<b>ALL FUNDS</b>			\$ 322,571
<b>TOTAL FY 1996</b>	\$ 260,484	\$ 152,784	
<b>ALL FUNDS</b>			\$ 413,268
<b>GRAND TOTAL</b>	<u>\$ 266,378</u>	<u>\$ 469,461</u>	<u>\$ 735,839</u>

**B. S.B. 281 (Conference).** As amended by the House Committee on Appropriations, S.B. 281 includes a provision (New Section 7), which provides that those persons serving as state officers or employees in a 207(k) position on December 16, 1995, who separate from state service on or after December 17, 1995, shall have their separation pay calculated on the basis of an hourly rate of compensation based on the equivalent of a 40-hour work week. A "207(k) position" is defined as a position in which the employee is performing law enforcement activities for which a work period has been established which complies with the provisions of Section 207(k) of the Fair Labor Standards Act. This provision would allow Troopers employed by the Kansas Highway Patrol to have their separation pay calculated in the manner in which it is currently calculated, which differs from the manner in which separation pay is calculated for other state employees. The Department of Administration estimates additional State General Fund expenditures of \$37,600 to modify the SHARP system if this provision remains in S.B. 281. The agency estimates that one additional consultant would be needed for at least one month to modify the system. In addition, any future software upgrades would have to be modified, resulting in additional future costs to the agency.

#### **Attorney General**

**A. S.B. 3 (Governor).** S.B. 3 concerns sexually violent predators and makes the Attorney General responsible for filing all actions to commit persons as sexually violent predators. These duties currently are performed by county and district attorneys and the Attorney General, if requested by the local prosecutor. Under S.B. 3, prior to the time when a person who appears to be a sexually violent predator is eligible to be released from custody, the Secretary of Corrections establishes a multidisciplinary team to assess whether the person meets the definition of a sexually violent predator. The team is required to notify the Attorney General of its assessment. The Attorney General is required to appoint a prosecutor's review committee to review the records of each person referred to the Attorney General by the team. The review committee has the responsibility to assist the Attorney General in the determination of whether the person meets the definition of a sexually violent predator. If it appears that the person presently confined may be a sexually violent predator and the prosecutor's review committee finds that the person meets the statutory definition, a petition is then filed by the Attorney General, after which a probable cause hearing and a subsequent trial may be held to determine whether the person shall be retained in custody. The Attorney General also is responsible for representing the state at the annual commitment hearings or trials for persons who are confined as sexually violent predators and handles hearings or trials when the Secretary of the Department of Social and Rehabilitation Services authorizes a person confined as a sexually violent predator to petition for release.

The Attorney General estimates that 24 actions a year will be referred to the agency. Most of the work will involve travel to the county from which the person was originally sentenced to prison in order to prepare and prosecute the actions. According to the agency, it will be necessary to add three new positions, at a total cost of \$120,502 for salaries and fringe benefits: two assistant attorneys general (at a base salary of \$40,512 each) and a legal assistant (at a base salary of \$21,480). One-time expenses for furniture,

computers, and other items and equipment would be \$25,775. On-going costs for other operating expenses are estimated to be \$103,825, of which \$24,000 would be for travel and \$72,000 would be to pay fees for expert witnesses and other professional services. In all, expenditures in FY 1996 from the State General Fund due to S.B. 3 are estimated to be \$254,829.

**B. H.B. 2448 (Conference).** H.B. 2448 incorporates provisions of S.B. 212, which would amend the Kansas Consumer Protection Act. The bill would allow the Attorney General and county or district attorneys to be awarded attorney fees by a court if they are the prevailing party in a case regarding the Consumer Protection Act. (Under current law, the Attorney General and county and district attorneys are specifically excluded from receiving attorney fees. The Attorney General may recoup investigative fees, which are credited to the Attorney General's Court Cost Fund and are estimated to be approximately \$50,000 in FY 1996.)

The bill would create a consumer protection special revenue fund to which would be credited all attorney fees and recouped expenses received by the Attorney General in consumer protection cases, including investigative fees and recouped expenses that now are credited to the Court Cost Fund. Expenditures from the new fund could only be used to pay for operating expenses associated with the Consumer Protection Act. The Attorney General estimates that total receipts to the fund could amount to \$100,000 annually and requests that the fund be appropriated with a no-limit expenditure limitation. Any money received would be used to fund the operations of the Attorney General's consumer protection division, which has an operating budget for FY 1996 of approximately \$550,000, most of which is from the State General Fund.

### State Department of Education

**A. Revisions to Estimated Expenditures for State Aid Programs.** On April 12, staff from the State Department of Education, the Division of the Budget, and the Legislative Research Department met to review estimates of expenditures for certain state aid programs. As a result of that meeting, estimated expenditures for the following programs were revised:

1. General and Supplemental General State Aid. The appropriation for general and supplemental general state aid contained in S.B. 70 was based on the amount of funding believed necessary to fully implement H.B. 2152 in FY 1996 and took into account reappropriated balances from FY 1995 that could be used to finance FY 1996. (S.B. 70 is awaiting action by the Governor and H.B. 2152 has been signed.) Primarily because growth in annual assessed valuation is estimated to be greater than previously assumed and enrollment growth is estimated to be smaller, the amounts needed to fund general and supplemental general state aid have been revised downward for both FY 1995 and FY 1996.

For FY 1995, the revised estimate for general state aid is a reduction of \$3,490,000 from the estimate used during the Session and a reduction of \$271,000 for supplemental general state aid. As a result, a total of \$3,761,000 in savings in the current year would be reappropriated to help finance the state aid programs in FY 1996 under the reappropriation provisions of S.B. 70. (Recall that the estimates used during the Session also had been revised downward from the amounts appropriated by the 1994 Legislature, resulting in savings of \$12.5 million in general state aid and \$9.7 million in supplemental general state aid that already have been reappropriated to FY 1996.)

For FY 1996, the revised estimate for general state aid is a reduction of \$13,881,644 from the estimate used during the Session and a reduction of \$448,000 for supplemental general state aid. Reductions for both programs total \$14,329,644. The savings due to the downward revision in FY 1996



expenditures, plus the reappropriated savings of \$3,761,000 from FY 1995, mean that the appropriation for general state aid contained in S.B. 70 can be reduced by \$17,371,644 and the appropriation for supplemental general state aid can be reduced by \$719,000. The revisions to estimated expenditures are summarized below:

	Estimated Expend. FY 1995*	Revised Expend. FY 1995	Difference	Estimated Expend. FY 1996	Revised Expend. FY 1996	Difference
General State Aid	\$ 1,311,673,000	\$ 1,308,183,000	\$ (3,490,000)	\$ 1,326,650,644	\$ 1,312,769,000	\$ (13,881,644)
Supp. Gen. State Aid	40,271,000	40,000,000	(271,000)	53,001,000	52,553,000	(448,000)
<b>TOTAL</b>	<b>\$ 1,351,944,000</b>	<b>\$ 1,348,183,000</b>	<b>\$ (3,761,000)</b>	<b>\$ 1,379,651,644</b>	<b>\$ 1,365,322,000</b>	<b>\$ (14,329,644)</b>

\* The expenditures estimated during the 1995 Session were revisions of earlier estimates. Savings totaling almost \$22.3 million in the general and supplemental general state aid programs already have been reappropriated in S.B. 70 to help finance the programs in FY 1996.

2. School District Capital Improvements. The state aid portion of school district bond and interest payments for capital improvements originally was estimated to be \$11.5 million in FY 1995. That estimate now has been reduced to \$11.2 million. Because there is a balance in the Fund of \$70,775 from FY 1994, the amount of the estimated transfer from the State General Fund for FY 1995 is \$11,129,225. (Using the \$70,775 balance to help finance payments in FY 1995 would implement Governor's Budget Amendment No. 2, Item 4.)

**B. Potential Impact on Local Units of New Federal Rules and Regulations.** The Legislature should be aware that, effective May 24, 1995, rules and regulations promulgated by the Department of Housing and Urban Development (HUD) under the Real Estate Settlement Procedures Act have the potential to cause a shift in the timing of distributions to school districts of real estate taxes paid by mortgage loan servicers. Presently, most mortgage companies pay the full-year tax obligation by December 20, with distributions of the proceeds made to local units of government in January. Under the new rules and regulations, it is possible that mortgage loan servicers would be required to pay the first half of their tax obligation by December 20 and the second half by June 20. This change could mean that, in the transition year when the rules and regulations are implemented, local units that customarily received most of the distribution from taxes in January could experience a reduction in those revenues. This reduction would be offset the following July when distributions would be made from the second half of taxes paid by June 20. Such a change could affect school finance estimates (such as in FY 1996) if the amount of property taxes expected to be received in the fiscal year is reduced.

There presently is no clear understanding about how to interpret the rules and regulations or what their impact may be. Contacts have been made with the Kansas Congressional delegation, federal officials, and representatives of financial institutions in order to obtain more information.

**C. Revisions to Estimate for KPERS-School.** Revisions made by the staff of the Kansas Public Employees Retirement System for the employer's contribution for school members of the Kansas Public Employees Retirement System have reduced the estimated amount of the entitlement for FY 1995 by \$1,288,492 (from \$59,894,000 to \$58,605,508.) (In view of the revision to the FY 1995 entitlement,

the State Department has reviewed the estimate for FY 1996 and has revised the number to \$63,177,381, which is \$3,283,381 more than what has been appropriated.)

**D. Governor's Budget Amendment No. 3, Item 5 -- Replacing Expenditures from the Economic Development Initiatives Fund (EDIF) with Expenditures from the State General Fund.** The Governor originally recommended that \$9,046,234 be transferred from the EDIF in FY 1996 to fund four state aid programs. The Governor now recommends that the programs be funded from the State General Fund. The programs and the Governor's recommended expenditure for each are shown below. Also shown is the amount approved by the Legislature. (All amounts approved by the Legislature are from the EDIF.)

<u>Program</u>	<u>SGF</u>	<u>EDIF</u>
Postsecondary Area Vocational School Aid	\$ 6,050,000	\$ 6,050,000
Vocational Education Capital Outlay Aid	1,500,000	1,650,000
Educational Excellence Grants	1,485,000	1,485,000
Technology Innovation and Internship Grants	145,000	500,000
Total Expenditures	<u>\$ 9,180,000</u> *	<u>\$ 9,685,000</u> *

\* Expenditures exceed the appropriation by \$133,766 because of a carry-forward balance in the EDIF from FY 1995 which can be used to finance expenditures in FY 1996 (see item E below).

**E. Technical Adjustment Relating to Carry-Forward Balance in the EDIF.** There is a carry-forward balance of \$133,766 in the EDIF that can be used to reduce the EDIF transfer in FY 1996 to finance expenditures approved by the Legislature. The adjustment would reduce the appropriation from the EDIF by \$133,766 but would not affect approved expenditure levels.

**F. S.B. 159 (Law).** S.B. 159 deletes the current statutorily required quarterly transfer of \$40,000 from the State Highway Fund of the Kansas Department of Transportation to the School Bus Safety Fund of the State Board of Education. The change would subject the transfer to amounts specified in appropriations acts. Funding is used to support the school bus safety program, which was transferred to the State Department of Education from the Department of Transportation beginning in FY 1995. The 1995 Legislature has approved expenditures of \$175,447 from the State Highway Fund for the program, which includes the current statutory transfer of \$160,000 plus an additional transfer of \$15,447 provided for in 1995 S.B. 70. In order to implement the Legislature's recommended level of spending, it is necessary to appropriate the \$160,000.

**G. H.B. 2359 (Law).** H.B. 2359 enacts the Kansas School Safety and Security Act, which requires school districts and accredited nonpublic schools that participate in the Quality Performance Accreditation system to develop procedures for reporting acts that threaten the safety or security of persons and property to appropriate state or local law enforcement agencies. In addition, schools are required to report information to the State Board of Education each year about criminal acts that occur at school, on school property, or at school events. The State Board of Education must compile the reports and transmit the compilation to the Governor, the Legislature, and other state officials.

The State Department estimates that it will expend \$9,000 from the State General Fund for activities relating to its duties under the Act. The amount consists of \$6,000 to print and mail reporting forms to schools and \$3,000 for data processing expenses.

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**H. H.B. 2173 (Conference).** H.B. 2173 would amend the School District Finance and Quality Performance Act and generally deals with quality performance accreditation. An amendment added by the Senate would require the State Board of Education to prepare a "public education performance report card" that consists of statewide aggregated data pertaining to performance on state assessments and other performance indicators. The report card must show comparative data over several years. In addition, the State Board is required to prepare a school building report card for each building in a district that shows the school building data and the statewide data. There are 1,495 school buildings in the state.

The deadline for the State Department of Education to complete and distribute the cards is on or before January 1, 1997. The State Department estimates it will cost \$11,250 in FY 1996 to prepare, print, and mail the cards. It is the plan of the State Department to complete and distribute the cards as soon as possible.

**I. S.B. 150 (Conference).** S.B. 150 would reduce motor vehicle taxes beginning in FY 1996, resulting in a potential increase in state aid to school districts to offset the loss of local revenues. Under the Senate-passed version of S.B. 150, the reduction in school district local effort would require an offset in general state aid that is estimated to be \$5.8 million in FY 1996, \$29.6 million in FY 1997, and \$48.8 million in FY 1998. The version of the bill passed by the House would require an offset that is estimated to be \$12.4 million in FY 1996, \$60.0 million in FY 1997, and \$93.9 million in FY 1998. (Note: These numbers were revised in mid-April and reflect the use of actual, not estimated, 1994 motor vehicle valuations.)

#### **Department of Commerce and Housing**

**A. Governor's Budget Amendment No. 3, Item 2 -- Replace Financing from the EDIF with Financing from the State General Fund.** The Governor recommends a shift in funding totaling \$17,775,514 from the EDIF to the State General Fund in the event the Kansas Lottery is not re-authorized by the 1995 Legislature.

#### **Kansas Technology Enterprise Corporation**

**A. Governor's Budget Amendment No. 3, Item 4 -- Replace financing for certain KTEC programs from the Economic Development Initiatives Fund with financing from the State General Fund.**

The Governor recommends a shift in funding totaling \$8,976,368 from the EDIF to the State General Fund. Financing that would remain from the EDIF totals \$9,099,000 and would be for the following programs in the amount recommended in the Governor's initial recommendations: Business Innovation Research Grants, Training Equipment Industrial Liaison, Venture Capital, EPSCoR. Special Projects, and MAMTEC.

#### **B. Pending Bills**

1. **S.B. 12 (Governor).** S.B. 12 would direct the Kansas Technology Enterprise Corporation (KTEC) to establish a Small Business Innovation Research Bridge Financing Fund. This fund would provide grants, loans, royalty, or equity investments to firms that have previously received federal Phase I Small Business Innovation Research (SBIR) moneys and that have applied for a Phase II SBIR

grant. The effectiveness of the program would be subject to legislative review five years after enactment of the bill.

KTEC has requested a Governor's Budget Amendment of \$250,000 to fund this program (see No. 2 under Governor's Budget Amendment).

2. **S.B. 13 (Governor).** S.B. 13 would require the Kansas Technology Enterprise Corporation (KTEC) to establish a technology-based venture capital fund. This fund could receive transfers from the Economic Development Initiatives Fund, in addition to gifts, donations, grants received from nonstate government sources, and proceeds from the fund. Investments in the fund would qualify for income tax credits pursuant to the Kansas Venture Capital Company Act.

The bill specifies the types of assistance and financial arrangements with recipient companies. KTEC could invest only in a fund whose investment guidelines permit the funds purchase of qualified securities issued by a company as part of a technology project.

The Governor's recommended budget for FY 1996 includes \$3.3 million from the Economic Development Initiatives Fund for partial capitalization of the proposed fund.

#### **Kansas Inc.**

**A. Governor's Budget Amendment No. 3, Item 3.** The GBA replaces all financing from the Economic Development Initiatives Fund with financing from the State General Fund for the agency in FY 1996. The Governor recommends a shift in funding totaling \$129,144 from the EDIF to the State General Fund in the event that the Kansas Lottery is not re-authorized by the 1995 Legislature.

**B. Senate Subcommittee Recommendation.** In its review of the agency's budget, the Senate Subcommittee on Kansas Inc. recommended that all FY 1996 State General Fund financing for the agency (\$129,144) be shifted to financing from the EDIF. That recommendation was conditioned on the EDIF showing a positive balance during the Omnibus session. The Subcommittee noted that because Kansas Inc.'s efforts center solely on the state's economic development, it is consistent that the agency be funded not from the State General Fund but from the EDIF.

#### **Department of Human Resources**

**A. H.B. 2305 (Law).** H.B. 2305 amends the Employment Security Law by placing a two-year moratorium on collection of unemployment taxes from employers who are positive balance employers. Currently, there are over 44,000 employers that would be affected by the moratorium. Negative balance employers (over 3,000) would not be affected.

The provisions of H.B. 2305 would reduce receipts to the Employment Security Trust Fund below what they would be under current law. The Department of Human Resources indicates that the two-year moratorium would serve to reduce contributions to the Employment Security Trust Fund by an

estimated \$116.7 million in calendar year 1995 and by an estimated \$156.4 million in calendar year 1996. The lower collection will reduce interest payments also.

**Kansas State School for the Blind**

**A. Technical Adjustment.** To correct an oversight in S.B. 236, a technical adjustment is needed to carry out legislative intent.

**Regents Institutions -- Systemwide Issues**

**A. General Fees Fund Adjustments.** Based on Spring 1995 enrollments, the Regents institutions have revised their general fees estimates for FY 1995 and FY 1996 as compared with the Governor's recommendations. For FY 1995, based on spring estimates, the institutions project an additional systemwide net shortfall of \$1.8 million. In H.B. 2234, the supplemental appropriations bill, the Legislature recommended that this shortfall in fees be made up by a State General Fund supplemental appropriation. For FY 1996, the institutions estimate a shortfall of \$2.2 million in fee collections, and request a State General Fund appropriation to offset this shortfall. Total expenditures would not change, but the financing of approved expenditures would be shifted from the general fees funds to the State General Fund. The House Appropriations and Senate Ways and Means Committees recommended that the availability of general fees to fund the FY 1996 operating budgets be revisited during the Omnibus Session.

The following table summarizes the amount of the general fees shortfall for FY 1996 at each Regents institution:

<b>Regents Institutions FY 1996 General Fees Fund Estimates</b>	
<b>Institution</b>	<b>Net Decrease in Available Revenue</b>
University of Kansas	\$ (621,529)
University of Kansas Medical Center	(317,573)
Kansas State University	(466,218)
KSU Veterinary Medical Center	(98,459)
Wichita State University	(70,154)
Emporia State University	(400,837)
Pittsburg State University	(228,082)
Fort Hays State University	(2,856)
<b>TOTAL</b>	<b>\$ (2,205,708)</b>

**B. Utility Adjustments.** The current legislative practice is to provide a separate line item appropriation to each university for utilities and to review utility expenditures during the current year to make any necessary adjustments to the approved budget as well as the utility budget for the budget year. During the 1994 Omnibus Session, the institutions presented revised utility estimates for the FY 1994 and FY 1995 budgets. Funding was added for FY 1994, but no additional funding was added to the FY 1995 budget. If the FY 1995 budget had been adjusted by the estimated amount provided to the 1994 Legislature there would currently be a surplus of approximately \$400,000 in the FY 1995 budget. The following table summarizes approved utilities funding for FY 1995 compared to the institutions' revised estimates of expenditures. The estimates reflect at least eight months of actual utility expenditures in FY 1995. Based on these estimates, actual utility expenditures will exceed the current budgeted amounts by \$1,992,956 in FY 1995.

<b>Institutions' FY 1995 Revised Utilities Estimates</b>					
<u>Institution</u>	<u>FY 1993 Actual Expenditures</u>	<u>FY 1994 Actual Expenditures</u>	<u>FY 1995 Gov./Legisl. Rec.</u>	<u>Institutions' FY 1995 Revised Estimate</u>	<u>Rec. Under Revised Estimate</u>
KU	\$ 5,571,055	\$ 5,881,040	\$ 5,634,086	\$ 6,004,720	\$ (370,634)
KUMC	5,003,054	5,701,578	5,140,739	5,464,493	(323,754)
KSU-Main	6,052,547	6,924,831	6,765,887	7,264,068	(498,181)
KSUSCT	180,097	203,381	178,834	220,368	(41,534)
WSU	3,344,569	3,549,531	3,255,576	3,530,553	(274,977)
ESU	838,507	786,612	715,631	1,034,631	(319,000)
PSU	1,021,274	1,081,372	1,021,274	1,050,396	(29,122)
FHSU	911,862	931,636	939,967	1,075,721	(135,754)
<b>TOTAL</b>	<u>\$ 22,922,965</u>	<u>\$ 25,059,981</u>	<u>\$ 23,651,994</u>	<u>\$ 25,644,950</u>	<u>\$ (1,992,956)</u>

For FY 1996, the budget recommended by the Legislature for the Regents system includes the same level of utility expenditures as in FY 1995 (excluding utilities associated with servicing new buildings).

**C. GTA Salaries.** The 1994 Legislature included proviso language on the State General Fund operating expenditures account at each Regents institution limiting the amount of expenditures from that account for Graduate Teaching Assistant (GTA) salaries. The Governor's FY 1996 recommendation for GTA salaries includes a recommendation that these limitations be increased by 3.5 percent, reflecting the Governor's recommended unclassified salary increase. The House Appropriations and Senate Ways and Means Committees reduced the expenditure limitation on GTA salaries for FY 1996 to the FY 1995 levels pending resolution of state employee salary adjustments pay and recommended that the limits be readdressed during the Omnibus Session. The following table shows the Governor's recommendation, which includes a 3.5 percent increase, the current limitations included in H.B. 2236, and the expenditure limitation increase assuming a 3.5 percent salary adjustment.

Graduate Teaching Assistants – Salaries				
	Revised FY 95	Gov. Rec. FY 1996	Legislative Approved FY 1996	Difference 3.5 Percent
KU	\$ 8,200,000	\$ 8,487,000	\$ 8,200,000	\$ (287,000)
KSU	3,800,000	3,933,000	3,800,000	(133,000)
WSU	1,157,128	1,197,627	1,157,128	(40,499)
ESU	491,485	508,687	491,485	(17,202)
FHSU	285,697	295,696	285,697	(9,999)
PSU	338,951	350,814	338,951	(11,863)
<b>TOTAL</b>	<b>\$ 14,273,261</b>	<b>\$ 14,772,824</b>	<b>\$ 14,273,261</b>	<b>\$ (499,563)</b>

**University of Kansas**

**A. Technical Adjustment.** To correct a posting error, the sum of \$3,000 from the State General Fund should be added to the Geological Survey account in FY 1996.

**University of Kansas Medical Center**

**A. Medical Loan Repayment Fund Shortfall.** The University of Kansas Medical Center requests \$1,000,000 in FY 1995 and \$652,189 in FY 1996 from the State General Fund to offset anticipated declines in revenues from the Medical Student Loan Repayment Fund. The House Appropriations and Senate Ways and Means Committees recommended that this issue be reviewed during the Omnibus Session and requested a Governor's Budget Amendment.

Repayments from loans granted under the medical student loan program are credited to the Medical Student Loan Repayment Fund, along with revenue from those in non-compliance with the Medical Scholarship Program (which preceded the present student loan program). Revenues in the fund are used to support student loans, and excess revenues have been used to replace State General Fund financing for Medical Center operating expenditures. From FY 1989-FY 1994, amounts ranging each year from \$400,000 to \$5.4 million from the repayment fund were used to offset State General Fund expenditures in the University's operating budget. A decline in the number of persons in repayment status, due in large part to a decline in the number of new loans, is resulting in a decline in revenues to the repayment fund.

For FY 1995, the Legislature authorized expenditures of \$4.1 million from the Fund, including \$3.1 million for loans to 138 medical students and \$1.0 million for University operating expenditures. The recommendation assumed repayment revenues of \$3,750,000. The University now estimates that repayments will total only \$2.7 million. For FY 1996, the Governor's recommendation assumes expenditures of \$3.0 million from the fund, all of which is for loans to 134 medical students, including 109 renewal loans and 25 new loans. The recommendation was based on projected revenues of

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\$3.0 million to the fund. The University now anticipates revenue of only \$2.4 million. For FY 1995, the requested supplemental funding would support general university operations. For FY 1996, the requested funding would replace funding budgeted by the Governor from the repayment fund for 25 new loans. The following table summarizes current projections for the repayment fund.

<b>MEDICAL STUDENT LOAN REPAYMENT FUND</b>					
	Actual FY 1994	Gov. Rec. FY 1995	KUMC Revised FY 1995	Gov. Rec. FY 1996	KUMC Revised FY 1996
Beginning Balance	\$ 8,327	\$ 388,457	\$ 388,457	\$ 70,179	\$ 20,179
Repayment Receipts	3,732,741	3,750,000	2,700,000	3,000,000	2,400,000
Total Available	<u>\$ 3,741,068</u>	<u>\$ 4,138,457</u>	<u>\$ 3,088,457</u>	<u>\$ 3,070,179</u>	<u>\$ 2,420,179</u>
Expenditures:					
Loans to Medical Students	\$ 2,832,131	\$ 3,068,278	\$ 3,068,278	\$ 3,022,368	\$ 2,370,179
Transfer for Oper. Exp.	520,480	1,000,000	0	0	0
Total Expenditures	<u>\$ 3,352,611</u>	<u>\$ 4,068,278</u>	<u>\$ 3,068,278</u>	<u>\$ 3,022,368</u>	<u>\$ 2,370,179</u>
Ending Balance	\$ 388,457	\$ 70,179	\$ 20,179	\$ 47,811	\$ 50,000
Total Loans	130	138	138	134	109
New	36	36	36	25	0
Renewal	94	102	102	109	109

**B. Wichita and Topeka Residents.** During consideration of the KUMC budget, the 3.5 percent increase for the Wichita resident contract recommended by the Governor was deleted pending decisions on state employee salary increases. Funding was also not included to increase the level for residents under the Topeka contract. The House Appropriations and Senate Ways and Means Committees recommended that this funding be included in the Omnibus Bill in an amount equal to the increase recommended for unclassified salaries. The FY 1996 State General Fund cost to increase the Wichita residents contract by 3.5 percent totals \$81,053. The cost for the Topeka program totals \$7,317, for a total combined cost of \$88,370.

**KSU - Salina, College of Technology**

**A. Technical Adjustment -- FY 1995 General Fees Fund Limitation.** The Governor's revised FY 1995 budget for KSU - Salina increases expenditures from the General Fees Fund from the approved level of \$692,601 to \$764,004, an increase of \$71,403. Funding from the State General Fund was reduced accordingly. However, the FY 1995 expenditure limitation increase required to allow expenditure of these fees was omitted from the supplemental bill.



**KSU - Veterinary Medical Center**

**A. Joint Committee on State Building Construction – Greyhound Research Facility.**

Kansas State University seeks legislative authority in FY 1996 to expend restricted fees to renovate and expand an existing dog facility to a greyhound research facility. The request would provide space and housing for 45 additional greyhounds beyond the 27 currently housed at the facility. The project cost is estimated to total \$140,000 to be financed from private funds and restricted fees currently available to the Veterinary Medical Center. The project has been approved by the Board of Regents and by the Joint Committee on State Building Construction.

**KSU - Extension Systems and Agricultural Research Programs**

**A. FACTS Program Transfer.**

In S.B. 153, funding and staffing for the Farmers' Assistance, Counseling and Training Service (FACTS) program was deleted from the budget of the State Board of Agriculture with a recommendation that the program be scaled down and transferred to KSU's Cooperative Extension Service. Under the recommendation, 3.0 FTE positions and \$375,193 in federal funds need to be added to the Extension budget in FY 1996. The University will provide the match for these federal funds from state in-kind services within its existing budget.

<b>FACTS Program Budget - KSU</b>			
<u>Federal Funds</u>	<u>State In-Kind Services</u>	<u>Total</u>	<u>FTE</u>
\$ 375,193	\$ 160,797	\$ 535,990	3.0

In order for the University to receive and expend these federal funds, a Farmers' Assistance, Counseling and Training Services account of the University's restricted fees fund should be established.

**Wichita State University**

**A. Technical Adjustment.**

To correct a calculation error, the sum of \$41,172 from the State General Fund should be added to the operating expenditures line item for FY 1996.

**Emporia State University/Fort Hays State University**

**A. Technical Adjustment.**

The Revisor of Statute's Office recommends a technical correction to proviso language in H.B. 2236 to properly reflect the Conference Committee agreement regarding the private matching funds requirement for academic program enhancements.

## Kansas Water Office

**A. Governor's Budget Amendment No. 2, Item 14.** Expenditures from the State Water Plan Fund for FY 1996 in the *Governor's Budget Report* are overstated by \$31,837. A technical correction is needed to reduce expenditures in FY 1996 by \$31,837 to properly reflect the Governor's recommendation.

**B. Governor's Budget Amendment No. 3, Item 7.** This item increases expenditures from the State General Fund by \$2.0 million to finance the State Water Plan, and reduces expenditures from the Economic Development Initiatives Fund (EDIF) by the same amount. Current law (K.S.A. 79-4804) requires the transfer of \$2.0 million each fiscal year from the EDIF to the State Water Plan Fund.

**C. H.B. 2038 (Conference Committee).** H.B. 2038, as amended, would require moneys recovered by the Kansas Water Office from amounts previously appropriated to provide water supply storage in Multipurpose Small Lakes projects, to be deposited in the State Treasury and credited to the State General Fund. The bill would become effective upon publication in the *Kansas Register*.

As originally introduced, the bill would have returned these funds to the State Water Plan Fund. There is expected to be recovered funds of \$663,756 in FY 1995 from the City of Sabetha under the Multipurpose Small Lakes program. The *Governor's Budget Report* assumed the return of this \$663,756 to the State Water Plan Fund in FY 1995.

## State Conservation Commission

**A. State Water Plan Fund Savings.** Expenditures from the State Water Plan Fund (SWPF) approved thus far by the 1995 Legislature will result in a negative ending balance of \$8,004 at the end of FY 1996. However, the State Conservation Commission on April 12, 1995 has identified savings from prior years SWPF projects which total \$223,132. These uncommitted funds could be transferred back into the State Water Plan Fund balances which would result in an ending balance of about \$215,000 for FY 1996. Also, the State Conservation Commission requests that \$24,811 of the savings be appropriated to the Commission for use in the Aid to Conservation Districts program. Such action would result in an SWPF ending balance of about \$190,300.

## Department of Wildlife and Parks

**A. Wolf Creek Fishing Facility.** A House floor amendment to H.B. 2235 included \$600,000 in FY 1995 (Wildlife Conservation Fund) for a capital improvement project to develop a public fishing facility at the Wolf Creek generating facility. The state funding would be reimbursed by federal funds, and Coffey County would be required to contribute a match of money or in-kind services equal to \$200,000. The Conference Committee deleted the funding for this proposed facility, with the understanding that the project would be reviewed during Omnibus Session, following receipt of a presentation and program statement from the Secretary of Wildlife and Parks.

**B. Creation of New Wildlife and Parks Fund.** During budget review, the Senate Subcommittee received a request from the Department of Wildlife and Parks (KDWP) to divide or "split" the Wildlife Fee Fund (established by K.S.A. 32-990) into two separate funds. This request was made by the KDWP in order to concur with a recommendation of the Legislative Post Auditor to separate the receipts which are restricted use (wildlife expenditures only) from those receipts which are nonrestricted. The proposed legislation would allow the KDWP to deposit receipts not restricted by state law or federal

regulations into a newly created fund entitled "Wildlife and Parks Non-Restricted Fund." For FY 1996, the new fund could be created by the appropriation act. This item was deferred to Omnibus in order to give the agency and the Revisor time to develop the needed language. One example of nonrestricted revenue would be receipts from the sale of the Department's magazine, *Kansas Wildlife*. In addition, a transfer of \$225,000 from the existing Wildlife Fee Fund to the newly created Wildlife and Parks Non-Restricted Fund would need to occur upon the effective date of the act creating the new fund. The proposed transfer amount represents an estimate of the nonrestricted fees currently available in the Wildlife Fee Fund that could be used for expenditures related to wildlife but not restricted by state law or federal regulation.

### **Department of Corrections**

**A. Governor's Budget Amendment No. 3, Item 9 -- Replace Lottery Receipts in the Correctional Institutions Building Fund with Financing from the State General Fund.** The Governor recommends a shift in funding totaling \$4,125,542 from the Correctional Institutions Building Fund (CIBF) to the State General Fund in FY 1996 to replace lottery receipts to the CIBF in the event that the Kansas Lottery is not re-authorized by the 1995 Legislature. The funding would be utilized for rehabilitation and repair projects already approved in 1995 S.B. 178.

**B. House Subcommittee Recommendation -- Increased Staffing for Capacity Expansion.** As part of its review of the budget of the Department of Corrections (DOC), the House Subcommittee expressed its concern with the rapidly increasing inmate population. The Department indicated that it plans to pursue short term options for additional bed space. The plan, which has been reviewed and approved by the Joint Committee on State Building Construction, would provide an additional 447 beds by February 1996. The total project cost, estimated at \$1,741,000 can be funded from the Department's rehabilitation and repair funds. The Department indicated, however, that additional funding would be necessary to provide staffing for the expanded capacity. The House Subcommittee noted that this issue should be revisited during Omnibus. The Department submitted a request for a Governor's Budget Amendment in the amount of \$2,389,406 from the State General Fund for 43.0 new FTE positions in FY 1996.

### **Topeka Correctional Facility**

**A. Governor's Budget Amendment No. 3, Item 9 -- Replace Funding from the Correctional Institutions Building Fund (CIBF) with State General Fund Financing.** The Governor recommends a shift in funding totaling \$262,376 at Topeka Correctional Facility (TCF) from the CIBF to the State General Fund in FY 1996. The funding would allow TCF to expand the General Services Building to provide additional storage space for the new maximum security women's unit. The project was approved in 1995 S.B. 178. The shift is recommended to replace lottery receipts to the CIBF in the event that the Kansas Lottery is not re-authorized by the 1995 Legislature.

### **Kansas Parole Board**

**A. H.B. 2331 (Conference).** H.B. 2331 eliminates the verdict or adjudication of not guilty by reason of insanity and, as amended by the Senate, reduces the size of the Kansas Parole Board from five to three members. The Senate amendment contains provisions identical to S.B. 329. It would grant authority to the Director of the Parole Board to appoint additional employees on the assumption that additional staff members would perform some of the work currently performed by Board members.

Approximately \$178,000 from the State General Fund is included in the FY 1996 budget of the Kansas Parole Board for salaries and fringe benefits for two Board members. The salary of the Chairperson of the Parole Board is tied to the salaries of district court judges, while the other four Board members receive a statutorily established salary which is \$2,465 less than the salary of the Chairperson.

### **Kansas Sentencing Commission**

**A. Senate Subcommittee Recommendation -- Improvements to the Criminal Justice Information System.** The Governor's FY 1996 recommendation, as approved by the 1995 Legislature, included funding of \$626,073 (including \$156,267 from the State General Fund) for improvements to the Criminal Justice Information System (CJIS). The CJIS plan would involve the development of an integrated database containing a variety of records currently dispersed among several agencies. The State General Fund recommendation provides the 25 percent match necessary to access \$468,806 in federal funding. Since the Governor's recommendation was made, the agency has been notified that an additional \$437,934 in federal funding is available for use on the CJIS. This would require an additional State General Fund match of \$145,978 in FY 1996. The Senate Subcommittee reviewing the agency's budget was informed that a Governor's Budget Amendment for the additional funds was being requested, and recommended that this matter be reviewed again for possible inclusion in the omnibus appropriations bill.

# ANALYST OMNIBUS LIST BY AGENCY AND SUBCOMMITTEE

## Julian Efirid (pp. 1-9)

Department of Revenue - Mollenkamp  
Department of Transportation - Mollenkamp  
Kansas Lottery - Mollenkamp  
Racing Commission - Mollenkamp  
KPERs - Lowther

## Alan Conroy (pp. 9-10)

Legislature - Allen  
Legislative Coordinating Council - Allen  
Lieutenant Governor - Carmody

## Pat Mah (pp. 10-11)

Health and Environment - Neufeld

## Tim Colton (pp. 11-13)

Board/Department of Agriculture - Kejr  
SRS - Division of MHRS - Carmody  
Guardianship Program - Carmody

## Don Cawby (pp. 13-15)

Youth Center at Atchison - Kline  
Youth Center at Beloit - Kline  
Youth Center at Topeka - Kline

## Paul West (pp. 15-16)

Department of SRS - Neufeld

## Susan Wieggers (pp. 16-18)

Bank Commissioner - Kejr  
Consumer Credit Commissioner - Kejr  
MH Hospitals Systemwide - Carmody  
Topeka State Hospital - Carmody  
Human Rights Commission - Neufeld

## Tricia Pierron (pp. 18-20)

Board of Healing Arts - Kejr  
MR Hospitals Systemwide - Carmody  
Kansas Neurological Institute - Carmody  
Secretary of State - Carmody  
Secretary of State - Carmody

## Kathy Porter (pp. 20-28)

Kansas Bureau of Investigation - Kline  
Judicial Branch - Mollenkamp  
Board of Indigents' Defense - Mollenkamp  
Department of Administration - Carmody

## Carolyn Rampey (pp. 28-32)

Attorney General - Carmody  
Department of Education - Allen

## Eric Milstead (pp. 32-34)

School for the Blind - Allen  
Commerce and Housing - Mollenkamp  
KTEC - Mollenkamp  
Kansas Inc. - Mollenkamp  
Dept. of Human Resources - Carmody

## Laura Howard (pp. 34-38)

Regents Systemwide - Allen  
University of Kansas - Allen  
KU Medical Center - Allen  
KSU-Salina - Allen  
KSU-Veterinary Medical Center - Allen  
KSU-Extension - Allen  
Wichita State University - Allen

## Russell Mills (pp. 38-40)

Regents Systemwide - Allen  
Emporia State University - Allen  
Fort Hays State University - Allen  
Kansas Water Office - Kejr  
Conservation Commission - Kejr  
Wildlife and Parks - Kejr

## Leah Robinson (pp. 40-41)

Department of Corrections - Kline  
Topeka Correctional Facility - Kline  
Kansas Parole Board - Kline  
Kansas Sentencing Commission - Kline

*4/20/95*  
*Appropriations Comte*  
*Attachment 8*

**SUBCOMMITTEE LIST BY AGENCY AND ANALYST**  
**(by order of appearance in the Omnibus memo)**

**ALLEN (Room 519-S on Thurs., Fri.,  
Room 514-S on Mon. and Tues.)**

Legislature - Alan  
Legislative Coordinating Council - Alan  
Department of Education - Carolyn  
School for the Blind - Eric  
Regents Systemwide - Laura/Russell  
University of Kansas - Laura  
KU Medical Center - Laura  
KSU-Salina - Laura  
KSU-Veterinary Medical Center - Laura  
KSU-Extension - Laura  
Wichita State University - Laura  
Emporia State University - Russell  
Fort Hays State University - Russell

**KEJR (Room 521-S on Thurs. and Fri.,  
Room 527-S on Mon. and Tues.)**

Board/Department of Agriculture - Tim  
Bank Commissioner - Susan  
Consumer Credit Commissioner - Susan  
Board of Healing Arts - Tricia  
Kansas Water Office - Russell  
Kansas Conservation Commission - Russell  
Department of Wildlife and Parks - Russell

**KLINE (Room 531-N)**

Youth Center at Atchison - Don  
Youth Center at Beloit - Don  
Youth Center at Topeka - Don  
Kansas Bureau of Investigation - Kathy  
Department of Corrections - Leah  
Topeka Correctional Facility - Leah  
Kansas Parole Board - Leah  
Kansas Sentencing Commission - Leah

**NEUFELD (Room 526-S)**

Department of Health and Environment - Pat  
Department of SRS - Paul  
Human Rights Commission - Susan

**CARMODY (Room 522-S)**

Lieutenant Governor - Alan  
SRS - Division of MHRS - Tim  
Guardianship Program - Tim  
MH Hospitals Systemwide - Susan  
Topeka State Hospital - Susan  
MR Hospitals Systemwide - Tricia  
Kansas Neurological Institute - Tricia  
Secretary of State - Tricia  
Department of Administration - Kathy  
Attorney General - Carolyn  
Department of Human Resources - Eric

**MOLLENKAMP (Room 529-S)**

Department of Revenue - Julian  
Department of Transportation - Julian  
Kansas Lottery - Julian  
Racing Commission - Julian  
Judicial Branch - Kathy  
Board of Indigents' Defense - Kathy  
Dept. of Commerce and Housing - Eric  
KTEC - Eric  
Kansas Inc. - Eric

**LOWTHER**

KPERS - Julian

STATE OF KANSAS

BILL GRAVES, Governor  
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OFFICE OF THE GOVERNOR

April 20, 1995

*GBA 4-*

The Honorable Gus Bogina, Chairperson  
Senate Committee on Ways and Means  
Room 120-S, Statehouse

and

The Honorable Robin Jennison, Chairperson  
House Committee on Appropriations  
Room 514-S, Statehouse

Dear Senator Bogina:

With this memorandum, I submit the attached amendments to my budget recommendations. For FY 1995, I amend my budget to decrease State General Fund expenditures by \$1,505,287. The FY 1996 adjustment is an increase of \$1,920,983, for a net State General Fund increase of \$415,696. All funding sources expenditures are increased by \$10,566,250 in FY 1995 and \$11,896,257 in FY 1996.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Graves".

BILL GRAVES  
Governor

*4/20/95  
Appropriations Ante  
Attachment 9*

## Kansas Sentencing Commission

### 1. Federal Criminal History Records Grant

I amend my budget for FY 1996 to include an additional \$145,978 from the State General Fund for the Kansas Sentencing Commission to match \$437,934 in federal monies that are available through the National Criminal History Improvement Program of the U.S. Bureau of Justice Assistance. The Sentencing Commission recently discovered that the State of Kansas was eligible to receive more federal monies for criminal history records improvement than was anticipated when the agency submitted its FY 1996 budget request. The expenditure of \$145,978 from the State General Fund, coupled with the \$156,267 currently contained in my FY 1996 budget, would allow Kansas to access a total of \$906,740 in federal grant monies to be used for the establishment of an integrated statewide criminal justice information system.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 145,978
All Other Funds	<u>          --</u>	<u>437,934</u>
All Funds	\$ --	\$ 583,912

### 2. Transfer of Federal Grant Program Monies to the Attorney General

I amend my budget to transfer \$274,246 in federal monies for the Drug Free Schools and Communities Program from the budget of the Kansas Sentencing Commission to the budget of the Attorney General. It has been determined that the Office of the Attorney General is the appropriate agency to administer this program.

#### Sentencing Commission:

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>          --</u>	<u>(274,246)</u>
All Funds	\$ --	\$ (274,246)

#### Attorney General:

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>          --</u>	<u>274,246</u>
All Funds	\$ --	\$ 274,246



## Department of Commerce and Housing

### 3. Increase Economic Opportunity Fund

I amend my FY 1995 budget to eliminate the Kansas Basic Enterprise Loan Program and transfer the balance of the Kansas Basic Enterprise Loan Program Fund to the Kansas Economic Opportunity Initiatives Fund (KEOIF). Financing of KEOIF is one of my priorities for investment in economic development. The balance of the fund is estimated to be \$1,036,947.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>1,036,947</u>	<u>--</u>
All Funds	\$ 1,036,947	\$ --

### 4. Resource Reallocation

I amend my budget to shift \$200,000 from the EDIF in FY 1996 from strategic planning grants to a new program to allow a flexible tool for the Department of Commerce and Housing to aid in the revitalization of downtown areas. The program would be titled the Mainstreet Grant and Development Program.

## Department of Corrections

### 5. Savings from Treatment and Programs

I amend my budget for FY 1995 to decrease State General Fund expenditures for treatment and programs by \$900,000. This reduction is made possible because several contracts with local providers will not be finalized in FY 1995 as originally anticipated, and the number of clients who will receive services from local providers will be less than originally anticipated.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ (900,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (900,000)	\$ --

### 6. Bed Capacity Expansion

I amend my budget for FY 1996 to increase State General Fund expenditures by \$2,389,406 to allow an increase of 431 inmate beds at Winfield Correctional Facility, Lansing Correctional Facility, Topeka Correctional Facility, and El Dorado Correctional Facility. This increase will finance 43.0 new FTE positions and other operating costs necessary to expand the

inmate bed capacity. The agency will utilize previously appropriated rehabilitation and repair monies of \$1,244,618 from the Correctional Institutions Building Fund and \$473,382 from the Flood Relief Fund--Federal to finance the improvements. The Department of Corrections will make these funds available by reevaluating priorities for rehabilitation and repair projects. The bed expansion is necessary to meet projected increases in inmate population for FY 1996.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 2,389,406
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 2,389,406

#### 7. Flood Relief Reimbursement

I amend my budget for FY 1996 to allow a \$518,182 increase in expenditures for the Department of Corrections (DOC). Of that amount, \$51,311 is from the Department of Corrections General Fees Fund and \$466,871 is from the Department of Corrections Flood Relief Fund--Federal. I also amend my budget to remove the proviso from the DOC General Fees Fund that requires State Finance Council approval before expenditures for the repair of flood damage can be made. Receipts from the Federal Emergency Management Agency and the Adjutant General's Department will be credited to these funding sources. The expenditures are necessary to give the agency the ability to finance partially a bed capacity expansion in the amount of \$473,382 and provide a partial reimbursement to Lansing Correctional Facility for out-of-pocket expenses related to the flood of 1993 for \$44,800.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>518,182</u>
All Funds	\$ --	\$ 518,182

#### 8. Planning for Correctional Housing Units Expansion

I amend my budget for FY 1995 to shift \$600,000 from the Correctional Institutions Building Fund (CIBF) account entitled "Additional housing units at the Larned correctional mental health facility-planning" to a new CIBF account entitled "Planning for New General Population Housing Units." The increase in inmate population in state correctional institutions requires that the state begin the process of expanding institutional bed capacity to meet the projected population need. Therefore, this transfer is essential. The release of the planning monies is conditional on the project receiving approval from the Joint Committee on State Building Construction and then the State Finance Council.

## Board of Indigents' Defense Services

### 9. Assigned Counsel Program

I amend my budget to include additional State General Fund expenditures of \$167,065 in FY 1995 and \$477,811 in FY 1996 to provide full funding of the Assigned Counsel Program as requested by the Board of Indigents' Defense Services. The agency is experiencing higher than anticipated claims for private counsel. In addition, the funding will eliminate the need for the agency to carry forward any claims from FY 1995 to FY 1996.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ 167,065	\$ 477,811
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ 167,065	\$ 477,811

## Secretary of State

### 10. Presidential Preference Primary

I amend my budget to allow the Secretary of State to provide aid to local units of government for the cost of the 1996 Presidential Preference Primary to be held April 2, 1996. The Secretary of State will reimburse counties for all necessary and direct expenses incurred in conducting the election. The Secretary of State will review the reimbursement requests and make any adjustment necessary before approving payment to a county.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$           --	\$ 1,500,000
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$           --	\$ 1,500,000

### 11. Optical Disk Image System

I amend my budget to provide \$337,000 from fee funds for the purchase of an optical disk image system in FY 1996. The recommendation is funded with \$168,500 from the Information and Copy Service Fee Fund and \$168,500 from the Uniform Commercial Code Fee Fund. This equipment will be used to provide faster and more efficient service to customers of the agency when requesting information on financial statements and other Uniform Commercial Code documents on file.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>337,000</u>
All Funds	\$ --	\$ 337,000

### Board of Agriculture

#### 12. Restructuring the Agency (HB 2384)

I amend my budget to provide \$110,917 from the State General Fund and 2.0 FTE positions in FY 1996. This will allow the Secretary of Agriculture to hire 1.0 Assistant Secretary and 1.0 Personal Secretary in the unclassified service. Funds are also provided to allow the Secretary of Agriculture to reclassify two current positions--one as public information officer and the other as special assistant to the Secretary. In addition, funds are provided for advisory board member travel.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 110,917
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 110,917

### Department of Education

#### 13. Revised School Finance Estimates

I amend my FY 1995 and FY 1996 budget recommendations to reduce the following items based on revised school finance estimates agreed upon by the Legislative Research Department, the Department of Education, and the Division of the Budget:

	<u>FY 1995</u>	<u>FY 1996</u>
General State Aid	\$ 3,490,000	\$ 13,908,000
Supplemental State Aid	271,000	259,000
Capital Improvement Aid	<u>300,000</u>	<u>--</u>
Total	\$ 4,061,000	\$ 14,167,000

The total reduction recommended is as follows:

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ (4,061,000)	\$ (14,167,000)
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ (4,061,000)	\$ (14,167,000)

14. Increase KPERS-School Employer Contribution

I amend my budget for FY 1995 to reduce the State General Fund appropriation by \$1,288,492 for the KPERS employer contribution for public schools, community colleges, and area vocational-technical schools based on recently revised estimates. An increase in the FY 1996 appropriation is recommended totaling \$3,283,381. The increase is required because of the increase in the KPERS employer contribution rate and anticipated increases in school payrolls associated with salary increases and enrollment growth.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ (1,288,492)	\$ 3,283,381
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ (1,288,492)	\$ 3,283,381

### Department of Human Resources

15. Special Employment Security Fund Shortfall (HB 2305)

I amend my budget to add \$215,000 in FY 1996 from the State General Fund to offset a loss in the Special Employment Security Fund (also known as the Penalty and Interest Fund). 1995 HB 2305 places a two-year moratorium on contributions to the State Employment Security Trust Fund by employers who have paid more to the fund than they have been charged in unemployment benefits (positive balance employers). The reduction will occur because employers payments to the fund are calculated on the amount of delinquent taxes owed, and most employers, under the provisions of the bill, would owe no taxes in 1995 and 1996.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$           --	\$ 215,000
All Other Funds	<u>          --</u>	<u>  (215,000)</u>
All Funds	\$           --	\$           --

16. Increase the Expenditure Limitation on the OSHA Federal Fund

SB 95, the "claims" bill, requires the agency to pay a bill of \$26,072 in FY 1995 for an invoice that was not filed in a timely manner. In order to pay the bill and not disrupt ongoing

operations in FY 1995, I amend my budget to increase the expenditure limitation on the OSHA Federal Fund in FY 1995 by \$26,072. I also amend my budget to increase the expenditure limitation on the OSHA Federal Fund in FY 1996 by \$6,901 so the Department can expend additional federal funds that have recently been made available.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>26,072</u>	<u>6,901</u>
All Funds	\$ 26,072	\$ 6,901

### Kansas Department of Transportation

#### 17. Construct New Sub-Area Shop--East Wichita

I amend my budget to include \$900,000 for FY 1996 for the Kansas Department of Transportation from the State Highway Fund to construct a new sub-area shop on the north side of US-54 highway at the east city limits of Wichita. The shop would serve Area 6. The new shop would include 1,180 square feet of enclosed space as well as eight equipment bays. The space would be the headquarters for a sub-area work crew. The new sub-area shop is necessary to assist in maintaining an increased number of lane miles of highway in the Wichita area. The number of lane miles is expected to increase from 558 to approximately 795.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>900,000</u>
All Funds	\$ --	\$ 900,000

### Kansas Lottery

#### 18. Revised Lottery Ticket Sales Estimate

I amend my budget for the Lottery to reflect Lottery ticket sales of \$161.5 million, an increase of \$14.5 million above the amounts I originally recommended. My amendment increases transfers from the Lottery to the Gaming Revenues Fund by \$4,317,836. However, transfers from the Racing Fund are now estimated to be \$709,245 less than those originally recommended. Therefore, this amendment, together with the revision in the estimated transfer from the Racing Fund, result in an increase in Gaming Revenues Fund receipts of \$3,608,591.

19. Expenditures Related to Revised Lottery Ticket Sale Estimate

I amend my budget to include \$9,089,200 for expenses associated with Lottery ticket sales of \$161.4 million. This amount includes \$7,488,000 for prizes, \$764,200 for retailer commissions, \$577,000 for vendor payments, and \$260,000 for instant ticket printing.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>9,089,200</u>	<u>--</u>
All Funds	\$ 9,089,200	\$ --

### Department of Health and Environment

20. Upgrade FileNet Imaging System for Vital Statistics

I amend my FY 1996 budget to include a net increase in expenditures of \$259,107, including a savings of \$27,200 in maintenance costs from the State General Fund and an addition of \$286,307 from the Sponsored Projects Overhead Fund as the first of three payments on an upgrade of the document imaging system in the Office of Vital Statistics. The office depends on the automated system to provide birth, death, marriage, and divorce certificates and to issue certified copies. The existing document imaging hardware and software are no longer manufactured, and the Department has been notified that manufacturer support will be discontinued in September 1996. The Department proposes to finance the project with a Certificate of Participation over three years, with annual payments of \$286,307. The total cost would be \$858,921.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ (27,200)
All Other Funds	<u>--</u>	<u>286,307</u>
All Funds	\$ --	\$ 259,107

21. Savings on Vaccine Purchases

I reduce my FY 1995 budget by \$200,000 from the State General Fund for vaccine purchases. My original recommendation contained a total of \$1,481,515 for the purchase of vaccines to be distributed to local health departments. Of the total, \$1,052,259 was from the State General Fund, \$350,000 was from the Sponsored Projects Overhead Fund, and \$79,256 was from federal monies. Currently, the Department has expended a total of \$819,914 for vaccine purchases, of which \$819,262 is from the State General Fund. Under my amendment, the total resources remaining for vaccine purchase for FY 1995 would be \$461,601.

Expenditures for vaccines have fallen short of the approved State General Fund budget the last two fiscal years.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ (200,000)	\$ --
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ (200,000)	\$ --

22. Department of Energy National Industrial Competitiveness Grant

I recommend the expenditure of \$425,000 from a U.S. Department of Energy National Industrial Competitiveness through Energy, Environment, and Economics (NICE 3) grant award for FY 1996. The monies would be used to sponsor an innovative, cost-sharing program with Kansas industry partners to save energy, prevent pollution and enhance industrial competitiveness. The Department would serve as the federally required state agency through which the monies would be passed to private industry. The monies would be budgeted as other assistance, with no state operating costs included. There is no state matching requirement.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>          --</u>	<u>      425,000</u>
All Funds	\$ --	\$ 425,000

23. Medicare and Medicaid Funding Shifts

I amend my FY 1995 budget to shift expenditure authority of \$224,690 from the state Medicaid fund (Title XIX) to the Medicare fund to reflect actual federal earnings of the Bureau of Adult and Child Care. The Department is under federal contract to survey the Adult Care Homes in Kansas that are serving both Medicaid and Medicare funded clients.

24. State Motor Pool Charges

I amend the FY 1996 budget to provide additional expenditures of \$72,000 from the Sponsored Projects Overhead Fund to cover the difference between what the federal government allows for mileage reimbursement and what the state motor pool charges. The federal government has agreed to pay \$.14 per mile, while the motor pool is charging state agencies \$.19. My amendment would allow the Department, which relies heavily on federal funding, the expenditure authority to pay the \$.05 per mile difference.



	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>72,000</u>
All Funds	\$ --	\$ 72,000

25. Grant for Breast and Cervical Cancer Early Detection

I amend my budget for FY 1996 to allow the expenditure of \$650,047 from a new federal grant to fund early detection of breast and cervical cancer activities. The new monies are an extension of a prior planning grant which was first awarded in state FY 1994 to the Bureau of Chronic Disease and Health Promotion. The monies would be used to provide free mammograms, pap smears, and pelvic exams to women who meet income eligibility guidelines in the target populations and to promote breast and cervical cancer screening. The state matching requirements would be met from private sources, not state monies.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>650,047</u>
All Funds	\$ --	\$ 650,047

### Department of Administration

26. Purchase of Personal Computers and Equipment for Access to SHARP System

Funding I originally recommended for personal computers associated with the SHARP project has been deleted from agency budgets for both FY 1995 and FY 1996. Instead, the Legislature recommended that this funding be appropriated or transferred to the Department of Administration in the 1995 Omnibus Bill. This transfer of budget authority is intended to provide additional oversight of equipment purchases and will allow central accounting of all expenditures of the SHARP project. I concur with this recommendation and further recommend that the following proviso be added to the Department of Administration's appropriation for the special revenue fund transfers shown in the attached Table A.

In order to provide funding for the acquisition of computers needed in conjunction with the statewide human resource and payroll project, on or after July 1, 1995, the director of accounts and reports shall transfer to the computer services recovery fund of the department of administration the following amounts from the special revenue funds designated below:

Credit union fee fund . . . . .	\$ 2,500
Insurance department service regulation fund . . . . .	\$ 5,000
Real estate fee fund . . . . .	\$ 4,680
Workmen's compensation fee fund . . . . .	\$ 27,000
Public service regulation fund . . . . .	\$ 10,746
Motor carrier license fees fund . . . . .	\$ 3,640
Conservation fee fund . . . . .	\$ 2,946
Fire marshal fee fund . . . . .	\$ 6,198

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ 16,720	\$ 292,728
All Other Funds	<u>--</u>	<u>62,710</u>
All Funds	\$ 16,720	\$ 355,438

27. Proviso for Changes to Rules and Regulations for Implementation of SHARP

I recommend the following proviso be attached to the Department of Administration's appropriation to the general administration account of the State General Fund:

*Provided*, That in addition to other purposes for which expenditures may be made from this account for the purpose of adopting personnel regulations; *And provided further*, That notwithstanding the provisions of K.S.A. 75-4321 et seq. and amendments thereto, the secretary of administration may adopt, amend and implement personnel regulations that relate to matters covered by memoranda of agreement entered into by state agencies and public employee organizations under K.S.A. 75-4321 et seq. and amendments thereto as deemed necessary by the secretary for purposes of implementing the statewide human resource and payroll (SHARP) system, implementing biweekly pay and implementing hourly pay for non-exempt personnel; *And provided further*, That before adopting any such regulations the secretary of administration shall give a copy of the proposed regulations and a notice of meeting to each employee organization certified by the public employee relations board to represent one or more units of state employees; *And provided further*, that notwithstanding the provisions of K.S.A. 75-4321 et seq. and amendments thereto, after such meeting the secretary shall consider the comments from employee organizations and may thereafter adopt and implement the regulations as proposed or revised, subject to the approval of the governor.

The proviso, which relates to a recent Kansas Supreme Court ruling regarding rules and regulations, will ensure that the SHARP project remains on time and within budget. A large number of personnel regulations will be amended because of changes in terminology, hiring processes, training, and conversion to the bi-weekly pay cycle and to an hourly pay basis for non-exempt employees. I am concerned that the change in procedure that would be required under the court's ruling would substantially delay the SHARP project for an indeterminable

amount of time, costing the state millions of dollars. The above proviso would prevent this delay by allowing timely changes to rules and regulations for implementation of SHARP.

## 28. Conversion of Special Project and Intermittent Positions to FTE Positions

In my message to the 1995 Legislature in January, I discussed my commitment to truth in budgeting--putting a stop to hiding the real size of our state workforce by labeling employees as "special project officers" when in fact they are full time employees. I also indicated that my administration would perform an agency-by-agency review to justify the need for each position. To this end, I propose that 1,384.4 FTE positions be added to certain agencies in order to account properly for the number of state employees performing work of an ongoing basis. Implementation of the SHARP system affords us the opportunity to make this transition.

Under the new SHARP system, all positions currently referred to as "special project" or "intermittent," and certain positions in the Department of Social and Rehabilitation Services that are excluded from the agency's position limitation, must be converted to match the types of positions that the new system will recognize. This change is modifying **only** the identification of positions. No salary changes are involved, and there will be no fiscal effect on agencies. Each position in SHARP will be designated as some combination of the following: classified or unclassified, regular or temporary, and full-time or part-time. The attached Table B identifies the additional FTE positions that are recommended to be added to the affected agencies for the two categories of special project and intermittent positions. **Again, no dollar amount is associated with this recommendation--only the terminology used to refer to these currently approved positions will change.**

My intent in making this budget amendment is two-fold: to require full disclosure by state agencies of the number of employees in the state workforce and to remove the ability of agencies to manipulate the system through the addition of positions under the guise of "special projects." Effective June 18, 1995, I will no longer allow agencies under my authority to establish unclassified positions without my specific prior approval. Such approval will be granted only in extreme or unusual cases. To implement my recommendation, the following language should be placed in the Omnibus Bill:

The agencies named below are authorized the following full-time equivalent positions (F.T.E.), which shall be in addition to the position limitation prescribed for such agencies in other appropriation bills. Such positions are authorized in order to: (a) convert special project positions appointed pursuant to subsection (1)(i) of K.S.A. 75-2935 and amendments thereto to regular positions; (b) convert existing intermittent positions to regular positions; and (c) include authorized community based long-term care positions and paraprofessional workers in family support and family preservation program positions under the position limitation applicable to the agency. The secretary of administration may prescribe procedures and requirements relating to the conversion of such positions and the incumbents holding such positions:

<u>Agency</u>	
Department of Administration	16.2
Department of Commerce and Housing	12.5
Kansas Human Rights Commission	2.0
Kansas Technology Enterprise Corporation	20.8
Kansas Racing Commission	0.5
Department of Revenue	1.0
Department on Aging	3.6
Corporation for Change	7.5
Department of Human Resources	147.7
Department of Health and Environment	137.6
Department of Social and Rehabilitation Services	715.6
Kansas Neurological Institute	0.5
Larned State Hospital	0.5
Osawatomie State Hospital	2.1
Rainbow Mental Health Facility	2.4
Topeka State Hospital	6.6
Winfield State Hospital and Training Center	1.0
Commission on Veterans Affairs	1.0
Kansas State School for the Deaf	28.0
Adjutant General	1.0
Department of Corrections	4.0
Kansas Highway Patrol	1.0
Youth Center at Atchison	0.5
Youth Center at Topeka	10.0
State Board of Agriculture	8.3
Department of Transportation	3.5

29. Mailing of Payroll Warrants

I amend my budget to include the costs associated with mailing payroll warrants beginning January 1996. Commencing with implementation of the SHARP system, payroll warrants will be mailed to employees, rather than distributed directly to them at work. It is estimated that approximately 644,000 warrants will be mailed in the second half of FY 1996, requiring a State General Fund appropriation of \$210,600 for the postage costs.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 210,600
All Other Funds	--	--
All Funds	\$ --	\$ 210,600

## 30. Federal Cash Management Fund

I recommend a transfer of \$1.8 million from the Federal Cash Management Fund to the State General Fund prior to the end of FY 1995. For FY 1994 and the first nine months of FY 1995, the Division of Accounts and Reports transferred the maximum amount required by the federal government under the law, as the Division did not know how the federal auditors would interpret its rules and regulations. A recent audit by the federal government, however, revealed that the Division's actions resulted in \$1.8 million being transferred unnecessarily to the Federal Cash Management Fund.

## 31. Five-Year Inspection for the Executive Aircraft

I amend by budget to include a supplemental appropriation of \$50,000 from the State General Fund in FY 1995 for the inspection by the Federal Aviation Administration of the Executive Aircraft and for needed repairs to the interior. The agency was appropriated \$40,000 for the inspection; however, additional monies may be needed in the event the inspector determines that major repairs are necessary. The inspection is scheduled for April or May of 1995. Balances in the Executive Aircraft Fee Fund are not currently sufficient to fund such major repairs.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ 50,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 50,000	\$ --

## 32. Utilities for the Memorial Building

I recommend that the expenditure limitation on the State Buildings Operating Fund be increased by \$18,879 in FY 1996. This amount will be used to fund utilities for the Memorial Building from October 1, 1995, through June 30, 1996. The State Historical Society is scheduled to vacate the Memorial Building in September 1995. At that point, the building will be transferred to the Department of Administration, which will maintain the building during its remodeling into more efficient office space. Once agencies move into the building, the rent they pay will fund the utilities and other maintenance costs. This is an off-budget item, so expenditures are not reported in the totals.

## 33. Division of Printing Paper Costs

I recommend that the budgetary authority for the Division of Printing be increased by \$282,586 to account for a recent increase of 20 percent in the cost of paper. Agencies that use the Division's services will reimburse it for this additional cost. This is an off-budget item, so expenditures are not reported in the totals.

## Division of the Budget

### 34. Policy Analysis Initiatives

I amend my budget to include \$150,000 from the State General Fund for FY 1996 to support a number of policy research initiatives. Included in these initiatives would be studies of the Kansas tax structure, state hospital closure, and agricultural land use-value. Expenditures are anticipated for contractual research and staffing, per diem compensation, travel and subsistence, and other operating expenditures.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 150,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 150,000

## Department of Social and Rehabilitation Services

### 35. SRS Caseload Adjustments

I amend my budget to reflect changes in caseloads and costs of aid and assistance programs. This amendment includes total reductions of \$5.2 million, of which \$3.3 million is from the State General Fund, in FY 1995 and \$6.9 million, of which \$5.7 million is from the State General Fund, in FY 1996 from cash assistance programs, including AFDC and General Assistance. These reductions in anticipated caseloads reflect the effect of continuing economic strength and policies included in welfare reform. I recommend increases of medical assistance expenditures of \$8.7 million, \$6.1 million of which is from the State General Fund, in FY 1995 and \$16.8 million, \$9.5 million of which is from the State General Fund, in FY 1996. A large portion of these increases reflects expansion of services for Home and Community Based Services (HCBS) clients. Without these services, these clients would require services by nursing homes or state hospitals.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ 2,777,228	\$ 3,761,425
All Other Funds	<u>627,828</u>	<u>6,170,456</u>
All Funds	\$ 3,405,056	\$ 9,931,881

### 36. Inpatient Hospital Copayments for Medicaid Patients

I amend my budget recommendations for FY 1996 to include \$1,939,000, including \$794,990 from the State General Fund, to offset reductions to copayments by Medicaid recipients for inpatient hospital services. The 1994 Legislature increased these copayments to

\$325 per admission. The federal government has stated that its rules will no longer allow copayments in this amount. Because of the federal policy change, the agency has reduced the payment to \$48. The amount is the agency's estimate of the cost of this change.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 794,990
All Other Funds	<u>--</u>	<u>1,144,010</u>
All Funds	\$ --	\$ 1,939,000

### 37. Nursing Facility Lawsuit Attorney Fees

I amend my FY 1996 budget by the addition of \$3.0 million, including \$2.1 million from the State General Fund, to pay plaintiffs' attorney fees associated with a lawsuit that involved reimbursement rates paid by the state to nursing facilities in 1987. The Kansas Supreme Court has ruled that the state is liable for these fees plus interest. I recommend that this amount be appropriated, **but that it be expended only with approval of the State Finance Council.**

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 2,100,000
All Other Funds	<u>--</u>	<u>900,000</u>
All Funds	\$ --	\$ 3,000,000

### 38. SHARP Project Funding

I recommend FY 1995 expenditure of \$480,471, including \$240,236 from the State General Fund, to purchase items necessary for access to and operation of the SHARP system for SRS. The amount will purchase 174 personal computers, along with necessary peripheral equipment and software. It should be noted that the agency's request for SHARP implementation is a total of \$903,609. That request includes travel for training, electrical and wiring, and other system upgrade costs. Although this recommendation provides for a State General Fund appropriation, the agency has identified unused encumbered funds from previous years' budgets, which will be lapsed and which will offset the costs of this item.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ 240,236	\$ --
All Other Funds	<u>240,235</u>	<u>--</u>
All Funds	\$ 480,471	\$ --

## 39. Longevity Payments to Long Term Care Workers

I will assure that no long term care employees lose current longevity bonuses when they are converted to the unclassified service. I therefore recommend that the following provisions be included as an amendment to FY 1996 SRS appropriations. With this change employees who are currently eligible for longevity payments will continue to receive them.

Sec. \_\_\_ (a) On and after December 17, 1995, expenditures may be made from appropriations to the department of social and rehabilitation services for fiscal year 1996 to pay longevity bonuses to long term care workers who are currently in positions in the classified service but whose positions are placed in the unclassified services pursuant to 1995 Senate Bill No. 176. Such longevity bonuses shall be payable only to such employees who are eligible to receive longevity bonuses granted pursuant to K.S.A. 75-5541 and amendments thereto prior to December 17, 1995.

(b) Any incumbent in a position described in subsection (a) who is changed from the classified service to the unclassified service shall be afforded the same rights to appeal to the civil service board as are applicable to classified employees. Any other person appointed to any unclassified position as described in subsection (a) on and after December 17, 1995, shall serve at the pleasure of the appointing authority.

## 40. KESSEP Computers

I amend my budget to allow expenditure of \$2.7 million from federal funds for the purchase of personal computers to be used in the new Child Support Enforcement computer tracking system. This will allow the agency to access 90 percent federal match rates for these purchases. The availability of this funding was not known when I prepared my original budget recommendation.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>2,700,000</u>	<u>--</u>
All Funds	\$ 2,700,000	\$ --

## 41. Fund Transfer

I amend my budget to transfer \$326,721 from the Other Medical Assistance Fund to the Mental Health and Retardation Services Aid and Assistance Fund in FY 1996. This amount is for a grant to the Family Service and Guidance Center to operate a pilot project for children's mental health services. Although the grant is managed by the Division of Mental Health and Retardation Services, the funds have been budgeted in Medical Services. I am recommending



that funds be shifted between these programs to reflect the management of the grant more accurately.

#### 42. Transfer of Funds to Youth Centers

I amend my budget for FY 1996 to allow the Department of Social and Rehabilitation Services, Youth and Adult Services Commission to transfer \$90,000 to the Youth Centers at Atchison, Beloit, Larned, and Topeka. This transfer will allow for employee training funds, which are currently budgeted for in Youth and Adult Services, to be transferred to the youth centers where the funds are expended. The transfers by youth center are as follows:

Youth Center at Atchison	\$18,000
Youth Center at Beloit	18,000
Youth Center at Larned	18,000
Youth Center at Topeka	<u>36,000</u>
Total	\$90,000

#### SRS--Youth and Adult Services:

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ (90,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (90,000)

#### Youth Centers:

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 90,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 90,000

### State Hospitals

#### 43. Hospital Fee Fund Shifts

A review of FY 1995 year-to-date revenues in the hospital fee funds indicates that there would be an additional \$2.2 million in collections than was originally included in my recommendations. I therefore amend my budget to increase fee fund expenditures in Topeka, Larned, Osawatomie, Parsons and Winfield State Hospitals by \$2.2 million in FY 1996. There would also be a corresponding State General Fund reduction in each of the hospital budgets.

**Parsons State Hospital**

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ (65,000)
All Other Funds	<u>--</u>	<u>65,000</u>
All Funds	\$ --	\$ --

**Winfield State Hospital**

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ (170,000)
All Other Funds	<u>--</u>	<u>170,000</u>
All Funds	\$ --	\$ --

**Larned State Hospital**

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ (475,000)
All Other Funds	<u>--</u>	<u>475,000</u>
All Funds	\$ --	\$ --

**Osawatomie State Hospital**

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ (330,000)
All Other Funds	<u>--</u>	<u>330,000</u>
All Funds	\$ --	\$ --

**Topeka State Hospital**

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ (1,160,000)
All Other Funds	<u>--</u>	<u>1,160,000</u>
All Funds	\$ --	\$ --

## Larned State Hospital

### 44. Reduce Shrinkage Rate

I amend my budget to provide \$50,000 from the Larned State Hospital Fee Fund for FY 1995 to reduce the Hospital's shrinkage rate from 6.1 percent to 5.9 percent. The funds will allow the Hospital to operate adequately for the balance of the fiscal year. The Hospital also had difficulty meeting the targeted savings from closure of two units and has experienced increased costs in assisting Mental Health and Retardation Services staff in the Sexual Predator Treatment Unit while staff for that unit is being hired.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$       --	\$       --
All Other Funds	<u>      50,000</u>	<u>      --</u>
All Funds	\$    50,000	\$       --

### 45. Resurfacing Parking Lots

I amend my budget to transfer \$35,627 from the Construction Defects Recovery Fund of the Department of Administration to the Institutional Rehabilitation and Repair Projects Fund of Larned State Hospital in FY 1996. I also recommend that expenditures of the Hospital be increased by \$35,627 to allow the agency to complete the resurfacing of parking lots. A contractor failed to complete the resurfacing of the parking lots, and the funds totaling \$35,627 from the settlement were deposited in the Construction Defects Recovery Fund. This amendment will allow the project to be completed by another contractor.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$       --	\$       --
All Other Funds	<u>      --</u>	<u>   35,627</u>
All Funds	\$       --	\$    35,627

## Topeka State Hospital

### 46. Reduce Shrinkage Rate

I amend my budget to provide \$100,000 from the Topeka State Hospital Fee Fund for FY 1995 to reduce the Hospital's shrinkage rate from 8.8 percent to 8.3 percent. The Hospital has had difficulty meeting the targeted savings. The funds will allow the Hospital to cover salary costs for the balance of the fiscal year.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>100,000</u>	<u>--</u>
All Funds	\$ 100,000	\$ --

### Regents Institutions

#### 47. Utility Adjustments

I amend my budget to adjust funding for utility costs at the Regents institutions for both FY 1995 and FY 1996. The Board of Regents annually submits revised estimates of utility costs based on the most recent data on actual expenditures and revised projections for the remainder of the fiscal year. Recommended funding adjustments for each institution are as follows:

<u>FY 1995</u>	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Additions (Savings)</u>
University of Kansas	\$5,634,086	\$6,004,720	\$ 370,634
KU Medical Center	5,140,739	5,464,493	323,754
Kansas State	6,765,887	7,264,068	498,181
KSU--Salina	178,834	220,368	41,534
Wichita State	3,255,576	3,530,553	274,977
Emporia State	715,631	1,034,631	319,000
Pittsburg State	1,021,274	1,050,396	29,122
Fort Hays State	<u>939,967</u>	<u>1,075,721</u>	<u>135,754</u>
Total	\$23,651,994	\$25,644,950	\$1,992,956

<u>FY 1996</u>	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Additions (Savings)</u>
University of Kansas	\$ 5,937,465	\$ 6,308,099	\$ 370,634
KU Medical Center	5,224,003	5,547,757	323,754
Kansas State	6,906,212	7,404,393	498,181
KSU--Salina	178,834	220,368	41,534
Wichita State	3,292,941	3,567,918	274,977
Emporia State	744,851	1,063,851	319,000
Pittsburg State	1,021,274	1,050,396	29,122
Fort Hays State	<u>1,003,717</u>	<u>1,139,471</u>	<u>135,754</u>
Total	\$24,309,297	\$26,302,253	\$1,992,956

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ 1,992,956	\$ 1,992,956
All Other Funds	<u>    --</u>	<u>    --</u>
All Funds	\$ 1,992,956	\$ 1,992,956

#### 48. General Fees Fund Adjustments

I amend my budget to adjust the recommended level of expenditures from each Regents institution's General Fees Fund for FY 1996. The Legislature has already addressed FY 1995. My original recommendations have been revised on the basis of the spring semester data on headcount and average receipts. The adjustments are detailed by year and by institution in the tables below. Where there is a negative number in the final column for FY 1996, I amend my budget to replace that shortfall with a State General Fund appropriation. The revisions require State General Fund additions of \$2,205,708 in FY 1996.

<u>FY 1996</u>	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Surplus (Shortfall)</u>
University of Kansas	\$ 67,975,357	\$ 67,353,828	\$ (621,529)
KU Medical Center	9,737,760	9,420,187	(317,573)
Kansas State	38,375,144	37,908,926	(466,218)
KSU - Vet. Med.	4,162,616	4,064,157	(98,459)
KSU - Salina	813,191	813,191	--
Wichita State	24,542,020	24,471,866	(70,154)
Emporia State	8,587,335	8,186,498	(400,837)
Pittsburg State	10,409,729	10,181,647	(228,082)
Fort Hays State	<u>7,235,856</u>	<u>7,233,000</u>	<u>(2,856)</u>
Total	\$171,839,008	\$169,633,300	\$(2,205,708)

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 2,205,708
All Other Funds	<u>    --</u>	<u>(2,205,708)</u>
All Funds	\$ --	\$ --

#### 49. Regents Supplemental Grant Program

I amend my budget to recommend an additional \$194,390 from the State General Fund, which represents a 7.0 percent increase in funding for the program in FY 1996. The 7.0 percent increase matches the increase in resident tuition rates at the state's two largest universities.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 194,390
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 194,390

## 50. Funding Offsets

I amend my budget to increase funding from special revenue funds for two programs and reduce State General Fund appropriations for these programs by a like amount in FY 1996. These revisions are based on the actual special revenue fund receipts to these funds to-date. These adjustments are as follows:

Vocational Ed. Scholar. Discontinued Attendance Fund	\$ 7,448
Optometry Education Repayment Fund	<u>10,000</u>
Total	\$17,448

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ (17,448)
All Other Funds	<u>--</u>	<u>17,448</u>
All Funds	\$ --	\$ --

### Kansas State University Veterinary Medical Center

## 51. Greyhound Research Facility

I amend my budget to recommend a capital improvement project for the Veterinary Medical Center. The project would add 3,432 square feet at a cost of \$140,000 from restricted use funds. The project will permit the Center to increase its greyhound research activities.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>140,000</u>
All Funds	\$ --	\$ 140,000

## 52. Hospital and Diagnostic Laboratory Fund

I amend my budget to increase expenditures from the Hospital and Diagnostic Laboratory Fund by \$396,583 in FY 1995 and \$422,412 in FY 1996. This reflects the latest estimate of revenues and expenditures for this fund. I further recommend that the expenditure limitation on the fund for all items other than consumable expenditures be established at \$1,655,996 in FY

1996. This reflects a policy agreement reached between Kansas State University and the Division of the Budget.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>396,583</u>	<u>422,412</u>
All Funds	\$ 396,583	\$ 422,412

### University of Kansas Medical Center

#### 53. Medical Scholarship Repayment Fund

The Medical Student Scholarship Repayment Fund receives payments from individuals who do not complete their service agreements and therefore must repay amounts they have received from the Medical Student Scholarship Loan Program. In recent years, the requirements for participating in the program have been altered to encourage more students to complete their service requirements instead of repaying their loans. These efforts have been successful and receipts to the fund are declining. Therefore, I amend my budget to add State General Fund amounts of \$1.0 million in FY 1995 and \$652,189 in FY 1996 to offset the reduction in loan repayments.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ 1,000,000	\$ 652,189
All Other Funds	<u>(1,000,000)</u>	<u>(652,189)</u>
All Funds	\$ --	\$ --

#### 54. Topeka Residency Program

My original budget recommendations included funding for the start-up of a medical residency program conducted through the cooperation of the University of Kansas Medical Center and the Kansas Medical Education Foundation in Topeka. This program shows promise for educating primary care physicians to practice in Kansas. The Legislature added \$81,300 for three new residency slots. I amend my budget for FY 1996 to add \$54,200 from the State General Fund to provide two more slots to continue to implement the residency program. With this recommendation, five additional residency slots will be provided beyond the six I originally recommended for FY 1996, for a total of 11.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 54,200
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 54,200

### Attorney General

#### 55. State Medicaid Fraud Control Unit

I amend my budget for FY 1996 to include 7.0 FTE positions and \$351,189. Of this total, \$341,189 would be from federal funds and \$10,000 would be from the State General Fund. These costs would be incurred in establishing the State Medicaid Fraud Control Unit mandated by the federal government. The federal government will provide funding for operating expenditures for the first three years the Fraud Unit is in operation.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 10,000
All Other Funds	<u>--</u>	<u>341,189</u>
All Funds	\$ --	\$ 351,189

#### 56. Federal Violence against Women Grant Program

I amend my budget to provide expenditure authority for federal grant monies to the Office of the Attorney General. This amendment would require the insertion of the line item "Violence against Women Federal Grant Fund" in both FY 1995 and FY 1996. I further recommend that this fund have "no limit" expenditure authority in both years. These federal funds will be distributed to subgrantees for a variety of programs to enhance the law enforcement and prosecution response to violent crimes against women, including sexual assault and domestic violence.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>625,000</u>	<u>625,000</u>
All Funds	\$ 625,000	\$ 625,000

#### 57. Other Federal Grant Funds

The Office of the Attorney General is involved in federal grant programs which allow the agency to work with other state agencies in the areas of training and other grant-related activities. The agency needs a funding vehicle where it can recoup and spend monies related



to these services. I therefore amend my budget to establish the line item of "Other Federal Grants and Reimbursements Fund" for the Office of the Attorney General for both FY 1995 and FY 1996. Further, this fund should have "no limit" expenditure authority in both fiscal years.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>10,000</u>	<u>10,000</u>
All Funds	\$ 10,000	\$ 10,000

### Department of Wildlife and Parks

#### 58. Federal Audit Requirements

My budget recommendations for FY 1996 contain expenditures that enable the Department of Wildlife and Parks to comply with the U.S. Fish and Wildlife Services (USFWS) ruling following a federal audit of fiscal years 1989 through 1992. One issue of the audit was the allegation that the Department diverted federal funds from the Wildlife Fee Fund. The USFWS has allowed the State of Kansas to reimburse the Wildlife Fee Fund in three annual payments. At the time that my budget was submitted, the Legislative Division of Post Audit indicated that the amount in diversion was \$1,668,205. Since that time, the USFWS indicates that the amount in diversion is \$1,900,109.

I amend my budget to reflect the revised amount in diversion by spending \$115,952 from the State General Fund to meet the USFWS audit requirements. The increase in State General Fund expenditures for FY 1996 would be authorized by creating a line "Wildlife Fee Fund Diversion Repayment" and appropriating \$115,952 from the State General Fund. Expenditures from the Wildlife Fee Fund would be reduced by the same amount. In effect, Wildlife Fee Fund balances would increase by the \$115,952. This expenditure would satisfy the requirement of a second repayment of three.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 115,952
All Other Funds	<u>--</u>	<u>(115,952)</u>
All Funds	\$ --	\$ --

#### 59. Rails-to-Trails Development

I amend my budget to include FY 1996 expenditures totaling \$985,000 for the second of a three-year development project for the Prairie Spirit Trail. Of this total, \$27,000 would come from private gifts and donations, \$75,000 would come from the State General Fund, \$75,000 would come from the Economic Development Initiatives Fund, and \$808,000 would

come from the Federal Highway Fund. These expenditures will go toward creating 50.2 miles of trail from Ottawa to Iola for hikers and bikers. I recommend that these funds be placed in separate line items restricted by a proviso requiring certification from the Secretary of the Department of Wildlife and Parks that all affected counties have approved the trail's development prior to expenditure of the funds.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ 75,000
All Other Funds	<u>--</u>	<u>910,000</u>
All Funds	\$ --	\$ 985,000

### Kansas Highway Patrol

#### 60. Reduction of Expenditures from the Motor Carrier Inspection Fund

I amend my budget to reduce expenditures of \$40,000 from the Motor Carrier Inspection Fund in FY 1995 to account for unanticipated salary savings in the Motor Carrier Inspection Program of the Highway Patrol.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(40,000)</u>	<u>--</u>
All Funds	\$ (40,000)	--

### Kansas Board of Barbering

#### 61. Fee Fund Expenditure Limitation Increase

I amend my budget to increase the expenditure limitation on the Board of Barbering Fee Fund by \$2,172 in FY 1995 to cover the costs of unanticipated increases in the agency's operating expenses. The increases result from costs associated with new sanitary barber regulations; additional board hearings; unbudgeted communication costs for cellular phone use; and an increase in the cost of National Assessment Institute written barber examinations.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>2,172</u>	<u>--</u>
All Funds	\$ 2,172	\$ --

## Kansas Corporation Commission

### 62. Federal Monies for Conservation Division Data Management System

I amend my budget for both FY 1995 and FY 1996 to allow the Kansas Corporation Commission (KCC) to expend \$107,500 for FY 1995 and \$213,318 for FY 1996 from a new federal Department of Energy grant. In conjunction with this action, I am reducing the FY 1996 expenditures from the Conservation Fee Fund by \$70,818. For the last two fiscal years the KCC has requested monies from the Conservation Fee Fund to develop a networked relational database system to track oil and gas wells in Kansas. The oil and gas records were not automated, and access to them has been limited. Partial funding was authorized by the Legislature for FY 1995 and the KCC was directed to seek federal funding to achieve this objective. The agency has been successful in that effort and needs the authority to expend the federal grant and complete the project.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>107,500</u>	<u>142,500</u>
All Funds	\$ 107,500	\$ 142,500

### Board of Nursing

#### 63. Board of Nursing Fee Fund Expenditure Limitation

I amend my budget for FY 1996 to increase the expenditure limitation of the Board of Nursing Fee Fund by \$9,400. The agency has experienced higher than anticipated operating expenses for additional administrative hearings. The additional fee fund expenditures will give the agency the ability to continue its regulatory activities.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>9,400</u>
All Funds	\$ --	\$ 9,400

### Selected Agencies

#### 64. Retirement Reduction Savings

I amend my budget to capture savings in FY 1995 and FY 1996 from state employees retiring under the provisions of KSA 75-6801. Under this law, the FTE position and funding

for each eligible state employee in the Executive Branch retiring under KPERS is "frozen" and only 75.0 percent of the statewide total can be restored each year by a committee appointed by the Governor. Based on the year-to-date retirements, my recommendation would eliminate approximately 150.0 FTE positions and reduce expenditures in state agency budgets by \$3.2 million in FY 1995, of which \$1.3 million is from the State General Fund. The estimated annualized savings for these positions in FY 1996 would total \$6.0 million, of which \$2.4 million would be from the State General Fund.

My recommendation is an estimate based on the current information available. The actual savings will be determined at the close of FY 1995. For the current year, the Division of Accounts and Reports would reduce each agency budget by the savings attributed to retirements, and the State General Fund amounts would be transferred to the Retirement Salary Recapture Fund. In FY 1996, I would encourage the Legislature to reduce the appropriated amount in the state employee pay bill. Each agency would reduce its pay plan submissions by the appropriate amounts during the process to determine the distribution of the funds by the State Finance Council.

	<u>FY 1995</u>	<u>FY 1996</u>
State General Fund	\$ (1,300,000)	\$ (2,400,000)
All Other Funds	<u>(1,900,000)</u>	<u>(3,600,000)</u>
All Funds	\$ (3,200,000)	\$ (6,000,000)

### **Kansas Public Employees Retirement System**

#### 65. Employer Contribution Rates and Unfunded Liability

In order to address the issue of the unfunded actuarial liability of the Kansas Public Employees Retirement System, I am encouraging the Legislature to increase the existing 0.1 percent cap on the state's employer contribution rate by another 0.1 percent beginning in FY 1997. The total cost of a 0.2 percent cap for FY 1997 would be \$9.7 million from the State General Fund, which is an increase of \$2.3 million from current law.

Table A

Statewide Human Resource and Payroll System - SHARP  
Funding to be Appropriated to the Department of Administration

Agency	FY 1995 SGF	FY 1995 AF	FY 1996 SGF	FY 1996 AF
Attorney General	--	--	\$9,326	\$9,326
Kansas Corporation Commission	--	--	--	17,332
Department of Credit Unions	--	--	--	2,500
Board of Indigents' Defense Services	--	--	3,000	3,000
Insurance Department	--	--	--	5,000
Judicial Council	--	--	1,170	1,170
KPERS	--	--	48,000	48,000
Legislative Agencies	--	--	4,800	4,800
Kansas Real Estate Commission	--	--	--	4,680
Department of Revenue	--	--	36,530	36,530
Board of Tax Appeals	--	--	5,144	5,144
State Treasurer	3,000	3,000	--	--
Department of Human Resources	--	--	--	27,000
State Library	--	--	2,894	2,894
Department of Corrections	--	--	9,000	9,000
El Dorado Correctional Facility	--	--	19,142	19,142
Ellsworth Correctional Facility	--	--	12,798	12,798
Hutchinson Correctional Facility	--	--	25,190	25,190
Lansing Correctional Facility	--	--	12,798	12,798
Larned Correctional MH Facility	--	--	15,431	15,431
Norton Correctional Facility	--	--	12,708	12,708
Topeka Correctional Facility	--	--	16,196	16,196
Winfield Correctional Facility	--	--	12,798	12,798
Emergency Medical Services Board	--	--	4,350	4,350
State Fire Marshal	--	--	--	6,198
Highway Patrol	--	--	30,338	30,338
Kansas Bureau of Investigation	13,720	13,720	--	--
Animal Health Department	--	--	2,500	2,500
State Conservation Commission	--	--	4,431	4,431
Kansas Water Office	--	--	4,184	4,184
<b>Statewide Total</b>	<b>\$16,720</b>	<b>\$16,720</b>	<b>\$292,728</b>	<b>\$355,438</b>

SGF = State General Fund; AF = All Funding Sources

**Table B**

**Statewide Human Resource and Payroll System - SHARP  
Conversion of Current Special Project and Intermittent Positions to FTE Positions**

<b>Agency</b>	<b>FTE Positions Added from Special Project Positions</b>	<b>FTE Positions Added from Intermittent Positions</b>	<b>Total</b>
Department of Administration	1.0	15.2	16.2
Department of Commerce and Housing	5.0	7.5	12.5
Kansas Human Rights Commission	2.0	—	2.0
Kansas Technology Enterprise Corp.	20.8	—	20.8
Kansas Racing Commission	—	0.5	0.5
Department of Revenue	1.0	—	1.0
Department on Aging	2.8	0.8	3.6
Corporation for Change	7.5	—	7.5
Department of Health and Environment	136.1	1.5	137.6
Department of Human Resources	3.0	144.7	147.7
Social and Rehabilitation Services	536.5 *	428.1	964.6
Kansas Neurological Institute	—	0.5	0.5
Larned State Hospital	—	0.5	0.5
Osawatomie State Hospital	—	2.1	2.1
Rainbow Mental Health Facility	—	2.4	2.4
Topeka State Hospital	4.0	2.6	6.6
Winfield St. Hospital & Training Center	—	1.0	1.0
Commission on Veterans Affairs	1.0	—	1.0
School for the Deaf	—	28.0	28.0
Adjutant General	1.0	—	1.0
Department of Corrections	4.0	—	4.0
Highway Patrol	—	1.0	1.0
Youth Center at Atchison	—	0.5	0.5
Youth Center at Topeka	9.0	1.0	10.0
Board of Agriculture	—	8.3	8.3
Kansas Department of Transportation	3.0	0.5	3.5
<b>Statewide Total</b>	<b>737.7</b>	<b>646.7</b>	<b>1,384.4</b>

\* Includes classified special project positions not presently included in the agency's position limitation.