

Approved: 2-7-96  
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p.m. on January 31, 1996 in Room 514-S of the Capitol.

All members were present except: Representative Bradley, excused

Committee staff present: Alan Conroy, Russell Mills, Susan Wieggers, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Tim Kukula, Appropriations Secretary; Todd Fertig, Administrative Aide

Conferees appearing before the committee: none

Others attending: See attached list

Chairman Jennison called the meeting to order and recognized Representatives Kejr, Carmody, Goosen and Wilson to give an overview of the subcommittee reports regarding Fee Boards requesting adjustments for FY 1996 and Fy 1997 for the State Bank Commissioner, Board of Healing Arts, Board of Nursing, Optometry Board, Behavioral Sciences Regulatory Board, and the Real Estate Appraisal Board. A few questions were asked by members of the committee, but no changes were made to the reports (Attachment 1).

A motion was made by Representative Dean, seconded by Representative Carmody to adopt the subcommittee reports as submitted to the committee. The motion carried.

Chairman Jennison recognized Representative Farmer to explain the subcommittee reports for the Revisor of Statutes, Legislative Division of Post Audit and the Legislative Research Department. Farmer stated that all of these subcommittee reports concur with the Governor's recommendation (Attachment 2).

A motion was made by Representative Farmer, seconded by Representative Helgerson, to adopt the subcommittee reports on the FY 1996 and FT 1997 budgets of the Revisor of Statutes, Legislative Division of Post Audit, and the Legislative Research Department. The motion carried.

Chairman Jennison then recognized Representative Farmer to present to the committee the subcommittee report on the Legislative Coordinating Council. Alan Conroy gave the committee a brief description of the LCC budget and answered a few questions (Attachment 3).

A motion was made by Representative Farmer, seconded by Representative Wilk to adopt the subcommittee report on the Legislative Coordinating Council. The motion carried.

Chairman Jennison again recognized Representative Farmer to explain the subcommittee report on the Legislature. Representative Farmer stated that the subcommittee concurred with the Governor's recommendation with few adjustments (Attachment 3). There was further discussion as to the Legislature's role with the LCC.

A motion was made by Representative Farmer, seconded by Reinhardt, to adopt the subcommittee budget recommendation of the Legislature. The motion carried. Representatives Helgerson and Hochhauser are recorded as voting no.

Chairman Jennison recognized Representative Carmody to give the subcommittee reports on the Governor's Department and the Lieutenant Governor. Representative Carmody stated that the subcommittee concurred with the Governor's recommendation for FY 1996 and FY 1997 (Attachment 4).

A motion was made by Representative Carmody, seconded by Representative Gatlin, to adopt the subcommittee reports on the Governor's Department and the Lieutenant Governor for FY 1996 and FY 1997.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on January 31, 1996.

The motion carried.

Representative Carmody then presented to the committee the subcommittee report on the budget of the Attorney General. Representative Carmody stated that the subcommittee concurs with the Governor's recommendations for FY 1996 and concurs with the Governor's recommendations for FY 1997 with several comments (Attachment 5).

There was discussion concerning the legal suite with Colorado over the water rights of the Arkansas River and the appropriations of awards. Chairman Jennison said he would visit with the Speaker about the appropriations bill that was referred to the Energy and Natural Resources Committee.

A motion was made by Representative Carmody, seconded Representative Nichols, to adopt the subcommittee report on the Attorney General. The motion carried.

Chairman Jennison recognized Representative Carmody to give the subcommittee report on the State Treasurer budget. Representative Carmody stated that the subcommittee concurs with the Governor's recommendations for FY 1996 and concurs with the Governor's recommendations for FY 1997 with several adjustments (Attachment 5).

A motion was made by Representative Carmody, seconded by Representative Nichols, to adopt the subcommittee report for the State Treasurer budget. The motion carried. Representative Edmonds voted no.

Representative Carmody gave the subcommittee reports on the FY 1996 and FY 1997 budgets of the Secretary of State (Attachment 6), Kansas Insurance Department (Attachment 7), and the Health Care Stabilization Fund (Attachment 8).

A motion was made by Representative Carmody, seconded by Representative Lowther, to adopt the subcommittee recommendations for the Secretary of State. The motion carried.

A motion was made by Representative Carmody, seconded by Representative Nichols, to adopt the subcommittee report for the Kansas Insurance Department. The motion carried. Representative Gross abstained from voting.

A motion was made by Representative Carmody, seconded by Representative Lowther, to adopt the subcommittee report for the Health Care Stabilization Fund. The motion carried.


The meeting adjourned at 2:45 p.m.


The next meeting is scheduled for February 1, 1996.

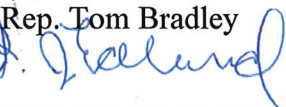


**House Appropriations  
Subcommittee Reports  
Fee Boards Requesting Adjustments  
FY 1996 and FY 1997**


**State Bank Commissioner  
Board of Healing Arts  
Board of Nursing**

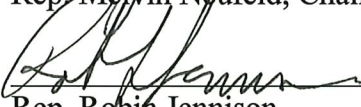
  
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Rep. Joe Kejr, Chairperson


  
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Rep. Tom Bradley


  
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Rep. Dick Edlund

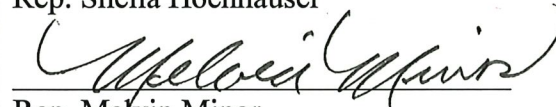
**Behavioral Sciences Regulatory Board**

  
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Rep. Melvin Neufeld, Chairperson

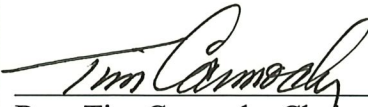
  
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Rep. Robin Jennison

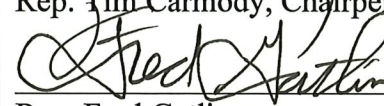
  
\_\_\_\_\_  
Rep. Duane Goosen

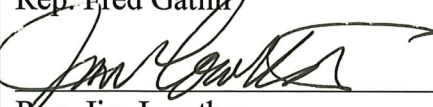
  
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Rep. Sheila Hochhauser

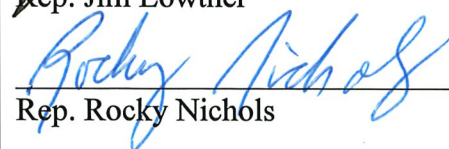
  
\_\_\_\_\_  
Rep. Melvin Minor

**Optometry Board**


  
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Rep. Tim Carmody, Chairperson


  
\_\_\_\_\_  
Rep. Fred Gatlin

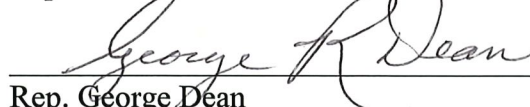
  
\_\_\_\_\_  
Rep. Jim Lowther

  
\_\_\_\_\_  
Rep. Rocky Nichols

**Real Estate Appraisal Board**

  
\_\_\_\_\_  
Rep. Gayle Mollenkamp, Chairperson

  
\_\_\_\_\_  
Rep. Dennis Wilson

  
\_\_\_\_\_  
Rep. George Dean

# BIENNIAL BUDGET AGENCIES

## Subcommittee Report

The Biennial Budget agencies are comprised of the occupational and professional licensing agencies and the financial institution regulatory agencies. These agencies are funded through fees charged to licensees and regulated industries. No new budget submissions are required from these agencies until the FY 1998-FY 1999 biennium.

	Actual FY 1995	Approved FY 1996	Agency Est. FY 1996	Gov. Rec. FY 1996	Approved FY 1997	Agency Est. FY 1997	Gov. Rec. FY 1997
State Bank Commissioner	\$ 3,491,824	\$ 3,520,259	\$ 3,551,616	\$ 3,523,484	\$ 3,607,940	\$ 3,727,330	\$ 3,677,126
Behavioral Sciences Regulatory Board	371,764	433,442	352,382	349,409	459,714	360,124	356,661
Board of Healing Arts	1,468,767	1,608,611	1,608,611	1,603,885	1,731,978	1,744,861	1,756,937
Board of Nursing	879,980	878,592	889,639	870,353	887,996	906,257	884,773
Board of Optometry Examiners	46,469	60,075	80,517	60,064	60,818	61,359	60,903
Real Estate Appraisal Board	115,526	126,739	126,739	125,934	129,756	192,243	129,275
<b>Total Expenditures</b>	<b>\$ 6,374,330</b>	<b>\$ 6,627,718</b>	<b>\$ 6,609,504</b>	<b>\$ 6,533,129</b>	<b>\$ 6,878,202</b>	<b>\$ 6,992,174</b>	<b>\$ 6,865,675</b>

## HIGHLIGHTS OF THESE BUDGETS AND LEGISLATIVE CONSIDERATION

### All Agencies

The Governor made adjustments in FY 1996 and FY 1997 for pay plan adjustments and decreased health insurance rates. The FY 1997 recommendations for all biennial budget agencies include classified step movement, a 2.5 percent unclassified merit pool for six months and longevity pay for employees at the end of their range.

### State Bank Commissioner

**The agency requests** an expenditure limitation increase of \$31,357 in FY 1996 and \$119,390 in FY 1997 to cover higher salaries and wages expenses due to miscalculations in the recommended salaries and wages during the 1995 Session. **The Governor recommends** increases of \$3,225 in FY 1996 and \$69,186 in FY 1997.

**House Subcommittee Recommendation.** The Subcommittee concurs with the Governor's recommendations for FY 1996 and FY 1997.

### Real Estate Appraisal Board

**FY 1996.** The Kansas Real Estate Appraisal Board requests no change from the \$126,739 approved by the 1995 Legislature and adjusted by the State Finance Council. The Governor recommends a reduction of \$805 from the Board's current year expenditure limitation (from \$126,739 to \$125,934). The recommendation includes moneys for an adjustment to the base salary of the Executive Director from \$38,379 to \$42,642, which became effective at the beginning of FY 1996. There were no adjustments made by Legislature last year to provide for the higher salary. In addition, the Governor's recommendation includes a 3.5 percent increase for the Executive Director. However, the Governor's staff indicates that the inclusion of the 3.5 percent increase was inadvertent. The Governor finances the higher salary by shifting moneys from other operating to salary expenses. Under the Governor's recommendation, other operating expenses would be reduced by \$6,392 (from \$44,068 to \$37,676).

**House Subcommittee Recommendation.** The House Subcommittee concurs with the Governor's recommendation, except that moneys inadvertently included for the 3.5 percent salary upgrade (\$1,683) are shifted back to other operating expenses.

**FY 1997.** The Board requests an expenditure limitation increase of \$62,487 (from \$129,756 to \$192,243), of which \$6,531 would be for the salary of the existing Executive Director and \$55,956 would be for a new 1.0 FTE Special Investigator position. The requested \$6,531 would provide \$4,838 (including fringe benefits) to fully fund the existing salary of the Executive Director. (As mentioned in the FY 1996 report, the annual base salary of the Executive Director is \$42,642 instead of the \$38,379 provided for in both the FY 1996 and FY 1997 approved budgets.) The remaining \$1,693 would provide for the cost of a 3.5 percent increase.

The Governor does not recommend the requested new FTE position. With regard to the salary of the Executive Director, the Governor's FY 1997 recommendation includes moneys for the salary as requested and additional moneys to provide a 2.5 percent increase for the last six months of FY 1997. The higher salary is financed by shifting moneys from other operating to salary expenses. Under the Governor's recommendation, other operating expenses would be reduced by \$7,022 (from \$46,125 to \$39,103).

**House Subcommittee Recommendation.** The House Subcommittee concurs with the Governor's recommendation, except that moneys included for the requested 3.5 percent salary upgrade (\$1,665) are shifted back to other operating expenses. The Subcommittee understands that, as was the case for FY 1996, the inclusion of the 3.5 percent increase in the Governor's FY 1997 recommendation was inadvertent.

### **Board of Optometry**

**For FY 1996,** the agency requests an expenditure limitation increase of \$20,000 in order to deal with pending legal actions. **The Governor** does not recommend the increase.

**House Subcommittee Recommendation.** The House Subcommittee concurs with the Governor's recommendation.

### **Board of Healing Arts**

**For FY 1996,** the Board requests an expenditure limitation increase of \$3,506 to fund the additional salary and benefits attributable to the reallocation of a previous Administrative Officer II to a Public Service Administrator II position as a result of the Comprehensive Classification and Job Rate Study. **For FY 1997,** agency requests \$3,327 for the same reallocation costs and \$10,000 for a predicted increase in telecommunications expenses. **The Governor** does not recommend an increase for FY 1996 or FY 1997.

**House Subcommittee Recommendation.** **For FY 1996** the House Subcommittee concurs with the Governor as the agency has already received the requested salary and benefits for the position reallocation. **For FY 1997,** the House Subcommittee concurs with the recommendation of the Governor for the same reason stated above. The House Subcommittee also concurs with the Governor's recommendation not to increase funding for communications.

### **Board of Nursing**

**For FY 1996,** the agency requests an expenditure limitation increase of \$11,397 for the addition of a 0.5 FTE Office Assistant III position. **For FY 1997,** the agency requests an increase of \$22,531 for the requested new position. **The Governor recommends** the 0.5 FTE position in FY 1996 and FY 1997 but adjusts the amount for revised health insurance rates.

#### **House Subcommittee Recommendation**

1. The Subcommittee concurs with the Governor's recommendations for both FY 1996 and FY 1997.
2. The Subcommittee expects the Board of Nursing to provide to the Health Care Data Governing Board on or before March 1, 1996, any and all relevant and/or pertinent



information that the Health Care Data board requests. The Subcommittee requests that the Executive Director of the Board of Nursing keep the Subcommittee apprised, in writing, on or before March 1, 1996, of its efforts in this regard.

### **Behavioral Sciences Regulatory Board**

**For FY 1996**, the Board requests reduced expenditures of \$81,040 to make expenditures consistent with revised fee receipt estimates. **For FY 1997**, the agency requests a reduction of \$99,590 for the same reason. **The Governor** concurs with the agency requests for FY 1996 and FY 1997.

**House Subcommittee Recommendation. For FY 1996 and FY 1997**, the Subcommittee concurs with the Governor's recommendation, with the following observations:

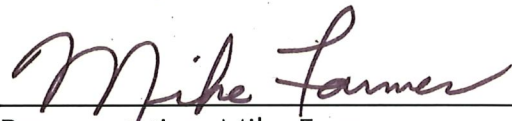
1. The Subcommittee requests that the Executive Director of the Behavioral Sciences Regulatory Board apprise the Subcommittee in writing, on or before March 25, 1996, regarding the progress DISC has made in performing a requirements analysis for possible modifications to the Board's current computer environment.
2. The Subcommittee also recommends that this budget be revisited during the 1996 Omnibus Session to review the Board's situation in light of the DISC study noted above and in light of the Board's introduction of legislation to increase fees.

### **Technical Adjustments**

Make a technical adjustment to reflect the Governor's recommendation to H.B. 2724 by including the Board of Veterinary Medical Examiners and the Abstracters Board, which were inadvertently excluded from the bill.

**FY 1996 and FY 1997  
House Subcommittee Reports for:**

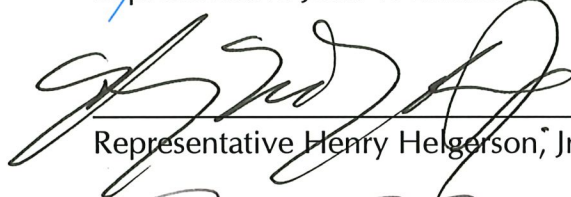
**Revisor of Statutes  
Legislative Division of Post Audit  
Legislative Research Department**



Representative Mike Farmer  
Subcommittee Chairperson



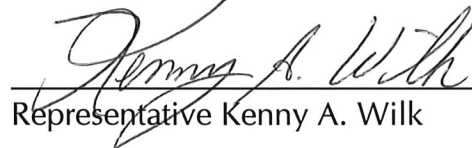
Representative John T. Edmonds



Representative Henry Helgeson, Jr.



Representative Richard R. Reinhardt



Representative Kenny A. Wilk

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House Appropriations

Attachment  
2



# REVISOR OF STATUTES

The Office of Revisor of Statutes provides bill drafting and legal research services for all legislators, and the Legislative Coordinating Council.

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
Operating Expenditures	\$ 1,943,678	\$ 2,158,276	\$ 2,146,242	\$ 2,149,049	\$ 2,123,207
Capital Improvements	0	0	0	0	0
Total	<u>\$ 1,943,678</u>	<u>\$ 2,158,276</u>	<u>\$ 2,146,242</u>	<u>\$ 2,149,049</u>	<u>\$ 2,123,207</u>
State General Fund:					
Operating Expenditures	\$ 1,943,678	\$ 2,158,275	\$ 2,146,242	\$ 2,149,049	\$ 2,123,207
Capital Improvements	0	0	0	0	0
Total	<u>\$ 1,943,678</u>	<u>\$ 2,158,275</u>	<u>\$ 2,146,242</u>	<u>\$ 2,149,049</u>	<u>\$ 2,123,207</u>
Percentage Change:					
Operating Expenditures:					
All Funds	0.7%	11.0%	10.4%	(0.4)%	(1.1)%
State General Fund	0.7	11.0	10.4	(0.4)	(1.1)
FTE Positions	26.7	27.8	27.8	26.8	26.8
Unclassified Temp. Positions	6.0	9.0	9.0	9.0	9.0
Total	<u>32.7</u>	<u>36.8</u>	<u>36.8</u>	<u>35.8</u>	<u>35.8</u>

## HIGHLIGHTS OF THIS BUDGET

- ▶ The FY 1997 budget request of the Revisor of Statutes is \$2,149,049 or \$9,227 less than the revised expenditure estimate for FY 1996. The Governor for FY 1997 recommends \$2,123,207 or \$35,069 less than the agency requested. The Governor's adjustments include fringe benefit recalculations and his pay plan proposal for FY 1997, which for this agency, includes no longevity pay. The recommendation includes \$2,020 for a merit salary pool for employees who are not assigned to the basic state pay plan.
- ▶ **Salaries and Wages.** The FY 1997 request for salaries and wages totals \$1,534,388, an increase of \$7,526 or 0.5 percent above the FY 1996 revised estimate. The request in FY 1997 reflects the deletion of one professional position (Senior Assistant Revisor). As directed by the Legislative Coordinating Council, no provision is made for a general salary increase. **The Governor concurs with the deletion** of one professional position and makes other adjustments to reflect his pay plan proposal for FY 1997.
- ▶ **Printing.** The FY 1997 request includes \$393,661 for printing costs for the publication of the replacement volume for the *Kansas Statutes Annotated* (Volume 7), cumulative

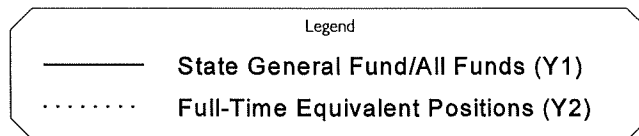
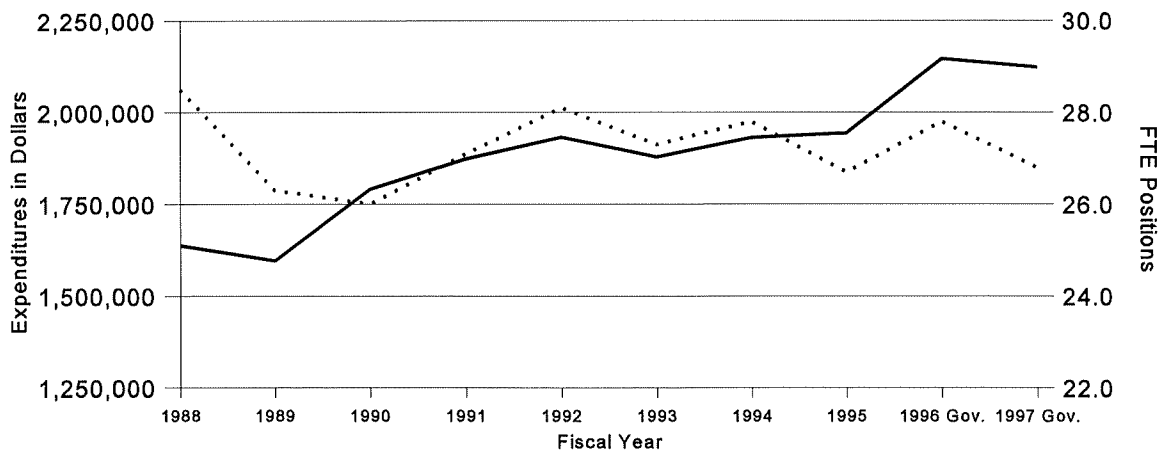
supplements and the general index volume to the *Kansas Statutes Annotated*. The FY 1996 estimate for printing costs is \$404,364. **The Governor concurs** with the agency request.

- ▶ **Computer Services.** For FY 1997 the agency request includes \$166,224 for computer services, largely provided by the Division of Information Systems and Communications, and for acquisition, maintenance and normal replacement of existing computer hardware and software. **The Governor concurs** with the agency request.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$ (201,436)	\$ (213,470)	\$ (9,227)	\$ (23,035)	(0.4)%	(1.1)%
All Other Funds	0	0	0	0	0.0	0.0
<b>TOTAL</b>	<b>\$ (201,436)</b>	<b>\$ (213,470)</b>	<b>\$ (9,227)</b>	<b>\$ (23,035)</b>	<b>(0.4)%</b>	<b>(1.1)%</b>
FTE Positions	0.0	0.0	(1.0)	(1.0)		

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997



## LEGISLATIVE CONSIDERATION

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### House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor's recommendation.

FY 1997. The House Subcommittee concurs with the Governor's recommendation.

# LEGISLATIVE DIVISION OF POST AUDIT

The Legislative Division of Post Audit is the audit arm of the Kansas Legislature. The Division is responsible for financial-compliance and performance audits of state agencies and programs.

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
<b>All Funds:</b>					
Operating Expenditures	\$ 1,372,554	\$ 1,478,758	\$ 1,470,012	\$ 1,501,524	\$ 1,485,646
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 1,372,554</b>	<b>\$ 1,478,758</b>	<b>\$ 1,470,012</b>	<b>\$ 1,501,524</b>	<b>\$ 1,485,646</b>
<b>State General Fund:</b>					
Operating Expenditures	\$ 1,372,415	\$ 1,478,758	\$ 1,470,012	\$ 1,501,524	\$ 1,485,646
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 1,372,415</b>	<b>\$ 1,478,758</b>	<b>\$ 1,470,012</b>	<b>\$ 1,501,524</b>	<b>\$ 1,485,646</b>
<b>Percentage Change:</b>					
<b>Operating Expenditures:</b>					
All Funds	2.2%	7.7%	7.1%	1.5%	1.1%
State General Fund	2.3	7.7	7.1	1.5	1.1
FTE Positions	20.0	20.0	20.0	20.0	20.0
Unclassified Temp. Positions	1.9	3.0	3.0	3.0	3.0
<b>Total</b>	<b>21.9</b>	<b>23.0</b>	<b>23.0</b>	<b>23.0</b>	<b>23.0</b>

## HIGHLIGHTS OF THIS BUDGET

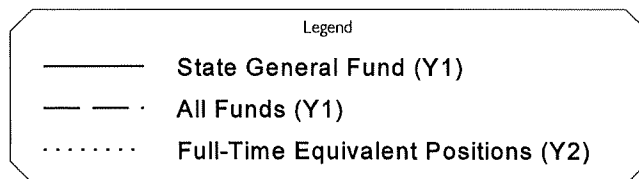
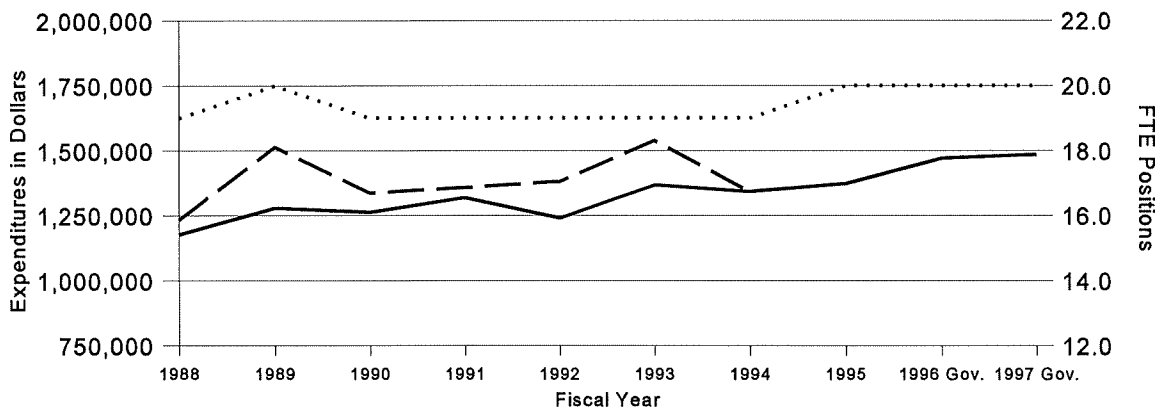
- ▶ The FY 1997 budget request of the Division of Post Audit is financed entirely by the State General Fund in the amount of \$1,501,524. Requested nonreportable expenditures from the Audit Services Fund in FY 1997 are \$336,778. The General Fund request is an increase of \$22,766 or 1.5 percent above the agency's revised current year estimate. Other operating expenditures decrease by \$11,142 in FY 1997 from \$408,852 to \$397,710.
- ▶ **The Governor for FY 1997 recommends** \$1,485,646 or \$15,878 less than the agency requested. The Governor's adjustments include fringe benefit recalculations and his pay plan proposal for FY 1997, which for this agency, includes no longevity pay. The Governor concurs with the agency request for other operating expenditures in FY 1997.
- ▶ The revised agency estimate of FY 1996 expenditures from the State General Fund is \$164,636 less than authorized by the 1995 Legislature, including the reappropriation. Expenditures from the nonreportable Audit Services Fund are estimated at \$335,227.

- ▶ **The Governor's recommendation** for FY 1996 is \$1,470,012 or \$8,746 less than the agency requested. Almost the entire adjustment relates to the latest employer costs for employee and dependent health insurance.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$(164,636)	\$(173,382)	\$ 22,766	\$ 15,634	1.5%	1.1%
All Other Funds	0	0	0	0	0.0	0.0
<b>TOTAL</b>	<b>\$(164,636)</b>	<b>\$(173,382)</b>	<b>\$ 22,766</b>	<b>\$ 15,634</b>	<b>1.5%</b>	<b>1.1%</b>
FTE Positions	0.0	0.0	0.0	0.0		

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997



## LEGISLATIVE CONSIDERATION

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### House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor's recommendation.

FY 1997. The House Subcommittee concurs with the Governor's recommendation.



# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

The Legislative Research Department provides research and fiscal analysis for the Legislature, its committees, and individual legislators.

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
<b>All Funds:</b>					
Operating Expenditures	\$ 1,960,054	\$ 2,059,697	\$ 2,043,947	\$ 2,217,688	\$ 2,185,692
Capital Improvements	0	0	0	0	0
Total	<u>\$ 1,960,054</u>	<u>\$ 2,059,697</u>	<u>\$ 2,043,947</u>	<u>\$ 2,217,688</u>	<u>\$ 2,185,692</u>
<b>State General Fund:</b>					
Operating Expenditures	\$ 1,960,054	\$ 2,059,697	\$ 2,043,947	\$ 2,217,688	\$ 2,185,692
Capital Improvements	0	0	0	0	0
Total	<u>\$ 1,960,054</u>	<u>\$ 2,059,697</u>	<u>\$ 2,043,947</u>	<u>\$ 2,217,688</u>	<u>\$ 2,185,692</u>
<b>Percentage Change:</b>					
<b>Operating Expenditures:</b>					
All Funds	5.2%	5.1%	4.3%	7.7%	6.9%
State General Fund	5.2	5.1	4.3	7.7	6.9
FTE Positions	35.4	36.0	36.0	37.0	37.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.1	0.1
Total	<u>35.4</u>	<u>36.0</u>	<u>36.0</u>	<u>37.1</u>	<u>37.1</u>

## HIGHLIGHTS OF THIS BUDGET

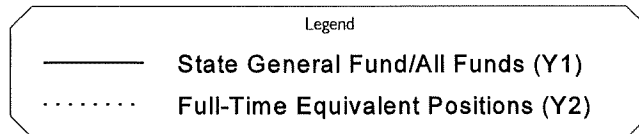
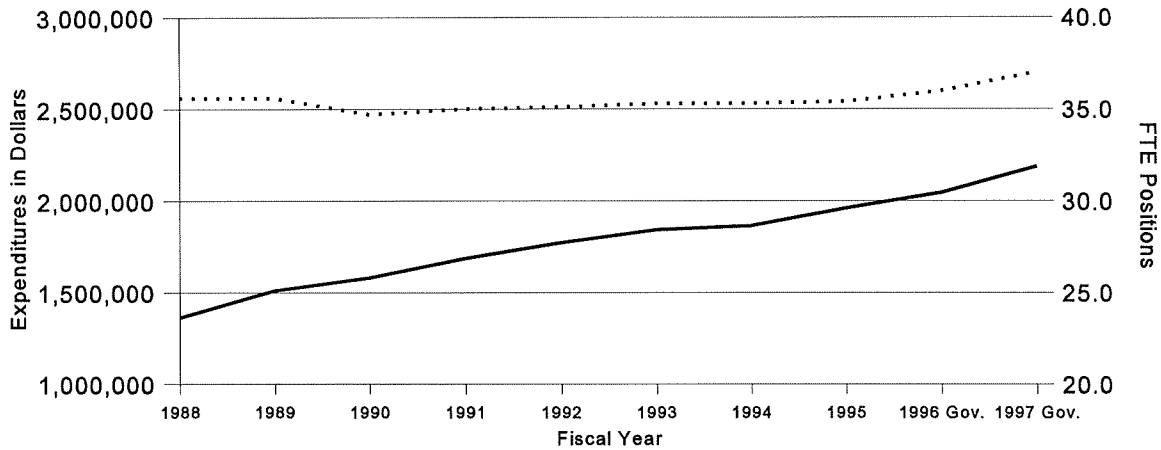
- ▶ The agency requests FY 1997 state operation funding of \$2,217,688, an increase of 7.7 percent or \$157,991 above the FY 1996 estimate. For FY 1997 the Governor recommends \$2,185,692, or \$31,996 less than the agency requested. The reduction reflects the Governor's pay plan proposal, including for this agency, no longevity pay. The Governor's recommendation includes \$3,825 in merit pool for employees who are not assigned to the basic state plan.
- ▶ **Shift of Legislature's Census Data Unit.** The agency proposes shifting the last remaining position (a data processing position) in the Census Data Unit of the Legislature's budget to the Research Department in FY 1997. The total requested amount for the activities of the Census Data Unit that would be shifted to the agency in FY 1997 totals \$101,491. The Governor concurs with the shift of the Census Data Unit to this agency in FY 1997.
- ▶ **Elimination of Contingency.** The agency in FY 1996 proposes to eliminate a \$15,000 "contingency" amount that could only be expended with specific LCC approval. The

contingency amount was to be available for special studies or to meet unanticipated legislative needs. The Governor concurs with the proposed elimination of the "contingency" funds in FY 1996.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$ (31,366)	\$ (47,166)	\$ 157,991	\$ 141,745	7.7%	6.9%
All Other Funds	0	0	0	0	0.0	0.0
<b>TOTAL</b>	<b>\$ (31,366)</b>	<b>\$ (47,166)</b>	<b>\$ 157,991</b>	<b>\$ 141,745</b>	<b>7.7%</b>	<b>6.9%</b>
FTE Positions	0.6	0.6	1.0	1.0		

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997



## LEGISLATIVE CONSIDERATION

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### House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor's recommendation.

FY 1997. The House Subcommittee concurs with the Governor's recommendation.

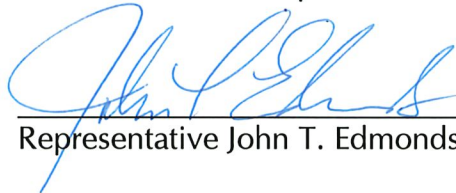
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**FY 1996 and FY 1997  
House Subcommittee Reports for:**

**Legislative Coordinating Council  
Legislature**



Representative Mike Farmer  
Subcommittee Chairperson

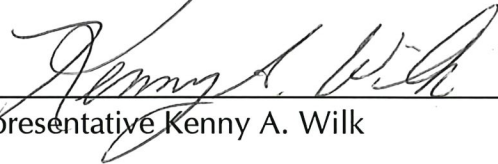


Representative John T. Edmonds

Representative Henry Helgerson, Jr.



Representative Richard R. Reinhardt



Representative Kenny A. Wilk

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1-31-96

House Appropriations

Attachment  
3

# LEGISLATIVE COORDINATING COUNCIL

The Legislative Coordinating Council is responsible for coordinating the delivery of legislative services. The Council consists of the President of the Senate, the Speaker of the House, the Speaker Pro Tem of the House, and the majority and minority leaders of each chamber.

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
Operating Expenditures	\$ 422,084	\$ 526,005	\$ 521,350	\$ 485,574	\$ 477,691
Capital Improvements	0	0	0	0	0
Total	<u>\$ 422,084</u>	<u>\$ 526,005</u>	<u>\$ 521,350</u>	<u>\$ 485,574</u>	<u>\$ 477,691</u>
State General Fund:					
Operating Expenditures	\$ 422,084	\$ 526,005	\$ 521,350	\$ 485,574	\$ 477,691
Capital Improvements	0	0	0	0	0
Total	<u>\$ 422,084</u>	<u>\$ 526,005</u>	<u>\$ 521,350</u>	<u>\$ 485,574</u>	<u>\$ 477,691</u>
Percentage Change:					
Operating Expenditures:					
All Funds	(15.5)%	24.6%	23.5%	(7.7)%	(8.4)%
State General Fund	(15.5)	24.6	23.5	(7.7)	(8.4)
FTE Positions	10.0	10.0	10.0	10.0	10.0
Unclassified Temp. Positions	0.0	0.5	0.5	0.5	0.5
Total	<u>10.0</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>

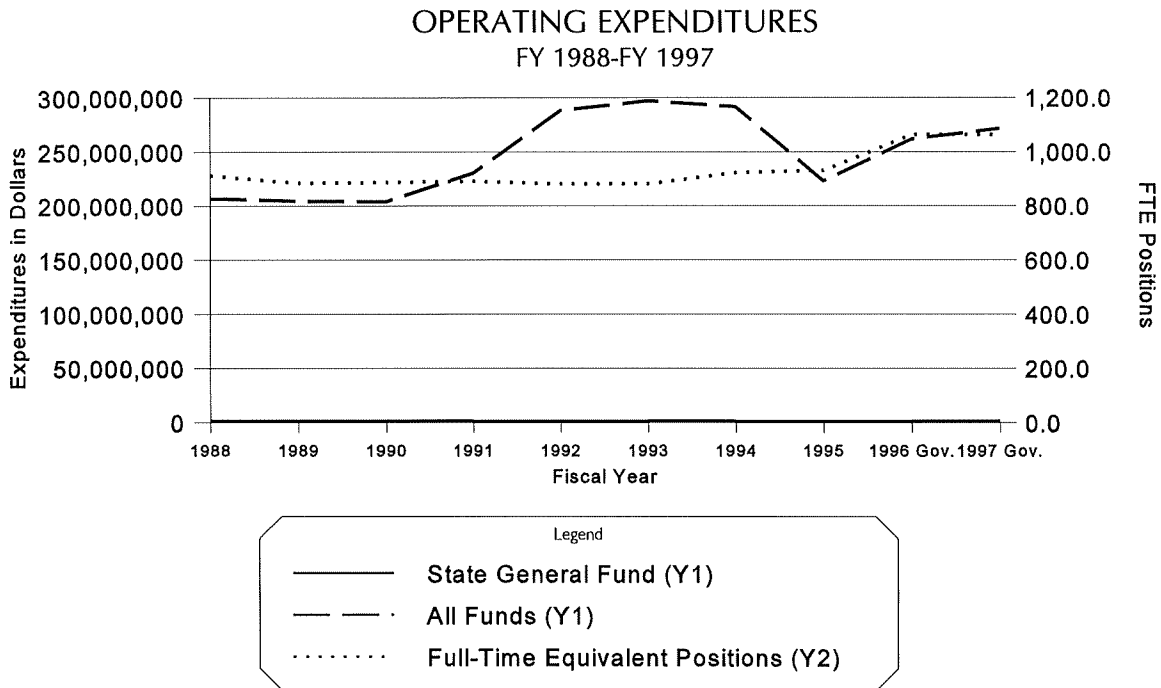
## HIGHLIGHTS OF THIS BUDGET

- ▶ The agency's FY 1997 budget request of \$485,574 is \$40,431 less than the revised agency estimate for FY 1996. The reduction reflects the one time expenditure of \$50,000 for an actuarial audit of the KPERS actuary as approved by the 1995 Legislature. Excluding the adjustment for the KPERS audit, salaries and wages increases \$9,349 and other operating expenditures increase \$220. The Governor for FY 1997 recommends \$477,691 or \$7,883 less than the agency requested. The Governor's adjustments include fringe benefit recalculations and his pay plan proposal for FY 1997, which for this agency, includes no longevity pay. The recommendation includes a merit salary pool (\$1,776) for employees who are not assigned to the basic state pay plan.
- ▶ The FY 1996 revised budget submitted by the Legislative Coordinating Council (LCC) is \$526,005, or \$18,669 less than the currently authorized amount by the 1995 Legislature, including reappropriations. The FY 1996 estimate includes \$50,000 for

an actuarial audit of the Kansas Public Employees Retirement System (KPERs) as approved by the 1995 Legislature. The Governor for FY 1996 recommends \$521,350, or \$4,655 less than the agency requested. Almost the entire adjustment reflects the latest employer costs for employee and dependent health insurance.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$ (18,669)	\$ (23,324)	\$ (40,431)	\$ (43,659)	(7.7)%	(8.4)%
All Other Funds	0	0	0	0	0.0	0.0
<b>TOTAL</b>	<b>\$ (18,669)</b>	<b>\$ (23,324)</b>	<b>\$ (40,431)</b>	<b>\$ (43,659)</b>	<b>(7.7)%</b>	<b>(8.4)%</b>
FTE Positions	0.0	0.0	0.0	0.0		

## BUDGET TRENDS





**House Subcommittee Recommendation**

FY 1996. The House Subcommittee concurs with the Governor's recommendation.

FY 1997. The House Subcommittee concurs with the Governor's recommendation.

# LEGISLATURE

The legislative power of the State of Kansas is vested in a House of Representatives (125 members) and a Senate (40 members).

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
<b>All Funds:</b>					
Operating Expenditures	\$ 9,233,205	\$ 9,906,919	\$ 9,837,137	\$ 9,832,556	\$ 9,821,583
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 9,233,205</b>	<b>\$ 9,906,919</b>	<b>\$ 9,837,137</b>	<b>\$ 9,832,556</b>	<b>\$ 9,821,583</b>
<b>State General Fund:</b>					
Operating Expenditures	\$ 9,225,324	\$ 9,275,427	\$ 9,205,645	\$ 9,700,356	\$ 9,689,383
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 9,225,324</b>	<b>\$ 9,275,427</b>	<b>\$ 9,205,645</b>	<b>\$ 9,700,356</b>	<b>\$ 9,689,383</b>
<b>Percentage Change:</b>					
<b>Operating Expenditures:</b>					
All Funds	3.1%	7.3%	6.5%	(0.8)%	(0.2)%
State General Fund	3.0	0.5	(0.2)	4.6	5.3
<b>FTE Positions</b>					
FTE Positions	31.0	30.0	30.0	29.0	29.0
Unclassified Temp. Positions	64.3	64.3	64.3	64.3	64.3
<b>Total</b>	<b>95.3</b>	<b>94.3</b>	<b>94.3</b>	<b>93.3</b>	<b>93.3</b>

## HIGHLIGHTS OF THIS BUDGET

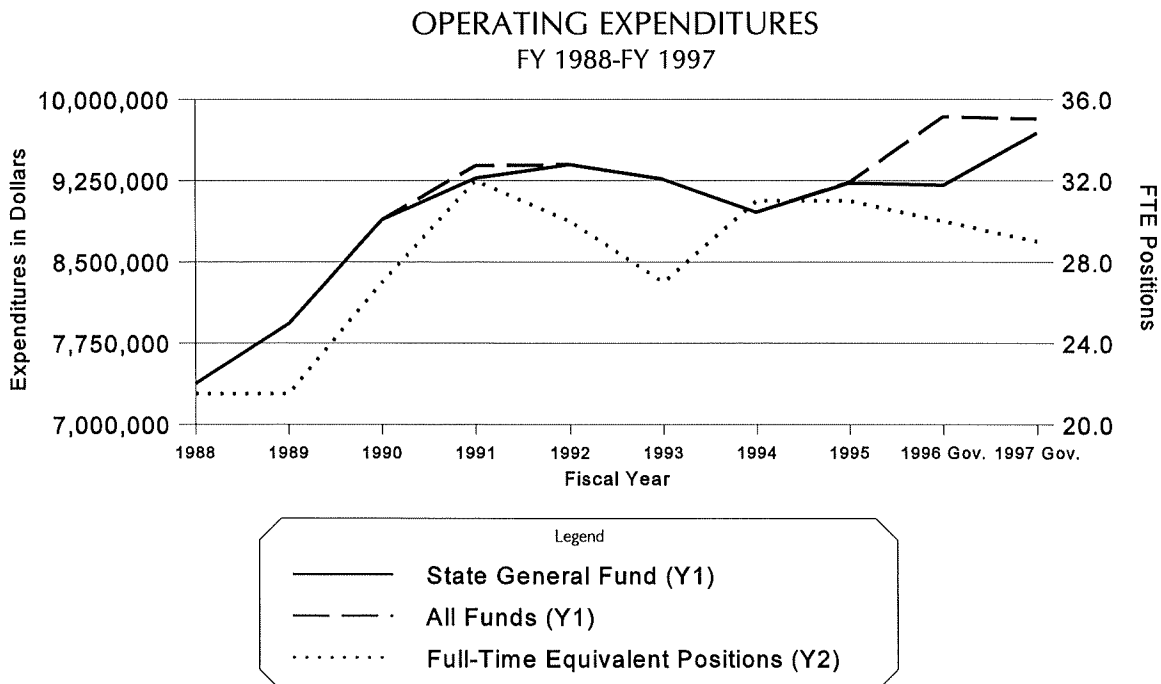
- ▶ The FY 1997 budget request for the Legislature as submitted by the LCC totals \$9,832,556, of which \$9,700,356 is from the State General Fund and \$132,200 is from special revenue funds. **The Governor recommends** a budget of \$9,821,583 for FY 1997, or \$10,973 less than the agency requested. The Governor's recommendation includes \$9,689,383 from the State General Fund and \$132,200 in special revenue funds.
- ▶ **Shift of Census Data Unit.** In the budget year the agency proposes shifting the Census Data Unit from the Legislature's budget to the budget of the Legislative Research Department. A total of 1.0 FTE position and \$101,491 associated with the Census Data Unit is shifted in FY 1997 from the Legislature's budget to the Legislative Research Department's budget. **The Governor concurs** with the agency's request to shift the Census Data Unit to the budget of the Legislative Research Department.
- ▶ **Salaries and Allowances.** The FY 1997 budget contains no general increases in the salaries of legislative employees or of the members or in the daily subsistence allowances of members. **The Governor for FY 1997 recommends** total salaries and wages of \$5,827,557 or \$10,973 less than the agency requested. The Governor's adjustments include fringe benefit recalculations and his pay plan proposal for FY 1997.

The recommendation includes \$46,319 for a merit salary pool for employees, including legislators.

- ▶ **Legislative Orientation.** An amount of \$30,000 is requested in FY 1997 for a legislative orientation session for new members. The orientation session is scheduled once every two years for new legislators and will be held prior to the 1997 Session. **The Governor concurs** with the agency's request for the legislative orientation.
- ▶ **Contested Election Claims.** At its August 21, 1995 meeting the LCC approved payment in FY 1996 of the claims contained in 1995 S.B. 95 (carried over to the 1996 Session) in the amount of \$41,630 from the State General Fund for attorney fees (\$40,000) and court costs (\$1,630) in connection with the Jones/Shriver 1994 contested election for the House of Representatives. The Governor concurs with the agency's request for claims payments in FY 1996.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$(1,281,445)	\$(1,351,227)	\$ 424,929	\$ 483,738	4.6%	5.3%
All Other Funds	502,892	502,892	(499,292)	(499,292)	(79.1)	(79.1)
<b>TOTAL</b>	<b>\$ (778,553)</b>	<b>\$ (848,335)</b>	<b>\$ (74,363)</b>	<b>\$ (15,554)</b>	<b>(0.8)%</b>	<b>(0.2)%</b>
FTE Positions	0.0	0.0	(1.0)	(1.0)		

## BUDGET TRENDS



## LEGISLATIVE CONSIDERATION

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### House Subcommittee Recommendation

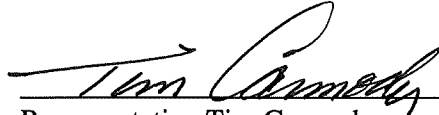
FY 1996. The House Subcommittee concurs with the Governor's recommendation, with the following adjustment:

1. Delete \$41,630 (State General Fund) for payment of claims related to the Jones/Shriver 1994 contested election for the House of Representatives. The claims included in the Governor's recommendation was \$40,000 for attorney fees and \$1,630 for court costs.

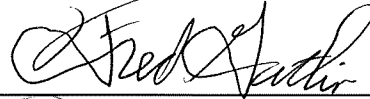
FY 1997. The House Subcommittee concurs with the Governor's recommendation.

**FY 1996 AND FY 1997  
House Subcommittee Report for:**

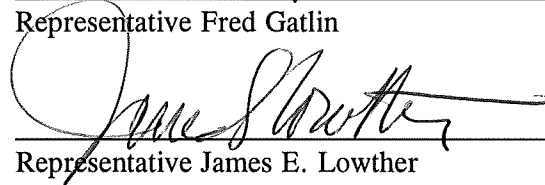
**Governor's Department  
Lieutenant Governor**



Representative Tim Carmody  
Subcommittee Chairperson



Representative Fred Gatlin



Representative James E. Lowther

Representative Rocky Nichols

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1-31-96

House Appropriations

Attachment  
4

# GOVERNOR'S DEPARTMENT

The Kansas Constitution provides that the Governor shall be the Chief Executive Officer of the state. The Governor is elected to a four-year term of office on a ticket which includes the Lieutenant Governor.

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
<b>All Funds:</b>					
Operating Expenditures	\$ 1,529,199	\$ 1,678,966	\$ 1,668,618	\$ 1,743,491	\$ 1,705,180
Capital Improvements	0	0	0	0	0
Total	<u>\$ 1,529,199</u>	<u>\$ 1,678,966</u>	<u>\$ 1,668,618</u>	<u>\$ 1,743,491</u>	<u>\$ 1,705,180</u>
<b>State General Fund:</b>					
Operating Expenditures	\$ 1,474,994	\$ 1,643,877	\$ 1,658,529	\$ 1,697,031	\$ 1,624,967
Capital Improvements	0	0	0	0	0
Total	<u>\$ 1,474,994</u>	<u>\$ 1,643,877</u>	<u>\$ 1,658,529</u>	<u>\$ 1,697,031</u>	<u>\$ 1,624,967</u>
<b>Percentage Change:</b>					
<b>Operating Expenditures:</b>					
All Funds	0.2%	9.8%	9.1%	3.8%	2.2%
State General Fund	1.5	11.4	12.4	3.2	(2.0)
<b>FTE Positions</b>					
Unclassified Temp. Positions	29.5	29.5	29.5	28.5	28.5
Total	<u>29.5</u>	<u>29.5</u>	<u>29.5</u>	<u>28.5</u>	<u>28.5</u>

## HIGHLIGHTS OF THIS BUDGET

- ▶ A revised FY 1996 budget estimate is submitted which is financed by \$1,643,877 from the State General Fund and \$35,089 from special revenue funds. The agency estimate is \$270,479 (State General Fund) less than the agency is authorized to spend. The revised estimate in FY 1996 includes the addition of 1.5 FTE positions.
- ▶ **The Governor's recommendation** for FY 1996 is \$1,668,618 or \$10,348 less than the agency requested. Almost the entire reduction relates to adjustments for the latest employer costs for employee and dependent health insurance. The Governor concurs with the agency request for a total of 29.5 FTE positions, which includes the addition of 1.5 FTE positions. The Governor does recommend special revenue financed expenditures of \$10,089 or \$25,000 less than the agency requested.
- ▶ The FY 1997 budget request of the agency is financed by \$1,697,031 from the State General Fund and \$46,460 from special revenue funds. Expenditures for salaries and

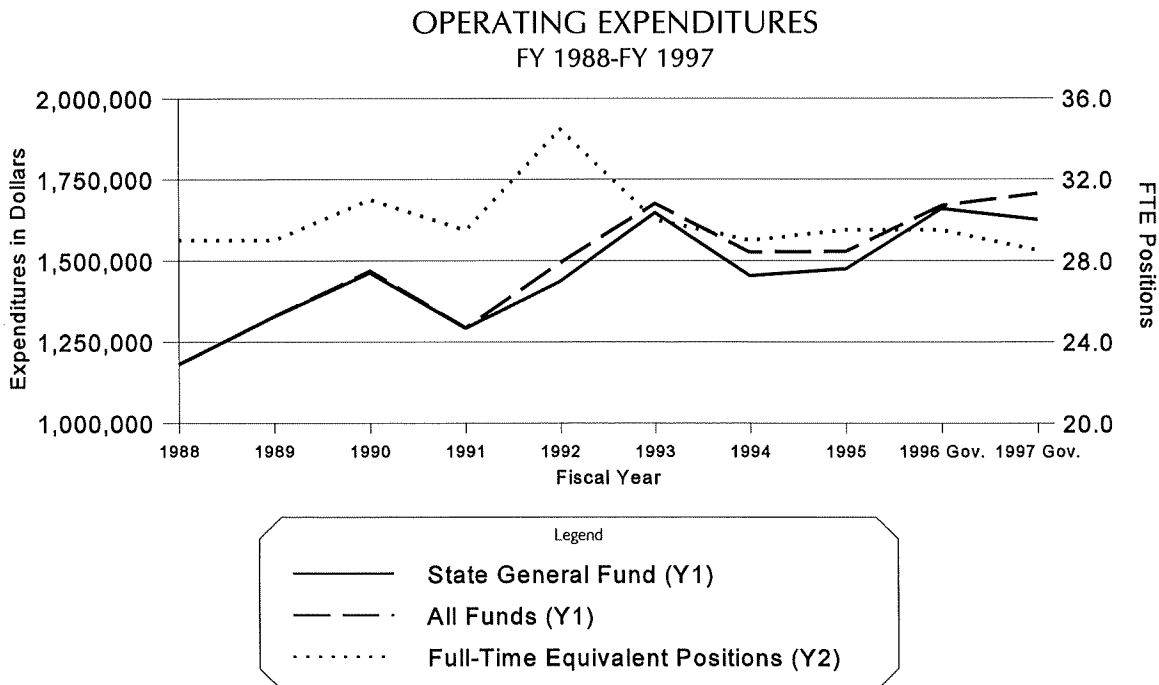


wages total \$1,284,339, an increase of \$54,689 or 4.4 percent above the revised FY 1996 estimate. The estimated number of positions is 28.5, a reduction of 1.0 FTE from the current year level. Nonsalary expenses total \$459,152 or \$9,836 more than the agency requested for FY 1996.

- ▶ **The Governor recommends** expenditures of \$1,705,180 for FY 1997 of which \$1,624,967 is financed from the State General Fund and \$80,213 from special revenue funds. The Governor recommends that in FY 1997 the transfers from the Department of Human Resources (\$18,116) and the Department of Transportation (\$18,116) to the Governor's special revenue fund be discontinued. The transfers which began in FY 1991 were utilized to partially offset the costs of the Federal/State Liaison Program. However, that program no longer exists. The Governor concurs with the agency's request of financing for 28.5 FTE positions.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$ (270,479)	\$ (255,827)	\$ 53,154	\$ (33,562)	3.2%	(2.0)%
All Other Funds	0	(59,517)	11,371	70,124	32.4	695.1
<b>TOTAL</b>	<u>\$ (270,479)</u>	<u>\$ (315,344)</u>	<u>\$ 64,525</u>	<u>\$ 36,562</u>	<u>3.8%</u>	<u>2.2%</u>
FTE Positions	1.5	1.5	(1.0)	(1.0)		

## BUDGET TRENDS



## LEGISLATIVE CONSIDERATION

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### House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor's recommendation.

FY 1997. The House Subcommittee concurs with the Governor's recommendation.

# LIEUTENANT GOVERNOR

## Subcommittee Report

The Kansas Constitution provides for the popular election of the Lieutenant Governor. Since 1974, the Governor and Lieutenant Governor have been elected jointly to four-year terms. All duties of the Lieutenant Governor are assigned by the Governor.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
Operating Expenditures	\$ 116,745	\$ 123,289	\$ 122,087	\$ 126,184	\$ 120,703
Capital Improvements	0	0	0	0	0
Total	<u>\$ 116,745</u>	<u>\$ 123,289</u>	<u>\$ 122,087</u>	<u>\$ 126,184</u>	<u>\$ 120,703</u>
State General Fund:					
Operating Expenditures	\$ 116,745	\$ 123,289	\$ 122,087	\$ 126,184	\$ 120,703
Capital Improvements	0	0	0	0	0
Total	<u>\$ 116,745</u>	<u>\$ 123,289</u>	<u>\$ 122,087</u>	<u>\$ 126,184</u>	<u>\$ 120,703</u>
Percentage Change:					
Operating Expenditures:					
All Funds	45.7%	5.6%	4.6%	2.3%	(1.1)%
State General Fund	45.7	5.6	4.6	2.3	(1.1)
FTE Positions	3.0	3.5	3.0	3.5	3.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
Total	<u>3.0</u>	<u>3.5</u>	<u>3.0</u>	<u>3.5</u>	<u>3.0</u>

## HIGHLIGHTS OF THIS BUDGET

- ▶ The FY 1997 budget request totals \$126,184 of which \$97,927 (or 77.6 percent) is for salaries of the Lieutenant Governor and 2.5 staff positions and \$28,257 is for other operating expenditures, primarily for travel and communications. **The Governor recommends \$120,703 for FY 1997**, which is \$5,481 less than the agency requested. The Governor's adjustments include fringe benefit recalculations, his pay plan proposal for FY 1997, and reductions (\$3,105) in other operating expenditures (mainly in printing (\$1,325) and travel and subsistence (\$1,325)). The Governor also recommends that the current temporary clerical position not be shifted to a permanent FTE position.
- ▶ The revised FY 1996 budget estimate is \$6,521 less than the amount authorized by the 1995 Legislature, including the reappropriation. The agency's revised FY 1996 estimate does include the shift of a temporary clerical position to a permanent 0.5 FTE position. **The Governor's recommendation for FY 1996 is \$122,087 or \$1,202 less than the agency requested.** The entire reduction relates to adjustments for the latest employer

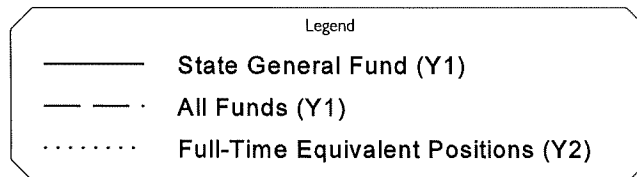
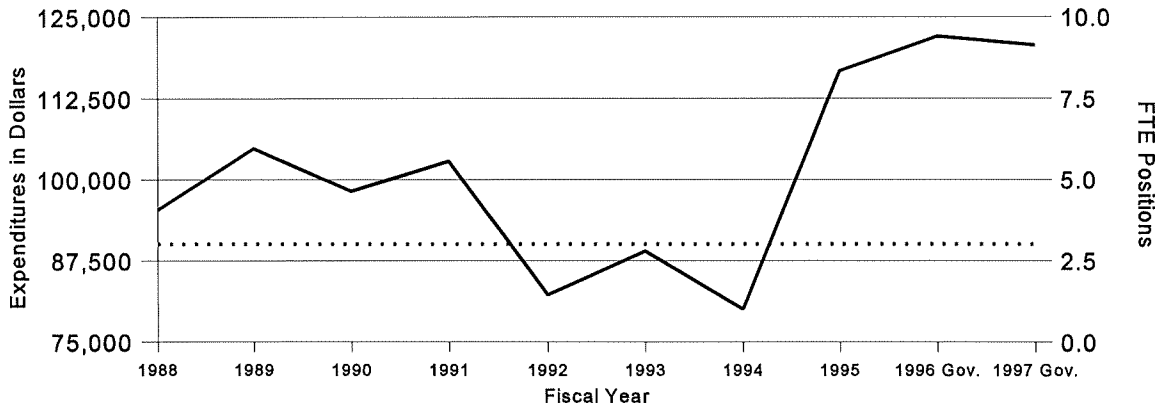
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costs for employee and dependent health insurance. The Governor also recommends that the current temporary clerical position not be shifted to a permanent FTE position.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$ (6,521)	\$ (7,723)	\$ 2,895	\$ (1,384)	2.3%	(1.1)%
All Other Funds	0	0	0	0	0.0	0.0
<b>TOTAL</b>	<b>\$ (6,521)</b>	<b>\$ (7,723)</b>	<b>\$ 2,895</b>	<b>\$ (1,384)</b>	<b>2.3%</b>	<b>(1.1)%</b>
FTE Positions	0.5	0.0	0.0	0.0		

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997



# LEGISLATIVE CONSIDERATION

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## House Subcommittee Recommendation

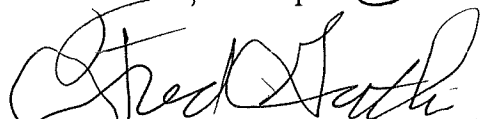
FY 1996. The House Subcommittee concurs with the Governor's recommendation.

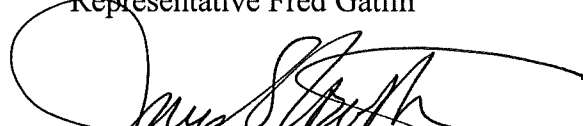
FY 1997. The House Subcommittee concurs with the Governor's recommendation.

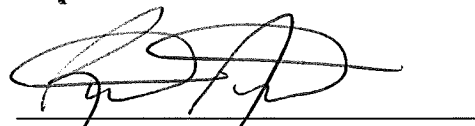
**FY 1996 AND FY 1997  
House Subcommittee Reports for:**

**Attorney General  
State Treasurer**

  
Representative Tim Carmody  
Subcommittee Chairperson

  
Representative Fred Gatlin

  
Representative James Lowther

  
Representative Rocky Nichols



# ATTORNEY GENERAL

## Subcommittee Report

The Attorney General is a constitutional, statewide elected official who is the chief legal officer and advocate of the state and its chief law enforcement officer. The office recently has been reorganized into the Department of Criminal Justice, which is comprised of the criminal litigation division, the Child Death Review Board, the victims' rights unit, the Medicaid fraud division, and the Crime Victims Compensation Board; and the Department of Civil Law, which is comprised of the divisions of civil litigation, consumer protection, and legal opinions and government counsel. The administrative services division provides support services.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
<b>All Funds:</b>					
Operating Expenditures	\$ 9,016,744	\$ 12,868,307	\$ 12,759,383	\$ 14,569,729	\$ 10,990,153
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 9,016,744</b>	<b>\$ 12,868,307</b>	<b>\$ 12,759,383</b>	<b>\$ 14,569,729</b>	<b>\$ 10,990,153</b>
<b>State General Fund:</b>					
Operating Expenditures	\$ 3,225,221	\$ 4,131,767	\$ 4,025,080	\$ 4,798,549	\$ 3,537,660
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 3,225,221</b>	<b>\$ 4,131,767</b>	<b>\$ 4,025,080</b>	<b>\$ 4,798,549</b>	<b>\$ 3,537,660</b>
<b>Percentage Change:</b>					
<b>Operating Expenditures:</b>					
All Funds	4.2%	42.7%	41.5%	13.2%	(13.9)%
State General Fund	10.1	28.1	24.8	16.1	(12.1)
<b>FTE Positions</b>					
Unclassified Temp. Positions	68.0	80.8	80.8	89.8	80.8
<b>Total</b>	<b>68.0</b>	<b>81.8</b>	<b>81.8</b>	<b>90.8</b>	<b>81.8</b>

## HIGHLIGHTS OF THIS BUDGET

- ▶ For FY 1996, the Attorney General is requesting a supplemental appropriation of \$355,929 for expenses connected with Kansas' successful litigation against the State of Colorado over water rights to the Arkansas River. **The Governor concurs** with the request.
- ▶ For FY 1997, the Attorney General is requesting \$1,130,000 from the State General Fund for expenses related to the resolution of water litigation with Colorado. **The Governor recommends** \$500,000 for water litigation funding, a reduction of \$630,000 from the request and a reduction of \$583,273 from the current year.
- ▶ The 1995 Legislature added two positions (an Assistant Attorney General and a Special Agent II) who are assigned primarily to death penalty prosecutions. For FY 1997, the



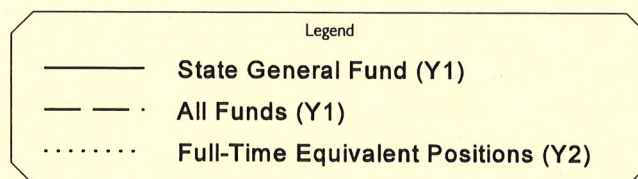
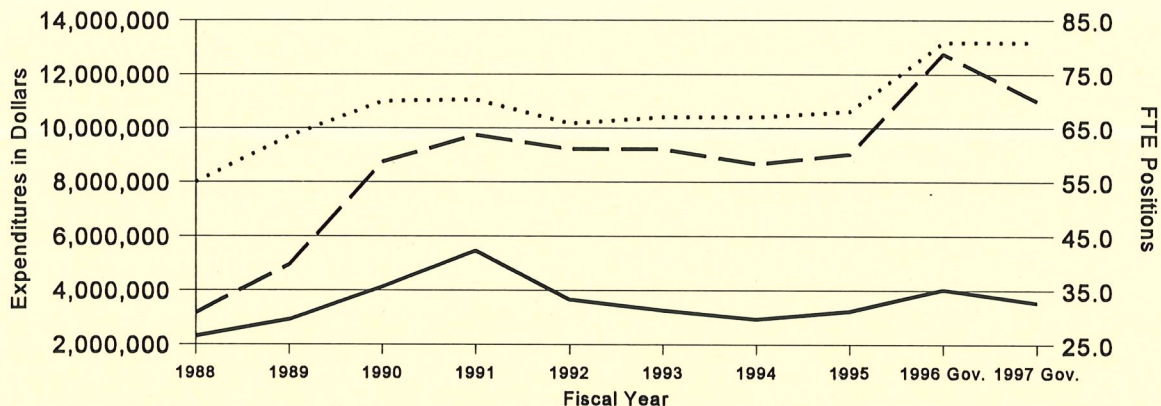
Attorney General requests 5.0 FTE additional death penalty positions, at a total cost of \$314,149 from the State General Fund. **The Governor does not recommend** the positions.

- ▶ Because attorneys in the Attorney General's Office are unclassified, they were excluded from a recent upgrading of salaries that affected classified attorneys. In order to be competitive and to treat employees fairly, the Attorney General is requesting \$144,270 for salary upgrades, of which \$130,643 would be from the State General Fund. **The Governor does not recommend** the increases.
- ▶ For FY 1997, the Attorney General requests 4.0 additional positions for the Medicaid Fraud and Abuse Unit at a cost of \$274,431 for salaries and associated expenditures. (All funding is 90 percent from federal funds and 10 percent from the State General Fund.) **The Governor does not recommend** the new positions.

FY 1996 – CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 – BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund:						
Water Litigation	\$ 355,929	\$ 355,929	\$ 666,782	\$ (487,420)	16.1%	(12.1)%
Other	0	(150,952)	1,034,640	(1,281,810)	11.8	(14.7)
All Other Funds	0	(2,237)	<u>\$ 1,701,422</u>	<u>\$ (1,769,230)</u>	<u>13.2%</u>	<u>(13.9)%</u>
<b>TOTAL</b>	<u>\$ 355,929</u>	<u>\$ 202,740</u>				
FTE Positions	0.0	0.0	FTE Positions	9.0	0.0	

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997





## House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor.

FY 1997. The House Subcommittee concurs with the Governor, with the following comments:

1. The Subcommittee notes the Attorney General's request for a "parity increase" of \$144,270 (\$130,643 from the State General Fund) in order to upgrade the salaries of 35 unclassified attorneys. Because attorneys who work for the Attorney General are unclassified, they were not part of an upgrading that occurred in FY 1995 as part of the Comprehensive Classification and Job Rate Study, which resulted in the salaries of classified attorneys being increased by two pay ranges.

The Subcommittee believes it needs additional information before it can address the issue. Specifically, it requests that the Division of Personnel Services, Department of Administration, prepare a report that describes the duties, responsibilities, and salaries of classified and unclassified attorneys in state government. The Subcommittee requests that the report be available to the appropriate budget subcommittees as soon as possible.

2. The Subcommittee requests that the Attorney General report to the 1997 Session on the performance of the newly-created Medicaid Fraud and Abuse Unit. The Unit presently consists of 8.0 FTE positions (of which 7.0 were added by the 1995 Legislature) and is responsible for investigating and prosecuting provider fraud and patient abuse involving providers who receive Medicaid dollars. Until FY 1999, federal funds will pay for 90 percent of the Unit's operations, but after that the state's share will increase to 25 percent.

The Attorney General is requesting 4.0 FTE additional positions for the Unit, but the Subcommittee believes that consideration of expanding the program should be delayed until the 1997 Session when more information is available about the number of incidences of abuse the Unit uncovers and how much money is recovered, particularly since the state will be forced to bear an increasing share of funding the Unit in the years to come.

3. The Subcommittee notes that the Attorney General currently receives approximately \$500,000 from district court docket fees for domestic violence programs. That source of funding is for two years only and will terminate at the end of FY 1996. (S.B. 497, which is supported by the Attorney General, would make the funding permanent.) The Governor's recommendation for FY 1997 is based on current law and assumes that the docket fee revenues will not be available.

If the Legislature continues the authorization for the Attorney General to receive a portion of district court docket fees, that money would continue to be used by the Attorney General for domestic violence programs. Because the funds into which the fees are deposited have no expenditure limitations, no action would be necessary by the Legislature to enable the Attorney General to spend the money in FY 1997.

4. The Subcommittee recommends the addition of a proviso to authorize the Attorney General to continue to pay the salary of an employee in the Division of Architectural Services to assist in the enforcement of the Americans with Disabilities Act. State law authorizes governmental agencies to exchange and share employees, but limits the exchange to four years. The Subcommittee believes the shared arrangement is working and would like for it to continue. (The Governor's recommended funding for the Attorney General continues the arrangement, but does not provide for the necessary authorization.)
  
5. The Subcommittee recommends that a proviso be cleaned up to remove obsolete language. The proviso is to a federal fund that used to be administered by the Crime Victims Reparations Board when it was a separate agency. Because the Board was made a part of the Attorney General's office in the late 1980s, references in the proviso should be to the Attorney General, not to the Crime Victims Reparations Board or to the Crime Victims Compensation Board. (Changing the proviso will have no effect on current practices or operations.)



# STATE TREASURER

The State Treasurer is responsible for the timely receipt and deposit of all state receipts and revenues, excluding those of the Kansas Public Employees Retirement System (KPERs).

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
<b>All Funds:</b>					
Operating Expenditures	\$ 95,627,121	\$ 99,079,295	\$ 99,037,262	\$ 102,967,965	\$ 100,053,869
Capital Improvements	227,146	229,674	229,674	221,596	221,596
<b>Total</b>	<b>\$ 95,854,267</b>	<b>\$ 99,308,969</b>	<b>\$ 99,266,936</b>	<b>\$ 103,189,561</b>	<b>\$ 100,275,465</b>
<b>State General Fund:</b>					
Operating Expenditures	\$ 80,333,248	\$ 83,256,961	\$ 83,220,642	\$ 88,269,860	\$ 84,226,195
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 80,333,248</b>	<b>\$ 83,256,961</b>	<b>\$ 83,220,642</b>	<b>\$ 88,269,860</b>	<b>\$ 84,226,195</b>
<b>Percentage Change:</b>					
<b>State Operations:</b>					
All Funds	(4.1)%	8.3%	6.9%	2.3%	(3.6)%
State General Fund	(14.6)	1.6	0.0	8.0	(5.5)
<b>Aid to Local Units:</b>					
All Funds	9.1%	3.5%	3.5%	4.0%	1.2%
State General Fund	10.0	3.7	3.7	6.0	1.4
<b>FTE Positions</b>					
FTE Positions	57.5	57.5	57.5	58.5	57.5
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>58.5</b>	<b>57.5</b>

**Note:** The FY 1996 State General Fund demand transfers (which are included in operating expenditures) are based on actual transfers. The agency request for FY 1997 State General Fund demand transfers is based on the November, 1995 Consensus Estimate.

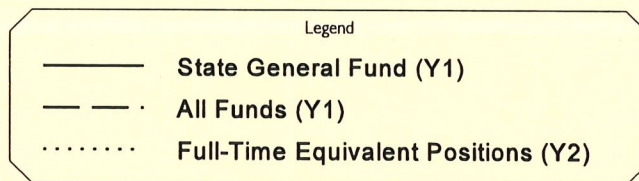
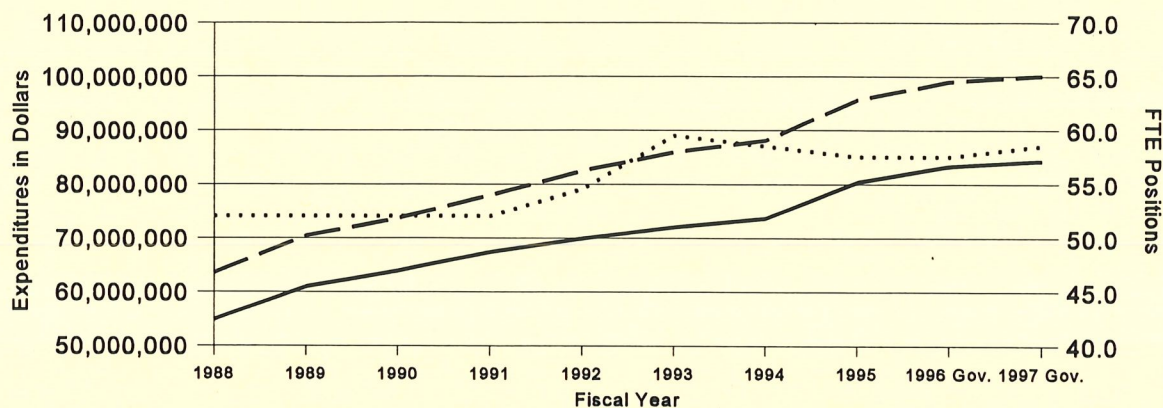
## HIGHLIGHTS OF THIS BUDGET

- ▶ The agency requests 1.0 new FTE Investment Analyst position (\$47,828, including fringe benefits) at the request of the Pooled Money Investment Board (PMIB). The agency states that the current level of investment staffing is not sufficient to maximize the agency's attempts to analyze markets, portfolios, and individual securities, as well as to evaluate the strategies and decisions the agency undertakes. **The Governor does not recommend** the new position.

FY 1996 – CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 – BUDGET YEAR CHANGE FROM FY 1996				
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change		
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.	
State General Fund	\$ (54,635)	\$ (90,954)	State Operations:				
All Other Funds	153,749	148,035	State General Fund	\$ 186,956	\$ (127,201)	6.0%	1.2%
TOTAL	<u>\$ 99,114</u>	<u>\$ 57,081</u>	All Other Funds	(112,418)	11,054	(0.7)	0.1%
			Subtotal	<u>\$ 74,538</u>	<u>\$ (116,147)</u>	4.0%	1.0%
			Aid to Local Units:				
			State General Fund	\$ 4,825,943	\$ 1,132,754		
			All Other Funds	(1,011,811)	0		
			TOTAL	<u>\$ 3,888,670</u>	<u>\$ 1,016,607</u>		
FTE Positions	0.0	0.0	FTE Positions	1.0	0.0		

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997



## LEGISLATIVE CONSIDERATION

### House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor's recommendation.

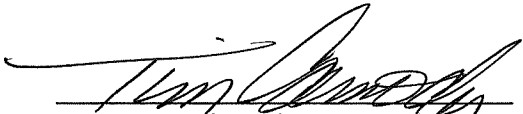


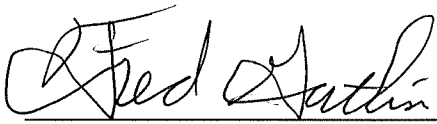
FY 1997. The House Subcommittee concurs with the Governor's recommendation, with the following adjustments:

1. Shift funding of \$39,500 from the banking services line item to the operating expenditures line item.
2. S.B. 426 would authorize the annual transfer from the Kansas Department of Transportation to the State Treasurer. As a technical adjustment, change the name of the fund from which the transfer is to be made from the Highway Bond Debt Service Fund to the State Highway Fund. This adjustment would carry out the Governor's recommendation.

**FY 1996 AND FY 1997  
House Subcommittee Reports for:**

**Secretary of State**

  
Representative Tim Carmody  
Subcommittee Chairperson

  
Representative Fred Gatlin

  
Representative James Lowther

\_\_\_\_\_  
Representative Rocky Nichols



# SECRETARY OF STATE

The Secretary of State, one of four constitutional officers of the state of Kansas, administers laws relating to elections and legislative matters, corporations and the uniform commercial code, and performs hundreds of other executive duties.

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
<b>All Funds:</b>					
Operating Expenditures	\$ 2,749,897	\$ 4,303,794	\$ 4,230,645	\$ 3,122,847	\$ 3,035,331
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 2,749,897</b>	<b>\$ 4,303,794</b>	<b>\$ 4,230,645</b>	<b>\$ 3,122,847</b>	<b>\$ 3,035,331</b>
<b>State General Fund:</b>					
Operating Expenditures	\$ 1,536,427	\$ 2,857,691	\$ 2,795,122	\$ 1,453,984	\$ 1,381,484
Capital Improvements	0	0	0	0	0
<b>Total</b>	<b>\$ 1,536,427</b>	<b>\$ 2,857,691</b>	<b>\$ 2,795,122</b>	<b>\$ 1,453,984</b>	<b>\$ 1,381,484</b>
<b>Percentage Change:</b>					
<b>Operating Expenditures:</b>					
All Funds	4.9%	56.5%	53.8%	(27.4)%	(28.3)%
State General Fund	2.2	86.0	81.9	(49.1)	(50.6)
<b>FTE Positions</b>					
FTE Positions	60.0	56.0	56.0	56.0	56.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>60.0</b>	<b>56.0</b>	<b>56.0</b>	<b>56.0</b>	<b>56.0</b>

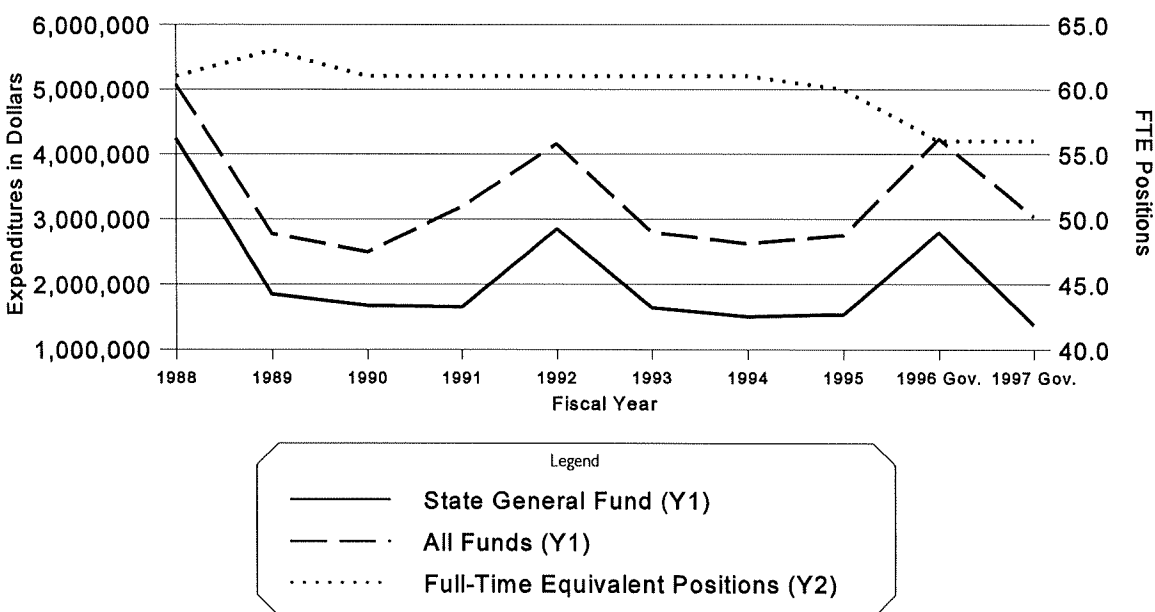
## HIGHLIGHTS OF THIS BUDGET

- ▶ The agency requests \$1,369,500 for the Presidential preference primary in FY 1996. **The Governor recommends \$1,379,000 for the Presidential preference primary in FY 1996.**
- ▶ The Office of the Secretary of State requests \$250,768 for the remaining balance of an optical disc image system. **The Governor concurs.**
- ▶ The agency requests \$7,600 for three new computers and a computer upgrade. **The Governor does not concur.**
- ▶ The amount of \$2,000 is requested for publication of a corporate handbook. **The Governor concurs.**

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$ (25,966)	\$ (88,535)	\$ (1,403,707)	\$ (1,413,638)	(49.1)%	(50.6)%
All Other Funds	16,128	5,548	222,760	218,324	15.4	15.2
<b>TOTAL</b>	<b>\$ (9,838)</b>	<b>\$ (82,987)</b>	<b>\$ (1,180,947)</b>	<b>\$ (1,195,314)</b>	<b>(27.4)%</b>	<b>(28.3)%</b>
FTE Positions	(4.0)	(4.0)	0.0	0.0		

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997



## LEGISLATIVE CONSIDERATION

### House Subcommittee Recommendation

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

1. In the event a bill passes repealing the Presidential Preference Primary, \$1,379,000 from the State General Fund originally set aside for the running of the election would no longer be reserved for that purpose. The Subcommittee notes that the

repeal of the Presidential Preference Primary may have an impact on planned local elections. Counties and cities may need to choose to fund their elections solely from their own funds or postpone having those elections until the next major statewide election.

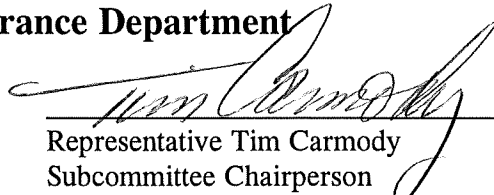
2. The Subcommittee requests a Governor's Budget Amendment addressing the National Voter Registration Act (NVRA) be issued. The Subcommittee is concerned with the problems that may arise from the operation of a dual voter registration system in the state (*i.e.*, separate federal and state registration requirements). The Subcommittee believes a dual registration requirement would result in a chaotic registration and voting system for the citizens of the state.
3. The Subcommittee would suggest consideration be given to shifting funds originally set aside for the Presidential Preference Primary be allocated for the implementation of the NVRA. First year costs to implement the NVRA as estimated by the Secretary of State's Office are \$887,500 for county costs and \$707,751 for state agency costs. In addition, the ongoing annual costs are estimated to be \$760,000 for the state and none for the counties.

FY 1997. The Subcommittee concurs with the Governor's recommendations.

**FY 1996 AND FY 1997  
House Subcommittee on General Government**

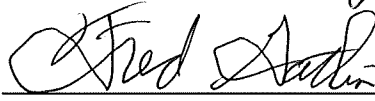
**Report for:**

**Kansas Insurance Department**



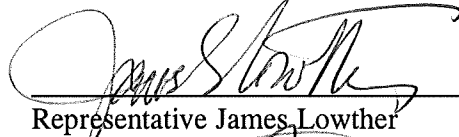
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Representative Tim Carmody  
Subcommittee Chairperson



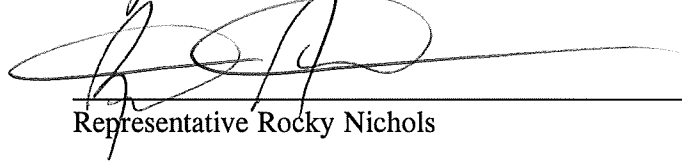
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Representative Fred Gatlin



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Representative James Lowther



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Representative Rocky Nichols

# KANSAS INSURANCE DEPARTMENT

## Subcommittee Report

Besides administering a program for the regulation of insurance companies, the Kansas Insurance Commissioner oversees programs that examine all insurance companies doing business in the state, provides funds to local firefighters relief associations, administers the Workers' Compensation Fund, and reviews group funded insurance pools.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
State Operations	\$ 11,699,503	\$ 12,535,573	\$ 12,407,851	\$ 13,265,324	\$ 12,551,689
Aid to Local Units	4,100,624	4,169,006	4,169,006	4,229,329	4,229,329
Other Assistance	43,494,033	47,856,847	47,856,847	42,220,671	42,220,671
Subtotal - Operating	\$ 59,294,160	\$ 64,561,426	\$ 64,433,704	\$ 59,715,324	\$ 59,001,689
Capital Improvements	97,740	242,949	242,949	209,767	190,000
TOTAL	\$ 59,391,900	\$ 64,804,375	\$ 64,676,653	\$ 59,925,091	\$ 59,191,689

### Percentage Change:

All Funds (State Operations Only)	(0.7)%	7.1%	6.1%	5.8%	1.2%
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FTE Positions	162.5	163.5	163.5	163.5	163.5
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
TOTAL	162.5	163.5	163.5	163.5	163.5

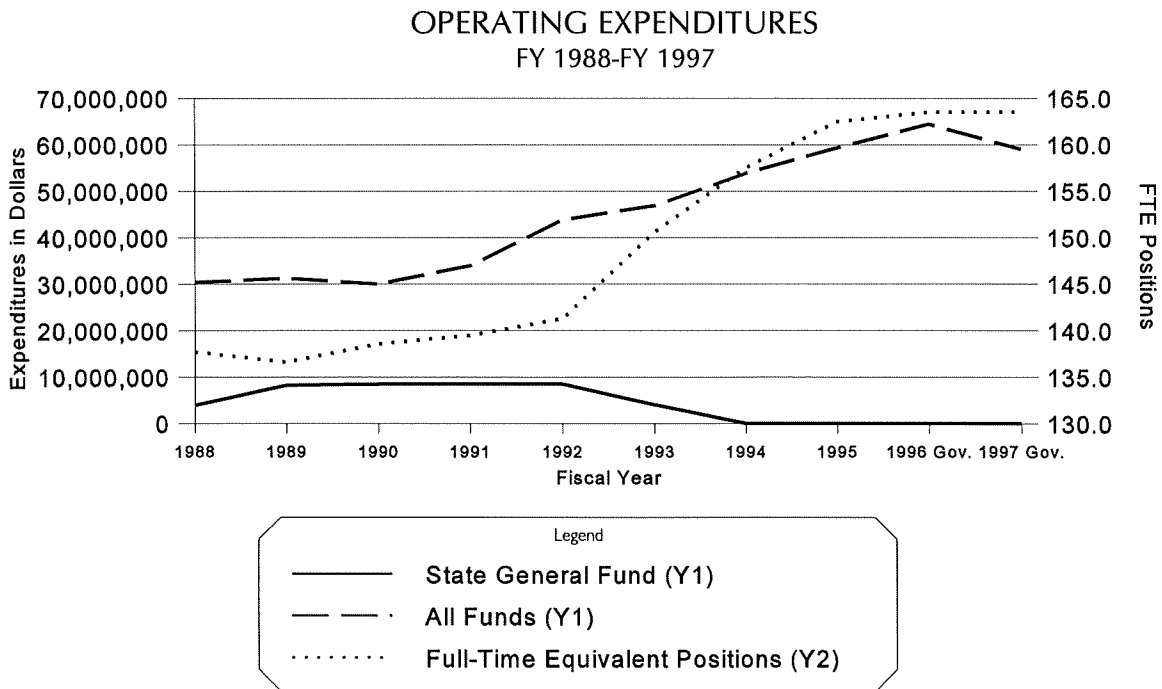
## HIGHLIGHTS OF THIS BUDGET

- ▶ The Governor recommends a reduction of \$127,722 from the agency's revised current year estimate, of which \$61,296 is for salaries and wages and \$66,426 is for contractual services. The reduction in salaries and wages is because of lower health insurance rates than originally anticipated. The reduction in contractual services is mostly in the agency's Insurance Company Examination program where contractual services are almost all for travel expenses.
- ▶ The Governor recommends a reduction of \$336,199 in salaries and wages for FY 1997, mostly to make use of the lower health insurance rates. In addition, adjustments are made so that unclassified employees would get a merit increase of 2.5 percent for six months instead of the full year. Other employees would get step movement, which is approximately 2.5 percent annually. Longevity pay would go to only those employees at the maximum step of their salary grade and employees whose salaries would be less in FY 1997 than FY 1996 if they did not receive the longevity pay.
- ▶ The Governor reduces the agency's request for capital outlay expenses by \$252,271 in FY 1997, of which \$243,623 would be for the Insurance Company Regulation program. The Insurance Company Regulation program is where \$438,358 of the request totaling \$472,731 for computer equipment is budgeted, including 77 of 86 requested personal

computers and optical imaging system equipment. The recommendation provides for total expenditures of \$250,158 for the program, with no preferences indicated for equipment purchases. The agency is given the option to chose which equipment purchases would be most beneficial.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
Workers Comp. Program	\$ 3,773,914	\$ 3,769,926	\$ (5,748,907)	\$ (5,759,521)	(10.8)%	(10.8)%
All Other Programs	78,997	(44,737)	869,623	274,557	7.5	2.4
<b>TOTAL</b>	<u>\$ 3,852,911</u>	<u>\$ 3,725,189</u>	<u>\$ (4,879,284)</u>	<u>\$ (5,484,964)</u>	<u>(7.5)%</u>	<u>(8.5)%</u>
FTE Positions	0.0	0.0	0.0	0.0		

## BUDGET TRENDS



## LEGISLATIVE CONSIDERATION

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### House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor's recommendation.

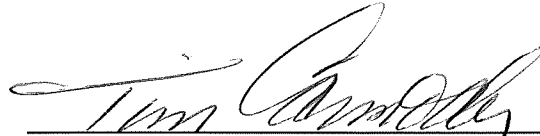
FY 1997. The House Subcommittee concurs with the Governor's recommendation, with the following comments:

1. The House Subcommittee understands that S.B. 450 has been received by the House and referred to the House Committee on Financial Institutions and Insurance. The bill would repeal the law (K.S.A. 40-230) which requires securities to be deposited with the State Treasurer and the Insurance Commissioner who share liability for their safekeeping. The Subcommittee understands that, if the bill is enacted, an estimated \$90,000 already included in the Governor's recommendation would be available for purposes other than for the costs related to a vault for keeping the securities. If the bill passes, the Subcommittee wants no adjustments to delete moneys from the Insurance Commissioner's budget. The Subcommittee desires the savings to be available so that the moneys can be used to meet priorities as established by the Insurance Commissioner, which the Insurance Commissioner indicates at this time is purchasing computer equipment to move the agency to greater efficiency through computer technology.
2. The House Subcommittee wishes to introduce a bill that would remove the stipulation in current law (K.S.A. 40-110) which prohibits an employee in the Insurance Department from receiving an annual salary that exceeds the salary of the Commissioner of Insurance as established by law. (The Commissioner's salary is currently \$62,412, excluding the cost of fringe benefits.)

**FY 1996 AND FY 1997  
House Subcommittee on General Government**

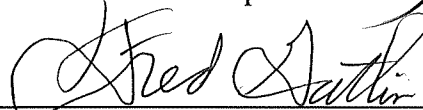
**Report for:**

**Health Care Stabilization Fund Board of Governors**



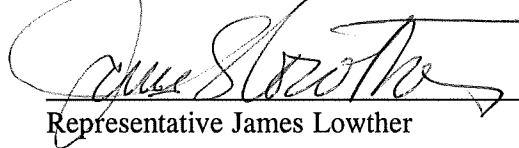
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Representative Tim Carmody  
Subcommittee Chairperson



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Representative Fred Gatlin



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Representative James Lowther

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Representative Rocky Nichols

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House Appropriations

Attachment  
8



# HEALTH CARE STABILIZATION FUND

## BOARD OF GOVERNORS

### Subcommittee Report

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

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
State Operations	\$ 2,941,169	\$ 3,067,796	\$ 3,052,778	\$ 3,043,828	\$ 3,015,516
Other Assistance	19,212,913	25,200,000	25,200,000	27,396,000	27,396,000
TOTAL	<u>\$ 22,154,082</u>	<u>\$ 28,267,796</u>	<u>\$ 28,252,778</u>	<u>\$ 30,439,828</u>	<u>\$ 30,411,516</u>
Percentage Change:					
State Operations	9.4%	4.3%	3.8%	(0.8)%	(1.2)%
Other Assistance	(28.0)	31.2	31.2	8.7	8.7
FTE Positions					
Unclassified Temp. Positions	14.7	16.0	16.0	16.0	16.0
TOTAL	<u>14.7</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>

### HIGHLIGHTS OF THIS BUDGET

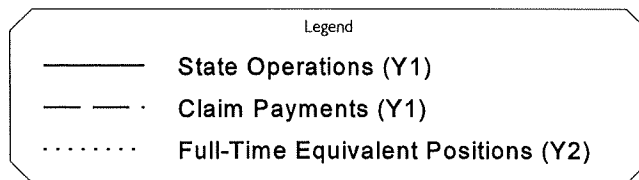
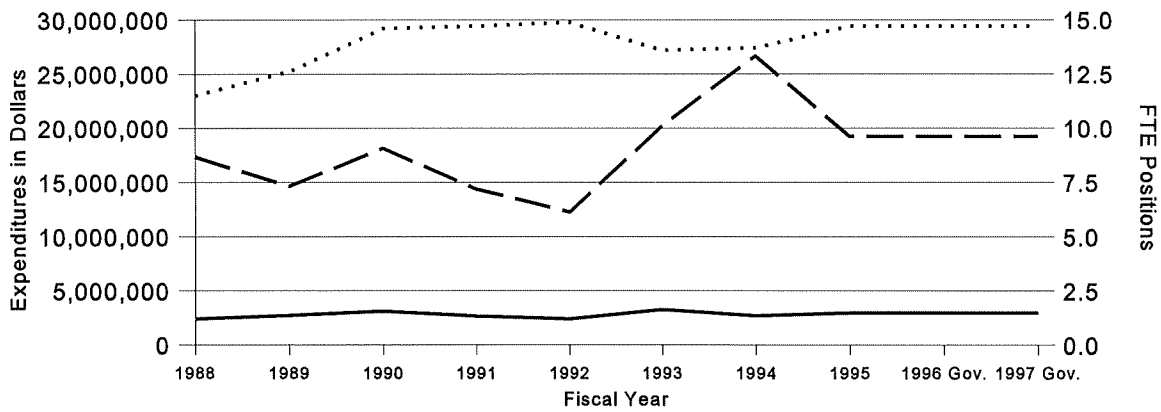
- ▶ The Governor recommends in FY 1996 an increase of \$58,361 on the expenditure limitation of the Board's Operating Expenditure Account to upgrade the salaries for the Board's employees (\$9,882), provide for additional contractual services mostly in the form of rent expenses (\$21,722), shift an already-budgeted actuary study expense from the Board's Legal Fees Account to the Operating Account (\$26,411), and provide for additional supplies (\$346).
- ▶ The Governor includes in his FY 1997 recommendation moneys for step movement for classified employees, a 2.5 percent salary increase for unclassified employees for six months, and longevity pay only for those employees at the maximum step of their salary grade and employees whose salaries would be less in FY 1997 than FY 1996 if they did not receive the longevity pay. However, the recommendation would not fully fund by a roughly estimated \$11,384 the annualized cost of salary upgrades recommended to begin mid-year in FY 1996 or approved last year for unclassified employees by the 1995 Legislature.
- ▶ The Governor concurs with the Board's request for FY 1997 for an increase of \$2.2 million for claim payment expenses. The Governor also concurs with the Board's revised estimate in FY 1996 for claim payment expenses, which reduces \$2.7 million

from the approved budget authorized by the 1995 Legislature and adjusted by the State Finance Council.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
Operating Acct.	\$ 73,379	\$ 58,361				
Legal Fees Accts.	(46,411)	(46,411)				
Claims	(2,685,000)	(2,685,000)				
TOTAL	<u>\$ (2,658,032)</u>	<u>\$ (2,673,050)</u>				
FTE Positions	0.0	0.0				
					State Operations:	(0.8)% (1.2)%
					Salaries	\$ 23,779 \$ 8,780
					Capital Outlay	(40,736) (40,736)
					All Other	(7,011) (5,306)
					Claim Payments	2,196,000 2,196,000 8.7 8.7
					TOTAL	<u>\$ 2,172,032</u> <u>\$ 2,158,738</u> <u>7.7%</u> <u>7.6%</u>
					FTE Positions	0.0 0.0

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997



## House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor's recommendation, with the following adjustment:

1. Delete \$9,882 from the Health Care Stabilization Fund for salaries and wages, which is the amount recommended by the Governor over the already approved budget. The additional moneys would have provided for upgrading the salaries of some of the Board's employees for the last six months of FY 1996. Staff from the Board indicated that the upgrades would not be sought as planned in FY 1996.
2. Add a new section to the appropriations bill to provide for the additional expenditure authority being recommended by the Governor on the Operating Account of the Health Care Stabilization Fund. The Governor recommended additional expenditure authority of \$58,361, but there was no language included in the appropriations bill to provide for this increase. Because the House Subcommittee has reduced the Governor's recommendation by \$9,882 (Item No. 1 above), the net expenditure limitation increase recommended by the House Subcommittee is \$48,479.
3. Add \$35,000 from the Health Care Stabilization Fund for the final costs of the Board's new computer system. A total of \$100,000 already has been approved for the computer (\$50,000 in FY 1995 and \$50,000 in the current year). The Subcommittee understood last year that cost of the computer would most likely be more than the \$100,000 initially approved. Language will be included in the appropriations bill to increase the Fund's Additional Expenditures for Computer Equipment and Installment Account from \$50,000 to \$85,000.

FY 1997. The House Subcommittee concurs with the Governor's recommendation, with the following comments:

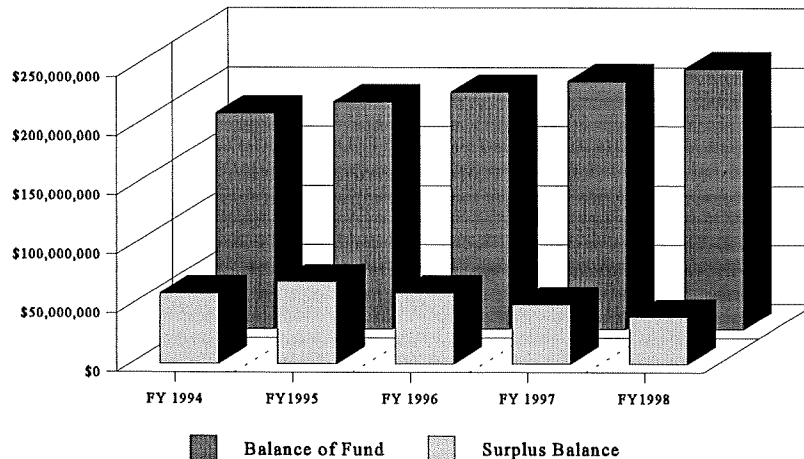
1. The Subcommittee makes no adjustment in FY 1997 to delete any funding for the salary upgrades discussed in the FY 1996 report. No adjustment is necessary because the Governor's FY 1997 recommendation was understated and did not fully fund the annualized cost of salary upgrades approved last year by the Governor in FY 1996 for unclassified employees.
2. The House Subcommittee learned that, by way of a transfer, moneys from the Health Care Stabilization Fund are used to pay for a risk management program conducted by the Department of Health and Environment. The Risk Management Program, mandated by K.S.A. 65-4921 *et seq.*, began with passage of H.B. 2661 by the 1986 Legislature. The legislation, among other things, required medical care facilities (hospitals, ambulatory surgical centers, recuperation centers, and psychiatric hospitals) to establish internal risk management programs which included investigation and reporting procedures for acts by health care providers that were possibly below standard of care measures or grounds for disciplinary action by an appropriate licensing agency. Further, the law says that the Department of Health and Environment is authorized to do inspections and investigations to assure that each medical care facility implements its internal risk management program. Over the years, the Department has continued to do inspections annually with the primary focus of site reviews no longer assuring initial implementation but assuring reasonable compliance to the state's risk management laws and regulations. The moneys from the Health Care Stabilization Fund, most recently approximately \$200,000

annually, are used to pay the salaries and operating expenses of 3.8 FTE Department of Health and Environment staff members who administer the state's Risk Management Program. The Subcommittee was told that questions arose about the use of Health Care Stabilization Fund moneys to pay for the state's Risk Management Program when the Health Care Stabilization Fund Oversight met in the Fall, 1995. It was the desire of the Health Care Stabilization Fund Oversight Committee that the Fund be relieved of paying for the Risk Management Program. The Subcommittee asks that staff from both state agencies form a cooperative group to evaluate the costs and benefits of the state's Risk Management Program, including whether the Health Care Stabilization Fund or another alternate funding source should pay for the expense of the state's Program. In addition, the Subcommittee wants staff from both agencies to collectively develop performance measures for evaluating the state's Risk Management Program. The Subcommittee also asks that the group's recommendations be reported to the Subcommittee by the start of the 1997 Session.

3. The Subcommittee had a lengthy discussion about investment earnings on the Health Care Stabilization Fund. The Subcommittee learned that by law the Pooled Moneys Investment Board is responsible for making the Fund's investments. Currently a significant portion of Fund's investment moneys are part of the Municipal Investment Pool. The Subcommittee was told by staff from the Health Care Stabilization Fund Board of Governors that the most recent rate of return on the Fund's investments has been 5.5 percent annually. As of June 30, 1995, the estimated total accrued liability of the Health Care Stabilization Fund was approximately \$118,634,510. The corresponding balance of the Fund was estimated to be \$188,313,000. The equity or surplus balance was estimated at \$69,678,490. (The Fund is financed by a surcharge levied against the premium paid by each provider for private malpractice insurance.) The chart below shows the Fund's estimated balances and equities from FY 1994 to FY 1998. The Subcommittee was told that the Health Care Stabilization Board of Governors did make adjustments in the surcharge rate for the 1994-95 period in an effort to reduce the balance in the Fund. However, the Board's goal is to avoid any sudden, wild fluctuations in the year-to-year surcharges levied on health care providers, especially since the Board knows that minimal or no surcharge payments in the past led to higher surcharge rates later.

## Health Care Stabilization Fund

Estimated Balance and Equity FY 1994- FY 1998



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