

Approved: 3-11-96
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 8:00 a.m. on February 13, 1996 in Room 514-S of the Capitol.

All members were present except

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

Others attending: See attached list

Chairman Jennison recognized Representatives Wilson and Dean to give the subcommittee report on the Kansas Lottery. Representative Wilson stated that the subcommittee concurred with the Governor's recommendation for both FY 1996 and FY 1997 (Attachment 1).

A motion was made by Representative Dean, seconded by Representative Wilson, that adds language to the report stating that the lottery will report to the joint committee on computers and telecommunications for their review before money is released. The motion carried.

A three-part motion was made by Representative Edmonds, seconded by Representative Neufeld, to amend to the report to 1) require the lottery to move their computers to higher ground; 2) to have the lottery directed to explore the possibility of contracting with private hot site vendors; and 3) delete \$500,000 out of the lottery's capital improvement budget and have them buy the computer next year.

Part one of the motion carried 9-6.

Part two of the motion failed 7-10.

Part three of the motion carried.

A motion was made by Representative Wilson, seconded by Representative Dean, to adopt the subcommittee report on the Kansas Racing Commission. Representative Wilson stated that the subcommittee concurs with the Governor's FY 1996 recommendations and concurred with observations with the Governor's FY 1997 recommendations. The subcommittee report noted that the Racing Commission will need to revise its FY 1996 and FY 1997 budgets for expenditures and transfers if the Frontenac track does reopen later in this fiscal year (Attachment 1).

A motion was made by Representative Helgerson, seconded by Representative Wilson, to add to the report asking the Commissioner to report to the committee revenue/spending before omnibus. The motion carried.

A motion was made by Representative Wilson, seconded by Representative Helgerson, to adopt the subcommittee report on the Kansas Racing Commission as amended. The motion carried.

Chairman Jennison recognized Representative Wilson to give the subcommittee report on Kansas Inc. Representative Wilson stated that the subcommittee concurs with the Governor's FY 1996 recommendation and concurs with observation with FY 1997 recommendation (Attachment 2).

A motion was made by Representative Nichols, seconded by Representative Mollenkamp, to amend the Kansas Inc.'s report to include section two from the KTEC report stating "The subcommittee recommends that the issue of possible privatization of KTEC, in whole or in part, be examined by committee during the interim session." The motion carried.

A motion was made by Representative Wilson, seconded by Representative Dean, to adopt the subcommittee report as amended. The motion carried.

Chairman Jennison recognized Representative Dean to give the subcommittee report on Kansas Technology Enterprise Corporation (KTEC). Representative Dean stated that the subcommittee concurs with the Governor's FY 1996 recommendation and concurs with adjustments and observations to the Governor's FY 1997 recommendation (Attachments 2 & 3).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on February 13, 1996.

A motion was made by Representative Kline, seconded by Representative Gross, to restore \$300,000 EDIF money for Industrial Liaison Offices. Representative Edmonds then made a request that the motion be expanded to include a post audit of the Industrial Liaison Offices. Representatives Kline and Gross accepted. The motion failed with a division of 10-10.

A motion was made by Representative Gross, seconded by Representative Dean, to add \$150,000 EDIF money into Western Kansas MAMTech office.

A substitute motion was made by Representative Edmonds, seconded by Representative Kline, to restore \$300,000 EDIF money for Industrial Liaison offices. The motion carried with a division of 10-9.

A motion was made by Representative Nichols, seconded by Representative Helgerson, to change the subcommittee recommendations to reflect KTEC's original estimates for administration cost of \$1,522,027. The motion failed 6-9.

At 9:55 a.m., Chairman Jennison recessed the meeting until 1:30 p.m. At 1:30 p.m., Chairman Jennison called the meeting to order.

A two-part motion was made by Representative Cornfield, seconded by Representative Nichols, to de-fund KTEC and Kansas Inc. Part 1 of the motion, defunding KTEC, failed. Part 2 of the motion, defunding Kansas Inc. Failed with division of 4 to 14. Representative Cornfield voted yes on both parts.

A motion was made by Representative Dean, seconded by Representative Mollenkamp, to adopt the subcommittee report on KTEC as amended. The motion carried.

Chairman Jennison recognized Representative Dean to give the subcommittee report to the Department of Commerce and Housing. Representative Dean stated that the subcommittee concurs with the Governor's FY 1996 recommendation and concurs with recommendations and observations with the Governor's FY 1997 (Attachment 2).

A motion was made by Representative Kejr, seconded by Representative Bradley, to amend the report adding a proviso stating that the Secretary of the Department of Agriculture or a designee, will be involved with the future input of Agriculture in the Marketing Division of Commerce.

A motion was made by Representative Nichols, seconded by Representative Dean, to delete \$1 million from the micro loan program for FY 1996 and continue with FY 1997 funding.

A substitute motion was made by Representative Carmody, seconded by Representative Lowther, to delete the FY 1997 \$1 million funding from the micro loan program, leave the FY 1996 funds and, at the end of FY 1996, add funds of up to \$1 million to balance the fund at \$1 million at the beginning of FY 1997. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative Kejr, to transfer 1 FTE position from the Department of Commerce and Housing to serve as a liaison to the Board of Agriculture. The motion failed 8-9.

A motion was made by Representative Dean, seconded by Representative Wilson, to adopt the subcommittee report for the Department of Commerce and Housing as amended. The motion carried.

Chairman Jennison recognized Representative Gross to give the subcommittee report on the Civil Air Patrol. Representative Gross stated the subcommittee concurs with the Governor's recommendation for both FY 1996 and FY 1997 (Attachment 4).

A motion was made by Representative Gross, seconded by Representative Kline to adopt the subcommittee report on the Civil Air Patrol. The motion carried.

Chairman Jennison recognized Representative Cornfield to give the subcommittee report for the State Fire Marshal. Representative Cornfield stated that the subcommittee concurs with the Governor's FY 1996 and FY 1997 recommendations (Attachment 4).

A motion was made by Representative Cornfield, seconded by Representative Kline, to adopt the subcommittee report for the State Fire Marshal. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on February 13, 1996.

Chairman Jennison recognized Representative Mollenkamp to give the subcommittee report on the Department of Revenue. Representative Mollenkamp stated that the subcommittee concurs with the Governor's recommendation for FY 1996 with observation and concurs, with adjustments, observations and recommendations for FY 1997 (Attachment 5).

A motion was made by Representative Dean, seconded by Representative Mollenkamp, to amend the report to State that funds coming in from the sale of driving records shall be deposited into established and dedicated no limit fund for the sole purpose of upgrading of vips and camas. The motion carried.

A motion was made by Representative Mollenkamp, seconded by Representative Dean, to adopt the subcommittee report for the Department of Revenue as amended. The motion carried.

Chairman Jennison recognized Representative Gross to give the subcommittee report on the Adjutant General. Representative Gross stated that the subcommittee concurs with the Governor's recommendations for FY 1996 and FY 1997 (Attachment 6).

A motion was made by Representative Gross, seconded by Representative Kline, to adopt the subcommittee report for the Adjutant General. The motion carried.

Chairman Jennison recognized Representative Carmody to give the subcommittee report for the Department of Administration. Representative Carmody stated that the subcommittee concurs with the Governor's recommendations for FY 1996 and FY 1997 with adjustments (Attachment 7).

A motion was made by Representative Helgerson, seconded by Representative Dean, to use \$90,611 of one-time money for equipment grants in FY 1997. The motion carried.

A motion was made by Representative Carmody, seconded by Representative Nichols to adopt the Department of Administration's subcommittee report as amended. The motion carried.

Chairman Jennison recognized Representative Kejr to give the subcommittee report on the Citizen's Utility Ratepayer Board. Representative Kejr stated that the subcommittee concurs with the Governor's recommendations for FY 1996 with one exception and concurs with several exceptions on FY 1997 (Attachment 8).

A motion was made by Representative Edmonds, seconded by Representative Carmody, to amend the report to reduce \$130,000 in fees for consultants line to \$39,389. The motion failed.

A motion was made by Representative Kejr, seconded by Representative Edlund, to adopt the subcommittee report. The motion carried.

Chairman Jennison recognized Representative Kejr to give the subcommittee report on the State Corporation Commission. Representative Kejr stated that the subcommittee concurs with the Governor's recommendations for FY 1996 and recommendations for FY 1997 with exceptions (Attachment 8).

A motion was made by Representative Kejr, seconded by Representative Bradley, to adopt the subcommittee report for the State Corporation Commission. The motion carried.

Chairman Jennison recognized Representative Minor to give the subcommittee report on the Kansas Human Rights Commission. Representative Minor stated that the subcommittee concurs with the Governor's recommendations for FY 1996 with three provisions and concurs with adjustments with the Governor's FY 1997 recommendations (Attachment 9).

A motion was made by Representative Minor, seconded by Representative Hochhauser, to adopt the subcommittee report on the Kansas Human Rights Commission. The motion carried.

Chairman Jennison recognized Representatives Kline and Gross to give the subcommittee reports on the Department of Corrections and Correctional Facilities. Representative Kline stated that the subcommittee concurs with the Governor's recommendations for FY 1996 and concurs with observation the Governor's recommendations for FY 1997 for the Department of Corrections. Representative Gross stated that the subcommittee concurs with the Governor's recommendation on the Correctional Facilities for both FY 1996 and FY 1997 (Attachment 10).

A motion was made by Representative Kline, seconded by Representative Gross, to adopt the subcommittee reports on the Department of Corrections and the Correctional Facilities. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on February 13, 1996.

Chairman Jennison recognized Representative Lowther to give the subcommittee report on KPERS. Representative Lowther stated that the subcommittee concurs with additional recommendations the Governor's for FY 1996 and FY 1997 (Attachment 11).

A motion was made by Representative Lowther, seconded by Representative Dean to adopt the KPERS subcommittee report. The motion carried.

A motion was made by Representative Farmer, seconded by Representative Dean, to approve the minutes of the meetings from February 1, 5, 6, and 7. The motion carried.

The meeting adjourned at 4:15 p.m.

The next meeting is scheduled for February 14, 1996.

LEGISLATIVE BUDGET COMMITTEE

8:00 am

DATE 2-13-96

NAME	ADDRESS	REPRESENTING
John Dolte		KDOCH
Charles Warren		Kansas, Inc.
Dale Haag		S.F.M.A.
Elena Kluss		SFM
Timothy Davis		Kansas, Inc.
Dan Hermes		Division of Budget
Michel Miller		KS Inc.
Bernie Koch	Wichita	Wichita Area Chamber of Commerce
GARY SAVILLE	Topeka, Ks	Kansas Lottery
Kim L Scott	TOPEKA	KANSAS LOTTERY
Greg Zemanek	"	Kansas Lottery
John Peterson	"	Ks Governmental Consulting
Frances Snell	"	KRC
Ken Harjo	"	KRC
Kevin Can	"	KTEC
Rich Boudis	"	KTEC
Clindy Diehl	"	"
Louie Prost	"	KTEC
Allen Holmes	"	Division of Budget

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

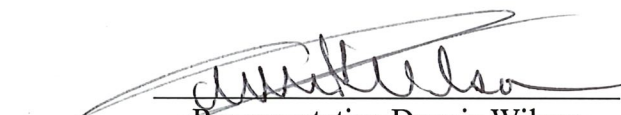
**Kansas Lottery
Kansas Racing Commission**



Representative Gayle Mollenkamp
Subcommittee Chairperson



Representative George Dean



Representative Dennis Wilson

KANSAS LOTTERY

The agency is responsible for selling lottery products and providing revenue to the State Gaming Revenues Fund.

Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
State Operations	\$ 19,940,115	\$ 20,632,302	\$ 20,417,780	\$ 21,819,573	\$ 20,873,057
Other Assistance*	101,011,388	103,252,523	101,837,963	109,987,427	107,325,731
Total – Operating	<u>\$ 120,951,503</u>	<u>\$ 123,884,825</u>	<u>\$ 122,255,743</u>	<u>\$ 131,807,000</u>	<u>\$ 128,198,788</u>
Percentage Change:					
Operating Expenditures:					
All Funds	15.9%	2.4%	1.1%	6.4%	4.9%
Lottery Operating Fund					
Agency Operations	\$ 7,654,804	\$ 7,600,552	\$ 7,564,565	\$ 8,879,323	\$ 8,245,961
Other Operations	12,285,310	13,031,750	12,853,215	12,940,250	12,627,096
SGRF Transfers	53,124,694	57,375,788	56,445,772	55,965,000	55,748,809
Prize Transfers	28,900,000	42,000,000	40,958,275	45,859,807	44,748,828
KBI Transfers	122,124	124,008	124,008	0	162,393
TOTAL – LOF	<u>\$ 102,086,932</u>	<u>\$ 120,132,098</u>	<u>\$ 117,945,835</u>	<u>\$ 123,644,380</u>	<u>\$ 121,533,087</u>
Ending Balance	\$ 6,736,412	\$ 6,567,368	\$ 4,576,316	\$ 7,123,838	\$ 3,953,837
FTE Positions	98.0	97.0	97.0	97.0	97.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
Total	<u>98.0</u>	<u>97.0</u>	<u>97.0</u>	<u>97.0</u>	<u>97.0</u>

* Some transactions for prizes and retailer commissions are never recorded in the State Treasury.

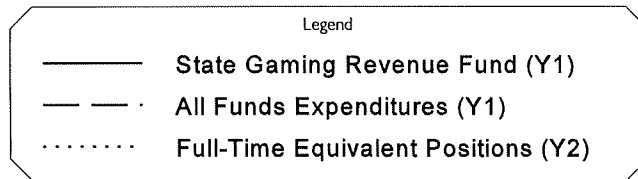
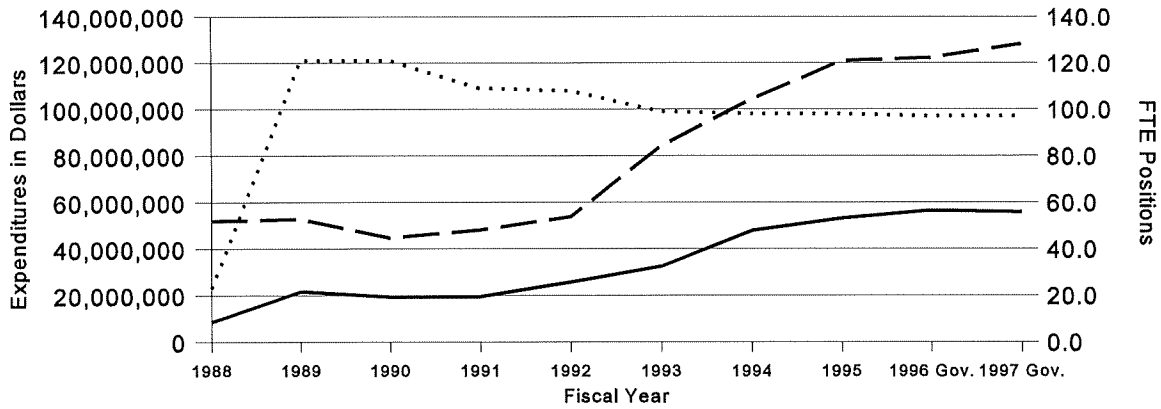
HIGHLIGHTS OF THIS BUDGET

- ▶ The Governor's recommendations anticipate lottery sales of \$177.5 million in FY 1996 and of \$182.0 million in FY 1997.
- ▶ Transfers to the State Gaming Revenues Fund are estimated by the Governor to total \$56.4 million in FY 1996 and \$55.7 million in FY 1997.
- ▶ The Governor proposes to increase the proportion of lottery sales that are transferred to the State Gaming Revenues Fund. For FY 1997, the Governor recommends an increase from 30.0 percent to 30.75 percent of lottery sales be transferred by the Lottery.

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 Operations	\$ 1,241,727	\$ 1,027,205	\$ 1,187,270	\$ 455,277	5.8%	2.2%
Prizes & Commissions	13,619,208	12,204,648	6,734,904	5,487,768	6.5	5.4
TOTAL	\$ 14,860,935	\$ 13,231,853	\$ 7,922,174	\$ 5,943,045	6.4%	4.9%
FTE Positions	(1.0)	(1.0)	0.0	0.0		

BUDGET TRENDS

OPERATING EXPENDITURES AND TRANSFERS FY 1988-FY 1997



LEGISLATIVE CONSIDERATION

House Subcommittee Recommendation

FY 1996. The Subcommittee concurs with the Governor's recommended expenditures and transfers in the current fiscal year.

FY 1997. The Subcommittee concurs with the Governor's recommended expenditures and transfers in the next fiscal year.

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Kansas Lottery

The mission of this agency is to oversee and ensure the proper and efficient operation of lottery activities in the state while maximizing revenue earnings for the Gaming Revenues Fund. The Governor's recommendations assume lottery ticket sales of approximately \$177.5 million in FY 1996 and \$182.0 million in FY 1997. These sales estimates are anticipated to result in the transfer of \$53.4 million to the Gaming Revenues Fund in FY 1996 and \$55.7 million in FY 1997. These estimates assume the continuation of a pattern of strong ticket sales which began in FY 1994. The following table displays Lottery net sales receipts, by game, for FY 1995, FY 1996, and FY 1997.

Transfers to the State Gaming Revenues Fund in FY 1996 include a transfer of \$3.4 million required in the appropriation bill that is in addition to the 30.0 percent of net sales required for transfer in statute. The Legislature has required the additional transfer in each of the last three years. In FY 1997, the Governor recommends that the transfer percent be increased to 30.75 percent with no additional transfer. This will allow increased transfers to the State Gaming Revenues Fund to vary based on sales. The current practice may cause the Lottery hardship in the event that sales do not meet projections.

The total budget recommended for the Lottery in FY 1997 is \$128,198,788. Of this amount, \$8,245,961 is for operating expenditures limited in the appropriation bill, \$12,627,096 are for operating costs directly attributed to the cost of sales, and \$107,325,731 is for prize payments and retailer commissions. The recommended budget finances 97.0 total positions.

The operations expenditure includes \$500,000 for a back-up computer to assure the ability of the Lottery to validate instant ticket sales in the event of failure of the primary system. Additionally, just over a 4.0 percent increase is recommended for advertising to allow the Lottery to maintain its sales performance.

PERFORMANCE MEASURES

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Gov. Rec.
Receipts from the sale of lottery tickets	\$171,307,329	\$177,535,463	\$182,031,118
Receipts transferred to the Gaming Revenues Fund	\$53,124,700	\$56,445,772	\$55,748,809

Source: The Fiscal Year 1997 Governor's Budget Report @ www.kspress.com/budget/97rec.htm

KANSAS RACING COMMISSION

The agency regulates greyhound and horse racing, in addition to parimutuel wagering.

Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
State Operations	\$ 3,179,835	\$ 3,643,761	\$ 3,620,245	\$ 3,704,581	\$ 3,610,292
Other Assistance	1,565,439	1,352,897	1,352,897	1,348,096	1,348,096
Total – Operating	<u>\$ 4,745,274</u>	<u>\$ 4,996,658</u>	<u>\$ 4,973,142</u>	<u>\$ 5,052,677</u>	<u>\$ 4,958,388</u>
Percentage Change:					
Operating Expenditures:					
All Funds	12.0%	5.3%	4.8%	1.1%	(0.3)%
State Racing Fund:					
Agency Operations	\$ 1,970,425	\$ 2,212,778	\$ 2,205,583	\$ 2,294,123	\$ 2,203,429
SGRF Transfers	4,073,564	3,503,087	3,496,204	3,338,867	3,022,514
KBI Transfers	366,328	372,023	378,906	0	393,965
Total – SRF	<u>\$ 6,410,317</u>	<u>\$ 6,087,888</u>	<u>\$ 6,080,693</u>	<u>\$ 5,632,990</u>	<u>\$ 5,619,908</u>
Ending Balance	\$ 365,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
FTE Positions	50.5	51.0	51.0	51.0	51.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
Total	<u>50.5</u>	<u>51.0</u>	<u>51.0</u>	<u>51.0</u>	<u>51.0</u>

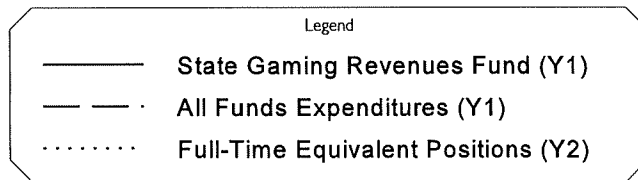
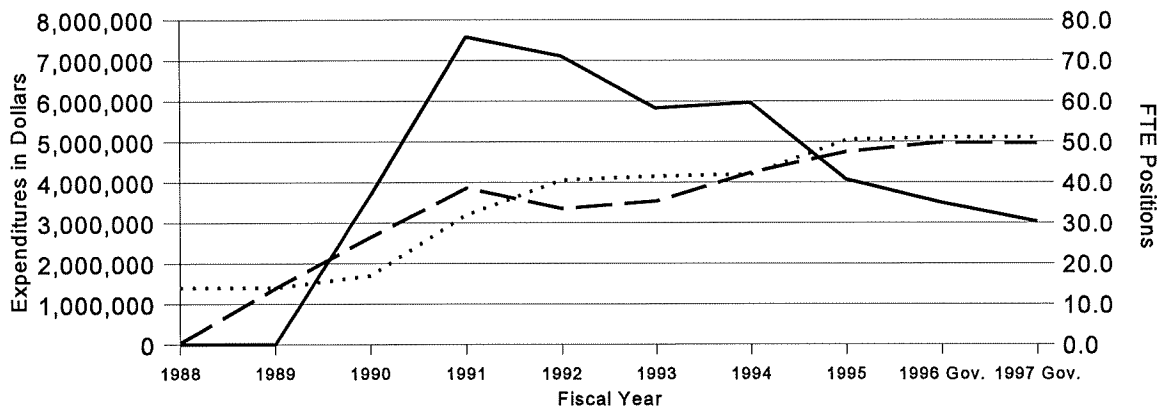
HIGHLIGHTS OF THIS BUDGET

- ▶ The Governor's recommendations provide for the continuation of Racing Commission operations at the same level in FY 1996 and FY 1997, with staffing of 51.0 FTE positions.
- ▶ Transfers to the State Gaming Revenues Fund are estimated by the Governor to total \$3.5 million in FY 1996 and \$3.0 million in FY 1997.
- ▶ The dog race track at Frontenac closed in early November 1995. Staff and expenditures are included in FY 1996 and FY 1997 estimates, as are revenues to pay operating costs.

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 Operations	\$ (125,946)	\$ (148,462)	\$ 60,820	\$ (9,953)	1.7%	(0.3)%
Other Assistance	(183,397)	(183,397)	(4,801)	(4,801)	(0.4)	(0.4)
TOTAL	\$ (309,343)	\$ (331,859)	\$ 56,019	\$ (14,754)	1.1%	(0.3)%
FTE Positions	0.0	0.0	0.0	0.0		

BUDGET TRENDS

OPERATING EXPENDITURES AND TRANSFERS
FY 1988-FY 1997



LEGISLATIVE CONSIDERATION

House Subcommittee Recommendation

FY 1996. The Subcommittee concurs with the Governor's recommended expenditures and transfers in the current fiscal year.

FY 1997. The Subcommittee concurs with the Governor's recommended expenditures and transfers in the next fiscal year.

The Subcommittee notes that the Racing Commission will need to revise its FY 1996 and FY 1997 budgets for expenditures and transfers if the Frontenac track does not reopen later in this fiscal year.

Kansas Racing Commission

The mission of the agency is to regulate horse and dog race track activities. The commission regulates the conduct of the races, parimutuel wagering, and submission of tax payments. Tax payments are in the form of a parimutuel tax, an admissions tax, and license fees. Receipts are deposited in the Racing Fund, with a portion of those receipts transferred to the Gaming Revenues Fund for economic development initiatives, construction projects at correctional institutions, and local juvenile detention facilities. The recommendations of the Governor anticipate receipts to the Racing Fund of \$5,915,693 in FY 1996 and \$5,619,908 in FY 1997. Transfers to the Gaming Revenues Fund are estimated to be \$3,496,204 in FY 1996 and \$3,022,514 in FY 1997.

The Governor recommends expenditures of \$4,973,142 for the agency in FY 1996, including an increase of \$94,800 above the approved amount for payment of contracted Legislative Post Audit studies, and \$4,958,388 for FY 1997. The recommendations assume a full year of operations in FY 1997 of all existing race track facilities.

PERFORMANCE MEASURES

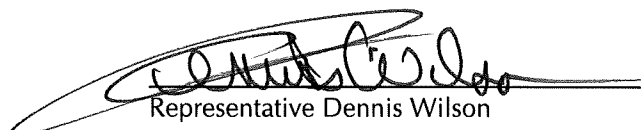
	FY 1995 Actual	FY 1996 Estimate	FY 1997 Gov. Rec.
Racing Fund Receipts	\$6,169,601	\$5,915,693	\$5,619,908
Receipts transferred to the Gaming Revenues Fund	\$4,075,000	\$3,591,000	\$3,062,000

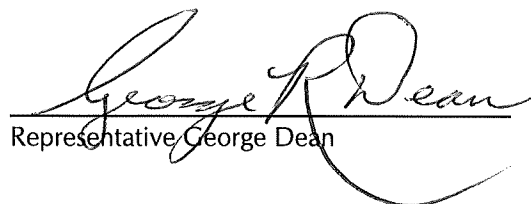
Source: The Fiscal Year 1997 Governor's Budget Report @ www.kspress.com/budget/97rec.htm

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

**Kansas Inc.
Kansas Technology Enterprise Corporation
Department of Commerce and Housing**


Representative Gayle Mollenkamp
Subcommittee Chairperson


Representative Dennis Wilson


Representative George Dean

users/jlocke/sigksinc

2-13-96

House Appropriations

Attachment
2

KANSAS INC.

Kansas Inc. was created by the 1986 Kansas Legislature to provide analysis, coordination, and direction to the state's economic development activities.

Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
State Operations	\$ 428,944	\$ 451,501	\$ 445,996	\$ 442,714	\$ 427,223
Special Studies ^(a)	400,000	0	0	67,316	0
Total	\$ 828,944	\$ 451,501	\$ 445,996	\$ 510,030	\$ 427,223
State General Fund:					
State Operations	\$ 178,011	\$ 164,412	\$ 160,372	\$ 161,451	\$ 153,379
Special Studies	0	0	0	67,316	0
Total	\$ 178,011	\$ 164,412	\$ 160,372	\$ 228,767	\$ 153,379
Percentage Change:					
Operating Expenditures:					
All Funds ^(b)	(57.3)%	(45.5)%	(46.2)%	13.0%	(4.2)%
State General Fund	(5.0)	(7.6)	(10.0)	39.1	(4.4)
FTE Positions	5.0	5.0	5.0	5.0	5.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
TOTAL	5.0	5.0	5.0	5.0	5.0

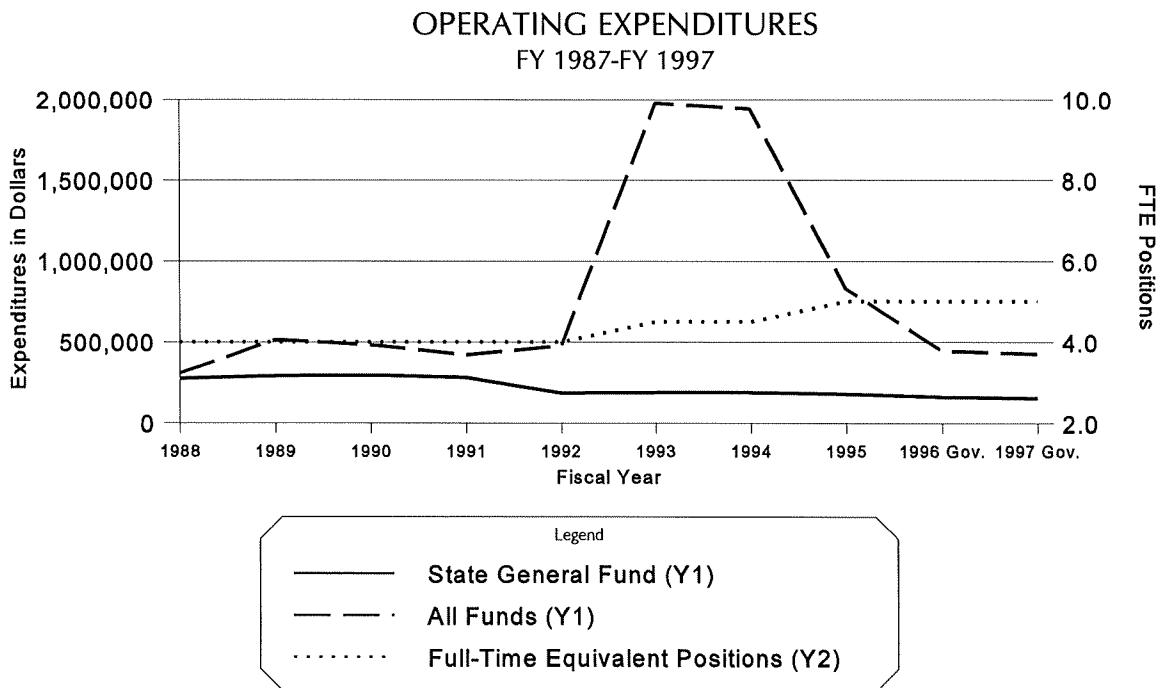
- a) FY 1995 Special Studies appropriation was from the EDIF; FY 1997 request for Special Studies is from SGF.
- b) FY 1995 percentage change reflects the transfer of EPSCoR funding (\$1,500,000) from Kansas Inc. to KTEC. FY 1996 percentage change reflects the expiration of \$400,000 (EDIF) for Special Studies in FY 1995.

HIGHLIGHTS OF THIS BUDGET

- ▶ The agency requests \$67,316 (State General Fund) for a Special Study regarding changes in pupil performance attributable to the school accreditation system. (The Study was mandated, subject to appropriation, by H.B. 2173, which was passed by the 1995 Legislature). **The Governor does not recommend** this request.
- ▶ The agency requests \$254,520 in salaries and wages for FY 1997. The Governor recommends \$249,782 in salaries and wages, a decrease of \$4,738 compared to the agency's request. **The Governor recommends** \$2,931 for a 2.5 percent unclassified merit pool for six months.

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	\$ (334)	\$ (4,374)	\$ 64,355	\$ (6,993)	39.1%	(4.4)%
All Other Funds	119	1,346	(5,826)	(11,780)	(2.0)	(4.1)
TOTAL	\$ (215)	\$ (3,028)	\$ 58,529	\$ (18,773)	13.0%	(4.2)%
FTE Positions	0.0	0.0	0.0	0.0		

BUDGET TRENDS



LEGISLATIVE CONSIDERATION

Subcommittee Recommendation

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

FY 1997. The Subcommittee concurs with the Governor's recommendation for FY 1997 with the following observation:

1. The Subcommittee recommends re-visiting this budget, during or before the 1996 Omnibus session, to examine a shortfall in state funding for operating expenditures, such expenditures now being funded from the agency's private funding match.

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

KTEC's statutory purpose is to foster innovation in existing and developing businesses, especially the creation, growth and expansion of Kansas enterprises in a diversified range of primary sectors, which develop value-added products, processes and services.

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	\$ 17,069,541	\$ 20,312,997	\$ 20,287,062	\$ 20,065,936	\$ 16,482,856
Capital Improvements	0	0	0	0	0
Total	<u>\$ 17,069,541</u>	<u>\$ 20,312,997</u>	<u>\$ 20,287,062</u>	<u>\$ 20,065,936</u>	<u>\$ 16,482,856</u>
EDIF:					
Operating Expenditures	\$ 13,559,972	\$ 18,075,368	\$ 18,049,433	\$ 17,953,436	\$ 13,970,356
Capital Improvements	0	0	0	0	0
Total	<u>\$ 13,559,972</u>	<u>\$ 18,075,368</u>	<u>\$ 18,049,433</u>	<u>\$ 17,953,436</u>	<u>\$ 13,970,356</u>
Percentage Change:					
Operating Expenditures:					
All Funds	12.6%	19.0%	18.8%	(1.2)%	(18.8)%
State General Fund	22.1	33.3	33.1	(0.7)	(22.6)
FTE Positions					
Unclassified Temp. Positions	11.0	11.0	11.0	39.0	19.0
Total	<u>24.0</u>	<u>26.0</u>	<u>26.0</u>	<u>0.0</u>	<u>14.0</u>
	<u>35.0</u>	<u>37.0</u>	<u>37.0</u>	<u>39.0</u>	<u>33.0</u>

HIGHLIGHTS OF THIS BUDGET

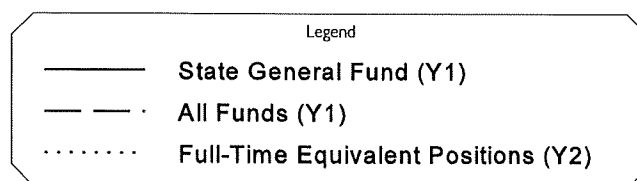
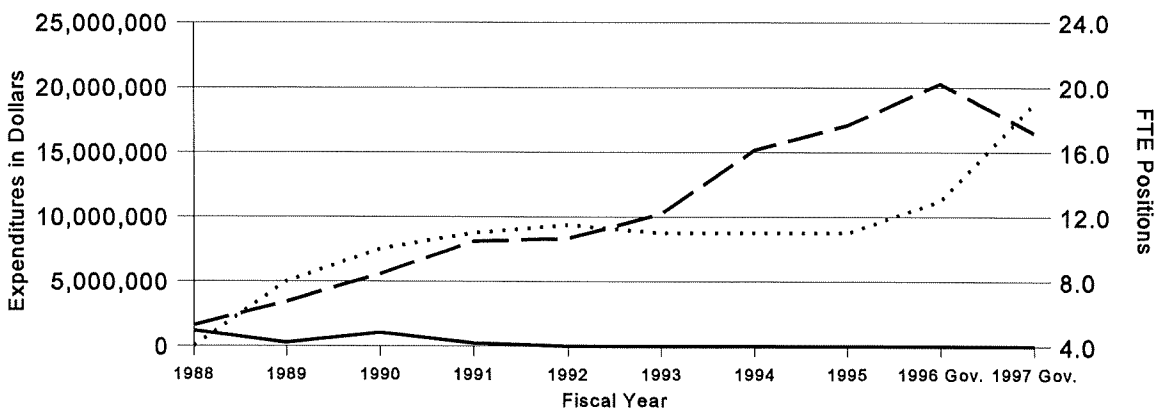
- ▶ The agency request includes the following: an additional \$740,000 (EDIF) is requested for the Applied Research Matching Grant program (FY 1997 total request for the program is \$2,000,000); an additional \$500,000 (EDIF) is requested for the Innovation and Commercialization Corporations (FY 1997 total request for the program is \$1,900,000); and, an additional \$1,000,000 (EDIF) is requested for the Centers of Excellence (FY 1997 total request for the program is \$5,350,000); the requested increases are offset by no FY 1997 request for the venture capital program which received \$3,300,000 for FY 1996. **The Governor recommends** funding of: \$1,060,000 (EDIF) for Applied Research Matching Grants – the Governor also recommends additional funding of \$400,000 from KTEC royalty receipts; \$1,300,000 for Commercialization Centers and \$4,350,000 for the Centers of Excellence.
- ▶ The agency requests two new FTE positions for FY 1997: 1.0 Federal Program Manager (\$53,932 including fringe benefits) and a 1.0 FTE Clerical Support (\$25,114 including fringe benefits). **The Governor does not recommend** the requested new 2.0 FTE positions.
- ▶ The agency requests \$97,655 for unclassified merit pay. **The Governor recommends** \$22,014 for a 2.5 percent unclassified merit pool for six months.

- ▶ **The Governor recommends** elimination of the current structure of KVAC and provides the Department of Commerce and Housing with \$406,800 for the food and feeds portion of the program. (KTEC estimates FY 1996 Food and Feeds expenditures of \$630,737 (EDIF).) Apparently, of the \$406,800, \$300,000 is earmarked for a contract between the Department of Commerce and Housing and Kansas State University's Agricultural Extension specialists for operation of the labs and pilot programs. The Governor's recommendation appears to maintain the industrial agriculture component at KTEC. That is reflected in the Governor's recommendation of \$200,000 (EDIF) for the new Industrial Agriculture Grants Program in KTEC. **The Governor also recommends** \$58,900 (EDIF) for 2.0 FTE positions to administer the program. **(Staff Note:** The Governor's recommendation requires legislation to repeal current KVAC enabling legislation (K.S.A. 76-481). The recommendation includes elimination of the KVAC leadership council (K.S.A. 76-482) and vests authority for the KVAC programs with the Secretary of Commerce and Housing.)
- ▶ In FY 1996 (largely due to implementation of SHARP and for the first time) all agency personnel are considered state employees instead of "quasi-state employees." **The Governor recommends** 19.0 FTE positions and 14.0 unclassified temporary.

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.
EDIF	\$ 0	\$ (25,935)	\$ (121,932)	\$ (4,079,077)	(0.7)%	(22.6)%
All Other Funds	(1,000,069)	0	(125,129)	274,871	(5.6)	12.3
TOTAL	\$ (1,000,069)	\$ (25,935)	\$ (247,061)	\$ (3,804,206)	(1.2)%	18.8%
FTE Positions	0.0	0.0	2.0	(4.0)		

BUDGET TRENDS

OPERATING EXPENDITURES FY 1988-FY 1997



LEGISLATIVE CONSIDERATION

House Subcommittee Recommendation

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

FY 1997. The Subcommittee concurs with the Governor's FY 1997 recommendation with the following adjustments and observations:

1. Reduce by \$300,000 (EDIF) funding for the Industrial Liaison Offices.
2. The Subcommittee recommends that the issue of possible privatization of KTEC, in whole or in part, be examined by Committee during the Interim Session.
3. The Subcommittee provides the following table reflecting Centers of Excellence funding:

Centers	Higuchi KU	Cecase KU	AMI KSU	NAIR WSU	CDDP PSU	Total
Appropriated	\$ 1,313,000	\$ 805,000	\$ 865,000	\$ 887,000	\$ 480,000	\$ 4,350,000
MAMTC	-	100,000	171,000	263,914	312,190	\$ 847,104
Special Projects	-	-	-	77,000	-	\$ 77,000
Base Research	1,313,000	905,000	694,000	546,086	167,810	\$ 3,625,896

* The Subcommittee anticipates FY 1997 appropriations to be similar.

DEPARTMENT OF COMMERCE AND HOUSING

The Department of Commerce and Housing is the lead agency of the state for economic development of commerce through the promotion of business, industry, trade and tourism within the state (K.S.A. 74-5005). The Department's overall effort is to assist in the efficient use of the state's labor, capital and land resources and to foster the availability of affordable housing in the state.

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	\$ 59,877,992	\$ 73,757,449	\$ 73,660,564	\$ 74,148,799	\$ 71,271,279
Capital Improvements	809,906	103,084	103,084	35,000	35,000
TOTAL	\$ 60,687,898	\$ 73,860,533	\$ 73,763,648	\$ 74,183,799	\$ 71,306,279
State General Fund:					
Operating Expenditures	\$ 2,862,710	\$ 1,732,203	\$ 1,658,166	\$ 2,628,559	\$ 2,527,760
Capital Improvements	0	0	0	0	0
TOTAL	\$ 2,862,710	\$ 1,732,203	\$ 1,658,166	\$ 2,628,559	\$ 2,527,760
Economic Development Initiatives Fund:					
Operating Expenditures	\$ 12,776,165	\$ 16,510,762	\$ 16,499,003	\$ 18,799,117	\$ 17,849,121
Capital Improvements	809,906	103,084	103,084	35,000	35,000
TOTAL	\$ 13,586,071	\$ 16,613,846	\$ 16,602,087	\$ 18,834,117	\$ 17,884,121
Percentage Change:					
Operating Expenditures:					
All Funds	(5.6)%	23.2%	23.0%	0.5%	(3.2)%
State General Fund	(0.1)	(39.5)	(42.1)	51.7	52.4
EDIF	12.0	29.2	29.1	13.9	8.2
FTE Positions	116.5	124.0	123.0	132.0	134.0
Unclassified Temp. Positions	12.0	10.0	14.0	3.0	3.0
TOTAL	128.5	134.0	137.0	135.0	137.0

HIGHLIGHTS OF THIS BUDGET

- ▶ The agency requests the conversion of 6.0 unclassified temporary positions (formerly "special project appointments") converted to FTE status in recognition of the permanency of the positions' functions. Three of the positions are at the Olathe travel information center, and one each in the Community Development Division, Business Finance Division and Travel and Tourism Division. **The Governor concurs with the request.**
- ▶ The agency requests a funding shift of \$300,000 from the Department of Agriculture to reflect the transfer of 4.0 FTEs and associated operating costs regarding the consolidation of agricultural marketing efforts into KDOC&H. **The Governor concurs with the request.**
- ▶ The agency requests an additional \$1 million for the Kansas Industrial Training and Kansas Industrial Re-Training programs (KIT/KIR) (FY 1997 request is \$4 million – EDIF – an increase from \$3 million in FY 1996), as well as an increase of \$1 million for the Kansas Economic Initiatives Opportunity Fund (KEIOF) (FY 1997 request is \$5 million – EDIF –

funding for FY 1996 is \$4,066,309). **The Governor recommends \$3.25 million for KIT/KIR and \$4 million for KEOIF.**

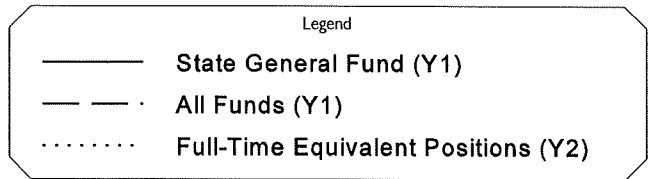
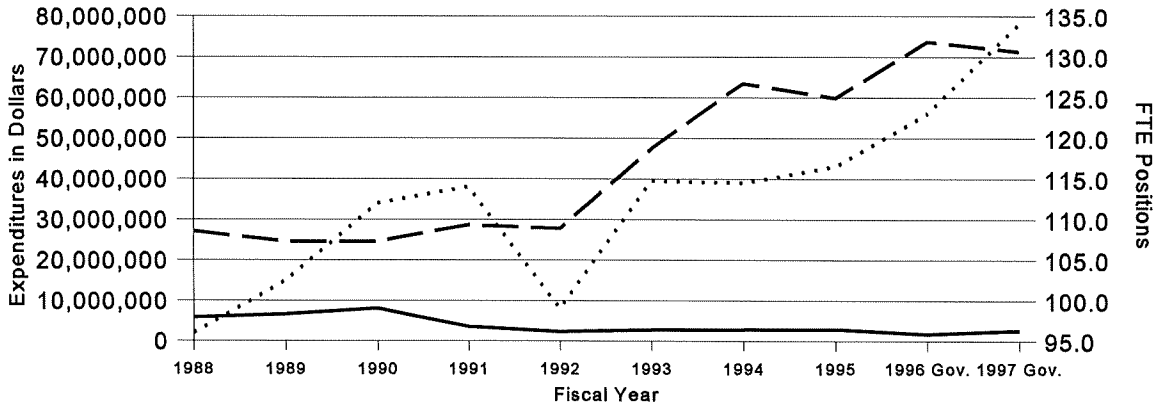
- ▶ **The Governor recommends \$1,000,000 to create a new program, the Kansas Existing Industry Expansion Program (KEEP).** The Governor states this program is designed to assist existing small businesses in Kansas.
- ▶ **The Governor recommends restructuring of the Kansas Value Added Center (KVAC)** administered through KTEC. As part of that restructuring the Governor recommends the transfer of 2.0 FTE from KVAC to KDOC&H. The Governor also recommends \$406,800 (EDIF) for KDOC&H to administer the food and feeds portion of KVAC.

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	\$ 0	\$ (74,037)	\$ 896,356	\$ 869,594	51.7%	52.4%
All Other Funds	(4,830,452)	(4,853,300)	2,288,355	1,350,118	13.9	8.2
TOTAL	<u>\$ (4,830,452)</u>	<u>\$ (4,927,337)</u>	<u>\$ 391,350</u>	<u>\$ (2,389,285)</u>	<u>0.5%</u>	<u>(3.2)%</u>
FTE Positions	0.0	(1.0)	8.0	11.0		

BUDGET TRENDS

OPERATING EXPENDITURES

FY 1988-FY 1997



House Subcommittee Recommendation

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

FY 1997. The Subcommittee concurs with the Governor's recommendation for FY 1997 with the following recommendations and observations:

1. Shift \$50,000 (EDIF) of the Governor's recommendation for the Business Development Division to fund the Mid-America World Trade Center.
2. Shift \$47,000 (EDIF) of the Governor's recommendation to fund the Kansas Rural Development Center. The Secretary of Commerce and Housing is given the discretion as to how to shift the Governor's recommended funding for the Department of Commerce and Housing to comply with this recommendation.
3. The Subcommittee directs the Secretary of Commerce and Housing to monitor the repayment of the \$250,000 KEOIF loan to the Kansas International Museum for the Treasures of the Czars Exhibit. The Subcommittee requests that the Secretary of Commerce and Housing inform the Subcommittee, on or before April 1, 1996, regarding the status of the loan.
4. The Subcommittee requests that the Secretary of Commerce and Housing work in coordination and conjunction with the Kansas Technology Enterprise Corporation (KTEC) to determine if and how their respective efforts are duplicative. The Subcommittee requests that the aforementioned agencies coordinate their efforts to more efficiently and effectively serve the State of Kansas. The Subcommittee requests that the Secretary of Commerce and Housing report his findings to the Subcommittee during the 1997 Legislative session.
5. The Subcommittee requests that the Secretary of Commerce and Housing examine the possibility of privatizing aspects of the Department and report his findings to the Subcommittee during the 1997 Legislative session.

K-TEC FUNDING HISTORY

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	GOVERNOR'S FY 97	SENATE	
OPERATIONS	311,442	333,544	652,961	549,861	642,668	657,923	690,586	811,787	932,361	1,195,631	1,267,110	Attachment 3	
CENTERS PEER REVIEW				15,000	39,521		36,191		31,000		32,000		
SPECIAL PROJECTS			27,467	74,391	597,350	441,000	352,740	188,972	132,000	153,000	47,303		
RESEARCH EQUIPMENT GRANTS			714,471	850,354	79,128								
TRAINING EQUIPMENT GRANTS			70,483	179,517	150,000	150,000	150,000	133,000	150,000	250,000	250,000		
INDUSTRIAL LIAISON				300,000	300,000	300,000	300,000	300,000	200,000	300,000	300,000		
CENTERS OF EXCELLENCE		300,000	1,245,500	2,450,000	3,215,000	3,215,000	3,648,709	4,392,333	4,267,386	4,350,000	4,350,000		
INNOVATION RESEARCH		150,000		6,471	44,562	25,000	25,000	25,000	170,000	86,000	86,000		
RESEARCH MATCHING GRANTS	619,045	802,737	556,502	778,230	2,270,471	1,349,684	1,125,317	1,233,364	1,259,613	1,260,000	1,060,000		House Appropriations
KVAC/FOODS & FEED			71,720	366,712	674,276	649,625	622,192	874,570	882,362	630,737			
KVAC/INDUSTRIAL AG.										250,000			
INDUSTRIAL AG.							87,748				303,055		
MAMTC						999,959	1,001,419	990,053	1,006,457	1,000,000	1,000,000		
COMMERCIALIZATION							396,098	539,770	899,999	1,400,000	1,434,888		
TELECOMMUNICATIONS							35,000	102,500	100,000				
SEED CAPITAL/VENTURE CAPITAL			1,560,000	440,000				1,500,000	1,500,000	3,300,000			
EPSCoR									2,028,793	3,450,000	3,400,000		
SBIR BRIDGE FUNDS										150,000	140,000		
STATE/INDUST/UNIV. COOP. RSCH.										300,000	300,000		
KTR DATABASE			85,000		72,000	29,000	5,000	10,000					
TOTAL EDIF FUNDS	930,487	1,586,281	4,984,104	6,010,536	8,084,976	7,817,191	8,476,000	11,101,349	13,559,971	18,075,368	13,970,356		
SPECIAL REVENUE FUND								45,650	67,771	76,640			
SPECIAL REVENUE - ROYALTIES											400,000		
MAMTC FEDERAL FUNDS						490,379	1,777,485	4,005,943	3,441,798	2,110,989	2,100,000		
INDUSTRIAL AG. FEDERAL FUNDS										50,000	12,500		
TOTAL KTEC	930,487	1,586,281	4,984,104	6,010,536	8,084,976	8,307,570	10,253,485	15,152,942	17,069,540	20,312,997	16,482,856	2-13-96	

House Subcommittee on Public Safety

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

***Department of the Civil Air Patrol
State Fire Marshal***



Representative Phil Kline
Subcommittee Chairperson



Representative Darlene Cornfield



Representative Delbert Gross

DEPARTMENT OF CIVIL AIR PATROL

The Department coordinates the activities of the federally chartered Civil Air Patrol and its volunteer members with state and local entities to provide search and rescue missions, disaster relief, and other assistance for Kansans.

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	\$ 16,086	\$ 17,190	\$ 17,171	\$ 17,178	0
Capital Improvements	0	0	0	0	0
Total	\$ 16,086	\$ 17,190	\$ 17,171	\$ 17,178	0
State General Fund:					
Operating Expenditures	\$ 14,140	\$ 14,190	\$ 14,171	\$ 14,178	0
Capital Improvements	0	0	0	0	0
Total	\$ 14,140	\$ 14,190	\$ 14,171	\$ 14,178	0
Percentage Change:					
Operating Expenditures:					
All Funds	(1.8)%	6.9%	6.7%	(0.1)%	(100.0)%
State General Fund	(4.7)	0.4	0.2	(0.1)	(100.0)
FTE Positions	0.5	0.5	0.5	0.5	0.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
Total	0.5	0.5	0.5	0.5	0.0

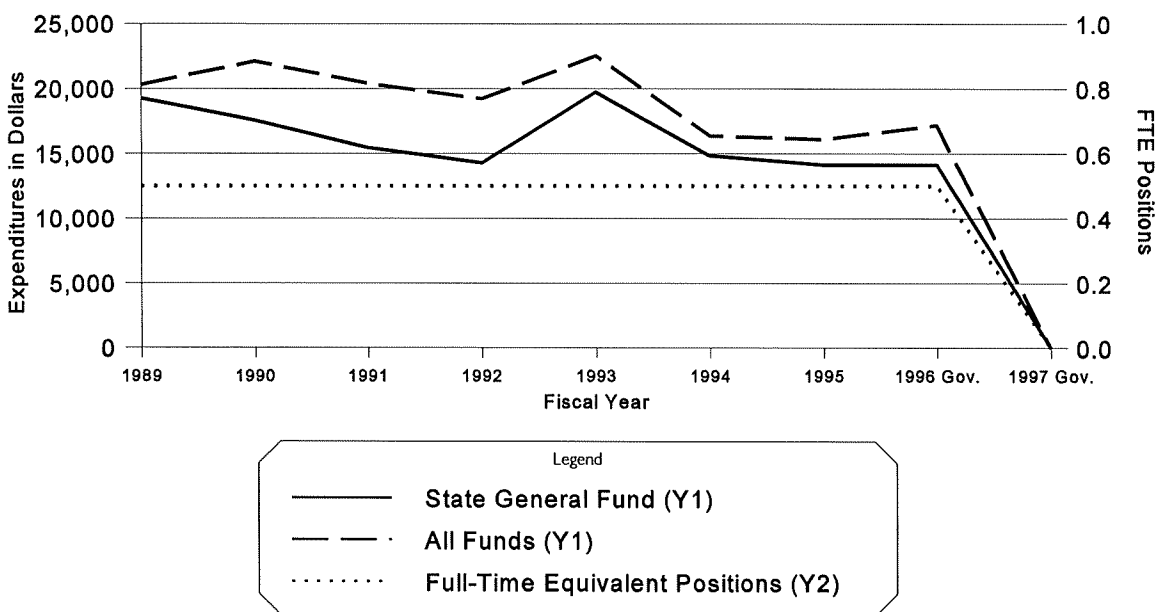
HIGHLIGHTS OF THIS BUDGET

- ▶ Of the agency's FY 1997 budget request, 65.0 percent of the request (\$11,163) is for salaries and wages of the 0.5 FTE, Secretary I position.
- ▶ For FY 1997, the Governor recommends the following: (1) the agency be transferred to the Adjutant General's Department, (2) the agency become a sub-program in the Department, (3) funding from the State General Fund for the sub-program be appropriated as a separate line-item (\$13,415), and (4) oversight for the sub-program remain with the federally chartered Civil Air Patrol.

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	\$ 0	\$ (19)	\$ (12)	\$ (14,171)	(0.1)%	(100.0)%
All Other Funds	(1,500)	(1,500)	0	(3,000)	0.0	(100.0)
TOTAL	\$ (1,500)	\$ (1,519)	\$ (12)	\$ (17,171)	(0.1)%	(100.0)%
FTE Positions	0.0	0.0	0.0	(0.5)		

BUDGET TRENDS

OPERATING EXPENDITURES FY 1989-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.

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STATE FIRE MARSHAL

The agency seeks to protect the lives and property of Kansans from fire or explosion through education, regulation enforcement, investigation and data collection.

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	\$ 1,877,829	\$ 1,980,212	\$ 1,960,517	\$ 2,460,794	\$ 2,062,439
Capital Improvements	0	0	0	0	0
Total	\$ 1,877,829	\$ 1,980,212	\$ 1,960,517	\$ 2,460,794	\$ 2,062,439
State General Fund:					
Operating Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0	0	0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Percentage Change:					
Operating Expenditures:					
All Funds	7.3%	5.5%	4.4%	24.3%	5.2%
State General Fund	0.0	0.0	0.0	0.0	0.0
FTE Positions					
FTE Positions	40.0	40.0	40.0	43.0	40.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
Total	40.0	40.0	40.0	43.0	40.0

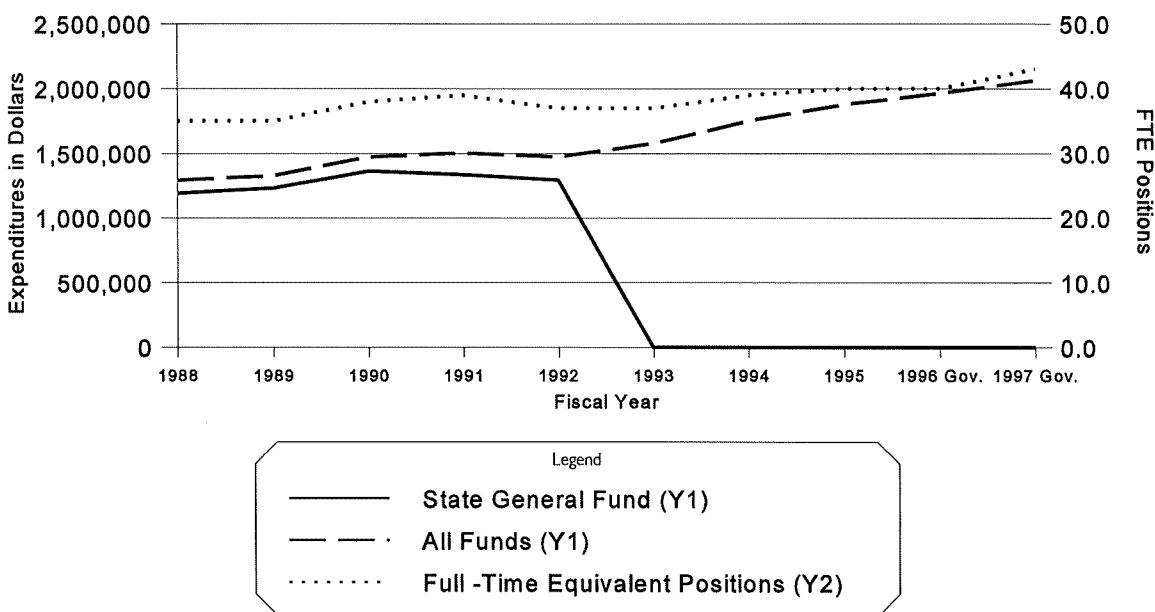
HIGHLIGHTS OF THIS BUDGET

- ▶ In FY 1997, the agency requests \$341,662 from the agency's fee fund for a public education initiative, including 3.0 new FTE positions, materials for three new public education programs, and training and certification scholarships for firefighters through local fire departments. The Governor recommends \$53,500 in materials for the requested new public education programs.
- ▶ The agency requests \$24,365 in FY 1997 to provide fire investigators and fire prevention inspections with laptop computers and specially designed software to allow for "on-site" documentation of inspection or investigation findings. The Governor recommends capital outlay expenditures of \$10,150 which could be used to fund the laptop computers requested.

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	\$ 0	\$ (19,695)	\$ 0	\$ 0	0.0%	0.0%
All Other Funds	0	0	480,582	101,922	24.3	5.2
TOTAL	\$ 0	\$ (19,695)	\$ 480,582	\$ 101,922	24.3%	5.2%
FTE Positions	0.0	0.0	3.0	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 observation and recommendation:

1. The Subcommittee notes that receipts from the levy on fire insurance premiums are collected to fund the operations of the State Fire Marshal and credited to the Fire Marshal Fee Fund. At the end of each calendar year, the State Fire Marshal requests that the Insurance Commissioner establish a levy of not more 1.25 percent for the following calendar year, currently 1.20 percent. According to both current and past appropriations bills, the Director of the Budget may determine that the receipts credited to the fund are in excess of the funds required to pay for the operations of the agency and may transfer an amount, determined by the Director, to the State General Fund (estimated to be \$550,000 in FY 1996 and FY 1997).

The Subcommittee notes K.S.A. 75-1508 which states that the fire insurance levy is "for the purpose of maintaining the department of the state fire marshal and the payment of expenses incident thereto." The Subcommittee also notes that Article 11, Section 5 of the Kansas Constitution reads: "No tax shall be levied except in pursuance of a law, which shall distinctly state the object of the same; **to which object only such tax shall be applied.** [emphasis added]"

Therefore, **the Subcommittee considers the practice of discretionary transfers from the Fire Marshal Fee Fund to the State General Fund to be unconstitutional** and recommends that when the State Fire Marshal makes his recommendation to the Commissioner of Insurance at the end of calendar year 1996, the State Fire Marshal shall consider **lowering the levy on insurance premiums** to a level which will adequately fund the agency budget, **and thus eliminate the opportunity for a discretionary transfer from the Fire Marshal Fee Fund to the State General Fund** in following fiscal years.

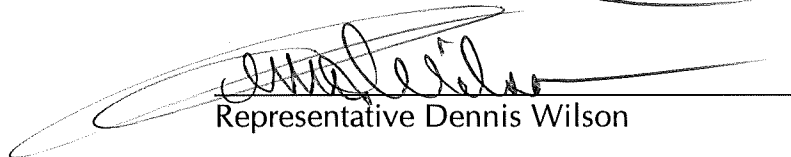
**House Appropriations Subcommittee on Tax,
Transportation, and Commerce**

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

Department of Revenue


Representative Gayle Mollenkamp
Subcommittee Chairperson


Representative George Dean


Representative Dennis Wilson

ttc.sig/pb

2-13-96

House Appropriations

Attachment
5

DEPARTMENT OF REVENUE

The agency collects taxes and fees, administers Kansas law, and provides assistance to Kansas citizens and units of government.

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	\$ 79,749,060	\$ 70,609,602	\$ 66,910,963	\$ 70,508,740	\$ 65,746,475
Capital Improvements	0	0	0	0	0
Total	\$ 79,749,060	\$ 70,609,602	\$ 66,910,963	\$ 70,508,740	\$ 65,746,475
State General Fund:					
Operating Expenditures	\$ 28,756,085	\$ 28,950,807	\$ 28,270,566	\$ 28,799,481	\$ 27,460,466
Capital Improvements	0	0	0	0	0
Total	\$ 28,756,085	\$ 28,950,807	\$ 28,270,566	\$ 28,799,481	\$ 27,460,466
Percentage Change:					
Operating Expenditures:					
All Funds	17.3%	(11.5)%	(16.1)%	(0.1)%	(1.7)%
State General Fund	2.8	0.7	(1.7)	(0.5)	(2.9)
FTE Positions	1,259.0	1,233.0	1,233.0	1,224.0	1,213.0
Unclassified Temp. Positions	10.0	5.0	5.0	2.0	1.0
Total	1,269.0	1,238.0	1,238.0	1,226.0	1,214.0

* Includes Governor's Budget Amendment No. 1.

HIGHLIGHTS OF THIS BUDGET

- ▶ The agency requests expenditures from the Division of Vehicles Operating Fund of \$29,401,878 in FY 1997 and \$28,715,523 in FY 1996. The Governor recommends expenditures from the fund of \$28,748,106 in FY 1997 and \$28,453,236 in FY 1996.
- ▶ The agency requests supplemental funding of \$2.75 million from the Economic Development Initiatives Fund (EDIF) in FY 1996 and the continuation of that funding in FY 1997 for county reappraisal aid. The Governor does not recommend the requested \$2.75 million from the EDIF in FY 1996 or FY 1997.
- ▶ The Governor recommends a State General Fund supplemental appropriation of \$100,000 in the current year for legal fees in the litigation of the single income tax filer court case.
- ▶ In FY 1997, the agency requests a net reduction of 9.0 FTE positions, including the addition of 5.0 new State Auditor positions and a reduction of 14.0 positions. The

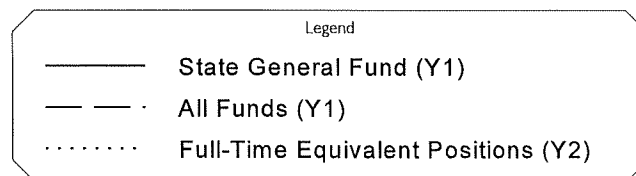
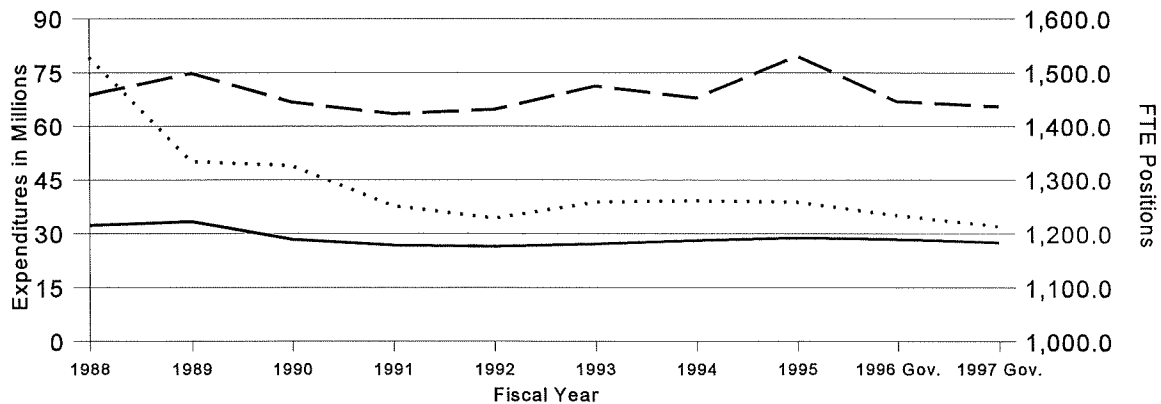
Governor does not recommend the requested new positions in FY 1997 and makes further reductions of 6.0 FTE positions. The agency estimate for FTE positions in FY 1996 is a reduction of 11.0 FTE positions from the FY 1996 approved level (on January 1, 1996) of 1,244.0 positions. The Governor concurs with the agency estimate of 1,233.0 FTE positions for 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	\$ 0	\$ (680,241)	\$ (151,326)	\$ (810,100)	(0.5)%	(2.9)%
All Other Funds	2,492,454	(525,944)	50,464	(354,388)	0.1	(0.9)
TOTAL	<u>\$ 2,492,454</u>	<u>\$ (1,206,185)</u>	<u>\$ (100,862)</u>	<u>\$(1,164,488)</u>	<u>(0.1)%</u>	<u>(1.7)%</u>
FTE Positions	(11.0)	(11.0)	(9.0)	(20.0)		

* Includes Governor's Budget Amendment No. 1.

BUDGET TRENDS

OPERATING EXPENDITURES FY 1988-FY 1997



* FY 1995 includes \$9,540,207 in All Funds encumbered for the Kansas Tax 2000 project.

House Subcommittee Recommendation

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

The Subcommittee notes that the Governor's recommendation and the agency estimate of 1,233.0 FTE positions for FY 1996 includes the reduction of 33.0 FTE positions (2.6 percent) from the FY 1996 approved amount for the beginning of FY 1996. The reduction recommended by the Governor includes the reduction of 22.0 FTE positions in the Property Valuation Division, which the 1995 Legislature required the agency to accomplish on or before January 1, 1996, and the reduction of 9.0 unclassified temporary positions by the end of FY 1996. The Subcommittee concurs with the Governor by including the reduction of 22.0 FTE positions in the total reduction of 33.0 FTE positions within the Department of Revenue as part of the agency's 2.0 percent FTE reduction in the current year.

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

1. Make technical adjustments to the bill to reflect the Governor's recommendations.
2. Add \$205,656 in all funds, \$53,881 from the State General Fund and \$151,775 from the Division of Vehicles Operating Fund, to reflect the Governor's Budget Amendment, No. 1, which is a technical adjustment for classified step movement in Motor Vehicles and Collections divisions.
3. **The Subcommittee recommends** the introduction of a bill (5 RS 1964) which would allow the agency to receive federal grants and reimbursements.
4. The Subcommittee notes that the Governor recommends an FTE position limitation of 1,213.0 positions for FY 1997, a further reduction of 20.0 FTE positions from the FY 1996 recommendation of 1,233.0 FTE positions. The Subcommittee also notes that a 3.0 percent reduction in FTE positions from the recommended 1996 level would require the agency to reduce its FTE positions by a total of 37.0 FTE positions, a reduction of an additional 17.0 positions in FY 1997 from the Governor's FY 1997 recommendation. **The Subcommittee concurs with the Governor's recommendation for FY 1997 and recommends** that the agency further reduce its FTE positions by 17.0 FTE positions through attrition and retirements to achieve an FTE position limitation of 1,196.0 by the beginning of FY 1998.
5. The Subcommittee notes its concern that the fees charged to bulk purchasers of drivers license record and motor vehicle title information may not be adequate when compared to the rates of other states in the region. Specifically the Subcommittee cites the information provided by the Department which shows that bulk purchasers of records pay approximately \$.02 per drivers' record when others are charged \$3.50 per record to receive copies of the same records or to view the records "on-line."

The Subcommittee recommends that the agency raise its fees which it charges to corporations and entities who purchase bulk information to a level which is compatible with other states in the region. **The Subcommittee also recommends** that other aspects of this issue be further reviewed before the Omnibus session, including: the fund(s) which receive the revenue for the sale of this information, how and where the revenues generated are and possibly should be expended, and the underlying policy of charging for this and other information.

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

Adjutant General

Phil Kline

Rep. Phil Kline, Chair

Darlene Cornfield

Rep. Darlene Cornfield

Delbert Gross

Rep. Delbert Gross

2-13-96

House Appropriations

Attachment
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ADJUTANT GENERAL

The Adjutant General's Department has overall responsibility for the operation of the Kansas Army and Air National Guard and the emergency preparedness and planning activities of the state.

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	\$ 29,717,010	\$ 25,897,735	\$ 25,316,408	\$ 19,878,053	\$ 17,625,558
Capital Improvements	1,297,903	411,950	411,950	2,063,963	400,000
Total	\$ 31,014,913	\$ 26,309,685	\$ 25,728,358	\$ 21,942,016	\$ 18,025,558
State General Fund:					
Operating Expenditures	\$ 3,494,485	\$ 3,647,214	\$ 3,266,024	\$ 4,081,935	\$ 3,404,425
Capital Improvements	236,922	208,158	208,158	909,968	200,000
Total	\$ 3,731,407	\$ 3,855,372	\$ 3,474,182	\$ 4,991,903	\$ 3,604,425
Percentage Change:					
Operating Expenditures:					
All Funds	(54.9)%	(12.8)%	(14.8)%	(23.2)%	(30.4)%
State General Fund	10.3	4.4	(6.5)	11.9	4.2
FTE Positions	229.0	229.0	229.0	250.0	229.5
Unclassified Temp. Positions	16.0	35.0	35.0	34.0	34.0
TOTAL	245.0	264.0	264.0	284.0	263.5

HIGHLIGHTS OF THIS BUDGET

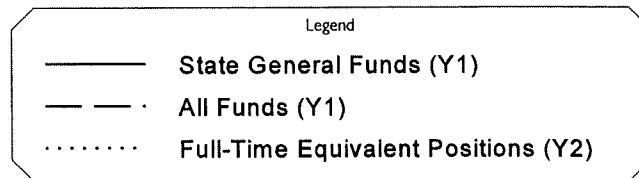
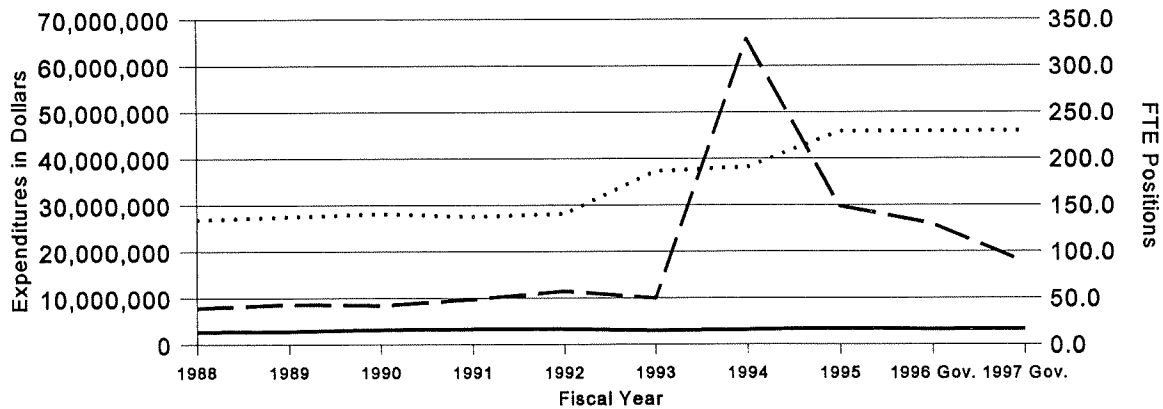
- ▶ **The Governor recommends** for FY 1997 that the Civil Air Patrol be transferred to the Adjutant General's Department and become a sub-program in that agency.
- ▶ **The Governor recommends** \$30,287 for classified merit increases \$75,561 for unclassified step movement for six months, and \$3,499 for longevity pay.
- ▶ The agency requests 22.0 FTE new positions, all of which are in the Physical Plant Operations program. **The Governor recommends** no funding for any of the requested new positions.
- ▶ **The Governor recommends** \$53,835 for active duty pay, including \$4,563 from the State General Fund for 60 guard days of active duty, and \$49,272 from the Nuclear Safety Emergency Fees Fund for 673 days of nuclear disaster training.
- ▶ The agency requests expenditure authority of \$3,365,000 in FY 1997 to disburse federal aid payments to match local county expenditures for emergency preparedness training, facilities, and equipment. **The Governor concurs** with the agency request for these federal grants.

- ▶ **The Governor recommends** a total of \$400,000 (\$200,000 State General Fund and \$200,000 federal funds) for rehabilitation and repair projects.

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	\$ 324,347	\$ (56,843)	\$ 434,721	\$ 138,401	11.9%	4.2%
All Other Funds	10,331,114	10,130,977	(6,454,403)	(7,829,251)	(29.0)	(35.5)
TOTAL	\$10,655,461	\$ 10,074,134	\$ (6,019,682)	\$ (7,690,850)	(23.2)%	(30.4)%
FTE Positions	(1.0)	(1.0)	22.0	0.5		

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 additional recommendation:

1. A technical correction to the bill to properly reflect the Governor's recommendation.

**FY 1996 AND FY 1997
House Subcommittee Report on State Hospitals
and General Government**

Report for:

Department of Administration



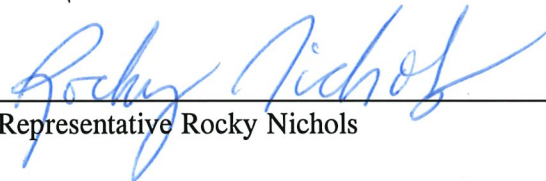
Representative Tim Carmody
Subcommittee Chairperson



Representative Fred Gatlin



Representative James Lowther



Representative Rocky Nichols

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2-13-96

House Appropriations

Attachment

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DEPARTMENT OF ADMINISTRATION

The Department of Administration provides central administrative services to state agencies.

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	\$ 22,820,058	\$ 26,131,714	\$ 25,664,386	\$ 24,121,956	\$ 22,582,962
Capital Improvements	1,173,477	2,092,357	2,063,749 ^(a)	2,112,500	1,631,000
Total	<u>\$ 23,993,535</u>	<u>\$ 28,224,071</u>	<u>\$ 27,728,135</u>	<u>\$ 26,234,456</u>	<u>\$ 24,213,962</u>
State General Fund:					
Operating Expenditures	\$ 20,360,282	\$ 21,953,394	\$ 21,488,890	\$ 22,139,537	\$ 20,622,312
Capital Improvements	1,016,903	1,778,137	1,749,529 ^(a)	2,080,500	1,599,000
Total	<u>\$ 21,377,185</u>	<u>\$ 23,731,531</u>	<u>\$ 23,238,419</u>	<u>\$ 24,220,037</u>	<u>\$ 22,221,312</u>
Percentage Change:					
Operating Expenditures:					
All Funds	(18.5)%	14.5%	12.5%	(7.7)%	(12.0)%
State General Fund	(4.6)	7.8	5.5	0.8	(4.0)
FTE Positions:					
Reportable	347.5	331.4	331.4	344.5	344.5
Nonreportable	578.3	581.5	581.5	552.9	552.9
Subtotal FTE ^(b)	925.8	912.9	912.9	897.4	897.4
Unclassified Temp. Positions ^(b)	4.0	3.0	3.0	3.0	3.0
Total	<u>926.8</u>	<u>915.9</u>	<u>915.9</u>	<u>900.4</u>	<u>900.4</u>

a) Includes lapse of \$5,575 included in GBA No. 1, Item 2.

b) The FY 1996 agency estimate and Governor's recommendation and FY 1997 agency request and Governor's recommendation reflect the number of unclassified temporary and FTE positions included in the agency budget document and the number included in Governor's Budget Amendment No. 1, Item 3.

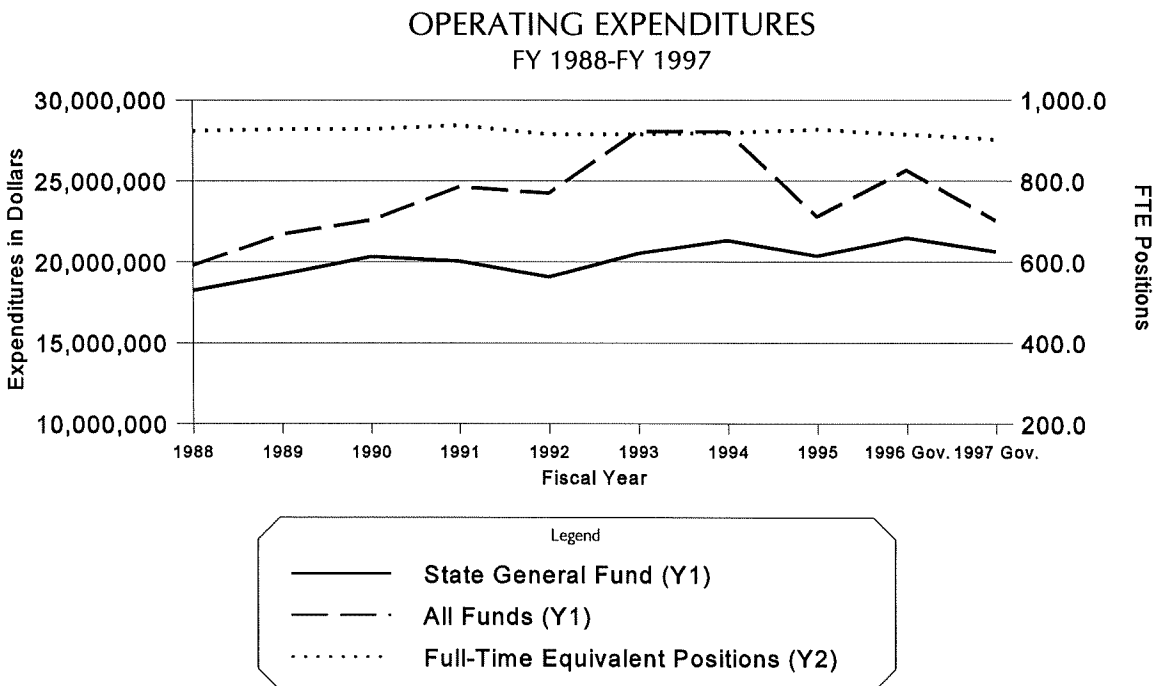
HIGHLIGHTS OF THIS BUDGET

- ▶ The Department of Administration did not submit a "C" level budget for FY 1997, with the exception of Public Broadcasting Council grants and capital improvement projects. The agency states that all requested expenditures for FY 1997 are within the allocations provided by the Division of Budget for state agencies at the "B" level.
- ▶ The state currently insures those state-owned buildings with a replacement value of \$500,000 or greater that are not otherwise insured. The current policy has a \$2,000,000 deductible and a \$25,000,000 per occurrence loss cap. The current policy expires June 30, 1996, and must be rebid for FY 1997. The agency states that, to raise the per occurrence loss cap from \$25,000,000 to \$100,000,000 (while retaining the

\$2,000,000 deductible), the additional cost would be approximately \$75,000 to \$100,000. To raise the per occurrence loss cap to \$100,000,000, and raise the deductible to \$5,000,000, the estimated change in the annual premium would be minimal. The Governor concurs with the agency's FY 1996 estimate of \$294,893 and with the FY 1997 request of \$300,000 for insurance for state buildings, which would continue the current coverage.

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	\$ 87,288	\$ (377,216)	\$ 186,143	\$ (866,578)	0.8%	(4.0)%
All Other Funds	(699,026)	(701,850)	(2,195,901)	(2,214,846)	(52.6)	(53.0)
TOTAL	\$ (611,738)	\$ (1,079,066)	\$ (2,009,758)	\$ (3,081,424)	(7.7)%	(12.0)%
FTE Positions	(15.3)	(15.3)	(11.5)	(12.5)		

BUDGET TRENDS



House Subcommittee Recommendation

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

1. Concur with Governor's Budget Amendment No. 1, Item 3, which would correct the FTE limitation to reflect a total of 912.9 FTE positions in FY 1996 and would add 2.0 unclassified temporary positions to reflect the Governor's recommendation.
2. Concur with Governor's Budget Amendment No. 1, Item 2, which would lapse \$5,575 from the FY 1996 State General Fund appropriation for rehabilitation and repair projects. This amount would complete the Governor's recommended FY 1996 1.5 percent State General Fund rescission.

Public Broadcasting Council

1. The Subcommittee recommends that any unexpended FY 1996 capital equipment matching grants be reappropriated for Council use in FY 1997.

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

1. Make technical adjustments to the bill to carry out the Governor's recommendation, as noted below:
 - a. Add language to transfer \$410,000 from the Cafeteria Benefits Fund to the Benefits Analysis Program Fund.
 - b. Correct the State General Fund appropriations and reappropriations to the General Administration, Accounting and Reporting Services, Personnel Services, and Purchasing line items to reflect the Governor's recommendation.
2. Concur with Governor's Budget Amendment No. 1, Item 3, which would correct the FTE limitation to reflect a total of 897.4 FTE positions in FY 1997 and would add 2.0 unclassified temporary positions to reflect the Governor's recommendation.
3. Add language to the proviso attached to the Architectural Services Recovery Fund to authorize the Attorney General to continue to pay the salary of an employee of 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 agencies believe the shared arrangement is working and would like to continue the exchange. The Governor's recommended funding for both agencies would allow the arrangement to continue, but the bill does not provide the needed authorization.
4. The Subcommittee reviewed the status of the state's insurance policy. The state currently insures those state-owned buildings with a replacement value of \$500,000 or greater that are not otherwise insured. The current policy has a \$2,000,000 deductible and a \$25,000,000 per occurrence loss cap. The current policy expires June 30, 1996, and must be rebid for FY 1997.

The Department of Administration budget includes estimated State General Fund expenditures of \$294,893 for insurance in FY 1996 and \$300,000 in FY 1997. Actual expenditures in FY 1995 were \$272,903.

The agency states that, to raise the per occurrence loss cap from \$25,000,000 to \$100,000,000 (while retaining the \$2,000,000 deductible), the additional cost would be approximately \$75,000 to \$100,000. To raise the per occurrence loss cap to \$100,000,000, and raise the deductible to \$5,000,000, the estimated change in the annual premium would be minimal.

The Department of Administration will solicit bids for the following amounts of coverage:

<u>Deductible</u>	<u>Maximum Coverage</u>
\$2 Million	\$25 Million
\$2 Million	\$100 Million
\$5 Million	\$100 Million
\$5 Million	\$200 Million
\$10 Million	\$200 Million

The Subcommittee recommends that this be issue be considered as an Omnibus item. The agency should have additional information about the status of bids for the levels of coverage noted above.

Public Broadcasting Council

1. Make a technical adjustment to the bill to correctly reflect the State General Fund appropriation recommended by the Governor.
2. The Subcommittee concurs with the Public Broadcasting Council's request to shift funding of \$53,551 from the Public Broadcasting capital equipment grants line item to the operating grants line item. This would fund FY 1997 operating grants at the FY 1996 funding level.
3. Amend the proviso attached to the capital equipment grants line item. The current proviso allows expenditures to be made to provide matching funds for federal capital equipment grants awarded to public broadcasting stations, or to match capital equipment projects funded from any non-state source in the event federal capital equipment grants are not awarded. The amendment would allow stations to use the capital equipment grant funds to match funds from any non-state source without first applying for federal matching funds if the federal matching grant program is abolished.
4. The Subcommittee recommends the introduction of legislation that would implement revisions to the Public Broadcasting Council's funding formula. These revisions were recommended by the Council. Briefly stated, the current split of funding between television stations (75 percent) and radio stations (25 percent) would be discarded, leaving a single pool of funds for the stations as a group. A base grant would be given to those stations that serve primarily rural communities. Of the remaining funds, 50 percent would be distributed as base grants to stations, based on type and facilities, and the remaining 50 percent would be awarded as incentive grants, based on per capita non-federal, non-state, non-licensee funding.

5. The Subcommittee reviewed the Council's equipment grant request and notes that the agency requested \$49,500 for the match portion for a portable satellite radio uplink and companion receiver equipment that would allow the origination of live or tape programming from virtually anywhere in Kansas. The Governor's recommendation for equipment grants in FY 1997 is a reduction of \$90,611 from the Council's request and the Council would not fund this project. The Subcommittee recommends that this be reviewed as an Omnibus item and that, if additional one-time funds are available, this item should be considered for funding.

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


**State Corporation Commission
Citizens' Utility Ratepayer Board**



Representative Joe Kejr
Subcommittee Chairperson



Representative Tom Bradley



Representative Richard Edlund

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2-13-96

House Appropriations

Attachment
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CITIZENS' UTILITY RATEPAYER BOARD

Subcommittee Report

The mission of CURB is to act on behalf of residential and small commercial ratepayers in electric, gas, telephone, and water-related cases before the Corporation Commission and to make application for rehearing or seek judicial review of orders or decisions of the Commission. (CURB does not participate in cases involving electric and telephone cooperatives that have a membership of fewer than 15,000.) CURB's financing comes from assessments levied against the public utilities on whose behalf CURB can intervene. The five-member CURB Board is appointed by the Governor and has statutory authority to hire a consumer counsel. The Board currently employs a consumer counsel, an office specialist, and a special projects attorney.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
Operating Expenditures	\$ 249,805	\$ 321,075	\$ 318,263	\$ 364,952	\$ 322,438
Capital Improvements	0	0	0	0	0
Total	\$ 249,805	\$ 321,075	\$ 318,263	\$ 364,952	\$ 322,438
State General Fund:					
Operating Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0	0	0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Percentage Change:					
Operating Expenditures:					
All Funds	(18.4)%	28.5%	27.4%	13.7%	1.3%
FTE Positions	3.0	2.0	2.0	2.0	2.0
Unclassified Temp. Positions	1.0	1.0	1.0	1.5	1.0
Total	4.0	3.0	3.0	3.5	3.0

HIGHLIGHTS OF THIS BUDGET

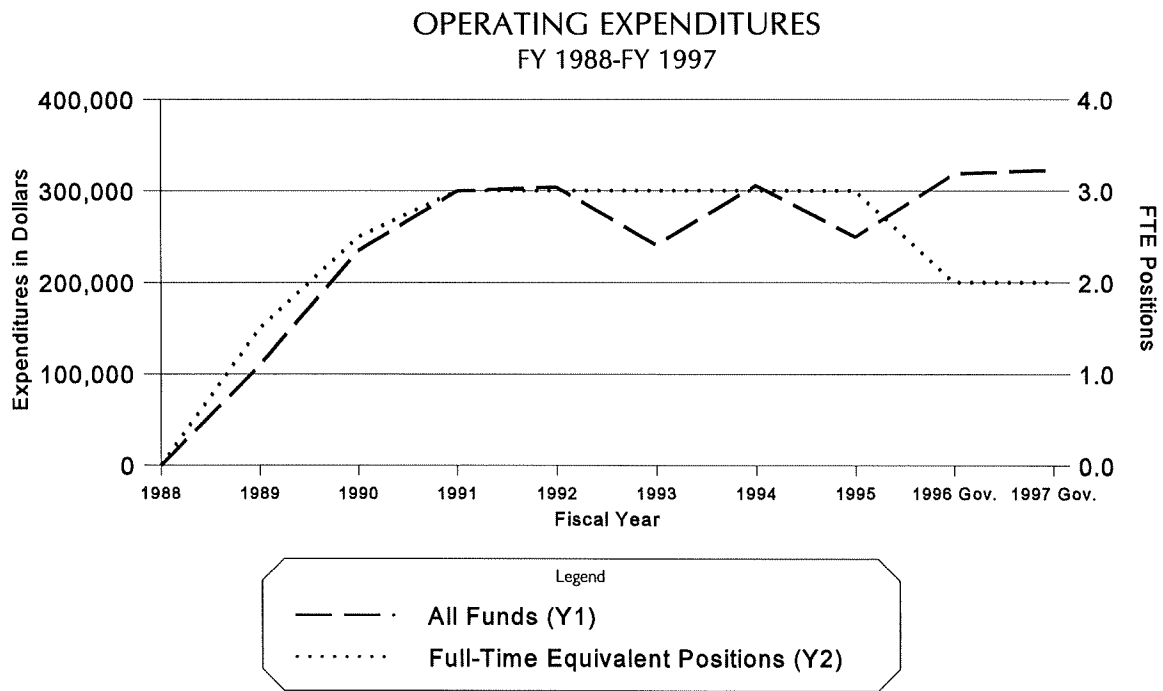
- ▶ **Salaries and Wages.** CURB is requesting \$157,013 for salaries and wages, which includes the salary (\$14,772) of a new, part-time Secretary I who would be a special projects position. **The Governor recommends** \$136,635 for salaries, a reduction of \$20,373 from the Board's request. The Governor does not approve the addition of a part-time temporary secretary.
- ▶ **Fees for Consultants.** The Board's FY 1997 request includes \$150,000 for consultants, which is no increase over the current year's revised estimate. **The Governor**

recommends \$130,000 for consultants in FY 1997, which is \$20,000 less than is available in the current year.

- ▶ **Capital Outlay.** The Board requests \$3,096 for capital outlay. **The Governor recommends** \$960 for capital outlay.

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.
Special Revenue Funds	\$ 0	\$ (2,812)	Special Revenue Funds	\$ 43,877	\$ 4,175	13.7%	1.3%
FTE Positions	0.0	0.0	FTE Positions	0.5	0.0		

BUDGET TRENDS



LEGISLATIVE CONSIDERATION

House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor, with the following exception:

1. Attach a proviso to the FY 1996 and FY 1997 appropriations for CURB specifying that CURB shall be under the same bidding procedure as the State Corporation Commission with regard to contracts for professional services. It was brought to the Subcommittee's attention that the State Corporation Commission has an expedited bidding process for professional services because the Commission has only 240 days to issue an order following the filing of a rate case. CURB operates under the same time constraints and, when it was part of the Corporation Commission, operated under the same bidding procedures. Apparently due to an oversight, when CURB was separated from the Commission for budgetary purposes, no provision was made for the Board to continue to operate under the same bidding process as it had before. (A main difference between the bidding procedure used by the Corporation Commission and the procedure used by other state agencies is that the Commission can maintain its own list of consultants with whom to contract instead of using lists maintained by the Division of Purchasing. This difference allows the Commission to move more quickly when it needs to hire consultants.)

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

1. Add the same proviso to the FY 1997 appropriation that was recommended for FY 1996 in order to allow CURB to use the same expedited bidding procedure as the State Corporation Commission with regard to contracts for professional services.
2. Concur with the Governor's revision to his budget to add \$796 for employee fringe benefits in order to correct an oversight.
3. The Subcommittee notes that throughout its existence CURB has maintained that it is responsible for savings to utility ratepayers as the result of actions it has taken. The Subcommittee would like to see documentation of these savings and asks the Board to develop performance indicators of CURB's effectiveness that are quantifiable.

STATE CORPORATION COMMISSION

Subcommittee Report

The State Corporation Commission is responsible for regulating rates and overseeing other aspects of the operations of natural gas, telephone, and water utilities. It regulates motor carriers, railroads, and liquid pipelines and is responsible for enforcing regulations pertaining to the conservation of crude oil and natural gas and the protection of fresh and usable water. It also is involved in developing the state's energy policy and administers federally-funded energy conservation projects that promote the efficient use of energy. The Commission's main office is in Topeka. It has field offices in Wichita (which is the headquarters of the conservation division), Chanute, Dodge City, and Hays.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
Operating Expenditures	\$ 12,869,829	\$ 13,494,185	\$ 13,392,241	\$ 14,756,284	\$ 13,619,988
Capital Improvements	0	0	0	0	0
Total	<u>\$ 12,869,829</u>	<u>\$ 13,494,185</u>	<u>\$ 13,392,241</u>	<u>\$ 14,756,284</u>	<u>\$ 13,619,988</u>
State General Fund:					
Operating Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0	0	0
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Percentage Change:					
Operating Expenditures:					
All Funds	6.5%	4.9%	4.1%	9.4%	1.7%
FTE Positions	224.0	213.0	213.0	213.0	209.0
Unclassified Temp. Positions	0.0	1.0	1.0	0.0	0.0
Total	<u>224.0</u>	<u>214.0</u>	<u>213.0</u>	<u>213.0</u>	<u>209.0</u>

HIGHLIGHTS OF THIS BUDGET

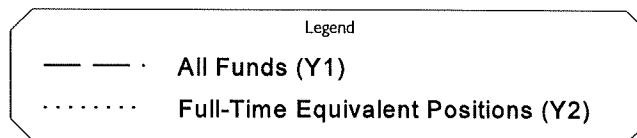
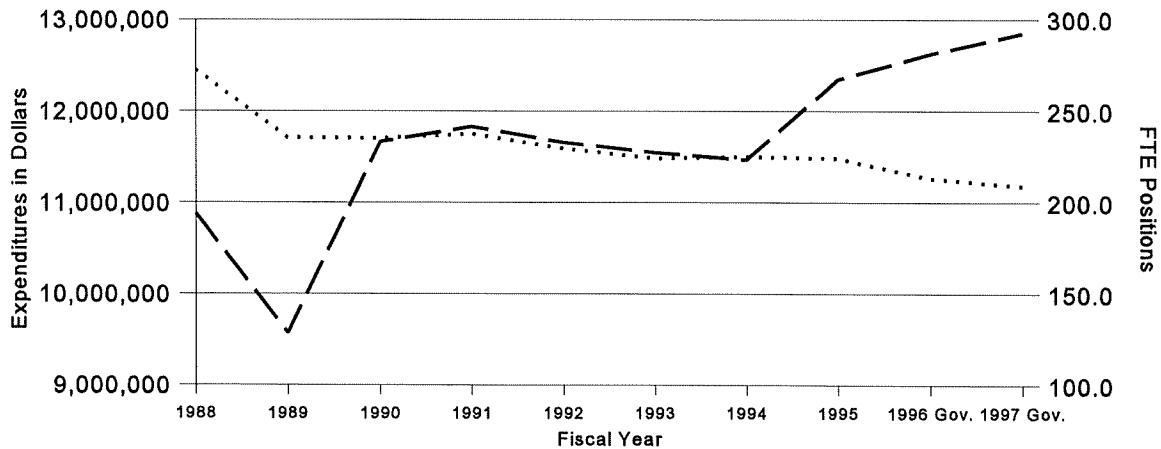
- ▶ **Salaries.** The request for salaries in FY 1997 totals \$9,224,610 and includes no new positions. **The Governor recommends** \$9,006,291 for salaries, a reduction of \$218,319 from the Commission's request. The recommendation deletes 4.0 FTE positions from the transportation division. The reduction of 4.0 FTE positions in the transportation division is part of an overall strategy to reduce the number of employees in that division and reallocate other positions internally.
- ▶ **Consultants.** For the current year, \$430,000 is budgeted for professional consultants. **The Governor's recommendation** does not itemize individual expenditures within the category of contractual services. Within the amount of funding the Commission has available, it would be able to allocate resources to consultants on a priority basis.

- ▶ **Data Management System.** The commission estimates expenditures of \$213,318 in FY 1996 and \$86,730 in FY 1997 to continue the implementation of a database management system that would computerize records of the conservation division and establish a computer network among the field offices. **The Governor recommends** expenditures of \$213,318 for the data management project in the current year, as requested, but funds the project from a federal grant, some of which the Commission may not receive. For FY 1997, the Governor's capital outlay recommendation includes funding for 11 global positioning systems, not the 15 that were requested.
- ▶ **Well Plugging and Reclamation Activities.** The Commission is budgeting \$500,000 for well plugging and reclamation activities in FY 1996 and \$750,000 in FY 1997. **The Governor recommends** expenditures of \$500,000 for well plugging in FY 1997, the same as the current year.

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.	
Special Revenue Funds	\$ 0	\$ (101,944)	\$ 1,262,099	\$ 227,747	9.4%	1.7%	
FTE Positions	0.0	0.0	0.0	(4.0)			

BUDGET TRENDS

EXPENDITURES FOR STATE OPERATIONS 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 exceptions:

1. The Subcommittee was informed that projections of revenues to the Conservation Fee Fund recently have been revised and now indicate that estimated expenditures in FY 1997 will exceed receipts by approximately \$175,000. This Fund has been the object of considerable scrutiny by the Legislature because it accounts for approximately 40 percent of the Commission's revenues and funds expenditures for well plugging. (Under the Governor's recommendation, expenditures for well plugging will be \$500,000 in both FY 1996 and FY 1997.) Although balances in the Fund will be adequate in FY 1997 to fund the level of expenditure recommended by the Governor, there is no question that expenditures from the Fund will have to be curtailed or additional revenues found in the near future in order to finance the activities that the Fund supports.

Staff from the Commission explained to the Subcommittee that oil and gas producers pay their severance tax and their Conservation Fee Fund assessment at the same time to the Department of Revenue. The Department of Revenue credits the severance tax to the State General Fund and the oil and gas assessment to the Conservation Fee Fund. Apparently, at the end of FY 1994 and the beginning of FY 1995, one company erroneously coded all of its payment as the severance tax and it took the Department of Revenue a few months to discover the mistake. When it did, it credited all of the money due the Conservation Fee Fund into the Fund early in FY 1995, including the payments that were due from the end of FY 1994. The Department did not tell the Commission there had been a problem and the Commission assumed that the increase in revenues during the early part of FY 1995 were due to an increase in production. As a result, the Commission has been making revenue projections for FY 1996 and FY 1997 based on receipts in FY 1995, which it turns out were inflated.

According to the Commission staff, the Commission does not have access to records submitted to the Department of Revenue by oil and gas producers that would enable it to know if an increase in money credited to the Fund is the result of some technical adjustment made by the Department of Revenue instead of a change in oil and gas production. According to the Commission staff, some of the records pertaining to the payments are confidential and the Department of Revenue cannot release them to another agency. In other cases, it appears that the Commission may be able to work with Department of Revenue to set up a procedure to exchange information that the Commission needs in order to better monitor the flow of receipts. The Subcommittee has been informed that the two agencies are now working to develop a procedure and encourages any efforts that can be made to give the Commission access to as much information as possible. The Subcommittee asks the Commission to keep it informed of progress made and, if there are statutory impediments to the exchange of information that the Commission considers vital to monitoring the Fund, to come forward with proposed statutory changes for the Subcommittee to consider.

2. Concur with the Governor's revision to his budget to add \$7,738 for salaries and wages in order to correct an oversight.

**FY 1996 and FY 1997
House Subcommittee Report for:
Kansas Human Rights Commission**



Representative Melvin Neufeld
Subcommittee Chair



Representative Melvin Minor



Representative Duane Goossen



Representative Robin Jennison



Representative Sheila Hochhauser

KANSAS HUMAN RIGHTS COMMISSION

The Kansas Human Rights Commission is responsible for enforcing the Kansas Act Against Discrimination and the Kansas Age Discrimination in Employment Act and for educating the public regarding discrimination.

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	\$ 1,794,059	\$ 1,981,137	\$ 1,865,038	\$ 1,951,259	\$ 1,898,186
Capital Improvements	0	0	0	-	0
TOTAL	<u>\$ 1,794,059</u>	<u>\$ 1,981,137</u>	<u>\$ 1,865,038</u>	<u>\$ 1,951,259</u>	<u>\$ 1,898,186</u>
State General Fund:					
Operating Expenditures	\$ 1,276,647	\$ 1,493,899	\$ 1,413,836	\$ 1,464,021	\$ 1,394,822
Capital Improvements	0	0	0	0	0
TOTAL	<u>\$ 1,276,647</u>	<u>\$ 1,493,899</u>	<u>\$ 1,413,836</u>	<u>\$ 1,464,021</u>	<u>\$ 1,394,822</u>
Percentage Change:					
Operating Expenditures:					
All Funds	3.0%	11.1%	4.0%	(1.5)%	1.8%
State General Fund	(6.0)	17.0	10.7	(2.0)	(1.3)
FTE Positions	43.0	38.0	38.0	40.0	38.0
Unclassified Temp. Positions	2.0	2.0	2.0	0.0	2.0
TOTAL	<u>45.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>

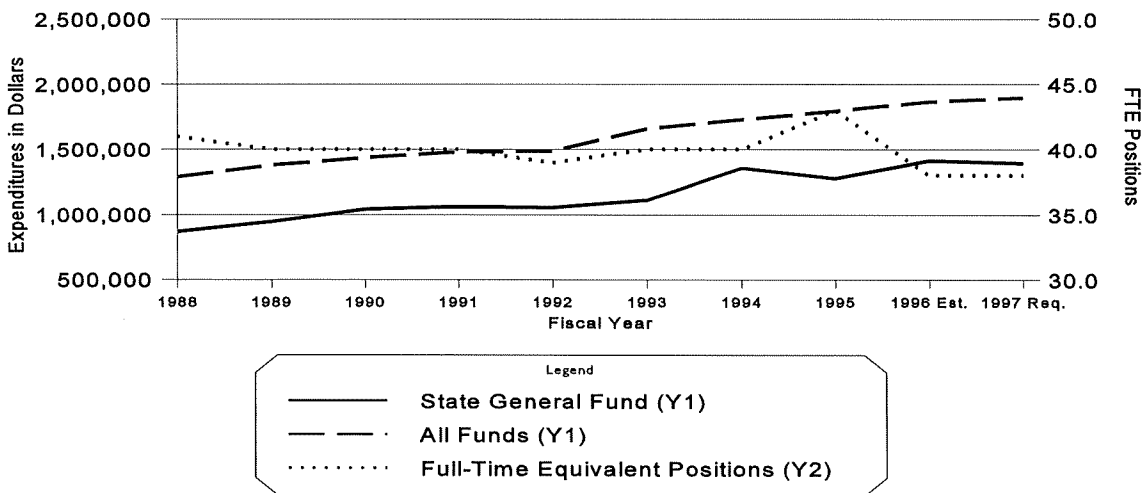
HIGHLIGHTS OF THIS BUDGET

- ▶ The agency requests the conversion of 2.0 Investigator I Unclassified Temporary positions to FTE positions. No additional funding is requested for this conversion. The Governor does not recommend the conversion of the positions and leaves them as Unclassified Temporary.
- ▶ The Commission requests the continued support of the Municipal Contract Investigation program and the Outside Mediation Contract both of which were established by the 1995 Legislature. The Governor recommends the continuation of both programs.
- ▶ For FY 1996, the agency discontinued its contract with the U.S. Department of Housing and Urban Development (HUD) for the investigation of housing cases. Although there is no specific recommendation on this point, the Governor appears to concur with the agency's discontinuation of the HUD contract.

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	\$ 0	\$ (80,063)	\$ (29,878)	\$ (19,014)	(2.0)%	(1.3)%
All Other Funds	0	(36,036)	0	52,162	0.0%	11.6%
TOTAL	\$ 0	\$(116,099)	\$ (29,878)	\$ 33,148	(1.5)%	1.8%
FTE Positions	0.0	0.0	2.0	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 for FY 1996 with the following provisions:

1. The Subcommittee heard testimony from the agency that federal funds due from the Equal Employment Opportunity Commission may not be received by the agency in time to be spent in the current year due to the federal shutdowns. In order to make up for the anticipated shortfall, the agency requests amending Section 15(b) of S.B. 488 to eliminate language lapsing \$70,592 from the Municipal Contract Investigation account of the State General Fund in FY 1996. Language will need to be added to this section shifting all monies not expended for contract services from the agency's Municipal Contract Investigation account to the Operating Expenditures account for FY 1996. The agency also requests they be allowed to expend a portion of the funds allocated for Mediation Contracts with Kansas Legal Services for operating expenditures in FY 1996. The Subcommittee was informed the agency will request a Governor's Budget Amendment regarding this issue and supports the effort. The Subcommittee recommends the issue of the federal funds shortage be studied in the Omnibus session when the agency may have a better idea of where they stand with regard to the receipt of the EEOC funds.
2. The Subcommittee recommends the required match on the funds for contract mediation services with Kansas Legal Services be reversed for FY 1996 from \$3 private funds; \$1 state funds to \$1 private funds; \$3 state funds. This reversal should be effective retroactively on the private funds already raised during FY 1996.
3. The Subcommittee commends the agency on its efforts to reduce the agency's backlog and notes the agency has made significant improvements in that regard through statutory changes and management initiatives.

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

1. The Subcommittee recommends the required match on the funds for contract mediation services with Kansas Legal Services be reversed for FY 1997 from \$3 private funds; \$1 state funds to \$1 private funds; \$3 state funds.
2. The Subcommittee commends the agency on its efforts to reduce the agency's backlog and notes the agency has made significant improvements in that regard through statutory changes and management initiatives.

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

Department of Corrections

Ellsworth Correctional Facility

El Dorado Correctional Facility

Hutchinson Correctional Facility

Lansing Correctional Facility

Larned Correctional Mental Health Facility

Norton Correctional Facility

Topeka Correctional Facility

Winfield Correctional Facility



Representative Phil Kline
Subcommittee Chairperson



Representative Darlene Cornfield



Representative Delbert Gross

DEPARTMENT OF CORRECTIONS

Subcommittee Report

The primary responsibility of the Department of Corrections (DOC), a cabinet level agency headed by the Secretary of Corrections, is to protect the public through confinement and supervision of felony offenders. The Department has direct responsibility for supervising and managing the operations of correctional facilities located at Ellsworth, El Dorado, Toronto, Hutchinson, Lansing, Larned, Osawatomie, Norton, Stockton, Topeka, Wichita, and Winfield. In addition, the Department provides oversight and technical assistance to the Labette Correctional Conservation Camp, a minimum-security facility owned by Labette County.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
Operating Expenditures	\$ 66,990,293	\$ 71,458,710	\$ 70,115,106	\$ 77,971,715	\$ 72,577,365
Capital Improvements	4,910,414	10,671,804	10,671,804	44,456,228	9,081,228
Total	<u>\$ 71,900,707</u>	<u>\$ 82,130,514</u>	<u>\$ 80,786,910</u>	<u>\$ 122,427,943</u>	<u>\$ 81,658,593</u>
State General Fund:					
Operating Expenditures	\$ 56,555,192	\$ 59,886,441	\$ 58,097,076	\$ 66,723,693	\$ 61,475,438
Capital Improvements	4,580,000	4,835,000	4,835,000	40,450,000	3,075,000
Total	<u>\$ 61,135,192</u>	<u>\$ 64,721,441</u>	<u>\$ 62,932,076</u>	<u>\$ 107,173,693</u>	<u>\$ 64,550,438</u>
Percentage Change:					
Operating Expenditures:					
All Funds	5.4%	6.7%	4.7%	9.1%	3.5%
State General Fund	4.6	5.9	2.7	11.4	5.8
FTE Positions	359.0	399.0	358.0	397.0	361.0
Unclassified Temp. Positions	2.0	0.0	0.0	0.0	0.0
Total	<u>361.0</u>	<u>399.0</u>	<u>358.0</u>	<u>397.0</u>	<u>361.0</u>

HIGHLIGHTS OF THIS BUDGET

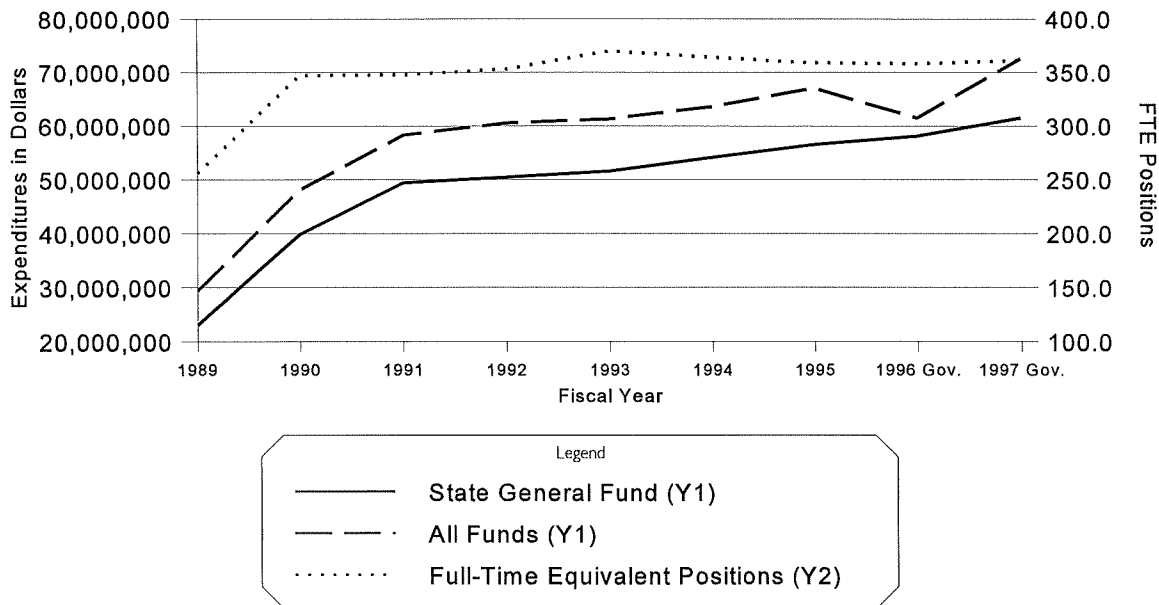
- ▶ **FY 1996:** The Governor's recommendations for FY 1996 include:
 - Expenditures of \$452,070 in Kansas Quality Management (KQM) reappropriated expenditures. The Governor recommended, and the 1995 Legislature authorized, the expenditure in FY 1996 of up to 50 percent of savings reappropriated from FY 1995 by agencies participating in the Kansas Quality Management program. The Department's total KQM reappropriation was \$474,551.

- Expenditures of \$381,552 from federal Bureau of Justice Assistance (BJA) funds to improve the storage and handling of offender files and to develop a database for the storage and sharing of criminal information between the Department of Corrections and other criminal justice agencies.
 - Expenditures of \$550,000 from the State General Fund to provide for an anticipated shortfall in local jail payments, bringing total recommended FY 1996 local jail payments to \$1,025,000.
 - Expenditures of \$103,195 from parole and postrelease supervision fees which the Department recently began to collect.
- ▶ **FY 1997:** The Governor's recommendations for FY 1997 include:
- \$1,416,900 for operating expenditures for capacity expansion projects designed to add 312 beds to the system. Some of the renovation required for the projects has already been completed and some of the beds are in use, but the Department requested additional operating expenditures related to increased populations. Of the funds requested, \$684,900 is included in the budgets of the affected correctional facilities, and \$732,000 for offender programs and increased inmate medical and mental health care costs is included in the Department of Corrections budget.
 - The consolidation of the administrative functions of the Kansas Parole Board with the Parole and Postrelease Supervision program of the Department of Corrections. Under the recommendation, 5.0 administrative positions and \$123,683 in funding would be included in the DOC budget, while the Parole Board itself would remain an independent agency;
 - Funding of \$17,154,290 for community corrections grants;
 - Funding of \$1,934,839 for the grant to Labette Correctional Conservation Camp;
 - \$8,558,071 in budgeted expenditures for offender programs at the various correctional facilities;
 - \$18,159,155 to fund the inmate medical and mental health care contract with Prison Health Services (PHS);
 - Funding of \$2,105,105 for the operations of the Wichita Work Release Facility;
 - Funding of \$9,683,377 for Kansas Correctional Industries;
 - The recommended transfer of \$75,000 from the Correctional Industries Fund to the State General Fund as a payment of the 1989 startup loan the Legislature provided to assist with industries development at Hutchinson and Ellsworth.

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	\$ (228,881)	\$(2,018,246)	\$ 6,837,252	\$ 3,378,362	11.4%	5.8%
All Other Funds	1,297,280	1,743,041	(324,247)	(916,103)	(2.8)	(7.6)
TOTAL	<u>\$1,068,399</u>	<u>\$(275,205)</u>	<u>\$ 6,513,005</u>	<u>\$ 2,462,259</u>	<u>9.1%</u>	<u>3.5%</u>
FTE Positions	41.0	0.0	(2.0)	3.0		

BUDGET TRENDS

OPERATING EXPENDITURES FY 1989-FY 1997



LEGISLATIVE CONSIDERATION

House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the recommendations of the Governor.

FY 1997. The House Subcommittee concurs with the recommendations of the Governor, with the following observations:

1. In accordance with the provisions of K.S.A. 1995 Supp. 75-52,139, the Department initiated the collection of several offender fees during 1995. Among them is a supervision fee charged to offenders who are on parole and postrelease supervision. The fee is \$15 or \$25 per month, depending on the offender's incentive level. While the Subcommittee is very supportive of the collection of the fee, some concerns with the method of collection should be noted. Two methods of collection are available to the Department. An offender can be directly billed for the fee, or can call a 900 number and have the fee automatically charged to the offender's telephone bill. If the 900 number option is used, a percentage of the fee collected goes to AT&T, and a portion to the collection agent who maintains the 900 number. For example, on a \$25 supervision fee, \$2 is paid to AT&T, \$7 is paid to the collection agent, \$4 goes to the Crime Victims' Compensation Fund, and the remaining \$12 is retained by the Department to provide enhanced supervision services. Under either plan for payment, however, the burden of collecting the fee or imposing non-payment sanctions on offenders falls to the Department's parole officers. The Subcommittee believes that the collection agent's share of the supervision fees collected is extremely high, particularly since the agent is not required to take any actual collection action. The Subcommittee notes that there is one year remaining on the Department's current contract with the agent, and encourages the Department to explore other options including the acquisition of its own 900 number to collect the fee directly.
2. The Subcommittee notes that the funding for offender programs recommended by the Governor does not include funding requested for the visitors' centers located at Hutchinson, Lansing, Ellsworth, and Norton Correctional Facilities. The visitors' centers primarily provide services to the families of inmates who might otherwise not be financially able to travel to and from correctional facilities for visits. Services at some of the centers include child care, clothing exchanges, mediation of conflicts between visitors and facilities, and overnight accommodations. The Department's FY 1997 request for the centers was \$213,074. Total offender program funding, from budgeted sources and from the off-budget inmate benefit fund (IBF) are recommended at \$9,370,247, a reduction of \$617,824 from the amount requested by the agency. The Department has indicated that the visitors' center funding is at the bottom of its program funding priorities, and the Department does not intend to allocate FY 1997 funding for the centers. The Subcommittee believes that the centers provide a valuable service in facilitating continued contact between inmates and their families which aids in the rehabilitation efforts of the facilities. In addition, \$1,400,000 of the total recommended offender program funding comes from the IBF, consisting primarily of proceeds from inmate utilization of the inmate telephone system. The inmates, in effect, fund 15 percent of the offender programming offered at the facilities, and IBF proceeds could easily meet the costs of operation of the visitors' centers. The Department anticipates an ending balance of \$406,239 in the IBF and the Subcommittee directs the Department to utilize \$213,074, from the IBF to fund the operations of the visitors centers.
3. The Subcommittee notes that DOC, along with the Department of Social and Rehabilitation Services, has issued a request for proposal (RFP) for its entire food service operation. Bids are expected to close at the end of February 1996, and negotiations are scheduled for March. If all goes as planned, privatization of correctional food services will be completed by the close of FY 1996. This will enable the Department to reduce its workforce by approximately 120.0 FTE positions.
4. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.

CORRECTIONAL FACILITIES*

Subcommittee Report

Kansas correctional facilities, under the supervision of the Department of Corrections, provide supervision and control of the state's inmate population while actively encouraging inmates to become law-abiding citizens.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
Operating Expenditures	\$ 104,162,836	\$ 109,230,687	\$ 107,267,306	\$ 118,216,164	\$ 112,232,443
Capital Improvements	4,150,986	1,712,369	1,712,369	998,880	0
Total	\$ 108,313,822	\$ 110,943,056	\$ 108,979,675	\$ 119,215,044	\$ 112,232,443
State General Fund:					
Operating Expenditures	\$ 103,320,817	\$ 108,648,722	\$ 106,678,916	\$ 117,645,137	\$ 111,658,878
Capital Improvements	1,587	0	0	0	0
Total	\$ 103,322,404	\$ 108,648,722	\$ 106,678,916	\$ 117,645,137	\$ 111,658,878
Percentage Change:					
Operating Expenditures:					
All Funds	2.2%	4.9%	3.0%	8.2%	4.6%
State General Fund	2.0	5.2	3.3	8.3	4.7
FTE Positions					
Unclassified Temp. Positions	3.0	3.0	3.0	3.0	3.0
Total	2,642.5	2,691.5	2,684.5	2,718.5	2,710.5
Average Inmate Census	6,174	6,886	6,886	7,106	7,228

HIGHLIGHTS OF THESE BUDGETS

- ▶ The Governor recommends \$684,900 in FY 1997 for additional operating expenditures at six of the state's nine correctional facilities (and \$732,000 in the budget of the Department of Corrections for a total of \$1,416,900) for capacity expansion projects as follows:

El Dorado Correctional Facility – \$37,400 in other operating expenditures in conjunction with the addition of 60 beds achieved through double-celling part of one cellhouse;

Ellsworth Correctional Facility – \$67,800 for the salaries and wages of 3.0 new FTE security positions and \$40,800 for other operating expenditures related to the renovation of a minimum security dormitory to add 48 beds;

* Excludes the Wichita Work Release Facility, which is included in the budget of the Department of Corrections.

Lansing Correctional Facility – \$27,200 in other operating expenditures for an expansion of 16 beds in a dormitory at the East Unit;

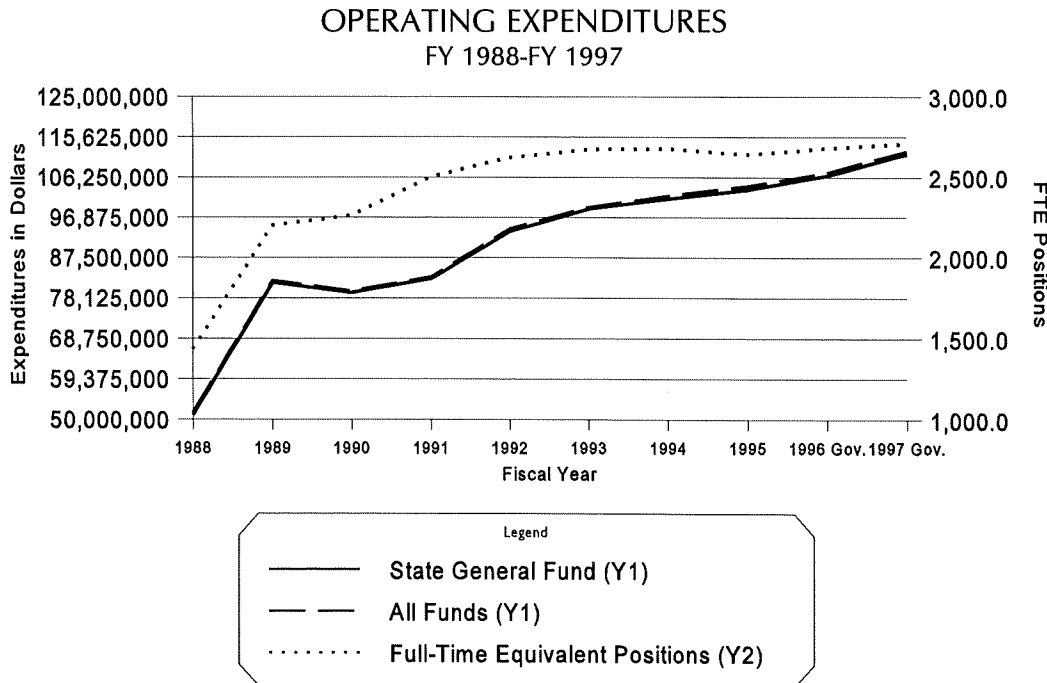
Larned Correctional Mental Health Facility – \$57,200 in other operating expenditures for a project to occupy the Jenkins Building at Larned State Hospital, which would add 32 beds;

Topeka Correctional Facility – \$20,400 in other operating expenditures related to a 24 bed expansion achieved by double-celling 24 cells at the I-Max unit, the maximum security unit for female offenders; and

Winfield Correctional Facility – \$257,500 for the salaries and wages of 23.0 new FTE positions, and other operating expenditures of \$176,600 to provide for the addition of 132 beds, to be accomplished by continuing to utilize space which would have been vacated when another project was completed in March 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	\$ 99,135	\$ (1,870,671)	\$ 8,996,415	\$ 4,979,962	8.3%	4.7%
All Other Funds	4,470	10,895	(10,938)	(14,825)	(1.9)	(2.5)%
TOTAL	\$ 103,605	\$ (1,859,776)	\$ 8,985,477	\$ 4,965,137	8.2%	4.6%
FTE Positions	6.0	(1.0)	27.0	26.0		

BUDGET TRENDS

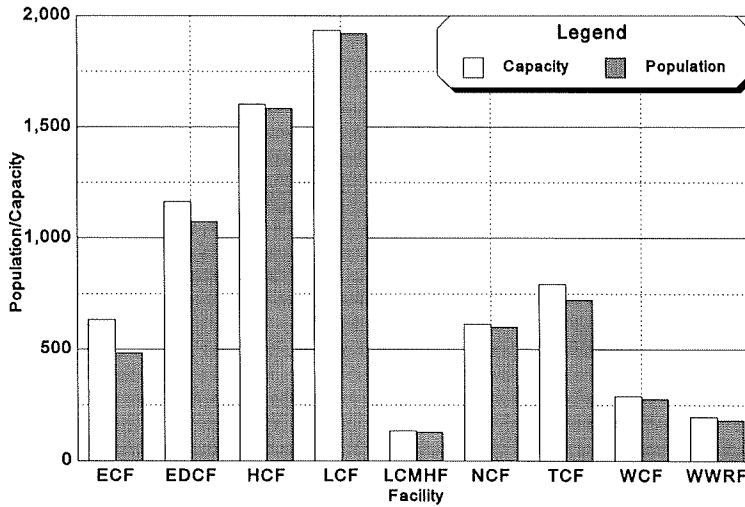


Correctional Facilities

Facility	State General Fund			All Funds			FTE FY 97
	Gov. Rec. FY 96	Gov. Rec. FY 97	% Change	Gov. Rec. FY 96	Gov. Rec. FY 97	% Change	
El Dorado	\$ 15,985,728	\$ 16,735,442	4.7%	\$ 16,055,845	\$ 16,805,559	4.7%	404.0
Ellsworth	8,061,702	8,450,861	4.8%	8,077,527	8,470,261	4.9%	193.5
Hutchinson	21,509,510	22,331,104	3.8%	21,775,257	22,593,642	3.8%	532.0
Lansing	29,407,588	30,583,145	4.0%	29,493,066	30,633,145	3.9%	719.0
Larned	5,783,070	6,041,941	4.5%	5,783,070	6,041,941	4.5%	174.0
Norton	9,964,761	10,356,817	3.9%	9,972,948	10,381,817	4.1%	252.0
Topeka	11,930,148	12,353,400	3.5%	12,002,616	12,433,749	3.6%	300.0
Winfield	4,036,409	4,806,168	19.1%	4,106,977	4,872,329	18.6%	133.0
TOTAL	\$ 106,678,916	\$ 111,658,878	4.7%	\$ 107,267,306	\$ 112,232,443	4.6%	2,707.5

Capacity and Population by Facility

as of December 31, 1995



Capacity and Population at Correctional Facilities as of 12/31/95

	ECF	EDCF	HCF	LCF	LCMHF	NCF	TCF	WCF	WWRF
Capacity	632	1,164	1,603	1,935	134	612	792	290	198
Population	482	1,074	1,584	1,920	128	599	722	278	184

LEGISLATIVE CONSIDERATION

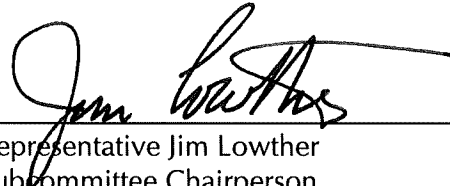
House Subcommittee Recommendation

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

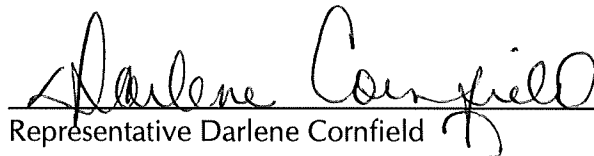
FY 1997. The House Subcommittee concurs with the Governor's recommendation.

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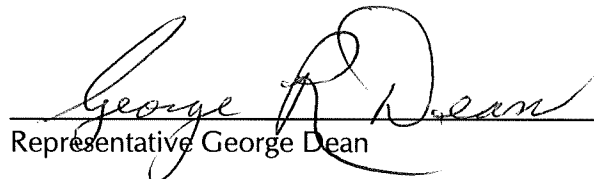
**FY 1996 and FY 1997
House Subcommittee Reports for
Kansas Public Employees Retirement System**



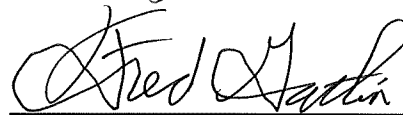
Representative Jim Lowther
Subcommittee Chairperson



Representative Darlene Cornfield



Representative George Dean



Representative Fred Gatlin

Representative Rocky Nichols

2-13-96

House Appropriations

Attachment
11

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

The agency provides a plan for retirement, disability, and survivor benefits for Kansas public employees.

Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
State Operations	\$ 20,923,874	\$ 23,012,930	\$ 22,880,066	\$ 24,050,720	\$ 23,879,262
Other Assistance	333,920,519	360,478,296	360,478,296	384,198,882	384,198,882
Total – Operating	<u>\$ 354,844,393</u>	<u>\$ 383,491,226</u>	<u>\$ 383,358,362</u>	<u>\$ 408,249,602</u>	<u>\$ 408,078,144</u>
State General Fund:					
State Operations	\$ 0	\$ 3,250	\$ 0	\$ 0	\$ 0
Other Assistance	0	0	0	0	0
Total – Operating	<u>\$ 0</u>	<u>\$ 3,250</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Percentage Change:					
Operating Expenditures:					
All Funds	13.7%	8.1%	8.0%	6.5%	6.4%
State General Fund	–	–	–	(100.0)	–
Expenditure Limitations:					
Agency Operations	\$ 4,148,582	\$ 4,472,528	\$ 4,339,664	\$ 4,745,468	\$ 4,574,010
Investment Related	16,775,292	18,540,402	18,540,402	19,305,252	19,305,252
Total	<u>\$ 20,923,874</u>	<u>\$ 23,012,930</u>	<u>\$ 22,880,066</u>	<u>\$ 24,050,720</u>	<u>\$ 23,879,262</u>
FTE Positions	76.0	76.0	76.0	77.0	76.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
Total	<u>76.0</u>	<u>76.0</u>	<u>76.0</u>	<u>77.0</u>	<u>76.0</u>

HIGHLIGHTS OF THIS BUDGET

- ▶ The Governor concurs with the KPERS estimated increase in benefits paid to retired and disabled members, and their beneficiaries, amounting to \$23.7 million additional in FY 1997 payments compared with FY 1996. Benefit payments are not subjected to a line item expenditure limitation.
- ▶ KPERS staffing is maintained by the Governor at 76.0 FTE positions in both fiscal years, in contrast to the KPERS request for 1.0 FTE new position in FY 1997. Agency operations expenses are subjected to a line item expenditure limitation and would be allowed to increase \$234,346 over FY 1996 by the Governor's FY 1997 recommendations.

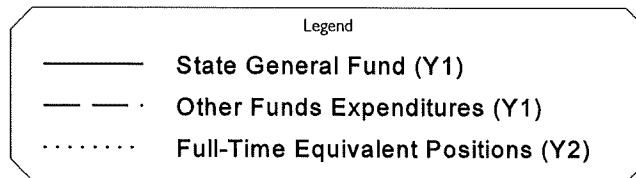
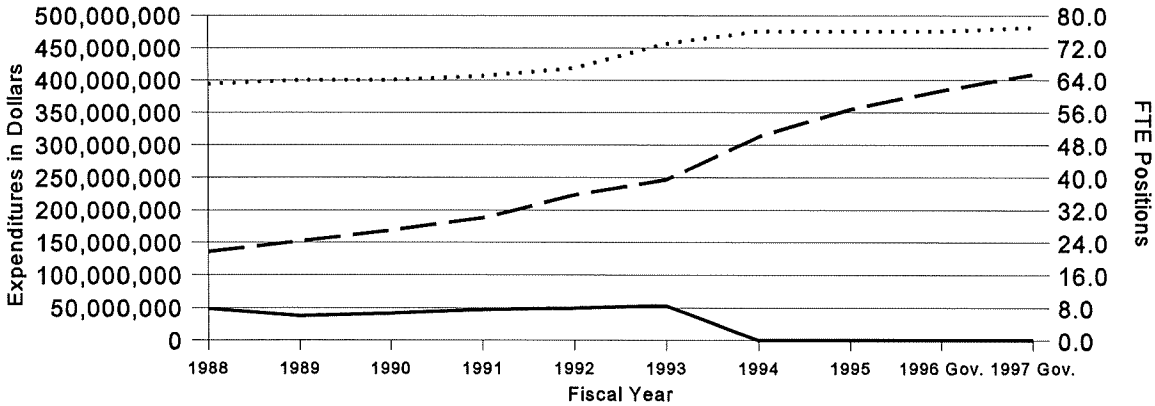
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- Fees paid to investment managers reflect increases in FY 1996 and FY 1997 based on higher market values and investment returns. Investment related expenses are subjected to a line item expenditure limitation and would be allowed to increase \$764,850 over FY 1996 by the Governor's FY 1997 recommendations.

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	\$ 3,250	\$ 0	\$ (3,250)	\$ 0	(100.0)%	0.0%
All Other Funds	12,289,471	12,159,857	24,761,626	24,719,782	6.5	6.4
TOTAL	\$ 12,292,721	\$ 12,159,857	\$ 24,758,376	\$ 24,719,782	6.5%	6.4%
FTE Positions	0.0	0.0	1.0	0.0		

BUDGET TRENDS

OPERATING EXPENDITURES FY 1988-FY 1997



LEGISLATIVE CONSIDERATION

House Subcommittee Recommendation

FY 1996. The Subcommittee concurs with the Governor's FY 1996 recommendations for the current fiscal year and makes the following additional recommendations:

1. Include the Governor's recommended reduction of \$44,482 in the supplemental appropriations bill for FY 1996 agency operations, and then add \$30,000 for various items appealed by KPERS, such as postage, SHaRP charges, auditor fees, and real estate taxes. The net reduction to be included is \$14,482 by reducing the approved expenditure limitation from \$4,384,146 to \$4,369,664 in the FY 1996 supplemental appropriations bill.
2. Increase the estimate for investment related expenses by \$640,247 in addition to the Governor's recommended increase of \$1,347,426. The total increase above the approved amount is \$1,987,673 in FY 1996, with fees for service providers anticipated to rise from \$17,192,976 to \$19,305,252 in the current fiscal year.

Expenditure Limits	Agency Est. FY 96*	Gov. Rec. FY 96	Subcommittee Adjustment
All Funds:			
Agency Operations	\$ 4,472,528	\$ 4,339,664	\$ 30,000
Investment Related	18,540,402	18,540,402	640,247
Subtotal—St. Ops.	\$ 23,012,930	\$ 22,880,066	\$ 670,247
Benefit Payments	360,478,296	360,478,296	0
TOTAL	\$ 383,491,226	\$ 383,358,362	\$ 670,247
FTE Positions	76.0	76.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	76.0	76.0	0.0

* Includes \$3,250 supplemental appropriations request for agency operations from the State General Fund.

FY 1997. The Subcommittee concurs with the Governor's FY 1997 recommendations for the current fiscal year and makes the following additional recommendations:

1. Add capital outlay of \$19,500, including \$15,000 for an upgrade to the agency's AS/400 computer system and \$4,500 for new chairs.
2. Request that the Governor submit a Budget Amendment regarding the agency's request for an assistant investment manager and the funds necessary to pay for this 1.0 FTE position. The Subcommittee plans to revisit this issue during the Omnibus period.

Expenditure Limits	Agency Est. FY 97	Gov. Rec. FY 97	Subcommittee Adjustment
All Funds:			
Agency Operations	\$ 4,745,468	\$ 4,574,010	\$ 19,500
Investment Related	19,305,252	19,305,252	0
Subtotal—St. Ops.	\$ 24,050,720	\$ 23,879,262	\$ 19,500
Benefit Payments	384,198,882	384,198,882	0
TOTAL	\$ 408,249,602	\$ 408,078,144	\$ 19,500
FTE Positions	77.0	76.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	77.0	76.0	0.0

Performance Measures

The Subcommittee reviewed some performance measures for KPERS, including those presented in the Governor's Budget Report. The Subcommittee asked the agency to supply its own measures in response to those presented by the Governor. That list is included as Attachment 1.

Other Issues

The Subcommittee plans to review two specific issues which arose during its budget review: the upcoming KPERS election of two public members for the Board of Trustees which is estimated to cost \$103,000 in FY 1997 and the ruling by the Division of Personnel Services on the non-exempt status of certain unclassified, highly compensated employees of KPERS.

The Subcommittee reviewed the 1995 Post Audit report on investment related expenses and heard the agency's response. Attachment 2 shows the current estimated fees paid to the investment managers and other service providers, including attorneys. The Subcommittee found that the charges appear reasonable and that the rates of return for the different investment categories have been excellent over the past year. The Subcommittee would like for KPERS to include more detail as is included in Attachment 2 when the FY 1998 budget is submitted next year.

Kansas Public Employees Retirement System
 Performance Measures Restatement - As Requested

	STARS Actual FY 1995	Approved Appropriations FY 1996	Agency Revisions		Agency Projections	
			Aug-09-95 FY 1996	Feb-02-96 FY 1996	Aug-09-95 FY 1997	Feb-02-96 FY 1997
Annualized rate of return	17.6%	8.0%	8.0%	8.0%	8.0%	8.0%
Total Assets of the KPERS Fund (in millions) Fair Market Value	\$ 5,928.5	\$ 5,958.0	\$ 6,402.8	\$ 6,826.3	\$ 6,914.9	\$ 7,372.4
Administrative Expenses as a percentage of total assets	0.070%	0.074%	0.070%	0.064%	0.069%	0.063%
Net investment Income	\$ 906.2	\$ 474.3	\$ 476.6	\$ 512.2	\$ 546.1	\$ 553.2

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Kansas Public Employees Retirement System

The mission of KPERS is to provide for participating employees to accumulate monies so they can retire and receive benefits in an orderly and equitable manner. The main objectives are to manage KPERS financial assets effectively and provide services to the members in a timely and accurate manner. The Governor's recommendation maintains the agency's current level of performance in administration of the retirement system and oversight of the investment portfolio.

The total recommended budget for the agency for FY 1997 is \$408,078,144 from the Kansas Public Employees Retirement System Fund and 76.0 positions. It includes \$384.2 million for retirement benefits, \$19.3 million for investment-related expenses, and \$4.6 million for administrative costs.

PERFORMANCE MEASURES

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Gov. Rec.
Annualized rate of return on all investments	17.6%	8.0%	8.0%
Total assets of the KPERS Fund (in millions)	\$5,303.8	\$5,613.7	\$5,940.8
Administrative Expenses as a percentage of total assets	0.38%	0.36%	0.35%
Net investment income (in millions)	\$244.6	\$424.3	\$449.1

Source: The *Fiscal Year 1997 Governor's Budget Report* @ www.kspress.com/budget/97rec.htm

Attachment?

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGER FEE SCHEDULE AS OF 1/31/96**

Firm/Type of Compensation	Fee Description
Cash Managers	
Payden-Rygel, STIF #512 Base Management Fee:	.10% on first \$150 million in assets managed - .05% on next \$250 million in assets managed - .03% on all assets over \$400 million
Real Estate Managers	
Equitable Real Estate Investment Base Management Fee:	Fee is based on the number of holdings and on the total amount of the portfolio. Fee for quarter ending Dec. 31, 1995 was \$249,238. New investments are restricted to comingled funds.
L & B Real Estate Counsel Base Management Fee: <p align="right">(OFF BUDGET)</p>	.65% of the valuation of the real property assets including debt
Retail Property Trust Base Management Fee: <p align="right">(OFF BUDGET)</p>	.5% of net capital investment adjusted by changes in the C.P.I. capped at .5% of appraised net equity value
Direct Placement Fund Managers	
Morris Anderson Investment Associates Base Management Fee:	Flat rate of \$93,000 per month, total of \$1,116,000 per year
Pacholder Investment Associates Base Management Fee:	Flat rate of \$93,000 per month, total of \$1,116,000 per year
Domestic Equity Fund Managers	
Brinson Partners Base Management Fee:	.75% on first \$5 million in assets managed - .60% on next \$10 million in assets managed - .40% on next \$25 million in assets managed - .25% on next \$260 million in assets managed - .20% on assets over \$300 million
Capital Guardian Base Management Fee:	.50% on first \$20 million in assets managed - .35% on next \$30 million in assets managed - .225% on assets over \$50 million
Pilgrim, Baxter. Greig Base Management Fee:	.75% on first \$25 million in assets managed - .50% on next \$25 million in assets managed - .25% on assets over \$50 million
PBG Small Cap Equity Base Management Fee:	.85% on first \$20 million of assets managed - .50% on assets over \$20 million
Provident - Stellar Fund Base Management Fee: <p align="right">(OFF BUDGET)</p>	1% on funds under management (limited to \$30 million invested) (Percent of shares times month end market value times .01/12)
Provident Investment Council Base Management Fee:	.585% on first \$50 million in asset managed - .29% on next \$50 million in assets managed - .25% on assets in excess of \$100 million
Wells Fargo - Equity Base Management Fee:	.48% on first \$500,000 in assets managed - .32% on next \$1.5 million in assets managed - .08% on next \$48 million in assets managed - .048% on next \$25 million in assets managed - .032% on next \$25 million in assets managed - .016% on assets in excess of \$100 million
Wells Fargo Low PE Base Management Fee:	.06% on first \$100 million in assets managed - .03% on assets over \$100 million

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Kansas Public Employees Retirement System
 INVESTMENT RELATED EXPENSES
 BUDGET ESTIMATES FY 1996 / FY 1997

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	STARS Actual FY 1995	Approved Appropriations FY 1996	Agency Revisions		Agency Projections	
			Aug-09-95 FY 1996	Feb-02-96 FY 1996	Aug-09-95 FY 1997	Feb-02-96 FY 1997
Publicly Traded Securities Portfolios						
Alliance Capital Mgmt	439,370	458,114	489,861	503,264	522,046	540,222
Bankers Trust	135,684	144,307	143,741	147,974	155,239	161,350
Boston Company	263,544	275,993	295,102	299,602	318,707	326,296
Brinson Partners	779,351	790,804	889,039	957,342	952,355	1,045,678
Capital Guardian	228,134	233,067	248,045	258,949	260,487	271,960
Julius Baer	581,131	589,605	633,476	638,753	664,950	673,149
Lazard Freres	439,790	467,902	468,912	489,071	506,421	529,189
Loomis Sayles	882,245	730,759	805,841	839,512	860,702	908,746
Morgan Stanley	380,557	402,059	388,984	414,959	412,100	450,954
Nomura Capital	515,495	547,178	516,965	525,069	544,319	558,749
PIMCo	1,289,434	1,353,873	1,451,893	1,491,150	1,568,031	1,632,941
Payden & Rygel	267,846	287,488	269,501	314,126	284,840	371,151
Pilgrim Baxter & Assoc.	937,855	887,132	990,586	1,146,958	1,054,826	1,245,982
PBG Small Cap	534,805	578,784	639,537	753,482	685,095	820,138
Provident Inv. Counsel	1,372,506	1,317,912	1,492,820	1,569,128	1,597,234	1,680,986
Wells Fargo - Equity	147,047	149,395	164,409	174,773	173,593	189,169
Wells Fargo - Fixed	498,930	517,416	552,621	557,028	591,667	599,057
WF Low P/E Tilt	78,357	79,173	87,967	92,941	92,604	100,175
Pareto Partners	494,432	721,530	694,964	711,897	740,956	765,399
Fiduciary Trust	214,100	619,060	655,587	627,106	701,029	665,567
Publicly Traded Fees	10,480,613	11,151,551	11,879,851	12,513,085	12,687,201	13,536,859
Publicly Traded Assets	5,383,124,072	5,345,690,926	5,813,725,698	6,225,686,608	6,278,771,590	6,723,685,677
Fee Percent	0.195%	0.209%	0.204%	0.201%	0.202%	0.201%
Real Estate Portfolio						
Equitable R.E. Fees	1,085,798	1,187,425	1,452,432	1,297,544	1,452,432	1,325,034
Equitable R.E. Assets	171,956,416	224,664,124	185,711,386	166,348,558	200,566,631	179,654,950
Fee Percent	0.631%	0.529%	0.782%	0.780%	0.724%	0.738%
Direct Placement Portfolio						
Pacholder/Morris AIA Fees	2,376,670	2,232,000	2,232,000	2,232,000	2,232,000	1,674,000
Direct Placement Expenses	115,865	600,000	150,000	50,000	150,000	50,000
Direct Plcmt Assets	80,899,365	78,966,654	87,511,093	73,628,543	94,511,196	79,518,166
Fee Percent	3.081%	3.586%	2.722%	3.099%	2.520%	2.168%
Subtotal: Publicly Traded, Real Estate and Direct Placements						
Fees & Expenses	14,058,946	15,170,976	15,714,283	16,092,629	16,521,633	16,585,893
Assets	5,635,979,853	5,649,321,704	6,086,948,177	6,465,663,709	6,573,849,417	6,982,858,793
Fee Percent	0.249%	0.269%	0.258%	0.249%	0.251%	0.238%

Kansas Public Employees Retirement System
 INVESTMENT RELATED EXPENSES
 BUDGET ESTIMATES FY 1996 / FY 1997

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	STARS Actual FY 1995	Approved Appropriations FY 1996	Agency Revisions		Agency Projections	
			Aug-09-95 FY 1996	Feb-02-96 FY 1996	Aug-09-95 FY 1997	Feb-02-96 FY 1997
Custodial Bank Fees						
Mellon Trust (FY 94 & 95)	925,000	800,000	1,070,619	1,070,619	1,070,619	1,012,500
Consultants						
Mercer	106,000	130,000	178,500	178,500	136,000	178,500
CDA	42,000	42,000	42,000	62,501	42,000	54,536
Other	-	-	35,000	35,000	35,000	35,000
Total Consultants	<u>148,000</u>	<u>172,000</u>	<u>255,500</u>	<u>276,001</u>	<u>213,000</u>	<u>268,036</u>
Litigation						
KLG & All Other Firms	1,486,135	800,000	1,250,000	1,559,692	1,250,000	1,250,000
Xerox	140,700	250,000	250,000	181,708	250,000	250,000
Other	-	-	-	-	-	-
Total Litigation	<u>1,626,835</u>	<u>1,050,000</u>	<u>1,500,000</u>	<u>1,741,400</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total Investment Related	<u>\$ 16,758,781</u>	<u>\$ 17,192,976</u>	<u>\$ 18,540,402</u>	<u>\$ 19,180,649</u>	<u>\$ 19,305,252</u>	<u>\$ 19,366,429</u>

Kansas Public Employees Retirement System
 INVESTMENT RELATED EXPENSES
 BUDGET ESTIMATES FY 1996 / FY 1997

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	STARS Actual FY 1995	Approved Appropriations FY 1996	Agency Revisions		Agency Projections	
			Aug-09-95 FY 1996	Feb-02-96 FY 1996	Aug-09-95 FY 1997	Feb-02-96 FY 1997
Management Fees as a Percent of Assets						
Publicly Traded Securities	0.195%	0.209%	0.204%	0.201%	0.202%	0.201%
Real Estate	0.631%	0.529%	0.782%	0.780%	0.724%	0.738%
Direct Placements	3.081%	3.586%	2.722%	3.099%	2.520%	2.168%
Publicly Traded, Real Estate and Direct Placement Fees as Percent of Like Assets	0.249%	0.269%	0.258%	0.249%	0.251%	0.238%