

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on February 7, 1996 in Room 123-S of the Capitol.

All members were present except: Senator Vancrum, who was excused

Committee staff present: Kathy Porter, Legislative Research Department
Eric Milstead, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

SB 426: Appropriations for FY 97, legislative agencies, governor's department, lieutenant governor, attorney general, secretary of state, treasurer, insurance department, health care stabilization fund board of governors

Insurance Department--

Senator Lawrence reviewed the FY 96 and FY 97 subcommittee reports for the Insurance Department (Attachment 1). Senator Salisbury commented that the Insurance Commissioner had expressed concern about the rate of turnover. It was noted that most of the employees are in the regulation program whose fees have an expenditure limitation, but this fund carries a balance of approximately \$2.2 million to manage cash flow. Members discussed the agency's FY 97 request for shrinkage and past shrinkage rates. Senator Rock moved, Senator Karr seconded, that the FY 97 subcommittee report be amended to reduce the shrinkage rate from 4.6% to 2.5%. Members of the subcommittee endorsed the concept of holding agencies to stringent turnover rates. The motion carried on a voice vote.

It was moved by Senator Brady and seconded by Senator Burke to amend the FY 97 subcommittee report by deletion of the monies for the pay plan. The motion carried on a voice vote.

Senator Moran moved, Senator Lawrence seconded, that the FY 96 subcommittee report and the FY 97 subcommittee report as amended be adopted. The motion carried on a voice vote.

Health Care Stabilization Fund Board of Directors--

Senator Lawrence presented the FY 96 and FY 97 subcommittee reports on the Health Care Stabilization Fund Board of Directors (Attachment 2). Senator Petty brought to attention the fact that she had not signed the FY 97 report because of concern that the language in item 3 (Attachment 2-6) might force the agency to make risky investments. Chairman Kerr noted that the other members of the subcommittee believed there was no reason to accept short term returns on money that is there for a long term and could be invested more appropriately.

Senator Lawrence moved, Senator Burke seconded, that the FY 97 report be amended by deletion of the monies for the pay plan and that the FY 96 subcommittee report and the FY 97 subcommittee report as amended be adopted. The motion carried on a voice vote.

Attorney General--

The FY 96 and FY 97 subcommittee reports for the Attorney General were reviewed by Senator Lawrence (Attachment 3). In answer to Senator Karr, it was noted that the Governor's recommendation for staff reductions applies to the Cabinet, but does not affect other agencies.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 7, 1996.

It was moved by Senator Lawrence and seconded by Senator Petty that the FY 97 subcommittee report be amended by deleting the monies for the pay plan and that the FY 96 subcommittee report and FY 97 subcommittee report as amended be adopted. The motion carried on a voice vote.

Secretary of State--

Senator Lawrence reviewed the FY 96 and FY 97 subcommittee reports for the Secretary of State (Attachment 4). Senator Burke moved, Senator Lawrence seconded, that the FY 97 subcommittee report be amended by deletion of the salary adjustments and that the FY 96 subcommittee report and the FY 97 subcommittee report as amended be adopted. The motion carried on a voice vote.

State Treasurer--

The subcommittee reports for fiscal years 1996 and 1997 were reviewed by Senator Lawrence (Attachment 5). In answer to Senator Karr, a representative from the office of the State Treasurer stated that the investment analyst position recommended in item 4 of the FY 97 report would be allocated to the staff of the PMIB. She stated that the PMIB is considered part of the State Treasurer's office in a separate program.

In discussion of the Unclaimed Mineral Proceeds Trust Fund, a representative from the State Treasurer's Office stated that the proceeds from this fund pay mineral claims made by other states; claims from individuals are paid out of the Treasurer's normal process.

It was moved by Senator Petty and seconded by Senator Lawrence that the monies for the pay plan be deleted from the FY 97 report and that the FY 96 subcommittee report and the FY 97 subcommittee report as amended be adopted. The motion carried on a voice vote.

Governor (Attachment 6)

Lieutenant Governor (Attachment 7)

Legislative Division of Post Audit (Attachment 8)

Revisor of Statutes (Attachment 9)

Kansas Legislative Research Department (Attachment 10)

Legislative Coordinating Council (Attachment 11)

Legislature (Attachment 12)

Senator Moran reviewed the FY 96 and FY 97 subcommittee reports for the above agencies, noting that he had not signed the FY 96 subcommittee report for the Legislature because of the issue involving payment of the contested election claim. Senator Burke made the point that the real issue is not whether the monies are in or out of this appropriations bill, but whether the Legislature has the constitutional right to pay this claim out of the Legislative budget under the separation of powers section of the constitution. Senator Moran added that removal of the monies is a symbolic expression of whether the LCC should utilize the monies in this fashion. It was moved by Senator Brady and seconded by Senator Salisbury that the FY 96 subcommittee report for the Legislature be amended by deletion of \$41,630 from the SGF for payment of attorney fees and court costs. Senator Brady commented that he hoped legislative leadership would want the Legislature's opinion which is to not pay the claim. The motion carried on a show of hands.

Senator Moran moved, Senator Morris seconded, that the FY 97 subcommittee report on the Research Department be amended by a technical adjustment, that the FY 97 subcommittee reports for the Governor, Lieutenant Governor, Legislative Division of Post Audit, Revisor of Statutes, Kansas Legislative Research Department, Legislative Coordinating Council, and the Legislature be amended by deletion of the monies for the pay plan and that the reports for these agencies be adopted as amended. The motion carried on a voice vote.

Senator Salisbury moved, Senator Burke seconded that **SB 426** as amended be recommended favorably for passage. The motion carried on a roll call vote.

It was moved by Senator Karr and seconded by Senator Petty that the minutes of February 5 be approved as presented. The motion carried on a voice vote.

The Chairman recognized Senator Petty who had asked to present information regarding the regents' bonding proposal for capital improvement projects. Senator Petty stated that she had requested a copy of the contract from K DFA for the legal opinion on the bonding proposal from bond counsel (Attachment 13). She expressed concern that the letter was dated February 6 and concern about the way the question is phrased in the letter. She commented that questions she had sent to the Chairman (and which were referenced in the letter) were in a personal memorandum (Attachment 14) and she had not intended that they become questions to be posed of bond counsel. She advised that the letter from K DFA indicates that regardless of whether the bonds are issued the firm would be paid, and that is inconsistent with the answer Mr. Ayres (general counsel

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 7, 1996.

for the Board of Regents) provided in Committee on February 6. (Mr. Ayres had stated that the fee would be paid from proceeds of the bond issue.) Senator Petty requested that the Legislature be given the right to draft the language of the request. Chairman Kerr pointed out that the Committee must recognize that the letter is a letter of employment and that the Legislature is not the employer. Senator Moran advised that the Legislature can ask KDFA to ask bond counsel certain questions, but if the Legislature wants to direct or request an opinion that it has authority over, it is his opinion that the directive should go to the Attorney General. The Chairman added that Mr. Ayres has stated that the Board of Regents will seek an opinion from the Attorney General.

The motion made by Senator Petty and clarified by Senator Kerr was that a subcommittee of Senator Petty and Senator Kerr be formed to develop a set of questions in coordination with the Revisors' Office to be forwarded on behalf of Senate Ways and Means to the Kansas Development Finance Authority that would expand or clarify the questions to be answered by Kutak Rock. The motion was seconded by Senator Kerr and carried on a voice vote.

The Chairman adjourned the meeting at 12:35 P.M.

The next meeting is scheduled for February 8, 1996.

SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No. --

Bill Sec. --

Analyst: Mah

Analysis Pg. No. 699

Budget Page No. 313

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Governor's Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 12,535,573	\$ 12,407,851	\$ --
Local Aid	4,169,006	4,169,006	--
Other Assistance	47,856,847	47,856,847	--
Capital Improvements	242,949	242,949	--
TOTAL	<u>\$ 64,804,375</u>	<u>\$ 64,676,653</u>	<u>\$ --</u>
FTE Positions	163.5	163.5	--
Unclassified Temp. Positions	0.0	0.0	--
TOTAL	<u>163.5</u>	<u>163.5</u>	<u>--</u>

Agency Estimate/Governor's Recommendation

The Department estimates total FY 1996 expenditures of \$64,804,375, an increase of \$3,852,911 from the \$60,951,464 authorized by the 1995 Legislature and adjusted by the State Finance Council. The revised estimate inadvertently excludes \$15,000 from private grant moneys that was approved by the State Finance Council. The grant moneys were for paying the costs of a Health Care Task Force created by the Insurance Commissioner for studying health care issues. With regard to the anticipated increase in expenditures, the agency estimates that claim payments from the Workers' Compensation Fund will be \$5.6 million more than originally anticipated (from \$42,000,000 to \$47,638,042). This increase is offset by an anticipated \$1.8 million reduction from the amount originally anticipated for the Fund's legal fees. Other major changes include approximately \$102,246 less in expenditures than originally anticipated for the Insurance Company Examination program. Most of the reduction is in salary and wage expenses. The agency indicates that employee turnover has led to reduced cost because new employees are making lower salaries than the former employees they replaced. Offsetting the salary savings is an increase of \$142,905 from the approved budget for capital improvements. A roof repair project that was budgeted for FY 1995 is being shifted to the current year. The agency also reports that its revised current year estimate includes a shift of resources to printing in order to allow various publications to be updated and reformatted. Also, there is financing for implementing a training program that includes computer technology, communication skills, management skills, and personnel matters. The primarily focus in the current year will be computer technology training by sending staff to workshops conducted outside the agency. In-house staff also will be conducting workshops on matters related to personnel issues. Finally, the agency indicates that more resources will be shifted to travel and subsistence expenditures. The Commissioner and her staff are participating in more public hearings and meetings with the goal of making the agency more orientated toward consumer service. Also there will be more travel by a consumer protection agent whose job is to serve as a liaison for

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Attachment 1*

western Kansans with the Insurance Department. To allow for the new western Kansas position, a staff position was eliminated in the Topeka office.

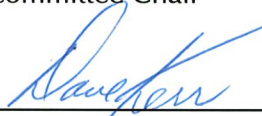
The Governor recommends total FY 1996 expenditures of \$64,676,653, which is a reduction of \$127,722 from the agency's revised estimate. Included in the recommendation is \$15,000 in private grant moneys that inadvertently was not budgeted by the agency. The Governor makes only a slight reduction of \$3,988 to the agency's revised estimate for the Workers' Compensation program, allowing for the estimated increase in claim payments from the Workers' Compensation Fund. The \$3,988 reduction is in salary and wage expenses to reflect lower than originally anticipated health insurance rates. Reductions totaling \$57,308 also are made in salaries and wages for the agency's other programs because of the lower health insurance rates. The Governor also reduces contractual services by \$66,426, of which \$47,715 would be in the agency's Insurance Company Examination program where contractual services are almost all for travel expenses. With regard to FTE positions, the Governor makes no change to the agency's estimate for the 163.5 positions that were previously authorized by the 1995 Legislature.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.



Senator Barbara Lawrence
Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No. 426

Bill Sec. 10

Analyst: Mah

Analysis Pg. No. 699

Budget Page No. 313

Expenditure Summary	Agency Request FY 97	Governor's Rec. FY 97	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 13,265,324	\$ 12,551,689	\$ -
Local Aid	4,229,329	4,229,329	-
Other Assistance	42,220,671	42,220,671	-
Capital Improvements	209,767	190,000	-
TOTAL	<u><u>\$ 59,925,091</u></u>	<u><u>\$ 59,191,689</u></u>	<u><u>\$ -</u></u>
FTE Positions	163.5	163.5	-
Unclassified Temp. Positions	0.0	0.0	-
TOTAL	<u><u>163.5</u></u>	<u><u>163.5</u></u>	<u><u>-</u></u>

Agency Request/Governor's Recommendation

For FY 1997, the Department requests expenditures of \$59,925,091, a reduction of \$4,879,284 from the revised current year estimate of \$64,804,375. The Department anticipates that workers' compensation claim payments and administration costs will drop (from \$53,231,747 to \$47,482,840). The request would finance 163.5 FTE positions. No new positions are being requested. Included in the request is step movement for classified employees and a merit pool of 2.5 percent for unclassified employees. Also, the request includes moneys to purchase computer equipment (\$347,956) and initial equipment for an optical imaging system (\$124,775). The agency wants to expand its current personal computer network with the goal of providing every staff member of the agency with access to a personal computer. The request includes moneys to purchase 86 personal computers, which would bring the agency total to 134 personal computers (including twelve being purchased in the current year.) Almost all of the capital outlay expenditures for the computer equipment are reflected in the Department's Insurance Company Regulation program. With regard to the optical imaging system, the goal in the next three years is to implement optical imaging agency wide for the purpose of creating a more efficient paperless agency. The request also includes \$9,000 for training videos, workbooks, and computer software. The Department says the materials will allow for training more employees in-house, which is less costly than training done outside the agency.

For FY 1997, the Governor recommends expenditures of \$59,191,689, a reduction of \$5.5 million from his current year recommendation. The recommendation makes reductions totaling \$733,402 to the agency's request. The adjustments are outlined below.

- ◆ Salaries and wages are reduced by \$336,199, mostly to make use of lower than originally anticipated health insurance rates. In addition, adjustments are made so that unclassified employees would get a merit increase of 2.5 percent for six

months instead of the full year. The number of FTE positions would not change from the current year recommendation of 163.5 positions.

- ◆ Contractual services are reduced by \$112,869, of which \$110,732 is in the agency's Insurance Company Regulation program which provides central administrative services for the rest of the agency. The recommendation for the Insurance Company Regulation program provides for a 9.5 percent drop from the Governor's current year recommendation (from \$774,718 in FY 1996 to \$700,898 in FY 1997).
- ◆ Commodities (supplies) are reduced by \$12,296, which like the contractual services reduction is mostly in the Insurance Company Regulation program (\$12,167). The recommendation would allow expenses for commodities for the Insurance Company Regulation program to be 3.6 percent higher than the current year recommendation (from \$71,682 in FY 1996 to \$74,252 in FY 1997).
- ◆ Capital outlay expenses are reduced by \$252,271, of which \$243,623 would be for the Insurance Company Regulation program. As indicated previously, the Insurance Company Regulation program is where \$438,358 of the requested \$472,731 for computer equipment is budgeted, including 77 of the requested 86 personal computers and the optical imaging system equipment. The recommendation provides for total expenditures of \$250,158 for the program, with no preferences indicated for equipment purchases. The agency is given the option to chose which equipment purchases would be most beneficial.
- ◆ Capital improvements are reduced by \$19,767, with no preference indicated for making the reduction. The table at the back of this analysis shows the amount requested for each project and the Governor's recommendation based on one option the agency was asked to provide for meeting the recommended reduction.

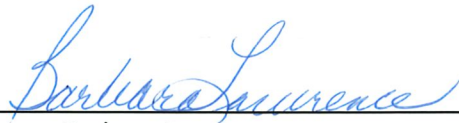
Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following comments:

1. The Senate Subcommittee understands that S.B. 450 has been received by the House and referred to the House Committee on Financial Institutions and Insurance. The bill would repeal the law (K.S.A. 40-230) which requires securities to be deposited with the State Treasurer and the Insurance Commissioner who share liability for their safekeeping. The Subcommittee understands that, if the bill is enacted, an estimated \$92,541 already included in the Governor's recommendation would be available for purposes other than for the costs related to a vault for keeping the securities. If the bill passes, the Subcommittee wants no adjustments to delete moneys from the Insurance Commissioner's budget. The Subcommittee desires the savings be made available so that the moneys can be used to pay for the cost of actuary expenses for review of

insurance company rate filings and purchasing computer equipment to move the agency to greater efficiency through computer technology.

2. The Senate Subcommittee understands that the House Committee on Appropriations plans to introduce a bill that would remove the stipulation in current law (K.S.A. 40-110) which prohibits an employee in the Insurance Department from receiving an annual salary that exceeds the salary of the Commissioner of Insurance as established by law. Testimony in Subcommittee indicated this limitation makes the hiring of an actuary nearly impossible. (The Commissioner's salary is currently \$62,412, excluding the cost of fringe benefits.) The Subcommittee supports the introduction of the bill.



Senator Barbara Lawrence
Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

MEMORANDUM

TO: Senate Committee on Ways and Means
Senator Dave Kerr
Senator Barbara Lawrence
Senator Marge Petty

FROM: Dennis Shockley *DMS*
Comptroller

DATE: January 31, 1996

SUBJ: **Requested top three performance measures from the FY 1997 Budget**

1. Consumer Assistance Division-Objective #1. To ensure the equitable resolution of all complaints and inquiries by performing in-depth reviews and investigations, as well as providing objective information to consumers regarding such matters. Also, to review and investigate common complaints and inquiries to ensure the reasonable interpretation and application of all policy provisions by insurance companies and /or agents as well as compliance with all Kansas insurance laws and regulations

Performance Measure: Percent of consumer complaints/inquiries favorably resolved (FY 1997 Budget, p. F 11-12.)

2. Financial Surveillance Division-Objective #1. Promptly identify companies that are in a hazardous financial condition so that appropriate regulatory action can be implemented to minimize the potentially adverse effects that these companies might otherwise have upon the insurance consumers of this state.

Performance Measure: Average length of time (in days) required to implement regulatory or corrective actions upon identification of financial concerns. (FY 1997 Budget, p. F 17.)

3. Accident and Health Division-Objective #1; Fire and Casualty Division-Objective #2; and Life Division-Objective #1. To attain steady progress towards achieving a complete and thorough initial examination of all policy form, rule, and rate filings within 30 days of receipt to ensure compliance with all applicable Kansas statutes.

Performance Measure: Number of individual/group form filings and rate filings approved/disapproved. (FY 1997 Budget, pp. F 26, F 32, and F 38)

SUBCOMMITTEE REPORT

Agency: Health Care Stabilization Fund
Board of Governors

Bill No. 488

Bill Sec. New

Analyst: Mah

Analysis Pg. No. 712

Budget Page No. 253

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Governor's Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
Fee Fund:			
State Operations	\$ 3,067,796	\$ 3,052,778	\$ 25,118
Other Assistance	25,200,000	25,200,000	-
TOTAL	<u>\$ 28,267,796</u>	<u>\$ 28,252,778</u>	<u>\$ 25,118</u>
FTE Positions	16.0	16.0	-
Unclassified Temp. Positions	0.0	0.0	-
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>-</u>

Agency Estimate/Governor's Recommendation

The Board's revised current year estimate reflects a net reduction of \$2,658,032 from the total amount approved by the 1995 Legislature and adjusted by the State Finance Council. There are anticipated reductions in legal fees and claim payments against the Health Care Stabilization Fund. These reductions are offset by the requested increase in expenditure authority on the Operating Expenditures Account of the Health Care Stabilization Fund by \$73,379 (from \$740,786 to \$814,165). The additional moneys would be used for the following purposes:

- \$22,038 for salaries and wages, of which most is for upgrading the salaries of approximately six employees in December, 1996;
- \$24,584 for contractual services, of which most is for rent expenses;
- \$26,411 for an actuary study on the Health Care Stabilization Fund; and
- \$346 for commodities, of which all is for unspecified supplies.

Salary Upgrades. The Board says that it is in the process of reviewing its staff positions in order to recognize changes in job duties and responsibilities. The Board's two unclassified attorney positions are being reviewed along with two classified clerical positions, a classified accountant position, and a unclassified auditor position. The salary upgrades for the classified positions need to be approved by the Division of Personnel, Department of Administration. The salary upgrades for the unclassified positions are subject to the approval of the Governor. (A memorandum issued by the Governor indicates

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that a moratorium, effective October 18, 1995, has been imposed on the reallocation upward of classified positions. The memorandum indicates that there will be few exceptions.)

The Governor recommends a total of \$602,193 for salaries and wages, which is \$9,882 over the approved budget. The recommendation deletes a pool of money (\$4,450) that was for enhancing the salary of certain unclassified employees. Otherwise, the recommendation provides for the requested salary upgrades for the Board's classified as well as for some of its unclassified employees. Reflected in the Governor's recommendation are adjustments to make use of lower than originally anticipated health insurance rates. (The new rates make health insurance cost \$7,225 less than budgeted by the agency, reducing the need for additional moneys to cover the cost of the recommended salary upgrades.)

Contractual Services. The Board estimates \$14,342 over the approved budget for rent expenses. The estimate includes the annualized cost of the Board's new office space plus the costs for parking space leases. Additional moneys also are estimated for communications to pay DISC charges for telecommunication services, printing for a quarterly newsletter for health care providers, and fees to pay the Insurance Department for computer services.

The Governor basically concurs with the Board's revised estimate for contractual services. The recommendation reduces contractual services by \$2,862 from the Board's revised estimate.

Actuary Expense. The approved budget already had the actuary expense budgeted. However, it was budgeted as part of the Legal Fees Account established for the Board. The Board's revised estimate reflects a shift of the expense from the Legal Fees Account to the Operating Expenditure Account.

The Governor concurs with the Board's request for a shift of \$26,411 for actuary expenses from the Legal Fees Account to the Operating Expenditure Account. (Even though the recommendation is a shift rather than an increase in expenditures, the appropriations bill would reflect the increase in expenditures on the Operating Expenditure Account, but not the corresponding reduction on the Legal Fees Account. No adjustment would be included for the Legal Fees Account since it has an expenditure limitation of "no limit.")

Senate Subcommittee Recommendation

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

1. Delete \$9,882 from the Health Care Stabilization Fund for salaries and wages, which is the amount recommended by the Governor over the already-approved budget. The additional moneys would have provided for upgrading the salaries of some of the Board's employees for the last six months of FY 1996. Staff from the Board indicated that the upgrades would not be sought as planned in FY 1996.
2. Add a new section to the appropriations bill to provide for the additional expenditure authority being recommended by the Governor on the Operating Account of the Health Care Stabilization Fund. The Governor recommended additional expenditure authority of \$58,361, but there was no language included in the appropriations bill to provide for this increase. Because the Senate

Subcommittee has reduced the Governor's recommendation by \$9,882 (Item No. 1 above), the net expenditure limitation increase recommended by the Senate Subcommittee is \$48,479.

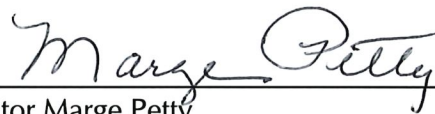
3. Add \$35,000 from the Health Care Stabilization Fund for the final costs of the Board's new computer system. A total of \$100,000 already has been approved for the computer (\$50,000 in FY 1995 and \$50,000 in the current year). The Subcommittee understood last year that cost of the computer would most likely be more than the \$100,000 initially approved. Language will be included in the appropriations bill to increase the Fund's Additional Expenditures for Computer Equipment and Installment Account from \$50,000 to \$85,000.



Senator Barbara Lawrence
Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Health Care Stabilization Fund
Board of Governors

Bill No. 426

Bill Sec. 11

Analyst: Mah

Analysis Pg. No. 712

Budget Page No. 253

<u>Expenditure Summary</u>	<u>Agency Request FY 97</u>	<u>Governor's Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
Fee Fund:			
State Operations	\$ 3,043,828	\$ 3,015,516	\$ -
Other Assistance	27,396,000	27,396,000	-
TOTAL	<u><u>\$ 30,439,828</u></u>	<u><u>\$ 30,411,516</u></u>	<u><u>\$ -</u></u>
FTE Positions	16.0	16.0	-
Unclassified Temp. Positions	0.0	0.0	-
TOTAL	<u><u>16.0</u></u>	<u><u>16.0</u></u>	<u><u>-</u></u>

Agency Request/Governor's Recommendation

For FY 1997, the Board requests \$30,439,828 in expenditures from the Health Care Stabilization Fund, of which \$27,396,000 is for claim payments and \$3,043,828 is for state operations. Included in the request are moneys to provide for the salary upgrades being proposed to begin in the current year. The salary request also includes the usual step movement for classified employees and an unclassified merit pool of 2.5 percent for unclassified employees. Remaining state operations are expected to drop in FY 1997 mostly because of completing one-time capital outlay purchases in the current year. With regard to claim payments, the Board indicates that the number of claims and settlements against the Health Care Stabilization Fund is unpredictable. Claim settlements in FY 1995 were significantly less than originally anticipated, increasing the number of claims to be settled in FY 1996 and perhaps FY 1997.

The Governor recommends a total of \$30,411,516 for FY 1997, a increase of \$2.2 million from his current year recommendation mostly for claim payment expenses. The recommendation makes adjustments totaling \$28,312 in reductions to the Board's request. The adjustments are outlined below.

- Salaries and wages are reduced by \$27,155 from the Board's request, of which \$7,086 is because of lower health insurance rates, \$3,997 is from longevity pay adjustments (from \$4,080 to \$83), and \$4,688 is from unclassified merit adjustments to provide a 2.5 salary raise for six months instead of a full year. Most of the remaining reduction (\$11,384) is because the recommendation does not fully fund the annualized cost of salary upgrades from the 3.5 percent salary enhancement for unclassified employees provided by the 1995 Legislature or salary upgrades proposed by the Board for approximately the last

six months of FY 1996, which the Governor recommends for FY 1996 but apparently not for FY 1997.

- All other operating expenses are reduced by \$1,157 from the Board's request, indicating no significant change from the request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following comments:

1. The Senate Subcommittee makes no adjustment in FY 1997 to delete any funding for the salary upgrades discussed in the FY 1996 report. No adjustment is necessary because the Governor's FY 1997 recommendation was understated and did not fully fund the annualized cost of salary upgrades approved last year by the Governor in FY 1996 for unclassified employees.
2. The Senate Subcommittee understands that S.B. 382, which is currently in the Senate Committee on Financial Institutions and Insurance, would require payment from the Health Care Stabilization Fund to the State General Fund at a rate of 20 percent of the annual moneys collected or \$200,000, whichever is less. (The purpose of the 20 percent credit is to reimburse the state for "accounting, auditing, budgeting, legal, payroll, personnel and purchasing services, and all other state governmental services, which are performed on behalf of the Health Care Stabilization Board of Governors by other state agencies which receive appropriations from the State General Fund to provide such services.) The Subcommittee also learned that, by way of a transfer, moneys from the Health Care Stabilization Fund are used to pay for a risk management program conducted by the Department of Health and Environment. The Risk Management Program, mandated by K.S.A. 65-4921 *et seq.*, began with passage of H.B. 2661 by the 1986 Legislature. The legislation, among other things, required medical care facilities (hospitals, ambulatory surgical centers, recuperation centers, and psychiatric hospitals) to establish internal risk management programs which included investigation and reporting procedures for acts by health care providers that were possibly below standard of care measures or grounds for disciplinary action by an appropriate licensing agency. Further, the law says that the Department of Health and Environment is authorized to do inspections and investigations to assure that each medical care facility implements its internal risk management program. Over the years, the Department has continued to do inspections annually with the primary focus of site reviews no longer assuring initial implementation but assuring reasonable compliance to the state's risk management laws and regulations. The moneys from the Health Care Stabilization Fund, most recently approximately \$200,000 annually, are used to pay the salaries and operating expenses of 3.8 FTE Department of Health and Environment staff members who administer the state's Risk Management Program. The Senate Subcommittee questions whether the state's risk management activities are necessary. Information indicates that there are other risk management programs available for reducing malpractice

liabilities, including those being provided by insurers that offer reduced premium costs to physicians who participate in risk management programs. The Subcommittee thinks that its questions may be answered if S.B. 533 is considered. The bill, which is currently in the Senate Committee on Public Health and Welfare, would allow use of moneys from the Health Stabilization Fund for risk management surveys and activities related to licensure of medical care facilities. In any event, the Subcommittee believes that there is merit for not requiring the Health Care Stabilization Fund to pay the 20 percent credit as provided for by S.B. 382 if it continues to pay for the state's Risk Management Program.

3. The Subcommittee learned that by law the Pooled Moneys Investment Board is responsible for making the Fund's investments. Currently a significant portion of the Fund's investment moneys are part of the Municipal Investment Pool. The Subcommittee was told by staff from the Health Care Stabilization Fund Board of Governors that the most recent rate of return on the Fund's investments has been 5.5 percent annually. The Subcommittee encourages the Health Care Stabilization Fund Board of Governors to share with the Pooled Moneys Investment Board information about the amount and length of time moneys are available for investments from the Health Care Stabilization Fund so that moneys can be used to take advantage of long term investments, which might generate significantly higher investment earnings for the Fund.



Senator Barbara Lawrence
Subcommittee Chair



Senator Dave Kerr

Senator Marge Petty

2-7

OBJECTIVE NUMBER 1:

Maintain the Fund in an actuarially sound manner and levy annual surcharge rates based on the recommendations of an independent actuary.

STRATEGIES FOR OBJECTIVE #1:

- . Selection of a qualified actuary and actuarial firm to perform the review and evaluation of the Fund.
- . Maintain accurate health care provider compliance, surcharge and claim file data base information in sufficient detail to meet the needs of the actuarial review and evaluation.
- . Provide the Fund's Board of Governors with additional information regarding the actuarial recommendations and the application of those recommendations in establishing the Fund surcharge rates.
- . Establish Fund surcharge rates which result in an ending fiscal year balance which is not unreasonably below or in excess of the estimated total liabilities of the Fund.

PERFORMANCE MEASURE FOR OBJECTIVE #1:

<u>Outcome Measures</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997 A</u>	<u>FY 1997 B</u>	<u>FY 1997 C</u>	<u>FY 1998</u>
Balance of Fund (6/30)	\$183,179,692	\$192,831,914	\$201,113,963	\$210,200,709	\$210,200,709	\$210,200,709	\$220,696,209
Actuarial estimated (negative) or positive Fund balance	\$59,722,245	\$69,678,490	\$60,241,996	\$50,482,722	\$50,482,722	\$50,482,722	\$39,943,971
<u>Output Measures</u> (Not Applicable)							

OBJECTIVE NUMBER 2:

Provide the necessary compliance and surcharge payment instructions to health care providers, insurers and self-insured health care providers who are required to provide compliance documentation and surcharge payments.

STRATEGIES FOR OBJECTIVE #2:

- . Issue an annual compliance and surcharge bulletin to all authorized insurers.
- . Provide timely notification regarding continuation of compliance documentation and surcharge payments to self-insured and non-resident health care providers.
- . Assist any health care provider or insurer in complying with the requirements of the Act.
- . Coordinate efforts with the KID to assure that all basic coverage policy forms offered by medical professional liability insurers meet the requirements of the Act.
- . Cooperate with other state agencies which license, register or certify Kansas health care providers.
- . Establish and maintain a reasonable and efficient method of assuring compliance record and surcharge payment accuracy.
- . Maintain a health care provider data base of compliance record and surcharge payment information sufficient to successfully manage the Fund.

PERFORMANCE MEASURES FOR OBJECTIVE #2:

<u>Outcome Measures</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997 A</u>	<u>FY 1997 B</u>	<u>FY 1997 C</u>	<u>FY 1998</u>
Surcharge Revenue	\$19,599,405	\$20,281,094	\$17,487,040	\$18,361,392	\$18,361,392	\$18,361,392	\$19,279,462
<u>Output Measures</u>							
Number of compliance records maintained	11,279	10,478	9,379	9,379	9,379	9,379	9,379

OBJECTIVE NUMBER 3:

Aggressively defend the Fund when eligible health care providers become involved in claims or court actions arising from the rendering of or failure to render professional services.

STRATEGIES FOR OBJECTIVE #3:

- . Continue to employ qualified attorneys, claims manager and other Claims Section personnel who have the necessary experience and skills related to the defense of medical professional liability claims and legal actions.
- . Carefully evaluate litigation expenses to assure amounts paid from the Fund are justified and adequately documented.
- . As needed, hire outside counsel who are knowledgeable and have expertise in the field of medical professional liability defense, to represent the interest of the Fund.
- . Aggressively pursue case management, including continued participation in settlement discussions and mandatory settlement conferences, where there is potential Fund exposure.
- . Provide resources for additional training to Claims Section personnel to continually strengthen and refine claim assessment and disposition skills.

PERFORMANCE MEASURES FOR OBJECTIVE #3:

<u>Outcome Measures</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997 A</u>	<u>FY 1997 B</u>	<u>FY 1997 C</u>	<u>FY 1998</u>
- Number of Active cases	389	439	460	364	364	364	389
<u>Output Measures</u>							
- Total number of cases filed	247	321	325	325	325	325	325
- Total no. of cases closed	268	271	300	300	300	300	300

SUBCOMMITTEE REPORT

Agency: Attorney General

Bill No. 488

Bill Sec. 12

Analyst: Rampey

Analysis Pg. No. 689

Budget Page No. 85

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,004,615	\$ 5,895,691	\$ 0
Aid to Local Units	3,163,692	3,163,692	0
Other Assistance	3,700,000	3,700,000	0
TOTAL	<u>\$ 12,868,307</u>	<u>\$ 12,759,383</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 4,131,767	\$ 4,025,080	\$ 0
FTE Positions	80.8	80.8	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
TOTAL	<u>81.8</u>	<u>81.8</u>	<u>0.0</u>

Agency Overview

The Attorney General is a constitutional, statewide elected official who is the chief legal officer and advocate of the state and its chief law enforcement officer. The office recently has been reorganized into the Department of Criminal Justice, which is comprised of the criminal litigation division, the Child Death Review Board, the victims' rights unit, the Medicaid fraud division, and the Crime Victims Compensation Board; and the Department of Civil Law, which is comprised of the divisions of civil litigation, consumer protection, and legal opinions and government counsel. The administrative services division provides support services to both departments. The Attorney General's staff is housed in the Kansas Judicial Center and in offices in the Jayhawk Tower. It is expected that the Attorney General will move to the Memorial Building early in FY 1998.

Agency Estimate/Governor's Recommendation

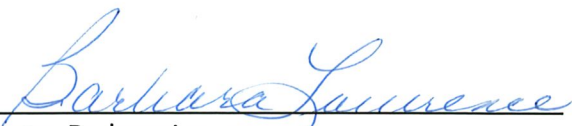
The Attorney General is requesting a supplemental appropriation of \$355,929 for expenses connected with Kansas' successful litigation against the State of Colorado over water rights to the Arkansas River. The amount would bring the total available in FY 1996 to \$1,083,273.

The Governor concurs with the supplemental appropriation request of \$355,929 for water litigation. In addition, he makes reductions in other expenditures for FY 1996 from the State General Fund that total \$150,952. The reductions consist of lapses imposed by the Governor totaling \$57,302. Other reductions totaling \$93,650 are made in operating expenses financed from the State General Fund and the savings are reappropriated to FY 1997.

*Senate Ways & Means
February 7, 1996
Attachment 3*

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor.



Senator Barbara Lawrence
Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Attorney General

Bill No. 428

Bill Sec. 43

Analyst: Rampey

Analysis Pg. No. 689

Budget Page No. 85

<u>Expenditure Summary</u>	<u>Agency Request FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,774,729	\$ 5,200,153	\$ 0
Aid to Local Units	3,945,000	1,940,000	0
Other Assistance	3,850,000	3,850,000	0
TOTAL	<u>\$ 14,569,729</u>	<u>\$ 10,990,153</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 4,798,549	\$ 3,537,660	\$ 0
FTE Positions	89.8	80.8	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
TOTAL	<u>90.8</u>	<u>81.8</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

For FY 1997, the Attorney General requests a total of \$14,569,729, of which \$4,798,549 would be from the State General Fund. Major items in the request are \$1,130,000 from the State General Fund for expenses related to the resolution of water litigation with Colorado; 5.0 FTE additional death penalty positions, at a total cost of \$314,149 from the State General Fund; \$144,270 for salary upgrades of 35 unclassified attorneys who were excluded from an upgrading of classified attorneys in other state agencies that occurred in FY 1995; and 4.0 positions for the Medicaid Fraud and Abuse Unit at a cost of \$274,431 for salaries and associated costs. (All funding is 90 percent from federal funds and 10 percent from the State General Fund.)

The Governor recommends expenditures of \$10,990,153, of which \$3,537,660 would be from the State General Fund. The Governor recommends \$500,000 for water litigation, not the \$1,130,000 that was requested. The Governor does not recommend any new positions and does not recommend the "parity" increases for the unclassified attorneys.

Senate Subcommittee Recommendation

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

1. The Subcommittee understands that the House Appropriations Subcommittee that reviewed the Attorney General's budget is going to recommend that the

Division of Personnel Services prepare a report describing the duties, responsibilities, and salaries of classified and unclassified attorneys in other state agencies. The purpose of the report is to give the Legislature comparative information about the duties and salaries of all attorneys in state government so that it can evaluate the merits of the Attorney General's concern about her legal staff.

The Subcommittee requests that the Division of Personnel Services complete its report as quickly as possible so that the Legislature will have the opportunity to revisit the issue of parity for the Attorney General's legal staff during consideration of the Omnibus Bill.

2. The Subcommittee calls attention to the fact that the Attorney General administers a number of domestic violence programs, some of which receive funding from district court docket fees. However, these fees are a temporary source of funding that will terminate at the end of FY 1996. The revenues account for approximately \$500,000 that will be awarded in grants by the Attorney General this year.

The Subcommittee agrees with the Attorney General that this funding for domestic violence programs should be ongoing and supports legislation to continue the docket fees. (S.B. 497, recommended by the Joint Committee on Children and Families, would make the fees permanent. The bill currently is in the Senate Judiciary Committee.)

3. The Subcommittee calls attention to two FTE positions added by the 1995 Legislature as the consequence of 1995 legislation that makes the Attorney General responsible for duties previously performed by county and district attorneys with regard to sexually violent predators who are eligible to be released from custody. The constitutionality of that legislation has been challenged in a case currently before the Kansas Supreme Court. If the Court were to rule that all or part of the law is unconstitutional and the duties of the two positions are eliminated or reduced, the Subcommittee's intention is that the Attorney General should be able to reassign those positions to priority areas where additional staff have been requested, such as death penalty prosecution.
4. The Subcommittee recommends the addition of a proviso to authorize the Attorney General to continue to pay the salary of an employee in the Division of Architectural Services to assist in the enforcement of the Americans with Disabilities Act. State law authorizes governmental agencies to exchange and share employees, but limits the exchange to four years. The Subcommittee believes the shared arrangement is working and would like for it to continue. (The Governor's recommended funding for the Attorney General continues the arrangement, but does not provide for the necessary authorization.)
5. The Subcommittee recommends that a proviso be cleaned up to remove obsolete language. The proviso is to a federal fund that used to be administered by the Crime Victims Reparations Board when it was a separate agency. Because the

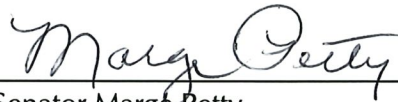
Board was made a part of the Attorney General's office in the late 1980s, references in the proviso should be to the Attorney General, not to the Crime Victims Reparations Board or to the Crime Victims Compensation Board. (Changing the proviso will have no effect on current practices or operations.)



Senator Barbara Lawrence
Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty

**Office of Attorney General
Carla J. Stovall**

**Selected Performance Measures
Prepared for the Senate Ways & Means Committee**

**Dave Kerr, Chair
November 2, 1996**

- **Goal:** To provide for the efficient, effective and ethical prosecution of persons charged with violations of the criminal laws of the State of Kansas.

Objective: To provide for the enforcement of the law and prosecution of individuals who have violated the Kansas Criminal Code.

Performance Measure: Number of criminal case files opened:

Actual FY 1995:	199
Estimate FY 1996:	250
Estimate FY 1997 A, B & C:	300

- **Goal:** To provide efficient, effective and ethical legal advocacy on behalf of the State of Kansas, its agencies and employees, in civil matters contested before a Kansas or Federal court or administrative agency.

Objective: In the defense of the state and/or its agencies and employees, ensure that each and every action or threatened action is responded to in a timely and appropriate manner.

Performance Measure: Number of civil case files opened by this office:

Actual FY 1995:	1,110
Estimate FY 1996:	1,150
Estimate FY 1997 A, B & C:	1,200

- **Goal:** To provide efficient, effective and ethical enforcement of the Kansas Consumer Protection Act.

Objective: Receive, process, investigate and act on consumer complaints in a timely manner.

Performance Measure: Number of complaints resolved or closed:

Actual CY 1994:	4,438
Estimate FY 1996:	4,500
Estimate FY 1997 A & B:	4,000
Estimate FY 1997 C:	4,500

As requested, the above are just three of the principal goals, objectives and performance measures included in the Attorney General's budget submission, which contained 35 goals, 60 objectives and 104 performance measures for which eight office divisions are responsible.

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. –

Bill Sec. –

Analyst: Pierron

Analysis Pg. No. 718

Budget Page No. 453

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,857,691	\$ 2,795,122	\$ 0
Special Revenue Funds	1,446,103	1,435,523	0
TOTAL	\$ 4,303,794	\$ 4,230,645	\$ 0
FTE Positions	56.0	56.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	56.0	56.0	0.0

Agency Est./Governor's Recommendation

For FY 1996 the Secretary of State's estimate is \$4,303,794, or \$9,838 less than the amount approved by the 1995 Legislature. Of the total estimate, \$2,934,294 is for state operations and \$1,369,500 is for the Presidential Preference Primary.

Of the total FY 1996 estimate for operating expenditures, \$2,857,691 is from the State General Fund and \$1,446,103 is from special revenue funds. The estimate for spending from the State General Fund is \$25,966 less than the amount approved by the 1995 Legislature, and the estimate for spending from special revenue funds is \$16,128 more than the amount approved by the 1995 Legislature. The agency's revised estimate reduces planned expenditures for the Presidential Primary by \$30,500. The increased special revenue spending is financed by funds with a no-limit expenditure. The agency estimates a 4.5 percent shrinkage rate.

Although the 1995 Legislature approved a total of 60.0 FTE positions, the agency requested 4.0 fewer FTE positions in their FY 1996 estimate (retirement and position rearrangements).

The Governor recommends FY 1996 state operations funding of \$2,851,645, a decrease of \$82,649 from the agency estimate. Of the reduction, \$27,069 is from the amount requested from the State General Fund and \$10,580 is from the amount requested from special revenue funds. The Governor concurs with the 56.0 FTE positions included in the agency estimate.

The \$2,795,122 recommended from the State General Fund for operating expenditures is a decrease of \$88,535 below the \$2,883,657 approved from the State General Fund by the 1995 Legislature. The \$1,435,523 recommended from the special revenue funds is \$5,548 more than the \$1,429,975 approved by the 1995 Legislature.

The Governor's recommended changes to the approved budget include:


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Attachment 4*

- \$42,865 reduction for a 1.5 percent State General Fund rescission;
- \$140,220 increase for salary adjustments (OOE funds were shifted to salaries to cover a 9.3 percent increase in salaries. The agency rearranged position responsibilities and reclassified some positions); and
- \$180,342 reduction for miscellaneous operating expenditures which reflects the shifted OOE funds for the salary increases, and reduced communication rates. A portion of the reduction (\$26,000) also reflects the agency's FY 1995 expenditure of funding that was to have been reappropriated to FY 1996.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the Governor, with the following observation:

1. recommends that in the event a bill passes repealing the Presidential Preference Primary, the \$1,397,000 recommended by the Governor for the running of the election remain in the State General Fund.



Senator Barbara Lawrence, Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. 426

Bill Sec. 8

Analyst: Pierron

Analysis Pg. No. 718

Budget Page No. 453

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,453,984	\$ 1,381,484	\$ 0
Special Revenue Funds	1,668,863	1,653,847	0
TOTAL	<u>\$ 3,122,847</u>	<u>\$ 3,035,331</u>	<u>\$ 0</u>
FTE Positions	56.0	56.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>56.0</u>	<u>56.0</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency requests FY 1997 state operations funding of \$3,122,847, an increase of \$188,553, or 6.4 percent, above the FY 1996 estimate.

Of the total FY 1997 request, \$1,453,984 is financed from the State General Fund, and \$1,668,863 is financed from agency special revenue funds without expenditure limitations. The decrease in spending financed from the State General Fund from FY 1996 is primarily due to the absence of a Presidential Preference Primary.

The agency requests \$250,768 of the Uniform Commercial Code special revenue fund for purchase of the final portion of an optical disc image system.

The agency requests a 4.5 percent shrinkage rate for 1997. Requested for unclassified merit pay is \$39,361 and \$152,535 is requested for health insurance benefits.

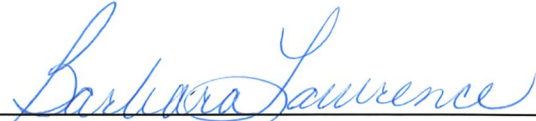
The Governor recommends FY 1997 state operations funding of \$3,035,331, a reduction of \$87,516 from the agency request. **The Governor recommends** \$125,692 for health insurance benefits, \$20,550 for unclassified merit pay and \$1,650,124 in total salaries. Of the reduction, \$26,824 is a reduction from the agency request for health insurance, and \$18,811 is a reduction from the amount requested by the agency for unclassified merit.

The Governor concurs with the agency's request for funding for the final portion of the optical disc image system.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the Governor, with the following recommendations:

1. suggests that interagency discussion be held to explore the practicality of sharing resources in regard to Optical Disc Image Systems. According to the Office of the Chief Information Architect, the departments of Health and Environment, Revenue, and Corrections are also in the process of purchasing or currently have optical disc image systems. Requests are pending from other agencies (e.g., the Department of Administration) for purchase of a system.



Senator Barbara Lawrence, Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty

Ron Thornburgh
Secretary of State



2nd Floor, State Capitol
300 S.W. 10th Ave.
Topeka, KS 66612-1594
(913) 296-2236

STATE OF KANSAS

MEMORANDUM

TO: Senate budget committee
FROM: Secretary of State
DATE: February 5, 1996
RE: Three most important performance measures

During the summer of 1995 the management staff in the secretary of state's office prepared its first performance-based budget. The budget document reflects the general agency and four specific division strategic plans. The first two performance measures listed below are common to all of the strategic plans. The third is unique to the election and administration divisions.

- develop a formula to determine cost per record filed or disseminated in order to determine soundness of fee structure and enact new efficiencies where appropriate (record includes paper or electronic transmission)
- implement electronic filing/dissemination of all agency records
- increase voter education/turnout

SUBCOMMITTEE REPORT

Agency: State Treasurer

Bill No. –

Bill Sec. –

Analyst: Porter

Analysis Pg. No. 727

Budget Page No. 513

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,243,238	\$ 3,201,205	\$ 0
Aid to Local Units	95,836,057	95,836,057	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 99,079,295</u>	<u>\$ 99,037,262</u>	<u>\$ 0</u>
Debt Service	229,674	229,674	0
TOTAL	<u><u>\$ 99,308,969</u></u>	<u><u>\$ 99,266,936</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 2,345,904	\$ 2,309,585	\$ 0
Aid to Local Units	80,911,057	80,911,057	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 83,256,961</u>	<u>\$ 83,220,642</u>	<u>\$ 0</u>
Debt Service	0	0	0
TOTAL	<u><u>\$ 83,256,961</u></u>	<u><u>\$ 83,220,642</u></u>	<u><u>\$ 0</u></u>
Other Funds:			
State Operations	\$ 897,333	\$ 891,620	\$ 0
Aid to Local Units	14,925,000	14,925,000	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 15,822,333</u>	<u>\$ 15,816,620</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 15,822,333</u></u>	<u><u>\$ 15,816,620</u></u>	<u><u>\$ 0</u></u>
FTE Positions			
FTE Positions	57.5	57.5	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u><u>57.5</u></u>	<u><u>57.5</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

For FY 1996, the agency's revised estimate of expenditures for state operations in FY 1996 is \$3,243,238, or \$99,114 more than the amount approved by the 1995 Legislature, as adjusted for State Finance Council action. The increase reflects a reduction of \$54,635 from the approved level of State General Fund financing and an increase totaling \$153,749 from special revenue funds. The majority of the increase in special revenue funds (\$97,309) is from the Unclaimed Property Expense Fund. The increase reflects the addition of \$30,000 for temporary help and the reallocation of an Office Assistant

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Attachment 5*

IV and a portion of the salary of the Director of Support Services from the State General Fund portion of the budget to the Unclaimed Property Fund.

The Governor recommends FY 1996 state operations funding of \$3,201,205, a decrease of \$42,033 from the agency estimate. Of the reduction, \$27,033 is from the amount estimated for salaries and wages and includes a downward adjustment for the cost of state employee health insurance. Other operating expenditures are decreased \$15,000 from the agency estimate. The agency estimate had included the 1.5 percent State General Fund rescission requested by the Governor (\$31,573).

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.



Senator Barbara Lawrence, Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: State Treasurer

Bill No. 426

Bill Sec. 9

Analyst: Porter

Analysis Pg. No. 727

Budget Page No. 513

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,317,776	\$ 3,085,058	\$ 51,603
Aid to Local Units	99,650,189	96,968,811	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 102,967,965</u>	<u>\$ 100,053,869</u>	<u>\$ 51,603</u>
Debt Service	221,596	221,596	0
TOTAL	<u><u>\$ 103,189,561</u></u>	<u><u>\$ 100,275,465</u></u>	<u><u>\$ 51,603</u></u>
State General Fund:			
State Operations	\$ 2,532,860	\$ 2,182,384	\$ 0
Aid to Local Units	85,737,000	82,043,811	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 88,269,860</u>	<u>\$ 84,226,195</u>	<u>\$ 0</u>
Debt Service	0	0	0
TOTAL	<u><u>\$ 88,269,860</u></u>	<u><u>\$ 84,226,195</u></u>	<u><u>\$ 0</u></u>
Other Funds:			
State Operations	\$ 784,916	\$ 902,674	\$ 51,603
Aid to Local Units	14,925,000	14,925,000	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 15,709,916</u>	<u>\$ 15,827,674</u>	<u>\$ 51,603</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 15,709,916</u></u>	<u><u>\$ 15,827,674</u></u>	<u><u>\$ 51,603</u></u>
FTE Positions	58.5	57.5	1.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u><u>58.5</u></u>	<u><u>57.5</u></u>	<u><u>1.0</u></u>

Agency Request/Governor's Recommendation

For FY 1997, the agency requests FY 1997 state operations funding of \$3,317,776, an increase of \$74,538, or 2.3 percent, above the FY 1996 estimate of \$3,243,238. Increases in salaries and wages and commodities are offset by reductions in the areas of contractual services and capital outlay.

The Governor recommends FY 1997 state operations funding of \$3,085,058, a decrease of \$232,718 from the agency request. Of the reduction, \$95,010 is from the agency request for salaries and wages and reflects deleting funding for the new position requested by the agency and a downward

adjustment for the cost of state employee health insurance. The Governor includes 2.5 percent step movement for classified employees (\$27,800), a 2.5 percent unclassified merit pool for six months (\$7,024), and longevity for those employees at the end of their pay grade (\$2,720).

The Governor's recommendation also includes a reduction of \$137,708 from the agency request for other operating expenditures. Both the FY 1997 request and FY 1996 estimate include a 4.0 percent turnover rate. The Governor concurs with a 4.0 percent turnover rate in both FY 1996 and FY 1997.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

1. Shift funding of \$39,500 from the banking services line item to the operating expenditures line item.
2. S.B. 426 would authorize the annual transfer from the Kansas Department of Transportation to the State Treasurer. As a technical adjustment, change the name of the fund from which the transfer is to be made from the Highway Bond Debt Service Fund to the State Highway Fund. This adjustment would carry out the Governor's recommendation.
3. The Subcommittee reviewed the status of the Unclaimed Mineral Proceeds Trust Fund. In 1994, a one-time unclaimed property payment of \$20,000,000 was deposited into the State General Fund. The 1994 Legislature established the Unclaimed Mineral Proceeds Trust Fund and provided for the transfer of \$5,000,000 from the State General Fund into the trust fund to pay mineral proceeds claims made by other states. An additional future transfer of \$5,000,000 from the State General Fund was authorized to pay additional claims. (K.S.A. 58-3977.)

Of the first \$5,000,000 transfer into the trust fund, approximately \$900,000 remains. Remaining outstanding claims from other states, excluding Colorado and Texas, total approximately \$1.8 million. The combined total due Texas and Colorado is approximately \$4.5 million. Because of the time involved in making contact with the necessary parties, entering into agreements, and issuing related reports, it is expected that the second authorized transfer of \$5,000,000 will not be requested until FY 1998. The Subcommittee notes the potential impact this anticipated transfer will have on the FY 1998 budget.

4. Add 1.0 FTE Investment Analyst position for the Pooled Money Investment Board (PMIB) and authorize additional expenditures of \$51,603 (\$47,828 for salaries and wages, including fringe benefits, and \$3,775 for other operating expenditures) from the Services Reimbursement Fund. The Subcommittee was informed that the Treasurer asked for this position at the request of the PMIB. The agency states that the current level of investment staffing is not sufficient to maximize the agency's attempts to analyze markets, portfolios, and individual

securities, as well as to evaluate the strategies and decisions the agency undertakes.



Senator Barbara Lawrence, Subcommittee Chair



Senator Dave Kerr



Senator Marge Petty

STATE TREASURER
PERFORMANCE INDICATORS

Unclaimed Property Program			
	<u>Actual FY 1995</u>	<u>Estimate FY 1996</u>	<u>Estimate FY 1997</u>
Number of holder reports processed	5,384	5,800	6,000
Value of unclaimed property receipts to State General Fund	\$ 10,105,902	\$ 10,500,000	\$ 12,000,000
Number of claims filed	14,753	16,000	18,000
Number of claims approved	4,707	5,000	6,000

Pooled Money Investment Board			
	<u>Actual FY 1995</u>	<u>Estimate FY 1996</u>	<u>Estimate FY 1997</u>
Interest earned on the idle portfolio:			
All funds (in millions)	\$105.7	\$120.0	\$122.0
State General Fund (in millions)	\$61.4	\$68.9	\$66.0
Average rate of return on the idle portfolio	4.76%	5.25%	5.15%
Yield on idle portfolios in excess of average yield of comparable US government treasury mutual funds	0.0%	0.25%	0.25%
Yield on MIP portfolios in excess of average yield of comparable money market funds	0.30%	0.25%	0.30%

SUBCOMMITTEE REPORT

Agency: Governor's Department

Bill No. –

Bill Sec. –

Analyst: Conroy

Analysis Pg. No. 681

Budget Page No. 203

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,678,966	\$ 1,668,618	\$ 0
State General Fund	1,643,877	1,658,529	0
FTE Positions	29.5	29.5	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>29.5</u>	<u>29.5</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

A revised FY 1996 budget estimate is submitted which is financed by \$1,643,877 from the State General Fund and \$35,089 from special revenue funds. The agency estimate is \$270,479 (State General Fund) less than the agency is authorized to spend. Included within the agency estimate is the current year reduction in State General Fund expenditures by 1.5 percent (\$28,715). The revised estimate in FY 1996 includes the addition of 1.5 FTE positions.

The Governor's recommendation for FY 1996 is \$1,668,618 or \$10,348 less than the agency requested. Almost the entire reduction relates to adjustments for the latest employer costs for employee and dependent health insurance. The Governor concurs with the agency request for a total of 29.5 FTE positions, which includes the addition of 1.5 FTE positions. The Governor does recommend special revenue financed expenditures of \$10,089 or \$25,000 less than the agency requested.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

Senator Jerry Moran, Subcommittee Chair

Richard R. Rock

Senator Richard R. Rock

SUBCOMMITTEE REPORT

Agency: Governor's Department

Bill No. 426

Bill Sec. 5

Analyst: Conroy

Analysis Pg. No. 681

Budget Page No. 203

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,743,491	\$ 1,705,180	\$ 0
State General Fund	1,697,031	1,624,967	0
FTE Positions	28.5	28.5	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>28.5</u>	<u>28.5</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The FY 1997 budget request of the agency is financed by \$1,697,031 from the State General Fund and \$46,460 from special revenue funds. Expenditures for salaries and wages total \$1,284,339, an increase of \$54,689 or 4.4 percent above the revised FY 1996 estimate. The estimated number of positions is 28.5, a reduction of 1.0 FTE from the current year level. Nonsalary expenses total \$459,152 or \$9,836 more than the agency requested for FY 1996. Special revenue resources of \$47,289 would be available to finance expenditures in excess of those identified in the requested budget.

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

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

Senator Jerry Moran, Subcommittee Chair



Senator Richard R. Rock

PERFORMANCE BUDGET
OFFICE OF THE GOVERNOR

MISSION STATEMENT

The mission of the Office of the Governor is to serve the people of the State of Kansas by carrying out the executive functions of the State entrusted to the Office of the Governor by the *Constitution of the State of Kansas*. In doing so the Office of the Governor will provide honest, appropriate, effective, efficient, and equitable executive leadership to the government of the State of Kansas.

GOALS AND OBJECTIVES

- 1-1. To provide leadership and direction to the executive branch of government of the State of Kansas.
- 1-2. To be accessible to the people of the State of Kansas.

STRATEGIES

- 2-1. Appoint competent, knowledgeable, and experienced individuals to positions in the executive branch of government.
- 2-2. Facilitate and implement management and research studies that assist in the improvement of the effectiveness of state government.
- 2-3. Employ effective staff liaisons to facilitate communications with the legislative branch and to assist in the implementation of legislation consistent with the mission of the Governor's Office.
- 2-4. Act as a liaison and facilitator of communications between the State of Kansas, the federal government, other state governments, and the governments of foreign countries.
- 2-5. Meet with Kansas citizens to discuss problems and to recognize the accomplishments of those citizens.
- 2-6. Employ a knowledgeable staff in the constituent services office in order to respond, in writing, to citizen inquiries.
- 2-7. Provide information to the media concerning the operation of state government.

OUTCOMES\OUTPUTS

- 3-1. Percent of constituent correspondence responded to within one week.
- 3-2. Percent of pardon and extradition actions completed within thirty days.
- 3-3. Number of constituent inquiries handled by the constituent services office.

SUBCOMMITTEE REPORT

Agency: Lieutenant Governor

Bill No. –

Bill Sec. –

Analyst: Conroy

Analysis Pg. No. 685

Budget Page No. 407

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 123,289	\$ 122,087	\$ 0
FTE Positions	3.5	3.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>3.5</u>	<u>3.0</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

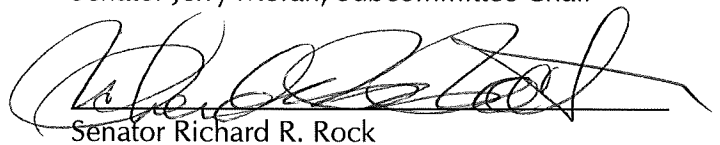
The revised FY 1996 budget estimate is \$6,521 less than the amount authorized by the 1995 Legislature, including the reappropriation. The agency complied with the request of the Governor to reduce current year State General Fund expenditures by 1.5 percent (\$1,947). The agency's revised FY 1996 estimate does include the shift of a temporary clerical position to a permanent 0.5 FTE position.

The Governor's recommendation for FY 1996 is \$122,087 or \$1,202 less than the agency requested. The entire reduction relates to adjustments for the latest employer costs for employee and dependent health insurance. The Governor also recommends that the current temporary clerical position not be shifted to a permanent FTE position.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran
Senator Jerry Moran, Subcommittee Chair


Senator Richard R. Rock

*Senate Ways & Means
February 7, 1996
Attachment 7*

SUBCOMMITTEE REPORT

Agency: Lieutenant Governor

Bill No. 426

Bill Sec. 6

Analyst: Conroy

Analysis Pg. No. 685

Budget Page No. 407

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 126,184	\$ 120,703	\$ 0
FTE Positions	3.5	3.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>3.5</u>	<u>3.0</u>	<u>0.0</u>

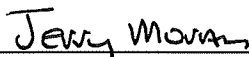
Agency Req./Governor's Recommendation

The FY 1997 budget request totals \$126,184 of which \$97,927 (or 77.6 percent) is for salaries and of the Lieutenant Governor and 2.5 staff positions and \$28,257 is for other operating expenditures, primarily for travel and communications.


The Governor recommends \$120,703 for FY 1997, which is \$5,481 less than the agency requested. The Governor's adjustments include fringe benefit recalculations, his pay plan proposal for FY 1997, and reductions (\$3,105) in other operating expenditures (mainly in printing (\$1,325) and travel and subsistence (\$1,325)). The Governor also recommends that the current temporary clerical position not be shifted to a permanent FTE position.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.



 Senator Jerry Moran, Subcommittee Chair



 Senator Richard R. Rock

**LT. GOVERNOR'S OFFICE
REVISED GOALS/PERFORMANCE MEASURES**

- Increase access of the public to the Graves' Administration.
- Foster improved legislative contact with the Graves' Administration.
- Design & implement a constituent & legislative contact tracking system to increase quality and efficiency of contacts with the Lt. Governor's Office.

SUBCOMMITTEE REPORT

Agency: Legislative Division of Post Audit **Bill No. –** **Bill Sec. –**
Analyst: Conroy **Analysis Pg. No. 673** **Budget Page No. 387**

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,478,758	\$ 1,470,012	\$ 0
FTE Positions	20.0	20.0	–
Unclassified Temp. Positions	3.0	3.0	–
TOTAL	<u>23.0</u>	<u>23.0</u>	<u>–</u>

Agency Estimate/Governor's Recommendation

The revised agency estimate of FY 1996 expenditures from the State General Fund is \$164,636 less than authorized by the 1995 Legislature, including the reappropriation. The agency, as directed by the Legislative Coordinating Council, complied with the request of the Governor to reduce current year State General Fund expenditures by 1.5 percent (\$24,651). Expenditures from the non-reportable Audit Services Fund are estimated at \$335,227.

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

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

 Senator Jerry Moran
 Subcommittee Chairperson

Richard R. Rock

 Senator Richard R. Rock

SUBCOMMITTEE REPORT

Agency: Legislative Division of Post Audit

Bill No. 426

Bill Sec. 4

Analyst: Conroy

Analysis Pg. No. 673

Budget Page No. 387

<u>Expenditure Summary</u>	<u>Agency Request FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,501,524	\$ 1,485,646	\$ 0
FTE Positions	20.0	20.0	-
Unclassified Temp. Positions	3.0	3.0	-
TOTAL	<u>23.0</u>	<u>23.0</u>	<u>-</u>

Agency Request/Governor's Recommendation

The FY 1997 budget request of the Division of Post Audit is financed entirely by the State General Fund in the amount of \$1,501,524. Requested non-reportable expenditures from the Audit Services Fund in FY 1997 is \$336,778. The General Fund request is an increase of \$22,766 or 1.5 percent above the agency's revised current year estimate. Of the requested increase, \$33,908 is for salaries and benefits of the present 20.0 FTE positions. The agency request reflects step movement, longevity, and fringe benefit adjustments for the existing agency staff. As directed by the Legislative Coordinating Council, the agency budget does not provide for a general salary increase. Other operating expenditures decrease by \$11,142 in FY 1997 from \$408,852 to \$397,710.

The Governor for FY 1997 recommends \$1,485,646 or \$15,878 less than the agency requested. The Governor's adjustments include fringe benefit recalculations and his pay plan proposal for FY 1997, which for this agency, includes no longevity pay. The recommendation includes \$1,142 for a merit salary pool for the one employee not assigned to the basis state pay plan. The Governor concurs with the agency request for other operating expenditures in FY 1997.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

 Senator Jerry Moran
 Subcommittee Chairperson

Richard R. Rock

 Senator Richard R. Rock

Legislative Division of Post Audit

MISSION STATEMENT

The Legislative Division of Post Audit's mission is to conduct audits that provide information for the Legislature and other government officials who make and carry out policies and procedures. This information helps the Legislature ensure that Kansans receive economical, efficient, and effective services that are in compliance with applicable requirements. It also helps the Legislature ensure the integrity of the State's financial management control systems.

GOALS: To conduct and issue audits that are responsive to the needs and mandates of the Legislature.

To conduct audits that promote improved efficiency, effectiveness, and financial management practices in Kansas government.

To conduct audits in accordance with all applicable government auditing standards

To conduct audits in a timely and cost-effective manner

PERFORMANCE MEASURES:

	FY 1994	FY 1995	FY 1996	FY1997	FY 1998
% of legislators who think audits were useful in identifying ways to save money, increasing agency accountability, making funding decisions, or considering legislation.	n/a	93%	n/a	n/a	90%
% of performance audit recommendations implemented (during calendar year) by:					
• agency officials	86%	90%	90%	90%	90%
• the Legislature	53%	50%	50%	50%	50%
earning the highest possible rating on the 3-year external quality control review of the Division's audit operations	n/a	n/a	yes	n/a	n/a

SUBCOMMITTEE REPORT

Agency: Revisor of Statutes

Bill No. –

Bill Sec. –

Analyst: Conroy

Analysis Pg. No. 677

Budget Page No. 389

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,158,276	\$ 2,146,242	\$ 0
FTE Positions	27.8	27.8	–
Unclassified Temp. Positions	9.0	9.0	–
TOTAL	36.8	36.8	–

Agency Estimate/Governor's Recommendation

The revised FY 1996 agency estimate is \$2,158,276 or \$201,436 less than authorized by the 1995 Legislature, including the reappropriated amount. The agency, as directed by the Legislative Coordinating Council, complied with the request of the Governor to reduce current year State General Fund expenditures by 1.5 percent (\$35,935). The two largest areas of expenditures being less than anticipated include printing and data processing.

The Governor's recommendation for FY 1996 is \$2,146,242 or \$12,034 less than the agency requested. The entire reduction relates to adjustments for the latest employer costs for employee and dependent health insurance.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

 Senator Jerry Moran
 Subcommittee Chairperson

Richard R. Rock

 Senator Richard R. Rock

*Senate Ways & Means
 February 7, 1996
 Attachment 9*

SUBCOMMITTEE REPORT

Agency: Revisor of Statutes

Bill No. 426

Bill Sec. 2

Analyst: Conroy

Analysis Pg. No. 677

Budget Page No. 389

<u>Expenditure Summary</u>	<u>Agency Request FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,149,049	\$ 2,123,207	\$ 0
FTE Positions	26.8	26.8	-
Unclassified Temp. Positions	9.0	9.0	-
TOTAL	<u><u>35.8</u></u>	<u><u>35.8</u></u>	<u><u>-</u></u>

Agency Request/Governor's Recommendation

The FY 1997 budget request of the Revisor of Statutes is \$2,149,049 or \$9,227 less than the revised expenditure estimate for FY 1996. The Governor for FY 1997 recommends \$2,123,207 or \$35,069 less than the agency requested. The Governor's adjustments include fringe benefit recalculations and his pay plan proposal for FY 1997, which for this agency, includes no longevity pay. The recommendation includes \$2,020 for a merit salary pool for employees who are not assigned to the basic state pay plan.

Salaries and Wages. The FY 1997 request for salaries and wages totals \$1,534,388, an increase of \$7,526 or 0.5 percent above the FY 1996 revised estimate. The request in FY 1997 reflects the deletion of one professional position (Senior Assistant Revisor). As directed by the Legislative Coordinating Council, no provision is made for a general salary increase. **The Governor concurs with the deletion** of one professional position and makes other adjustments to reflect his pay plan proposal for FY 1997.

Printing. The FY 1997 request includes \$393,661 for printing costs for the publication of the replacement volume for the Kansas Statutes Annotated (Volume 7), cumulative supplements and the general index volume to the Kansas Statutes Annotated. The FY 1996 estimate for printing costs is \$404,364. **The Governor concurs** with the agency request.

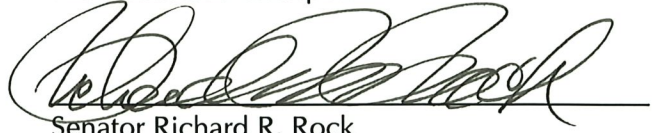
Computer Services. For FY 1997 the agency request includes \$166,224 for computer services, largely provided by the Division of Information Systems and Communications, and for acquisition, maintenance and normal replacement of existing computer hardware and software. **The Governor concurs** with the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

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

Senator Jerry Moran
Subcommittee Chairperson



Senator Richard R. Rock

MEMORANDUM

TO: Senator Moran and Senator Rock
FROM: Norman J. Furse, Revisor of Statutes
DATE: January 26, 1996
RE: Performance Measures Priority

I understand that you have requested each state agency before your subcommittee to establish the top three performance measures of the agency. Mine are listed as follows:

1. Service to the Legislature. Our goal is to provide the highest quality legal services to the legislature, its members and committees within the time available to us for providing these services. This goal includes meeting legislative drafting deadlines and individual staff member professional development including all employees of the Revisor's Office.
2. Publication of the Kansas Statutes Annotated on a Timely Basis. Our goal here is to publish the Kansas Statutes Annotated volumes within six months of publication of the session laws and to provide editorial work accuracy of the highest level.
3. Computer Support Services. The computer support services are essential for service to the legislature and preparation of the Kansas Statutes Annotated. The Revisor's Office computer staff maintains over 650 computer programs to assist the office in carrying out its various duties. This staff also develops new programs as needed.

Please let me know if you have any questions concerning these priorities, or if I can be of any further assistance.

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SUBCOMMITTEE REPORT

Agency: Kansas Legislative Research
Department

Bill No. –

Bill Sec. –

Analyst: Conroy

Analysis Pg. No. 668

Budget Page No. 389

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,059,697	\$ 2,043,947	\$ 0
FTE Positions	36.0	36.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>36.0</u>	<u>36.0</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The agency's revised FY 1996 estimate is \$2,059,697, or \$31,366 less than the currently authorized amount by the 1995 Legislature, including reappropriations.

The Governor recommends FY 1996 state operations funding of \$2,043,947, a decrease of \$15,750 below the agency's estimate. The entire reduction relates to adjustments in employer health insurance costs for employees and dependents.

Data Processing/Census Unit Staff. The principal data processing staff member within the Legislative Research Department recently resigned. A staff member assigned to the Census Unit of the Legislature was moved to the Research Department to assume that position. In addition, a half-time data processing support position was changed to full-time. The agency decided that two positions in the Research Department and one in the Legislature's Census Unit could provide the support services needed for both entities, so the combined FTE is 3.0 instead of the previous 3.3 FTE positions. The Governor concurs with the changes to the Census Data Unit.

Current Year Reduction. The agency, as directed by the Legislative Coordinating Council, complied with the request of the Governor to reduce current State General Fund expenditures by 1.5 percent (\$31,366). The Governor concurs with the 1.5 percent State General Fund reduction in FY 1996.

Elimination of Contingency. The agency in the current year proposes to eliminate a \$15,000 "contingency" amount that could only be expended with specific LCC approval. The contingency amount was to be available for special studies or to meet unanticipated legislative needs.

The Governor concurs with the proposed elimination of the "contingency" funds in FY 1996.

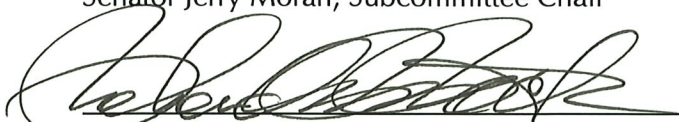
*Senate Ways & Means
February 7, 1996
Attachment 10*

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

Senator Jerry Moran, Subcommittee Chair



Senator Richard R. Rock

SUBCOMMITTEE REPORT

Agency: Kansas Legislative Research
Department

Bill No. 426

Bill Sec. 2

Analyst: Conroy

Analysis Pg. No. 668

Budget Page No. 389

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,217,688	\$ 2,185,692	\$ 0
FTE Positions	37.0	37.0	0.0
Unclassified Temp. Positions	0.1	0.1	0.0
TOTAL	<u>37.1</u>	<u>36.0</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency requests FY 1997 state operation funding of \$2,217,688, an increase of 7.7 percent or \$157,991 above the FY 1996 estimate.

For FY 1997 the Governor recommends \$2,185,692, or \$31,996 less than the agency requested. The reduction reflects the Governor's pay plan proposal, including for this agency, no longevity pay. The Governor's recommendation includes \$3,825 in merit pool for employees who are not assigned to the basic state plan.

Shift of Legislature's Census Data Unit. The agency proposes shifting the last remaining position (a data processing position) in the Census Data Unit of the Legislature's budget to the Research Department in FY 1997. The total requested amount for the activities of the Census Data Unit that would be shifted to the agency in FY 1997 totals \$101,491. Of the requested amount \$40,066 would be for salaries and wages, including \$3,000 for temporary help. Most of the \$61,425 for other operating expenditures that are shifted is for service contracts or capital outlay (\$5,000).

The Governor concurs with the shift of the Census Data Unit to this agency in FY 1997.

Federal Funds Information System. For FY 1997 the agency proposes to split evenly the cost of the Federal Funds Information System with the Division of the Budget. The total estimated cost of the information system is \$8,000, with the Research Department share being \$4,000, an increase of \$3,000 above the FY 1996 amount.

The Governor concurs with the agency's request on the Federal Funds Information System in FY 1997.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

Senator Jerry Moran, Subcommittee Chair

Richard R. Rock

Senator Richard R. Rock

SUBCOMMITTEE REPORT

Agency: Legislative Coordinating Council

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 664

Budget Page No. 385

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 526,005	\$ 521,350	\$ 0
FTE Positions	10.0	10.0	0.0
Unclassified Temp. Positions	0.5	0.5	0.0
TOTAL	<u>10.5</u>	<u>10.5</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The FY 1996 revised budget submitted by the Legislative Coordinating Council (LCC) is \$526,005, or \$18,669 less than the currently authorized amount by the 1995 Legislature, including reappropriations. The reduction reflects in part the 1.5 percent reduction (\$8,170) that the Governor requested in selected FY 1996 agency budgets. The FY 1996 estimate includes \$50,000 for an actuarial audit of the Kansas Public Employees Retirement System (KPERs) as approved by the 1995 Legislature.

The Governor for FY 1996 recommends \$521,350, or \$4,655 less than the agency requested. Almost the entire adjustment reflects the latest employer costs for employee and dependent health insurance.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

Senator Jerry Moran, Subcommittee Chairperson

Richard R. Rock

Senator Richard R. Rock

*Senate Ways & Means
February 7, 1996
Attachment 11*

SUBCOMMITTEE REPORT

Agency: Legislative Coordinating Council

Bill No. 426

Bill Sec. 2

Analyst: Conroy

Analysis Pg. No. 664

Budget Page No. 385

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 485,754	\$ 477,691	\$ 0
FTE Positions	10.0	10.0	0.0
Unclassified Temp. Positions	0.5	0.5	0.0
TOTAL	<u>10.5</u>	<u>10.5</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency's FY 1997 budget request of \$485,574 is \$40,431 less than the revised agency estimate for FY 1996. The reduction reflects the one time expenditure of \$50,000 for an actuarial audit of the KPERS actuary as approved by the 1995 Legislature. Excluding the adjustment for the KPERS audit, salaries and wages increases \$9,349 and other operating expenditures increase \$220. As directed by the LCC, the budget request includes step increases for the 8 employees who are paid in accordance with the basic state pay plan, but no provision is made for a general salary increase.

The Governor for FY 1997 recommends \$477,691 or \$7,883 less than the agency requested. The Governor's adjustments include fringe benefit recalculations and his pay plan proposal for FY 1997, which for this agency, includes no longevity pay. The recommendation includes a merit salary pool (\$1,776) for employees who are not assigned to the basic state pay plan.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

Senator Jerry Moran, Subcommittee Chair



Senator Richard R. Rock

SUBCOMMITTEE REPORT

Agency: Legislature

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 659

Budget Page No. 391

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
All Funds	\$ 9,906,919	\$ 9,837,137	\$ 0
State General Fund	9,275,427	9,205,645	0
FTE Positions	30.0	30.0	0.0
Unclassified Temp. Positions	64.3	64.3	0.0
TOTAL	<u>94.3</u>	<u>94.3</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The FY 1996 budget estimate for the Legislature as submitted with the approval of the Legislative Coordinating Council (LCC) is \$9,906,919 or \$778,553 less than the amount authorized by the 1995 Legislature, including reappropriations. The agency as directed by the LCC, complied with the request of the Governor to reduce current year State General Fund expenditures by 1.5 percent (\$158,353).

The Governor's recommendation for FY 1996 is \$9,837,137, or \$28,152 less than the agency requested. The entire adjustment reflects revised employer costs for health insurance for employees and their dependents. The Governor concurs with the balance of the agency's request in FY 1996.

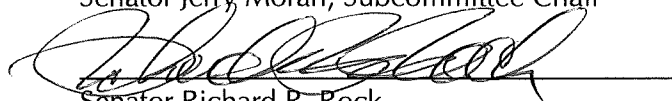
Contested Election Claims. At its August 21, 1995 meeting the LCC approved payment of the claims contained in 1995 S.B. 95 (carried over to the 1996 Session) in the amount of \$41,630 from the State General Fund for attorney fees (\$40,000) and court costs (\$1,630) in connection with the Jones/Shriver 1994 contested election for the House of Representatives. The Governor concurs with the agency's request for claims payments in FY 1996.

Fees - Professional Services. The revised FY 1996 estimate includes \$82,854 for an audit of the Legislature by the National Council of State Legislatures (\$42,854) and for consultant services (\$40,000) in connection with computerization of the Legislature. The Governor concurs the agency request for fees-professional services in FY 1996.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senator Jerry Moran, Subcommittee Chair



Senator Richard R. Rock

*Senate Ways & Means
February 7, 1996
Attachment 12*

SUBCOMMITTEE REPORT

Agency: Legislature

Bill No. 426

Bill Sec. 3

Analyst: Conroy

Analysis Pg. No. 659

Budget Page No. 391

Expenditure Summary	Agency Req. FY 97	Gov. Rec. FY 967	Senate Subcommittee Adjustments
Operating Expenditures:			
All Funds	\$ 9,832,556	\$ 9,821,583	\$ 0
State General Fund	9,700,356	9,689,383	0
FTE Positions	29.0	29.0	0.0
Unclassified Temp. Positions	64.3	64.3	0.0
TOTAL	<u>93.3</u>	<u>93.3</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The FY 1997 budget request for the Legislature as submitted by the LCC totals \$9,832,556, of which \$9,700,356 is from the State General Fund and \$132,200 is from special revenue funds.

The Governor recommends a budget of \$9,821,583 for FY 1997, or \$10,973 less than the agency requested. The Governor's recommendation includes \$9,689,383 from the State General Fund and \$132,200 in special revenue funds.

Shift of Census Data Unit. In the budget year the agency proposes shifting the Census Data Unit from the Legislature's budget to the budget of the Legislative Research Department. A total of 1.0 FTE position and \$101,491 associated with the Census Data Unit is shifted in FY 1997 from the Legislature's budget to the Legislative Research Department's budget.

The Governor concurs with the agency's request to shift the Census Data Unit to the budget of the Legislative Research Department.

Salaries and Allowances. The FY 1997 budget contains no general increases in the salaries of legislative employees or of the members or in the daily subsistence allowances of members. Under current law, salaries of legislators and of the legislative leadership are increased commensurately with the average increase to each step pursuant to any adjustment of the civil service plan. The daily subsistence rate is increased in accord with changes in the amount allowable under federal law and regulations for federal executive branch employees while serving away from home in Topeka.

The Governor for FY 1997 recommends total salaries and wages of \$5,827,557 or \$10,973 less than the agency requested. The Governor's adjustments include fringe benefit recalculations and his pay plan proposal for FY 1997. The recommendation includes \$46,319 for a merit salary pool for employees, including legislators.

Other Operating Expenditures. The agency in FY 1997 requests \$3,624,187 for other operating expenditures (excluding claims, non-expense items and the proposed shift of the Census Data Unit) or \$59,829 less than in FY 1996. The reduction reflects several one-time expenditures in the current year that are not repeated in the budget year (*i.e.*, the NCSL audit and the computerization consultant services).

The Governor concurs with the agency's request for other operating expenditures.

Legislative Orientation. An amount of \$30,000 is requested in FY 1997 for a legislative orientation session for new members. The orientation session is scheduled once every two years for new legislators and will be held prior to the 1997 Session.

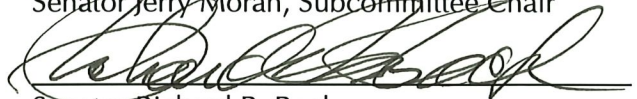
The Governor concurs with the agency's request for the legislative orientation.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Jerry Moran

Senator Jerry Moran, Subcommittee Chair



Senator Richard R. Rock



KANSAS

KANSAS DEVELOPMENT FINANCE AUTHORITY.

Bill Graves
Governor

Wm. F. Caton
President

February 6, 1996

Mr. G. Mark Sappington, Esq.
Kutak Rock
United Missouri Bank Building
9201 Ward Parkway
Kansas City, Missouri 64114-3309

Mr. Joel W. VanderVeen, Esq.
Kutak Rock
The Omaha Building
1650 Farnam Street
Omaha, Nebraska 68102-2186

Subject: Proposed Kansas Development Finance Authority Revenue Bond issue for Kansas Board of Regents Capital Improvement Project (the "Project") issued pursuant to authorizing legislation in Senate Bill 552 of the Session of 1996 ("SB 552")

Dear Mark and Joel:

Kansas Development Finance Authority ("KDFA") respectfully requests that your firm provide an opinion as to whether revenue bonds issued by KDFA, the debt service on which is to be paid by annual appropriations pursuant to subsection (c) through subsection (f) of Section 5 and Section 26 of SB 552, would create a debt of the State of Kansas within the meaning of Article 11, Section 6 of the Kansas Constitution.

We request that your opinion be based upon the present version of SB 552, introduced into the Committee on Ways and Means of the Kansas State Senate on January 29, 1996, a copy of which is enclosed. If you should determine that a constitutional infirmity exists with respect to the present version of SB 552, please advise as to any change in the language of SB 552 which would correct the infirmity.

Also enclosed is a copy of a letter regarding the Project from Senator Marge Petty to Senator Dave Kerr, Chairperson Ways and Means Committee. Please address any issues or questions raised by Senator Petty that may be relevant to this matter.

*Senate Ways & Means
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Attachment 13*

Mr. G. Mark Sappington, Esq.
Mr. Joel W. VanderVeen, Esq.
February 6, 1996
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As we discussed, your firm will not be permitted to serve as bond counsel for the Project contemplated by SB 552. Additionally, your firm will be paid by KDFA for this requested opinion irregardless of whether revenue bonds are issued by KDFA for the Project. Time is of the essence regarding these matters. Please contact me if you have any questions. Thank you for your assistance.

Sincerely,



Wm. F. Caton
President

Enclosures

c w/o enclosures:

Senator Dave Kerr, Chairperson Ways and Means Committee
Ted D. Ayres, Kansas Board of Regents

MARGE PETTY
SENATOR, 18TH DISTRICT
SHAWNEE COUNTY
HOME ADDRESS: 106 WOODLAWN
TOPEKA, KANSAS 66606-1241
(913) 232-4907
OFFICE: STATE CAPITOL BUILDING
TOPEKA, KANSAS 66612-1504
(913) 296-7365



TOPEKA

SENATE CHAMBER

DEMOCRATIC CAUCUS: POLICY CHAIR
MEMBER: JUDICIARY-RANKING MINORITY
WAYS AND MEANS
COMMERCE
FINANCIAL INSTITUTIONS AND INSURANCE
KANSAS FILM COMMISSION
CAPITOL AREA PLAZA PLANNING AUTHORITY
JOINT COMMITTEE MEMBER: INVESTMENTS, PENSIONS,
AND BENEFITS
COMPUTERS AND
TELECOMMUNICATIONS
BOARD MEMBER: MID AMERICA MANUFACTURING
TECHNOLOGY CENTER

Memorandum

TO: Senator Dave Kerr, Chairperson Ways and Means Committee

FROM: Senator Marge Petty

DATE: February 1, 1996

RE: Legality Of Regents' Bonding, "Crumbling Classrooms"

Dave, I want to summarize for you my concerns regarding the importance of checking the legality of the Regents' bonding plan.

The proposal is basically to justify financing of the Regents' plan through revenue bonds by taking a portion of general property tax money, previously assumed to be a general obligation, and dedicate the "revenue" from that tax to make payments on a revenue bond.

There has apparently been no official legal opinion rendered. I contacted KDFA, who reported they had not requested a legal opinion on this plan.

There is a Kansas Constitutional prohibition to dedicating a property tax to pay a debt. (Art. XI Sec.6 Debt payable by General Property Tax). Historically, the prohibition was the result of the collapse of the Railroad Commissions because of soft funding.

*Senate Ways & Means
February 7, 1996
Attachment 14*

The following are issues which should be answered by a legal opinion:

IF IT IS ALLOWABLE TO CIRCUMVENT THIS PROHIBITION, WHY HAS THIS METHOD NEVER BEEN USED BEFORE? ElDorado and Ellsworth were not financed in this way. They were financed by lease-purchase agreement. This method has never been used since statehood, whether for Regents' institutions or any other purpose.

IF IT IS LAWFUL FOR THE STATE TO UNDERTAKE FINANCING IN THIS WAY, WOULD IT NOT BE POSSIBLE FOR CITIES AND COUNTIES TO PLEDGE A PORTION OF AD VALOREM TAXES, CALL IT REVENUE AND THEREBY TRANSFORM A GENERAL OBLIGATION TO A REVENUE BOND? It is conceivable that if the State authorized such financing, the precedent would allow cities and counties to do the same. They could get around the bonded indebtedness limits by calling a portion of the property tax "revenue" and dedicating it to repay a so-called revenue bond. Such a move would circumvent the public referendum requirement and the cash-basis law.

IF A PORTION OF THE PROPERTY TAX IS DEEMED REVENUE AND DEDICATED TO REPAY REVENUE BONDS, CAN THE STATE CALL A PORTION OF SALES TAX OR INCOME TAX "REVENUE" AND HAVE AN "UNLIMITED" RESOURCE TO BOND PROJECTS, NOT WITHSTANDING ART XI. SEC.6. There has undoubtedly been case law speaking to the issue of dedicating taxes for a certain purpose. (State v Board of Regents. 167 KS 587)

Ted Ayres, Regents' legal counsel, contacted me on Monday, 1/29/96, and made the following points:

There is "some" legal opinion which KDFA says it has in their hands regarding this proposal, but it is not with the Regents. He was uncertain whether it pertained directly to this project or whether it was the 1991 letter relating to the School for the Deaf.

KDFA REPORTED TO ME THERE WAS NO FORMAL LEGAL OPINION.

He discussed using instate bond counsel for an opinion. We discussed the problem of having an opinion offered by someone who would also compete for handling the issue. KDFA reported to me that in most instances a legal opinion is rendered at the same time the bonds are issued.

SINCE THERE ARE CONSTITUTIONAL QUESTIONS REGARDING THIS PLAN, I WOULD SUGGEST AN OPINION BE WRITTEN PRIOR TO ANY DECISION ON A REVENUE BOND PLAN. I understand from testimony in Ways & Means that Gilmore & Bell advised KDFA and the Regents' on this project, up to this point. THE ATTACHED SHEET SHOWS GILMORE & BELL RECEIVING 38 OF THE 62 (61%) ISSUES SINCE THE INCEPTION OF KDFA BONDING.

He suggested if a legal opinion was wrong, the question was litigated or there was a default on the bonds, the State could go against the malpractice insurance of the attorney.

WE BOTH AGREED THAT THE AMOUNT OF INSURANCE WOULD BE GROSSLY INADEQUATE TO COVER THE STATE'S LIABILITY.

Ted stated that the only way to get an objective opinion from bond counsel was to get a Chicago or New York firm which would take time and would be expensive.

I DISAGREE. WHY WOULD WE GO OUT OF STATE ON A QUESTION OF KANSAS LAW? COULD A FIRM OF ATTORNEYS NOT ADMITTED IN KANSAS BE QUALIFIED TO GIVE AN OPINION INTERPRETING THE KANSAS CONSTITUTION? Re: Attached list of bond firms handling bonds since the inception of KDFA. I inquired of one firm not appearing on this list. I understand this firm, in the last few years, has done more issues for local governments than any Kansas firm other than Gilmore & Bell. They suggested turn around time for a bond opinion is 7-10 days for approximately \$4,000.

Ted suggested getting an Attorney General's opinion.

THIS IS A VERY TECHNICAL AND SPECIALIZED FIELD. GIVEN \$163M IS AT STAKE, CAUTION IS IMPORTANT. THE ASSISTANT GENERAL CERTIFIES BOND TRANSACTIONS BUT HISTORICALLY HASN'T OFFERED "BOND OPINIONS".

KANSAS DEVELOPMENT FINANCE AUTHORITY
STATE OF KANSAS
Inception through December 31, 1995

PROJECT NAME	ISSUE SIZE	CLOSING DATE	TYPE OF SALE	BOND COUNSEL	UNDERWRITER/BOND PURCHASER
1992 Series J, University of Kansas Medical Center Comprehensive Cancer Center (BAN)	\$610,000	26-Aug-92	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	First State Bank Elkhart, Kansas
1992 Series X-7, Kansas Water Pollution Control Revolving Fund	\$1,355,000	27-Aug-92	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1992 Series L, Department of Corrections El Dorado and Larned Projects	\$75,370,000	05-Nov-92	Competitive	Gilmore & Bell, P.C. Overland Park, Kansas	Smith Barney, Harris Upham & Co., Inc. New York, New York
1992 Series Q, University of Kansas Bioscience Research Center (BAN)	\$400,000	10-Nov-92	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	Security State Bank Auburn, Kansas
1992 Series H, Juvenile Detention Facilities	\$8,000,000	02-Dec-92	Competitive	Burke, Williams, Sorensen, & Gaar Overland Park, Kansas	George K. Baum & Co. Kansas City, Missouri
1992 Series T, Kansas Highway Patrol Central Training Facility	\$5,585,000	21-Dec-92	Competitive	Hinkle, Eberhart & Elkouri Wichita, Kansas	Prudential Securities, Inc. Dallas, Texas
1993 Series SK-1, Department of Commerce & Housing, SKILL Program	\$1,185,000	12-Jan-93	Negotiated	Dorsey & Whitney Des Moines, Iowa	Piper Jaffray, Inc. Kansas City, Missouri
1993 SRF Series I, Kansas Water Pollution Control Revolving Fund	\$17,195,000	27-Jan-93	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	Prudential Securities Inc. and George K. Baum & Co. Dallas, Texas and Kansas City, Missouri
1993 SRF Series II, Kansas Water Pollution Control Revolving Fund	\$54,005,000	27-Jan-93	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	Prudential Securities Inc. and George K. Baum & Co. Dallas, Texas and Kansas City, Missouri
1993 Series C, Fort Hays State University Lewis Field Stadium Renovation	\$1,200,000	25-Mar-93	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	George K. Baum & Co. Kansas City, Missouri
1993 Series G, University of Kansas Lawrence Campus Parking Facilities	\$4,850,000	07-Apr-93	Competitive	Perry & Hamill Overland Park, Kansas	Chiles Heider/Lehman Brothers Omaha, Nebraska
1993 Series D, Kansas State University Recreation Complex Expansion	\$8,665,000	03-Jun-93	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1993 Series SK-2, Department of Commerce & Housing, SKILL Program	\$2,720,000	15-Jun-93	Negotiated	Dorsey & Whitney Des Moines, Iowa	Piper Jaffray, Inc. Kansas City, Missouri
1993 Series H, Kansas State University - Salina, College of Technology, Housing System	\$1,065,000	17-Jun-93	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1993 Series I, Emporia State University Residence Hall	\$2,815,000	19-Jul-93	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Edward D. Jones & Co. St. Louis, Missouri

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KANSAS DEVELOPMENT FINANCE AUTHORITY
STATE OF KANSAS
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PROJECT NAME	ISSUE SIZE	CLOSING DATE	TYPE OF SALE	BOND COUNSEL	UNDERWRITER/BOND PURCHASER
1990 Series A, Wichita Work Release Center (BAN)	\$1,500,000	08-Jun-90	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	Bank IV Wichita, N.A. Wichita, Kansas
1990 Series C, Emporia State University Street and Parking Improvements	\$365,000	29-Jun-90	Private Placement	Hinkle, Eberhart & Elkouri Wichita, Kansas	Bank IV Wichita, N.A. Wichita, Kansas
1990 Series X-3, Kansas Water Pollution Control Revolving Fund	\$475,000	19-Jul-90	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1990 Series E, Department of Administration Capital Improvements	\$1,340,000	23-Aug-90	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	A.G. Edwards & Sons, Inc. St. Louis, Missouri
1990 Series F, Wichita Work Release Center	\$1,740,000	23-Aug-90	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Kansas City, Missouri
1990 Series H, Energy Conservation Improvements	\$4,415,000	29-Nov-90	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Zahner and Company Kansas City, Missouri
1990 Series D, Univeristy of Kansas Regents Center	\$4,000,000	10-Jan-91	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Piper, Jaffray & Hopwood, Inc. and Investment Bankers of Kansas City Kansas City, Missouri
1990 Series X-4, Kansas Water Pollution Control Revolving Fund	\$907,500	23-Jan-91	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1991 Series X-5, Kansas Water Pollution Control Revolving Fund	\$885,000	25-Jul-91	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1991 Series D, Insurance Department Building	\$1,795,000	10-Oct-91	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Lehman Brothers/Chiles Heider Division Omaha, Nebraska
1991 Series E, Fort Hays State University Cafeteria Renovation	\$200,000	06-Nov-91	Private Placement	Jonathan P. Small, Chtd. Topeka, Kansas	Piper, Jaffray & Hopwood Kansas City, Missouri
1991 Series X-6, Kansas Water Pollution Control Revolving Fund	\$820,000	19-Dec-91	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1992 Series C, University of Kansas Student Union Renovation - Phase II	\$3,400,000	10-Mar-92	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Kansas City, Missouri
1992 Series G, Energy Conservation Improvements	\$3,600,000	29-Jun-92	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1992 Series I, Certificates of Participation Master Lease Purchase Program Refinancing	\$20,075,000	29-Jul-92	Competitive	Gilmore & Bell, P.C. Overland Park, Kansas	Prudential Securities, Inc. Dallas, Texas
1992 Series SK-1, Department of Commerce & Housing, SKILL Program	\$2,630,000	12-Aug-92	Negotiated	Dorsey & Whitney Des Moines, Iowa	Piper Jaffray, Inc. and Investment Bankers of Kansas City Kansas City, Missouri

KANSAS DEVELOPMENT FINANCE AUTHORITY
STATE OF KANSAS
Inception through December 31, 1995

PROJECT NAME	ISSUE SIZE	CLOSING DATE	TYPE OF SALE	BOND COUNSEL	UNDERWRITER/BOND PURCHASER
Series, Certificates of Participation ment Master Lease Program	\$16,280,000	03-Dec-87	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Wichita, Kansas
Series A, Wichita State Office Building	\$4,535,000	30-Dec-87	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Wichita, Kansas
Series A, University of Kansas ence Campus Parking Facilities	\$5,000,000	25-Aug-88	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Edward D. Jones & Co. St Louis, Missouri
Series B, Ellsworth Correctional Facility nding	\$10,025,000	13-Sep-88	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Stifel, Nicolaus & Company, Inc. Wichita, Kansas
Series C, Ellsworth Correctional Facility ansion	\$10,135,000	14-Sep-88	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Stifel, Nicolaus & Company, Inc. Wichita, Kansas
Series D, Kansas State University seum Parking	\$345,000	13-Oct-88	Negotiated	Hinkle, Eberhart & Elkouri Wichita, Kansas	Zahner and Company Kansas City, Missouri
Series E, Kansas State University on Hall	\$440,000	13-Oct-88	Negotiated	Hinkle, Eberhart & Elkouri Wichita, Kansas	Zahner and Company Kansas City, Missouri
Series F, University of Kansas ical Center Parking Facilities	\$3,500,146	21-Dec-88	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Wichita, Kansas
Series A, Kansas State Fair ndstand Renovation	\$840,000	30-Mar-89	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	First Securities Company Wichita, Kansas
Series B, Kansas State University king Maintenance	\$3,000,000	14-Jun-89	Competitive	Hinkle, Eberhart & Elkouri Wichita, Kansas	Chiles Heider St. Louis, Missouri
Series D, Kansas State University ising Renovation	\$5,324,914	28-Sep-89	Negotiated	Hinkle, Eberhart & Elkouri Wichita, Kansas	Kirchner Moore & Company Wichita, Kansas
Series F, Kansas Bureau of Investigation ce Building	\$3,855,000	28-Sep-89	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Kansas City, Missouri
Series E, Emporia State University morial Union Renovation	\$1,401,332	12-Nov-89	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Edward D. Jones & Co. Maryland Heights, Missouri
Series C, El Dorado Correctional Facility	\$34,940,000	14-Dec-89	Competitive	Stinson, Mag & Fizzell Kansas City, Missouri	Prudential-Bache Capital Funding New York, New York
Series X-1, Kansas Water Pollution ontrol Revolving Fund	\$565,000	20-Dec-89	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	GELCO Financial Corporation Eden Prairie, Minnesota
Series X-2, Kansas Water Pollution ontrol Revolving Fund	\$408,000	23-Mar-90	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
Series B, Larned Mental Health rrecti ility	\$14,500,000	31-May-90	Competitive	Thomson, Langworthy Kohn & VanDyke Kansas City, Missouri	George K. Baum & Company Kansas City, Missouri

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KS DEVELOPMENT FINANCE

FAX NO. 9132966810

P. 03/06

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