

Approved: 2-20-97
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:40 p.m. on February 17, 1997 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Russell Mills, Stuart Little, Legislative Research Department;
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;
Marcia Ayres, Appropriations Secretary; Helen Abramson, Administrative Aide

Conferees appearing before the committee:

Others attending: See attached list

The minutes for the February 13 meeting were distributed to the members for review.

Representative Landwehr reported that the subcommittee concurred with the Governor's recommendation for the Human Rights Commission for FY 97 and FY 98. (Attachment 1)

A motion was made by Representative Landwehr, seconded by Representative Pottorff, to adopt the subcommittee report for the Human Rights Commission. The motion carried.

Representative Dean reported that the subcommittee concurred with the Governor's recommendation for the Commission on Governmental Standards and Conduct for FY 97 and FY 98. (Attachment 2)

A motion was made by Representative Dean, seconded by Representative Pottorff, to adopt the subcommittee report for the Commission on Governmental Standards and Conduct. The motion carried.

Representative Holmes reported that the subcommittee concurred with the Governor's recommendation for the Kansas Corporation Commission for FY 97 with four adjustments and for FY 98 with six adjustments. (Attachment 3) Discussion followed.

A motion was made by Representative Wilk to amend the subcommittee report for FY 98 by reducing the two FTEs to one and instructing the KCC to fill the other position within existing means. There being no second, the motion failed.

A motion was made by Representative Packer, seconded by Representative Dean, to amend the subcommittee report for FY 98 by taking 10% off the operations budget and requesting a status report on the deregulation efforts of the telecommunications and transportation industries from the agency prior to the Omnibus Bill. There was a request to divide the question. Discussion followed. The part of the motion reducing expenditures by 10% carried. The part of the motion requesting a status report from the agency prior to Omnibus carried.

A motion was made by Representative Packer, seconded by Representative Neufeld, to adopt the subcommittee report for the Kansas Corporation Commission as amended. Discussion followed. The motion failed.

Representative Kejr questioned why Representative Toplikar did not sign the subcommittee report. Representative Toplikar responded it was because the two FTE positions added by the subcommittee for FY 98 would make the total FTE positions above the Governor's recommendation.

A motion was made by Representative Kejr, seconded by Representative Toplikar, to further amend the subcommittee report for FY 98 by eliminating the two new investigator FTE positions and the \$95,037 in Item #2. A substitute motion was made by Representative Dean to further amend the original subcommittee report

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on February 17, 1997.

by reducing the Governor's recommended budget for FY 98 by 3% and taking the 3% from shrinkage, salaries and wages, and capital outlay. There being no second, the substitute motion failed. A substitute motion was made by Representative Wilk, seconded by Representative Kejr to restore the original subcommittee report with the exception of the two new investigator FTE positions and the money that goes along with those positions. This substitute motion carried.

A motion was made by Representative Packer, seconded by Representative Spangler, to table the subcommittee report until the status report on deregulation is received from the KCC. The motion failed.

A motion was made by Representative Reinhardt, seconded by Representative Wilk, to adopt the subcommittee report for the Kansas Corporation Commission as amended. Discussion followed. A substitute motion was made by Representative Dean, seconded by Representative Packer, to further amend the subcommittee report by removing the capital outlay of \$303,082 for FY 98. Discussion followed. The motion carried.

A motion was made by Representative McKechnie, seconded by Representative Ballard, to adopt the subcommittee report for the Kansas Corporation Commission as amended. A substitute motion was made by Representative Packer to further amend the amended subcommittee report by removing the 10% consulting fee for Washington D.C. There being no second, the substitute motion failed. The original motion to adopt the subcommittee report as amended carried.

Representative Toplikar presented the subcommittee report for the Citizens Utility Ratepayer Board. The subcommittee concurred with the Governor's recommendations for FY 97 and FY 98. (Attachment 4)

A motion was made by Representative Toplikar, seconded by Representative Feuerborn, to adopt the subcommittee report for the Citizens Utility Ratepayer Board. The motion carried.

Representative Pottorff read the subcommittee report for the Department of Administration. The subcommittee concurred with the Governor's recommendations for FY 97 with three adjustments, and they concurred with the recommendations for the Public Broadcasting Council for FY 97. The subcommittee concurred with the Governor's recommendations for FY 98 with three adjustments. (Attachment 5) Discussion followed. Representative McKechnie distributed two pages of a letter from the Chief Information Architect to the Division of Post Audit listing the agencies that are Year 2000 ready and those that did not respond. (Attachment 6)

A motion was made by Representative McKechnie, seconded by Representative Farmer, to amend the subcommittee report for FY 97 by removing the recommended \$8,235,308 and requesting it for Omnibus consideration. Discussion followed on how to finance the correction of the computer problem. The motion carried.

Discussion followed on the use of aircraft by state agencies. There was a request for the staff to compile information on how many airplanes the state has and what agencies use them.

A motion was made by Representative Spangler, seconded by Representative Packer, to amend the subcommittee report for FY 98 concerning the Public Broadcasting Council by authorizing \$500,000 to come from the Economic Development Initiative Funds for spending on the match and adding it to the funding source requested which will equal \$775,000 to enhance and modify all the digital television towers in the state. Discussion followed. The motion carried.

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

A motion was made by Representative Ballard, seconded by Representative Helgerson, to approve the minutes of February 13. The motion carried.

Chairperson Kline introduced a bill request for the KBI relating to the authority to accept gifts and grants and to conduct certain background investigations.

A motion was made by Representative Helgerson, seconded by Representative Spangler, to introduce the bill requested. The motion carried.

The meeting adjourned at 4:00 p.m.

The next meeting is scheduled for February 19, 1997.

APPROPRIATIONS COMMITTEE GUEST LIST

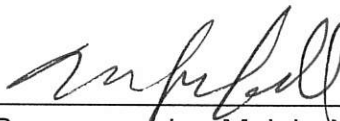
DATE: February 17, 1997

NAME	REPRESENTING
TK Shively	KANSAS LEGAL SERVICES
D. Pham	—
Mark McCain	Kansas Public Broadcasting Council
Dale N. Ashman	KTWU - KPBC
Bill Reed	KCPT-TV
Robert Lay	KHRC
Patricia A. Galia	KHRC
Pat Higgins	Dept. of Administration
Suzanne Brink	Dept of Admin
Jeff Wasaman	"
Dan Stanley	"
Don Heiman	Dept of Admin
Sheryl Cheeky	Great Bend C of C
Sandra M. Murry	Great Bend C of C
Thanna Parlin	" "
Bill Bergman	" "
Donald Ligin	" "
Jul McMiller	" "
Betty Chumkey	" "

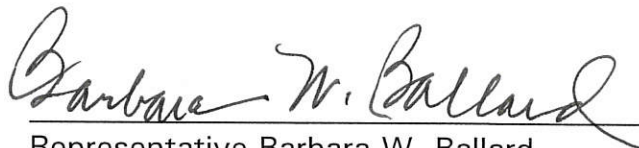
FY 1997-1998

HOUSE SUBCOMMITTEE REPORTS

HUMAN RIGHTS COMMISSION



Representative Melvin Neufeld
Subcommittee Chair



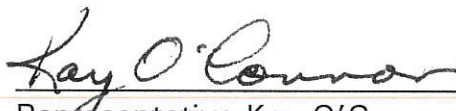
Representative Barbara W. Ballard



Representative Henry Helgerson



Representative Brenda Landwehr



Representative Kay O'Connor

Appropriations
2-17-97
Attachment 1

SUBCOMMITTEE REPORT

Agency: Human Rights Commission

Bill No. 2160

Bill Sec. 42

Analyst: Milstead

Analysis Pg. No. 1247

Budget Page No. 273

<u>Expenditure Summary</u>	<u>Agency Estimate FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,433,603	\$ 1,433,603	\$ 0
Special Revenue Fund	454,167	454,167	0
TOTAL	<u>\$ 1,887,770</u>	<u>\$ 1,887,770</u>	<u>\$ 0</u>
 FTE Positions	 38.0	 38.0	 --

Agency Estimate/Governor's Recommendation

The agency's revised estimate is \$1,887,770, which is \$10,416 less than the amount approved for the agency by the 1996 Legislature. There are no capital improvement requests and all of the request is for state operations. Of the total estimate, \$1,433,603 is from the State General Fund and \$454,167 is from federal funds. (**Note:** The State General Fund increase reflected in the table above is attributable to carryover funds from FY 1996.)

The Governor concurs with the agency's estimate.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendation of the Governor.

SUBCOMMITTEE REPORT

Agency: Human Rights Commission

Bill No. 2160

Bill Sec. 42

Analyst: Milstead

Analysis Pg. No. 1247

Budget Page No. 273

<u>Expenditure Summary</u>	<u>Agency Request FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,454,499	\$ 1,375,083	\$ 0
Special Revenue Fund	468,018	514,290	0
TOTAL	<u>\$ 1,922,517</u>	<u>\$ 1,889,373</u>	<u>\$ 0</u>
FTE Positions	37.0	37.0	--

Agency Request/Governor's Recommendation

The agency requests FY 1998 state operation funding of \$1,922,517, an increase of \$34,747, or 1.8 percent, above the FY 1997 estimate. The increase is attributable to a carryover of federal funds from FY 1997 to FY 1998. The agency plans to eliminate the 1.0 FTE Hearing Examiner position and hire "pro tem" hearing examiners as needed. The agency states that the small number of cases proceeding to public hearing leaves the continuation of the hearing examiner as a full-time position fiscally untenable. The agency plans to use savings realized in closing the Administrative Hearing Office to establish two satellite offices, one in Dodge City and one in Independence. No additional FTE positions are requested to operate these satellites because the agency plans to staff each office with 1.0 FTE Special Investigator taken from the current FTE position count.

The Governor recommends \$1,889,373 in FY 1998. The recommendation includes \$1,375,083 (73.0 percent of the total recommendation) from the State General Fund and \$514,290 from federal funds (27.0 percent of the total recommendation). The recommendation is a decrease of \$33,144 below the agency request. State General Fund expenditures are decreased by \$79,416 while federal funds are increased by \$46,272. The recommendation for salaries and wages includes unclassified merit increases (\$8,853), classified step movement (\$4,562), longevity pay (\$16,824), and a 1.0 percent base salary adjustment (\$11,582).

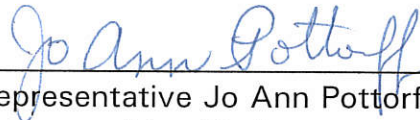
House Subcommittee Recommendation

The Subcommittee concurs with the recommendation of the Governor.

FY 1997-FY 1998

HOUSE SUBCOMMITTEE REPORTS

COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT



Representative Jo Ann Pottorff
Subcommittee Chair



Representative George Dean



Representative Phil Kline



Representative Rocky Nichols

Appropriations
2-17-97
Attachment 2

SUBCOMMITTEE REPORT

Agency: Commission on Governmental Standards and Conduct

Bill No. –

Bill Sec. –

Analyst: Pierron

Analysis Pg. No. 1267

Budget Page No. 187

Expenditure Summary	Agency Estimate FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
State Operations:			
State General Fund	\$ 334,982	\$ 334,982	\$ 0
Special Revenue Fund	145,212	145,212	0
TOTAL	<u>\$ 480,194</u>	<u>\$ 480,194</u>	<u>\$ 0</u>
FTE Positions	9.0	9.0	0.0
Unclassified Temp. Positions	0.6	0.6	0.0
TOTAL	<u>9.6</u>	<u>9.6</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's FY 1997 estimate for expenditures is \$480,194, which is equal to the amount approved by the 1996 Legislature. Of the total estimate, \$380,593 is for salaries and wages and \$99,601 is for other operating expenditures.

Of the total FY 1997 estimate for salaries and wages, \$287,869 is from the State General Fund and \$92,724 is from the Governmental Standards and Conduct Fee Fund. The amount of State General Fund estimated for other operating expenditures is \$47,113, and the spending estimated from the Governmental Standards and Conduct Fee Fund is \$52,488. The total amount of State General Fund moneys and fee fund moneys are equal to the approved FY 1997 budget amounts.

The agency reduced its unclassified temporary positions from 2.0 which was approved by the 1996 Legislature to 0.6 in FY 1997. The agency will be contracting with private temporary personnel services to provide needed personnel. In so doing, the agency reports it will save in benefit payments and finds hiring temporary personnel in this manner to be more efficient and uncomplicated.

The Governor recommends \$480,194 in expenditures for FY 1997, the same amount requested by the agency and approved by the 1996 Legislature. The recommendation includes \$380,593 for salaries and wages and \$99,601 for other operating expenditures. Of the total FY 1997 estimate for salaries and wages, \$287,869 is recommended from the State General Fund and \$92,724 is recommended for the Governmental Standards and Conduct Fee Fund. The amount recommended for other operating expenditures from the State General Fund is \$47,113, and the amount recommended from the Fee Fund is \$52,488.

The Governor concurs with the agency's use of private personnel services in lieu of maintaining a full 2.0 unclassified temporary positions. In other words, the Governor recommends 0.6 for the agency's unclassified temporary positions, 1.4 positions below the 2.0 positions approved by the 1996 Legislature. The 0.6 position represents three days of work per week by the temporary employee.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations.

SUBCOMMITTEE REPORT

Agency: Commission on Governmental Standards and Conduct

Bill No. 2160

Bill Sec. 41

Analyst: Pierron

Analysis Pg. No. 1267

Budget Page No. 187

Expenditure Summary	Agency Request FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
State Operations:			
State General Fund	\$ 347,544	\$ 354,936	\$ 0
Special Revenue Fund	136,389	128,508	0
TOTAL	\$ 483,933	\$ 483,444	\$ 0
FTE Positions	9.0	9.0	0.0
Unclassified Temp. Positions	0.4	0.4	0.0
TOTAL	9.4	9.4	0.0

Agency Request/Governor's Recommendation

The agency requests FY 1998 state operation funding of \$483,933, an increase of \$3,739 or 0.8 percent, above the FY 1997 estimate. Of the total FY 1998 request, \$347,544 is financed from the State General Fund and \$136,389 is financed from the Governmental Standards and Conduct Fee Fund. Of the total FY 1998 request for salaries and wages, \$347,544 is from the State General Fund and \$43,665 is from the Governmental Standards and Conduct Fee Fund. No State General Fund money is requested for other operating expenditures, and \$92,724 is requested from the Governmental Standards and Conduct Fee Fund in FY 1998.

The Governor recommends \$347,544 for salaries and wages in FY 1998 from the State General Fund and \$46,939 from the Governmental Standards and Conduct Fee Fund. For other operating expenditures, the Governor recommends \$7,392 from the State General Fund and \$81,569 from the agency fee fund for FY 1998.

The Governor recommends FY 1998 state operations funding of \$483,444, \$489 or 0.1 percent below the agency's request. The Governor's recommendation includes \$3,533 from the Governmental Standards and Conduct Fee Fund to finance a 1.0 percent base salary adjustment.

General Agency Fee Fund. The Commission repeats its request from last year's budget that the fee fund be appropriated as a "no-limit" fund. The agency reports by designating the fee fund as a "no-limit" fund, it will enable the Commission to respond to unexpected increases in an area of activity or to respond to unanticipated changes which might occur in the campaign finance, lobbying, or conflict arena which would affect the agency's statutory mission.

The Governor does not recommend the fee fund as a "no-limit" fund until more accurate information can be gained regarding the stability of revenues and expenditures to the fund.

Travel and Subsistence. Additional travel and subsistence is requested in the amount of \$3,005 over FY 1997 estimated travel. Travel by the Commission staff includes out-of-state travel to the Council on Governmental Ethics Laws (COGEL) conference, held annually, attended by the Executive Director and the Attorney for the Commission. The Conference will be held in Philadelphia in December 1997 and in Edmonton, Alberta in 1998. Commission staff also travel to the Heartland Conference which is a regional conference of Midwest state ethics agencies in the Spring. In FY 1998, the conference will be hosted by the Arkansas Ethics Commission. The Executive Director, Attorney, Local Campaign Finance Supervisor, and Investigator will attend this conference. Other travel includes state and local campaign finance seminars presented by the Executive Director and the Local Campaign Finance Supervisor; travel for audits and investigations; speaking engagements by the Executive Director and Local Campaign Finance Supervisor; travel for procurement of records or documents other than audit or investigation documents; training seminars for the agency's R-Base system, and witness travel.

The Governor recommends \$4,120 from the State General Fund for increased travel and subsistence in FY 1998.

Capital Outlay. The amount of \$10,700 is requested in FY 1998 for replacement of two laser printers, four personal computers and for purchase of one modem to link staff with the Internet. This request is an increase of \$4,798 over the \$5,902 estimate for FY 1997 in capital outlay.

The Governor recommends \$3,232 from the State General Fund for capital outlay. The recommendation provides for the purchase of two new computers.

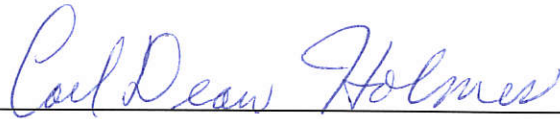
House Subcommittee Recommendation

FY 1998. The House Subcommittee concurs with the Governor's recommendations.

FY 1997-1998

HOUSE SUBCOMMITTEE REPORTS

KANSAS CORPORATION COMMISSION



Representative Carl Holmes
Subcommittee Chair

Representative John M. Toplikar



Representative Bill Feuerborn

Appropriations
2-17-97
Attachment 3

SUBCOMMITTEE REPORT

Agency: State Corporation Commission

Bill No. 2272

Bill Sec. 16

Analyst: Mah

Analysis Pg. No. 1187

Budget Page No. 123

<u>Expenditure Summary</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 14,395,797	\$ 14,381,554	\$ (60,723)
Aid to Local Units	694,000	694,000	0
Subtotal-Operating	<u>\$ 15,089,797</u>	<u>\$ 15,075,554</u>	<u>\$ (60,723)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 15,089,797</u></u>	<u><u>\$ 15,075,554</u></u>	<u><u>\$ (60,723)</u></u>
FTE Positions	213.0	213.0	(1.0)
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u><u>213.0</u></u>	<u><u>213.0</u></u>	<u><u>(1.0)</u></u>

Agency Estimate/Governor's Recommendation

When compared to \$15,027,726, which is the amount shown as approved at the end of last session, the State Corporation Commission's revised estimate for the current year is \$62,071 higher. Expenditures are higher because the Commission is making use of a policy first established by the 1995 Legislature. In addition to moneys already authorized, the Commission, like other state agencies, can expend up to 50 percent of any unbudgeted moneys that are reappropriated in accounts for state operations if the additional moneys are used for salary bonuses, purchase of technology equipment that had been previously requested but not funded, or fees for training related to the Kansas Quality program established by K.S.A. 1996 Supp. 75-37,115. The Commission proposes to use \$91,730 of its available reappropriated fee fund balances, of which \$86,730 is from the Conservation Fee Fund and \$5,000 is from the Public Service Regulation Fund. The additional moneys would be for staff training (\$11,679), but mostly for computer hardware and software, telecommunication devices, and microfilm equipment purchases (\$80,051). In total, even with these additional expenditures, fee fund expenditures in the Commission's revised current year estimate are less than the amount approved. The drop is because of a shift from fee funds to federal funds in the amount of \$239,211. The Commission reports that it got more federal funding than was anticipated last year, allowing the federal funds to be used in place of fee funds to cover the cost of its various operating expenditures.

The Commission further notes that it is getting even more additional federal dollars, which it learned about after its revised budget estimate had been submitted. The Commission had revised its budget to include \$50,000, but instead will be getting all remaining amounts of a \$500,000 three-year federal grant earmarked for the implementation of a database management system for computerizing paper records maintained by the conservation division at its field offices in Wichita (which also is where

the central office is located), Chanute, Hays, and Dodge City and creating a network to connect the offices. In the previous two fiscal years, the Commission has expended \$146,867 from the grant, which leaves \$353,133 that needs to be expended. The Commission already has the flexibility needed to expend the dollars through the use of a fund, which has an established expenditure limitation of "no limit."

The Commission plans in its revised current year estimate to reallocate some of its existing positions to higher paying positions. Some of the positions are shifted to create an advisory staff, which the Legislature was first told about last year. The Commission, like other large state agencies, has been granted reclassification authority, which allows it to change a position from one type to another without having to get approval from the Department of Administration. The positions being reallocated are difficult to track in part because they are shifted between programs and not separated from the Commission's various other positions. However, there are at least five positions that are reallocated to higher paying positions, including reallocating a classified Office Assistant IV position to a classified Information Technology Consultant III position (from a base pay salary of approximately \$19,244 to \$34,002). The Commission says that the reallocation was necessary because demands have increased for computer training and programming services. According to the Commission, it is difficult to meet the demands in part due to downsizing in FY 1993, which resulted in the loss of 2.0 programming positions. A combination of classified and unclassified positions was reallocated to create a 4.5 member advisory staff to the Commission, which, when roughly estimated, increases the base pay salary for three positions by \$50,498. The intent is to have a five to seven-member advisory staff to the Commission. The size of the advisory staff is approximate and may end up including both Commission staff and consultants. The Governor supported the creation of the advisory staff last year when the Commission reported that the purpose of the advisory staff would be to eliminate the perceived conflict of interest situation that presently exists because the Commission's legal and technical staff both advocate and testify on behalf of the staff and the public before the Commission, and also advise the Commission on policy matters and pending cases. The Commission said that the advisory staff would serve as counsel for the Commission, preside over prehearing cases, and represent the Commission before federal regulatory agencies and state and federal courts. Further, the Commission creates a new unclassified Attorney position by reallocating what was a vacant classified Office Assistant II position (from a base pay salary of approximately \$15,804 to \$34,084). The Commission wants the new Attorney on staff during the 1997 Session in anticipation of legislation that would amend a law passed by the 1996 Legislature to require financial assurance mechanisms for oil and gas operators by January 1, 1998. The Commission predicts that the new law (1996 S.B. 755) will result in a number of operators losing their licenses, which will bring to the Commission a sizable caseload of appeals and court proceedings. Besides the above position changes, the Commission's revised budget includes an upgrade in the salaries of some of its unclassified attorneys and full funding for longevity pay for classified employees. (Based on the Governor's recommendation, the 1996 Legislature chose to not fully fund the longevity costs. The approved budget provided \$11,691, which is \$54,673 less than the full cost of \$66,364.) The Commission reports that it does not need additional resources in the current year to pay for the position upgrades and longevity cost, indicating that its revised total salary estimate is \$42,281 lower than the amount in the approved budget. Turnover and retirements have resulted in the hiring of new employees at lower salaries, which in turn generated savings that now could be used to pay for the position upgrades this year.

Governor's Recommendation. The Governor makes no adjustments to the Commission's revised current year estimate except for reducing salaries and wages by \$14,243. The Commission's estimate was overstated mostly because it funded retirement benefits for its three commissioners twice. Moneys were included for both KPERS and deferred compensation for each commissioner. By law, each

commissioner can choose one or the other option, but not both. The Governor deletes the moneys for KPERS, leaving funding for just deferred compensation for the three commissioners. However, only one commissioner has chosen that option. When an adjustment is made to shift to KPERS for the other two commissioners, the Governor's recommendation is overstated by \$9,161 for salaries and wages.

House Subcommittee Recommendation

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

1. Place a "no limit" expenditure limitation on the Abandoned Oil and Gas Well Fund for FY 1997. Expenditures from the Fund, which was created by the 1996 Legislature, are used to plug abandoned wells. The current expenditure limit on the Fund is \$1.2 million, which is financed by transfers of \$400,000 each from the State General Fund, the Conservation Fee Fund, and the State Water Plan Fund. Because legislation that provided also for moneys from 50 percent of Kansas' share of mineral royalties on certain federal lands in Kansas passed the 1996 Session too late for the impact of that legislation to be included in the Omnibus Bill, the expenditure limitation on the Fund was not raised to accommodate the additional mineral royalties receipts, which are estimated to be \$606,000 annually. Placing a "no limit" expenditure on the Fund would allow the Commission to use all of the resources available in the Fund to plug wells, which is a priority of the Legislature.
2. Delete \$9,161 from special revenue funds for salaries and wages. The recommendation is because the Governor over funded the amount necessary to cover the cost of retirement benefits.
3. Delete 1.0 FTE position, which currently is vacant, that was budgeted as part of an advisory division created in 1996. Salary for the deleted position is budgeted at \$51,562 from special revenue funds and is the lowest paying position of two that are vacant out of the 4.5 FTE positions assigned to the division. In 1996, the Commission informed members of the subcommittees considering its budget that it was reallocating positions internally in order to create a small group of legal and technical staff to advise the Commission.

According to the Commission, the purpose of the advisory staff is to eliminate the perceived conflict of interest that existed when the Commission's legal and technical staff both advocated and testified on behalf of the staff and the public before the Commission, and also advised the Commission on policy matters and pending cases. For example, in the Commission's view, it was inappropriate for the same legal and technical staff who took positions before the Commission on rate cases to help the Commission write its orders after a decision was made. According to the Commission, the creation of the new unit was instrumental in the dismissal of a recent suit against the Commission filed by a Kansas utility company. One aspect of the case was a challenge to the Commission's objectivity.

In reviewing the revised FY 1997 budget, the Subcommittee has questions about how expensive the unit will be to maintain. In particular, it notes the salaries budgeted for FY 1997. (The base salaries of three positions that were shifted from other programs and upgraded to create this new division have increased by an estimated \$50,498 in the current year.) In addition, the Subcommittee questions the purpose of the unit. Even if one accepts that a perceived conflict of interest exists, the Subcommittee questions whether the desired independence and objectivity will be achieved in light of the fact that the staff are all part of the same agency. Although the statutes give the Commission flexibility to organize its staff, the Subcommittee believes the creation of this separate unit within the agency is a policy matter that should be reviewed by the Legislature, particularly when it has significant funding ramifications. For these reasons, the Subcommittee asks the Commission to prepare a report to the Appropriations and Ways and Means subcommittees that will consider its budget during the 1998 Session to explain why the Legislature should continue to fund a separate unit within the agency that appears to duplicate positions and expertise already available to the Commission. In addition, if the Commission wishes to enlarge the advisory unit from the 3.5 FTE positions recommended by the Subcommittee, the report should include a justification of why additional positions are needed.

4. Make any technical corrections to the appropriations bill necessary to correctly reflect the Governor's recommendation.

SUBCOMMITTEE REPORT

Agency: State Corporation Commission

Bill No. 2160

Bill Sec. 43

Analyst: Mah

Analysis Pg. No. 1,187

Budget Page No. 123

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 15,277,847	\$ 14,969,490	\$ 32,602
Aid to Local Units	750,000	750,000	0
Subtotal—Operating	<u>\$ 16,027,847</u>	<u>\$ 15,719,490</u>	<u>\$ 32,602</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 16,027,847</u></u>	<u><u>\$ 15,719,490</u></u>	<u><u>\$ 32,602</u></u>
FTE Positions	217.0	213.0	1.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u><u>217.0</u></u>	<u><u>213.0</u></u>	<u><u>1.0</u></u>

Agency Request/Governor's Recommendation

The State Corporation Commission estimates expenditures of \$16,027,847 in FY 1998. The amount is an increase of \$938,050 over the revised current year estimate. The Commission identifies four enhancements, including a salary study for upgrading unclassified employees in the utilities division for which no moneys were requested in the FY 1998 budget request. The Commission also requests a new financial examiner FTE position for the conservation division (\$43,453) to meet mandates that were placed on it by passage of 1996 S.B. 755. The law requires all oil and gas operators in the state licensed by the Commission to have in place by January 1, 1998, mechanisms to assure financial responsibility. A third enhancement in the Commission's budget is for 2.0 new special investigator FTE positions for the transportation division to start doing safety compliance inspections on new applicants for private motor carrier licenses (\$94,400). The Commission also request a new keyboard operator FTE position for the conservation division (\$29,500) for a database that is now required with passage of 1996 S.B. 755. The law requires the Commission to create and maintain a database of all oil and gas wells in the state, including the location of each well and pertinent information on the operator of each well.

Governor's Recommendation. The Governor deletes all moneys that were requested for enhancements. He recommends \$9,489,371 for the salaries and wages of existing staff in FY 1998, an increase of \$65,929 from the Commission's request. The recommendation includes a 1.0 percent base salary adjustment for classified employees that is in addition to the requested step movement. Also, instead of the 2.5 percent merit pool for unclassified employees that was requested, the Governor recommends a 3.5 percent merit pool. The Governor makes no other changes to the Commission's salary request for existing staff except for technical adjustments. The Commission's FY 1998 request was overstated in part because it funded both deferred compensation and KPERs for its three commissioners. The Governor deleted the moneys for KPERs, but left the moneys for deferred compensation. Instead, he should have deleted moneys for deferred compensation for two of the three commissioners. When an adjustment is made to shift to KPERs for the other two commissioners, the Governor's recommendation is overstated by \$8,819 for salaries and wages. For turnover savings, the Governor concurs with the

Commission's request for a 1.7 percent rate in FY 1998 (\$164,754). With regard to moneys budgeted for consultants to provide expertise the staff lacks or to monitor activities at the federal level, it is not possible to say how much the Governor recommends because he does not itemize individual expenditures within the category of contractual services. Within the amount of funding the Commission has available, it would be able to allocate resources to consultants on a priority basis. (Agencywide, the Governor reduced the Commission's FY 1998 request for contractual services, of which professional fees are a part, from \$5,069,959 to \$5,003,456.) Of \$441,512 requested in FY 1998 for capital outlay, including \$344,005 for computer hardware and software and related equipment, the Governor reduces the request by \$138,430 from the Commission's request. The recommendation does not indicate a preference for how the Commission expends the recommended moneys other than limiting GIS purchases. Financing for the purchases were to be from the Conservation Fee Fund. The intent of the recommendation is to help preserve balances in the Conservation Fee Fund, which had a shortfall in FY 1994 and for which the long-term condition is in question because of declining oil production.

House Subcommittee Recommendation

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

1. Place a "no limit" expenditure limitation on the Abandoned Oil and Gas Well Fund for FY 1998, as was recommended for FY 1997. As stated in the FY 1997 report, the recommendation would allow the Commission to use all of the resources available in the Fund to plug wells.
2. Add \$95,037 from the Motor Carrier License Fee Fund for 2.0 new special investigator FTE positions for the transportation division, of which \$70,577 is for salaries and wages and \$24,460 is for other operating costs of the new FTE positions (including \$1,070 for one-time capital outlay equipment). The Subcommittee was told that the transportation division currently has four special investigators located in Topeka, Kansas City, Garnett, and Dodge City. The Subcommittee's recommendation includes appropriating the new moneys with a proviso that the two new special investigator positions would be located in Wichita and Colby, as was indicated by the Commission. With the new special investigators, the Commission indicates that it would have enough staff to start doing safety compliance inspections on new applicants for private motor carrier licenses. Currently, the Commission inspects only the new applicants for a common or contract carrier license, which is 150 out of an estimated 800 new applicants annually. Current staff levels have not allowed the Commission to properly carry out its mission of regulating the safety of motor carriers, which is putting the safety of the public at risk. Under the Subcommittee's recommendation, there would be a total of six special investigators for the transportation division, which is the number the Subcommittee expects to see allocated to the division next year when the Commission's budget is reviewed by the 1998 Legislature. Current established fees are more than adequate to pay for the cost of the new positions, as estimated fees to the Motor Carrier License Fee Fund generate approximately \$5.0 million annually. The Corporation Commission expends on its operations approximately \$1.6 million annually, with any unencumbered balances in excess of \$400,000 required by law to be transferred to the State Highway Fund.
3. Delete the same 1.0 FTE position that was recommended for deletion in the FY 1997 report. The position was the one budgeted as part of an advisory division created in

1996. Included in the recommendation is a reduction of \$53,616 from special revenue funds for the salary and wage cost of the position.

4. The Subcommittee recommends that a proviso be placed on the Conservation Fee Fund directing the State Corporation Commission to submit as part of its budget document for FY 1999 a three-year projection of receipts and expenditures from the Fund. Since the early 1990s, receipts to the Conservation Fee Fund have fluctuated, in part due to declining oil production. The situation was so serious that at one time the Commission developed a plan to lay off employees. An increase in the assessment on oil and gas production in 1993 generated enough new revenues to avert the shortfall, but the Legislature has continued to monitor the Fund. Part of the reason is the concern over the number of abandoned unplugged wells in the state and the fact that shortfalls to the Conservation Fee Fund affect the amount of money the Corporation Commission has available for contracts to have the wells plugged. The 1996 Legislature addressed this issue and endorsed an increase in the assessment so that more money would be available for well plugging activities. When the Commission changed its rules and regulations to provide for the well plugging assessment, it also increased the assessment to provide for what it had been telling the Legislature for the past few years was necessary to cover usual adjustments to agency operations. Questions now are being raised about whether it was necessary to increase assessments at all during FY 1997 for agency operations. Because the major sources of revenues to the Fund are assessments on the oil and gas industry, and because those industries are affected by decisions of the Commission to raise the assessments, the Subcommittee believes it is important that the Commission make its projections of receipts and expenditures available for analysis so that policy makers and industry representatives will have the opportunity to review the assumptions the Commission is making and be able to anticipate changes in the assessment as far in advance as possible.
5. Delete \$8,819 from special revenue funds for salaries and wages to reduce moneys recommended by the Governor for retirement benefits, which were over funded.
6. Make any technical corrections to the appropriations bill necessary to correctly reflect the Governor's recommendation.

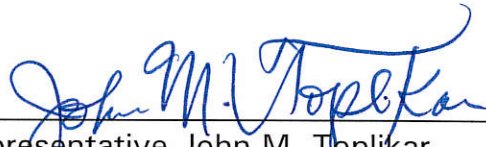
FY 1997-1998

HOUSE SUBCOMMITTEE REPORTS

CITIZENS UTILITY RATEPAYER BOARD



Representative Carl Holmes
Subcommittee Chair



Representative John M. Toplikar



Representative Bill Feuerborn

Appropriations

2-17-97

Attachment 4

SUBCOMMITTEE REPORT

Agency: Citizens' Utility Ratepayer Board **Bill No. –** **Bill Sec. –**
Analyst: Mah **Analysis Pg. No.** 1,199 **Budget Page No.** 101

<u>Expenditure Summary</u>	<u>Agency Estimate FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 323,234	\$ 323,234	\$ 0
FTE Positions	2.0	2.0	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

CURB's estimated expenditures for FY 1997 are \$323,234, which is the amount approved by the 1996 Legislature. The Board makes no change from how it told the 1996 Legislature that it would use the approved moneys. Included in the FY 1997 estimate are \$137,431 for salaries and wages, \$130,000 for fees for professional services, and \$55,803 for various other operating expenditures. The Board budgets the full-year cost of longevity payments, which is \$1,088. Based on the Governor's recommendation, the 1996 Legislature provided only \$304 for longevity costs in FY 1997. The Board included turnover savings so that the estimate for salaries and wages would be the same as the approved budget.

Governor's Recommendation. The Governor shifts \$1,452 from salaries and wages to other operating expenses, but makes no change to the total estimated expenditures of \$323,234 for FY 1997. Money is shifted to reflect a revised estimate of the actual instead of the approved salary for the Board's unclassified temporary attorney, who was hired at the end of June this year at a pay rate lower than what was in the approved budget. The salary savings are shifted to contractual services.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation.

SUBCOMMITTEE REPORT

Agency: Citizens' Utility Ratepayer Board

Bill No. 2160

Bill Sec. 44

Analyst: Mah

Analysis Pg. No. 1,199

Budget Page No. 101

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 392,899	\$ 368,345	\$ 0
FTE Positions	2.0	2.0	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

For FY 1998, CURB is requesting authority to spend \$392,899, an increase of \$69,665 over the current year. According to the Board, the additional moneys provide for maintenance of current services. Included in the request is \$13,000 to contract with a local temporary services agency for a temporary employee to help answer phones and receive incoming messages and documents.

Governor's Recommendation. The Governor recommends \$144,035 for salaries, an increase of \$289 from the Board's request. Included in the recommendation is a 1.0 percent base salary adjustment for the Board's one classified employee and, instead of the requested 2.5 merit pool for the Board's two unclassified employees, a 3.5 percent merit pool. The increase over the Board's request would be greater except that the recommendation also makes an adjustment to the salary for the Board's unclassified temporary attorney whose salary is less than was reflected in the FY 1998 budget. With regard to the requested moneys for temporary staff to help answer phones, the Governor makes no specific recommendation. Instead, he just reduces by \$23,400 the Board's total request of \$239,253 for contractual expenses. He indicates that the Board has the option to use a portion of the recommended moneys to pay for temporary staff services. For capital outlay, the Governor recommends \$3,257, which would allow the Board to purchase requested books (\$200) and, at a cost lower than requested, a laptop computer (\$3,057 instead of \$4,500).

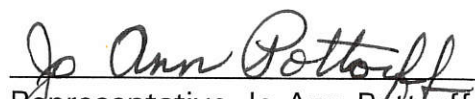
House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation.

FY 1997-1998

HOUSE SUBCOMMITTEE REPORTS

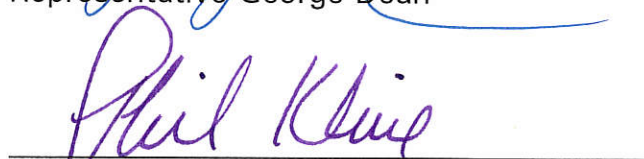
DEPARTMENT OF ADMINISTRATION
(including Public Broadcasting)



Representative Jo Ann Pottorff
Subcommittee Chair



Representative George Dean



Representative Phil Kline



Representative Rocky Nichols

Appropriations
2-17-97
Attachment 5

SUBCOMMITTEE REPORT

Agency: Department of Administration

Bill No. 2272

Bill Sec. 14

Analyst: Porter

Analysis Pg. No. 1283

Budget Page No. 18

Expenditure Summary	Agency Estimate FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 20,019,126	\$ 30,191,891	\$ (3,800,000)
Aid to Local Units	557,239	557,239	0
Other Assistance	3,191,255	3,191,255	0
Subtotal - Operating	\$ 23,767,620	\$ 33,940,385	\$ (3,800,000)
Capital Improvements	2,802,733	2,769,938	0
TOTAL	<u>\$ 26,570,353</u>	<u>\$ 36,710,323</u>	<u>\$ (3,800,000)</u>
State General Fund:			
State Operations	\$ 19,139,443	\$ 29,325,718	\$ (3,800,000)
Aid to Local Units	327,239	327,239	0
Other Assistance	1,531,075	1,531,075	0
Subtotal - Operating	\$ 20,997,757	\$ 31,184,032	\$ (3,800,000)
Capital Improvements	2,216,414	2,183,619	0
TOTAL	<u>\$ 23,214,171</u>	<u>\$ 33,367,651</u>	<u>\$ (3,800,000)</u>
Other Funds:			
State Operations	\$ 879,683	\$ 866,173	\$ 0
Aid to Local Units	230,000	230,000	0
Other Assistance	1,660,180	1,660,180	0
Subtotal - Operating	\$ 2,769,863	\$ 2,756,353	\$ 0
Capital Improvements	586,319	586,319	0
TOTAL	<u>\$ 3,356,182</u>	<u>\$ 3,342,672</u>	<u>\$ 0</u>
FTE Positions			
Reportable	326.3	326.3	0.0
Nonreportable	540.0	540.0	0.0
Subtotal FTE	866.3	866.3	0.0
Unclassified Temp. Positions	9.5	9.5	0.0
TOTAL	<u>875.8</u>	<u>875.8</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's revised FY 1997 estimate for operating funding is \$23,767,620, or \$823,140 more than the amount approved by the 1996 Legislature. The State General Fund operating estimate of \$20,997,757 is an increase of \$313,927 in State General Fund financing above the amount approved by the 1996 Legislature, which reflects the expenditure of amounts reappropriated from FY 1996 to FY 1997 and the expenditure of amounts authorized for the Kansas Quality Management Program. The major State General Fund reappropriations in excess of the amounts contemplated by the 1996 Legislature include \$171,726 in Public Broadcasting Council equipment grants, \$85,998 for the executive aircraft, and \$57,636 for the Division of the Budget. The FY 1997 estimate includes other small reappropriations and some offsetting reductions from the approved amounts. The amount noted for the Division of the Budget includes Kansas Quality Management (KQM) expenditures. The 1996 Legislature authorized certain agencies to retain one-half of the amount saved in a fiscal year as a result of quality initiatives. Agencies are authorized to spend the funds for specified purposes, such as salary bonus payments, professional development training, or the purchase of technological equipment, such as computers.

The increase in estimated expenditures from other funds includes an increase of \$0.6 million in estimated expenditures from the Federal Cash Management Fund, from the original estimate of \$1.0 million (the amount included in the approved FY 1997 budget) to \$1.6 million. The federal Cash Management Improvement Act of 1990 requires that states reimburse the federal government for the interest earned on federal funds. The \$1.6 million estimate represents the amount of payments the agency estimates will be paid to the federal government. This increase is offset by reductions in estimated expenditures from other funds.

In addition to the operating budget funding noted above, the agency's revised estimate for capital improvement expenditures of \$2,802,733 reflects an increase of \$1,121,733 above the \$1,681,000 approved by the 1996 Legislature. The increase reflects the expenditure of amounts carried forward from previous years.

The Governor recommends FY 1997 operating funding of \$33,940,385, an increase of \$10,172,765 above the agency estimate. The majority of the increase is due to two items not included in the agency's FY 1997 estimate:

- **The Governor's recommendation of \$6,416,673 from the State General Fund** (and \$1,818,635 from other nonreportable funds, **for a total of \$8,235,308**) **for year 2000 modifications.** (Staff Note: Only the State General Fund amount is included in the reportable budget. The entire \$8.2 million is included as a nonreportable expenditure in FY 1997.) This item is included in the agency's FY 1998 budget submission, with a State General Fund request of \$2,206,455.
- The Governor's recommendation of **\$3.8 million from the State General Fund in FY 1997 to upgrade the Statewide Human Resources and Payroll System (SHARP) PeopleSoft software** from version 4.1 to 6.0. This item was not included in the agency's original budget submission.

NONREPORTABLE BUDGET

In addition to the reportable budget summarized above, the Department of Administration submits a nonreportable budget. Nonreportable expenditures are expenditures of funds which have come to the Department of Administration as fees or service funds collected from other agencies. These amounts are included as reportable operating expenditures in the budgets of the state agencies using Department of Administration services. If these amounts were to be included as reportable expenditures within the Department of Administration budget, it would constitute a double reporting of the expenditures. The Department of Administration's nonreportable budget is summarized below.

Nonreportable Budget FY 1996 -- FY 1997			
Expenditure	Agency Est. FY 97	Governor's Rec. FY 97	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 65,634,025	\$ 73,068,925	\$ 0
Aid to Local Units	0	0	0
Other Assistance	17,203,145	16,900,000	0
Total -- Operating	<u>\$ 82,837,170</u>	<u>\$ 89,968,925</u>	<u>\$ 0</u>
Capital Improvements	3,172,048	3,181,909	0
TOTAL	<u><u>\$ 86,009,218</u></u>	<u><u>\$ 93,150,834</u></u>	<u><u>\$ 0</u></u>

Agency Request/Governor's Recommendation

The FY 1997 estimate of \$86,009,218 reflects a reduction of \$3,565,372 from FY 1996 actual expenditures. The FY 1997 estimate is an increase of \$1,343,137 from the \$81,494,033 approved by the 1996 Legislature. Estimated FY 1997 expenditures for DISC are \$1,356,975 more than the approved amount. This increase is offset by reductions in other programs. **The Governor's FY 1997 recommendation** of \$89,968,925 is an increase of \$7,131,755 above the agency estimate of \$82,837,170. This reflects the Governor's recommendation of \$8,235,308 for the recommended Year 2000 repair project. Although the majority of the Year 2000 funding is from the State General Fund and is therefore included in the reportable budget, the entire amount recommended is included as a nonreportable expenditure. This will allow the agency to consolidate all funding for this purpose, and all funding for the project will be reported in one budgetary program. Excluding the Year 2000 project funding, the Governor's FY 1997 recommendation reflects a further reduction of \$1,103,553 from the agency estimate.

The agency requests total nonreportable operating budget authority of \$84,002,056, an increase of \$1,164,886 above the FY 1997 estimate of \$82,837,170. Of the increase, \$851,260 is attributable to enhancements requested for the Division of Information Systems and Communications (DISC) and the Division of Architectural Services, which are discussed in more detail in the Budget Detail portion of this analysis. **The Governor's** recommendation of \$82,973,867 reflects a reduction of \$1,028,189 from the agency request.

House Subcommittee Recommendations

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

1. The Subcommittee was informed that four recently completed or soon to be completed buildings (the Kansas Technology Center at Pittsburg State University, Tomanek Hall at Fort Hays State University, Hoch Auditorium/Budig Hall at the University of Kansas, and the Olathe Travel Center) were not yet completed, and therefore were not included under the terms of coverage when the present state insurance policy was negotiated last year. Although each building was covered under the contractor's insurance policy during construction, that coverage expires when buildings are completed. The current policy provides coverage of \$100 million per occurrence, with a \$2 million per occurrence deductible. The policy covers all buildings with a replacement value of \$500,000 or more that are not otherwise insured. As each building is completed, the State has either added or will add it to the current policy, at an additional cost of \$3,000 in FY 1997 and \$30,000 in FY 1998. The Subcommittee recommends that this issue be addressed through a Governor's Budget Amendment or, absent such an amendment, as an Omnibus item.
2. The Subcommittee reviewed the Governor's recommended \$3.8 million State General Fund FY 1997 supplemental for a SHARP (Statewide Human Resource and Payroll) System upgrade. As the full Committee has been informed, the recommended funding would pay for the PeopleSoft software upgrade, for software installation, and for the consulting services needed to bring forward to PeopleSoft release 6.0 (the new release) those modifications the State made to PeopleSoft release 4.02 (the software release currently in place). The agency states that PeopleSoft has a policy of upgrading to new releases every six months, and 18 months from the date of each software release, the previous release is unsupported. The agency explained that, when a software release is unsupported, the company will no longer maintain the code, and will no longer repair or modify the software. If the software application were to fail, the State could not obtain repairs from the vendor. The agency also stated that there is no migration path beyond release 6.0 for release 4.0 users. Therefore, if the State wanted to buy a later release at some point in the future, that later release would have to be installed as a new system, which can be very costly.

The Subcommittee recommends that the \$3.8 million recommended by the Governor be deleted from the agency budget pending review of this issue by the Joint Committee on Computers and Telecommunications (JCCT). The Subcommittee anticipates that JCCT will review this issue and will report its findings and recommendations to this Subcommittee in early March. On or before March 13, 1997, this Subcommittee will report its recommendation to the full House Appropriations Committee following its review of the JCCT recommendation. The full Committee will have an additional opportunity to discuss the issue at that time.

3. The Subcommittee reviewed a second computer issue, the year 2000 problem, for which the Governor recommends FY 1997 State General Fund supplemental funding of \$6,416,673. Additional nonreportable expenditures of \$1,818,635 are

authorized, for total FY 1997 expenditures of \$8,235,308. The amounts recommended are intended to pay for the technical services that state agencies will need to prepare computer systems and applications for the year 2000. Of the total, \$3.5 million is recommended for repair of the Department of Administration's own central systems.

The Department of Administration presented testimony on this issue to the full House Appropriations Committee. The agency states that the year 2000 problem occurs in those computer systems and applications that do not have a four-digit year in computer programs and databases. When the year 2000 occurs, a two-digit "00" date field will be interpreted as the year 1900, or as some other year. Some applications may simply shut down, and others may produce erroneous results. For example, the state accounting system may think that a January 2000 invoice is really a January 1900 invoice. In some cases, an invoice paid in the year 2000 may be lost in the system and may cause the State to double pay. All systems feeding into those systems that are affected will face potential problems. Rather than simply a computer problem, the Subcommittee was informed that this is an imbedded chip problem, and that other computerized systems, such as elevators, air handling equipment, preprogrammed jail cells, and other equipment may behave unpredictably.

The Subcommittee was informed that the Department has made many efforts to educate state agencies and to assist in identifying the nature and extent of each agency's potential year 2000 problems. Some agencies have already identified their year 2000 issues and are addressing them. Although the Kansas Information Resource Council (KIRC) has established policies requiring agencies to report monthly on their inventory of applications and the cost to repair mission critical applications, not all agencies have determined their need for year 2000 repairs.

The Subcommittee concurs with the Governor's recommendation, but further recommends that the Joint Committee on Computers and Telecommunications (JCCT) review this issue. The Subcommittee notes that there will be additional costs, and that the amount recommended by the Governor will not be sufficient to address this issue for all state agencies. The Subcommittee recommends that this issue, including the additional information and recommendations to be provided by JCCT, be addressed as an Omnibus item.

FY 1997—Public Broadcasting Council

The House Subcommittee concurs with the recommendations of the Governor, which concurs with the Council's estimate for FY 1997.

SUBCOMMITTEE REPORT

Agency: Department of Administration

Bill No. 2160

Bill Sec. 45

Analyst: Porter

Analysis Pg. No. 1283

Budget Page No. 18

Expenditure Summary	Agency Request FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 23,252,512	\$ 20,289,805	\$ 0
Aid to Local Units	827,819	461,008	0
Other Assistance	3,725,605	3,025,149	0
Subtotal - Operating	\$ 27,805,936	\$ 23,775,962	\$ 0
Capital Improvements	3,504,400	2,492,705	0
TOTAL	\$ 31,310,336	\$ 26,268,667	\$ 0
State General Fund:			
State Operations	\$ 22,732,622	\$ 19,743,833	\$ 0
Aid to Local Units	597,819	230,000	0
Other Assistance	2,065,425	1,364,969	0
Subtotal - Operating	\$ 25,395,866	\$ 2,436,152	\$ 0
Capital Improvements	3,504,400	2,492,705	0
TOTAL	\$ 28,900,266	\$ 23,832,515	\$ 0
Other Funds:			
State Operations	\$ 519,890	\$ 545,972	\$ 0
Aid to Local Units	230,000	230,000	0
Other Assistance	1,660,180	1,660,180	0
Subtotal - Operating	\$ 2,410,070	\$ 2,436,152	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 2,410,070	\$ 2,436,152	\$ 0
FTE Positions			
Reportable	312.2	307.2	0.0
Nonreportable	548.2	547.2	0.0
Subtotal FTE	860.4	854.4	0.0
Unclass. Temp. Positions	7.0	7.0	0.0
TOTAL	867.4	861.4	0.0

Agency Request/Governor's Recommendation

The agency requests total reportable FY 1998 operating funding of \$27,805,936, an increase of \$4,038,316, or 17.0 percent, above the FY 1997 estimate. The request includes State General Fund financing of \$25,395,866, an increase of \$4,398,109 above the FY 1997 estimate. The majority of the increase (\$4,032,722) is attributable to the items noted in the following table (excluding capital improvements), which are discussed in further detail below.

Department of Administration				
FY 1998 Requested Reportable Budget Enhancements				
Enhancement	Description	FY 1998 Agency Request	FY 1998 Gov. Rec.	
Division of Personnel Services -- EDIFY Software	Software that would automate a number of personnel functions, including open enrollment for insurance, skills tracking, training enrollments, and other items	\$ 84,000	\$	0
Public Broadcasting Council -- Operating Grants	Increase State General Fund Operating Grants from \$.50 per capita to .75 per capita	362,203		100,000
Public Broadcasting Council -- Equipment Grants	Matching funds for prioritized equipment grants	705,064		(100,000)
BDAS (Bureau of Department of Administration Systems) -- Software Licenses	Would be used to develop central information systems for accounting, inventory, budgeting, and purchasing	675,000		0
BDAS -- Year 2000	Modifications to the Department of Administration Computer Systems for the Year 2000 problem	2,206,455		0 (Funded in FY 1997)
Total -- Operating		\$ 4,032,722	\$	0

The Governor recommends total reportable FY 1998 operating funding of \$23,775,962, a reduction of \$4,029,974 from the agency request. The Governor does not recommend any of the net operating budget enhancements noted in the table above in FY 1998. However, as noted previously, the Governor does recommend funding for the Year 2000 modifications in FY 1997. In addition, the Governor approves the purchase of software licenses for an integrated financial system within available resources, with no additional funding recommended for this item. As noted below, the Governor adds funding for debt service for the purchase of the former City of Topeka police garage (a total of \$62,658, including \$20,150 from the State General Fund). The Governor's recommendation includes funding for the same pay plan recommended for all state employees: step movement; a 1.0 percent classified base

salary increase; and funding for longevity bonus pay for classified employees; and a 3.5 percent merit pool for unclassified employees.

NONREPORTABLE BUDGET

In addition to the reportable budget summarized above, the Department of Administration submits a nonreportable budget. Nonreportable expenditures are expenditures of funds which have come to the Department of Administration as fees or service funds collected from other agencies. These amounts are included as reportable operating expenditures in the budgets of the state agencies using Department of Administration services. If these amounts were to be included as reportable expenditures within the Department of Administration budget, it would constitute a double reporting of the expenditures. The Department of Administration's nonreportable budget is summarized below.

Nonreportable Budget FY 1998			
Expenditure	Agency Req. FY 98	Governor's Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 68,198,574	\$ 67,170,385	\$ 0
Aid to Local Units	0	0	0
Other Assistance	15,803,482	15,803,482	0
Total – Operating	\$ 84,002,056	\$ 82,973,867	\$ 0
Capital Improvements	1,654,981	1,591,945	0
TOTAL	\$ 85,657,037	\$ 84,565,812	\$ 0

Agency Request/Governor's Recommendation

The agency requests total FY 1998 nonreportable operating budget authority of \$84,002,056, an increase of \$1,164,886 above the FY 1997 estimate of \$82,837,170. Of the increase, \$851,260 is attributable to enhancements requested for the Division of Information Systems and Communications (DISC) and the Division of Architectural Services, which are discussed in more detail in the Budget Detail portion of this analysis. **The Governor's** recommendation of \$82,973,867 reflects a reduction of \$1,028,189 from the agency request.

Public Broadcasting Council

Agency Request/Governor's Recommendation

- ◆ The Council requests a total of \$1,858,180 from the State General Fund for operating grants in FY 1998. The amount requested would provide grants at a level of approximately \$.75 per capita.
- ◆ The Council requests a total of \$805,064 from the State General Fund for equipment grants in FY 1998.
- ◆ The Governor's recommendation of \$1,495,977 for FY 1998 operating grants reflects a reduction of \$262,203 from the Council request and would provide funding at a level of approximately \$.60 per capita.
- ◆ The Governor recommends \$100,000 from the State General Fund for equipment grants in FY 1998.

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

1. The Subcommittee reviewed the current policies, practices, and expenditures of the State Motor Pool Program. Among the issues discussed was the current policy of "miling out" vehicles at 90,000 miles. When motor pool cars reach 90,000 miles, they are sold through the Surplus Property Program. The Subcommittee recommends that the agency explore whether the current mile out policy optimizes the resale value of these vehicles. In other words, the Subcommittee questions whether it would be better for the State to mile out the cars at some point less than 90,000 miles, given the fact that the lower mileage cars would presumably have a higher resale value, and, if so, to determine what that lower mileage would be. The agency should take into consideration the increased maintenance costs that may occur with higher mileage vehicles and other factors, including the market for resale cars and the preferences of potential buyers.
2. The Subcommittee requested information on employee health and assistance programs, including Lifeline, which provides confidential help to any employee or immediate family member who is experiencing personal problems. The program received 2,850 calls in FY 1996, and the budgeted FY 1998 cost of the program is \$146,000. The Subcommittee was informed that the after hours portion of the Lifeline program is subcontracted out to a vendor in Oregon. The Subcommittee recommends that the Department examine the goals of this program and determine whether the program is providing those services specified in the contract in the manner in which the State intended and in the manner most beneficial to the State and state employees. The Subcommittee further recommends that the State explore rebidding contract, and that, when the contract is rebid, Kansas vendors be encouraged to bid.
3. In conjunction with its discussion of the year 2000 problem, the Subcommittee discussed the role and powers of the State's Chief Information Architect. Under current law, the Chief Information Architect is appointed by the Kansas Information Resource Council (KIRC), and is charged with, among other duties, initiating the

strategic information management plan for the State and coordinating implementation of new computer and telecommunication technologies. (K.S.A. 1996 Supp. 75-4743.) The Subcommittee notes that, in some states, comparable positions are appointed by the Governor, and have powers more on a par with Cabinet level secretaries. The Subcommittee questions whether, as in the case of the year 2000 problem, a Chief Information Architect with the powers of a Cabinet level secretary could have had more of an impact on agencies responding promptly to the Chief Information Architect and the KIRC. The Subcommittee recommends an interim study of this issue.

Year 2000 Mitigation Completed

28 general government agencies and 1 regents institution have reported that they are Year 2000 ready:

- | | |
|--|---|
| Abstractors Board of Examiners | Adjutant General |
| Department of Agriculture | Kansas Human Rights Commission |
| State Department of Credit Unions | Board of Mortuary Arts |
| Emergency Medical Services | Hearing Aid Dispensers, Board of Examiners of |
| Department of Transportation | State Historical Society |
| Dept. of Commerce and Housing | Indigent Defense Services |
| Kansas Inc. | KPERS |
| Kansas Technology Enterprise Corporation | Legislative Administrative Services |
| State Library | Kansas Lottery |
| Legislative Post Audit | Kansas State School for the Blind |
| Kansas Sentencing Commission | State Conservation Commission |
| Department of Education | Board of Technical Professions |
| State Treasurer | Commission on Veterans Affairs |
| Kansas Water Office | Real Estate Commission |
| Pittsburg State University | |

Year 2000 Mitigation in Process

AGENCY	ADDITIONAL YEAR 2000 FUNDING	NOTES
Department on Aging	\$ 0.00	Planned Replacement of Systems
Bank Commissioner	\$ 0.00	Using internal resources
Corporation Commission	\$ 0.00	Using internal resources
Department of Administration	\$ 3,500,000.00	For financial systems
Health and Environment	\$ 180,000.00	
Insurance Department	\$ 0.00	
Department of Corrections	Unknown	Internal systems nearly complete, investigating PC assets
Department of Revenue	\$ 1,250,000.00	Most systems being replaced under tax 2000 project
Dept. of Wildlife and Parks	Unknown	Using internal resources
Secretary of State	\$ 36,500.00	
Board of Healing Arts	\$ 0.00	Finishing program and PC assessment
SRS	\$ 12,000,000.00	
Judicial Branch	\$ 63,000.00	
Fort Hays State University	\$ 0.00	Using internal resources
Emporia State University	\$ 0.00	Using internal resources
University of Kansas	\$ 0.00	Planned Replacement of Systems
KUMC	\$ 0.00	Using internal resources
Wichita State University	\$ 0.00	Using internal resources
KBI	\$ 220,560.00	
Highway Patrol	\$ 163,703.00	
Dept. of Human Resources	Unknown	
Consumer Credit Commissioner	Unknown	May need assessment assistance
Kansas Racing Commission	Unknown	
Reviser of Statutes	Unknown	Using Internal Resources
Kansas State University	Unknown	

Appropriations
2-17-97
Attachment 6

NO REPORT

34 agencies have not yet reported the status of their Year 2000 readiness efforts. The 18 agencies listed in italics each expended less than \$10,000.00 on information technology (not counting KANS-AN) in FY-96.

*Board of Accountancy
Animal Health Department
Kansas Board of Barbering
Department of Civil Air Patrol
Corporation for Change
Kansas State Board of Cosmetology
Kansas Development Finance Authority
Governmental Standards and Conduct
Kansas Guardianship Program
Judicial Council
State Fair Board
Legislative Research Department
Consumer Credit Commissioner
Board of Optometry Examiners
Real Estate Appraisal Board
Board of Tax Appeals
Securities Commissioner of Kansas*

*State Council on Vocational Education
Attorney General
Behavioral Sciences Regulatory Board
Citizens Utility Rate Payer Board
Ombudsman for Corrections
Dental Board
Fire Marshal
Grain Inspection Department
Health Care Stabilization Fund
Kansas Arts Commission
Kansas Wheat Commission
Legislature
Board of Nursing
Board of Pharmacy
Board of Regents
School for the Deaf
Board of Veterinary Examiners*

What efforts are being made to identify the extent of the problem and to propose solutions?

The Kansas Information Resources Council (KIRC) has adopted three policies (attached) to assist and guide agencies in addressing Year 2000 date processing issues.

Policy 2410. Requires that all agencies review their computing resources and provide a letter that their resources are Year 2000 date processing compliant or to provide quarterly summary information on their Year 2000 program. In addition individual Year 2000 projects that exceed the \$1,000,000.00 threshold are subject to the provision of KIRC policy 2400 requiring KIRC approval prior to project initiation and approval to begin each new phase. (Policy 2410 is being amended to require monthly reports.)

Policy 2412. Provides a standard for the format of date information and a policy requiring agencies to use the standard when exchanging date data between systems.

Policy 2414. Provides agencies with guidance on obtaining readiness warranties from vendors, provides guidance on what constitutes asset Year 2000 date processing compliance, provides guidance on amending contracts with vendors to mitigate asset Year 2000 date processing problems and provides contract language to support those actions.

The Information Technology Advisory Board (ITAB) established two Year 2000 committees (a mainframe committee and an AS/400 committee) to address the unique problem faced by the large numbers of state agencies that employ these architectures.

The mainframe committee, chaired by DISC, is focusing on an orderly migration to Year 2000 compliant systems software (DISC's Year 2000 plan includes the migration plan) and in providing an effective means to test repaired applications (DISC will make an independent data center available).

The AS/400 committee, chaired by a member of the Secretary of States Office, is attempting to address Year 2000 issues one step at a time. State agencies that had not scheduled Year 2000 compliant upgrades to their AS/400 system software were notified by the committee that this upgrade was necessary prior to December 31, 1999 if they were to avoid system software related problems.