

Approved: 3/10/98
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:30 p.m. on February 24, 1998 in Room 514-S of the Capitol.

All members were present except: Representative Carl Holmes - Excused

Committee staff present: Alan Conroy, Stuart Little, Shannon Nichols, Julian Efird, Legislative Research Department;
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;
Helen Abramson, Administrative Aide; Linda Swain, Appropriations Secretary

Conferees appearing before the committee:
Stephanie Haden, Finance Director, Kansas State Fair
Sue Peterson, Kansas State University (KSU)
Representative Jim Morrison

Others attending: See attached list

Representative Packer reported for the House Subcommittee on Kansas Racing & Gaming (Attachment 1). The Subcommittee concurred with the Governor's recommendation for FY 98 with two adjustments.

A motion was made by Representative Packer, seconded by Representative Mollenkamp to adopt the Subcommittee report for Kansas Racing and Gaming for FY 98. There was no discussion. The motion carried.

Representative Packer reported the Subcommittee concurred with the Governor's recommendation for FY 99 with five adjustments to the State Racing Operations and four adjustments to State Gaming Agency.

A motion was made by Representative Packer, seconded by Representative Mollenkamp to adopt the Subcommittee report for Kansas Racing and Gaming for FY 99. A discussion followed. The motion carried.

Hearing on HB 2792 - State fair; transferring moneys, and obligations

Representative George Dean spoke briefly on HB 2792 which combines the State Fair fee fund and the non-fair fee fund. He introduced Stephanie Haden, Finance Director, Kansas State Fair, who stated HB2792 is primarily a bookkeeping bill. She noted the advantages to passing the bill (Attachment 2). A brief discussion period followed.

The hearing on HB 2792 was closed.

A motion was made by Representative Dean, seconded by Representative Feuerborn to pass HB 2792 and place it on the consent calendar. No discussion. The motion carried.

Hearing on HB 2877 - state board of regents to sell and convey certain real estate.

Representative Peterson briefly introduced HB 2877, requested by KSU, which would give the University authority to sell land in Scott County. A letter prepared by Jennifer M. Kassebaum, Sr., Assistant University Attorney, was distributed to the committee (Attachment 3). It explains what the bill proposes to do.

Representative Peterson introduced Sue Peterson, from KSU who, was present for questions. A brief discussion followed.

The hearing on HB 2877 was closed.

A motion was made by Representative Peterson, seconded by Representative Pottorff to pass HB 2877 and place it on the consent calendar. No discussion. The motion carried.

Chair Kline opened a discussion on conceptual amendments to HB 2704.

Representative Jim Morrison spoke briefly to say he would be honored to carry HB 2704 on the House floor.

Julian Efird, Legislative Research, spoke concerning HB 2704, noting there is not yet a balloon for this

bill. He presented a paper which conceptually included the changes which have been in process since its Hearing (Attachment 4).

Chair Kline requested Julian Efird track HB 2704 and let the committee know when the bill is ready to work.

A motion was made by Chair Kline, seconded by Representative Farmer to accept a bill for introduction authorizing the state board of regents to be able to transfer property in Douglas County. No discussion. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Dean to accept a bill for introduction which adds \$.50 to the tobacco tax on cigarettes. The money would go toward children's services. No discussion. The motion carried.

A motion was made by Representative Nichols, seconded by Representative Feuerborn to accept two bills for introduction. The first would place a tax cap on all property taxes. The second would have to do with spending limits and public funding of political campaigns. No discussion. The motion carried.

Chair Kline announced the next day's meeting, February 25, would meet 30 minutes after the House's first adjournment.

The meeting adjourned at 2:30 p.m.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2/24/98

NAME	REPRESENTING
Stephanie Haden	Kansas State Fair
Keith Haxton	SEAK
Roger Traudel	Ks Gov Consulting
Don Heiman	Disc
FRED BOESCH	Chief Info Architect
Faith Loretto	Dept. of Administration
Verena Hoating	SOB
Kevin Pfeifer	KBI
TRACY DIEHL	State Gaming Agency
Don Farmer	DOB
McJew E. Leaf	Racing & Gaming Agency
Katie Sackman	Rep Farmer
Janna Dunbar	Rep. Fewborn
Kelley Poulter	OJA
SUE PETERSON	K-STATE
Jon Josseland	KU
Kathy Reiter	Philip Morris

SUBCOMMITTEE REPORT

Agency: Kansas Racing and Gaming Commission **Bill No.** 2895

Bill Sec. -

Analyst: Efirid

Analysis Pg. No. 1171

Budget Page No. 373

<u>Expenditure Summary</u>	<u>Agency Rev. Est FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
Special Revenue Funds:			
Racing Operations	\$ 2,992,693	\$ 2,992,693	\$ 0
Gaming Operations	1,196,189	1,196,189	0
Subtotal - Operating	\$ 4,188,882	\$ 4,188,882	\$ 0
Racing Assistance	1,101,247	1,101,247	0
TOTAL	\$ 5,290,129	\$ 5,290,129	\$ 0
Racing FTE Positions	39.0	39.0	3.0
Gaming FTE positions	13.0	13.0	4.0
Unclassified Temp. Positions	3.0	3.0	0.0
TOTAL	55.0	55.0	7.0

Agency Request/Governor's Recommendation

A net increase requested in FY 1998 expenditures reflects the following adjustments: a reduction of \$92,132 in other assistance payments due to lower parimutuel handle; a net increase of \$310,816 in state operations expenditures that is attributed to \$323,324 requested due to higher expenses charged to the Tribal Gaming Fund for activities of the State Gaming Agency; and a reduction of \$12,508 in approved expenditures for the parimutuel activities. An increase in expenditures relative to background investigations for casino personnel is requested and a corresponding increase in the expenditure limitation for the Tribal Gaming Fund would be required to allow additional expenses of \$323,324 to be paid in FY 1998.

The Governor's recommendations concur with the agency revisions in FY 1998. A net increase for operating expenditures is attributed to additional expenses of \$323,324 for the State Gaming Agency, a decrease of \$12,508 in racing related expenses, and a decrease of \$92,132 in other assistance that reflects a reduction in parimutuel handle. In addition, the Governor concurs with the requested adjustments in the FY 1998 expenditures from the Tribal Gaming Fund. However, no adjustment is included in the FY 1998 appropriations bill in order to increase the current approved expenditure limitation.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations and makes the following adjustments:

*Appropriations
2-24-98
Attachment 1*

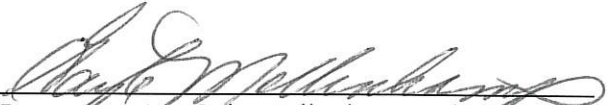
1. Add 4.0 FTE positions in FY 1998 to accelerate the Governor's recommended addition of 7.0 FTE positions in FY 1999 for the Gaming Agency to hire new investigators. Also add 3.0 FTE positions in FY 1998 for the State Racing function for the same purpose in regard to its recommended new position in the Governor's FY 1999 budget. No funding will be required in the current fiscal year since the time needed to recruit and hire new staff will not be sufficient in the remaining months prior to June 30, 1998. However, in order to recruit staff, the agency needs this added FTE authority to be included in the FY 1998 supplemental appropriations bill that will be effective upon publication in the Kansas Register. Otherwise, the hiring process must wait until after July 1, 1998, if the Governor's recommended changes are included only in the FY 1999 appropriations bill.
2. Incorporate current fiscal year recommendations into the FY 1998 bill to reflect changes recommended in the Governor's Budget Report and by the House Subcommittee that require posting in an appropriations bill. In order to legally enforce the recommended adjustments, each item that addresses a limited account or FTE limitation must be included in the supplemental appropriations bill to reflect the Governor's recommendations and Subcommittee adjustments. The Governor's recommendations are summarized below.

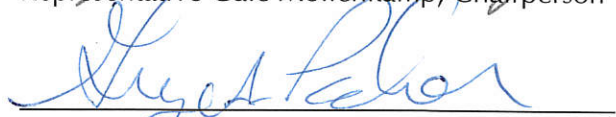
CHANGE FROM APPROVED BUDGET		
	Agency Estimate	Governor's Recommendations
Dollar Change:		
State Operations	\$ 310,816	\$ 310,816
Other Assistance	(92,132)	(92,132)
TOTAL	<u>\$ 218,684</u>	<u>\$ 218,684</u>
FTE Positions	0.0	0.0


The Governor's recommendations in FY 1998 include several items. A reduction of \$92,132 in other assistance payments due to lower parimutuel handle requires no action in the bill since the line item is no limit. An increase of \$310,816 in state operations expenditures is attributed to \$323,324 due to higher expenses charged to the Tribal Gaming Fund for activities of the State Gaming Agency. No adjustment to the Tribal Gaming Fund expenditure limitation is required since it is a no limit account. A reduction of \$12,508 in approved expenditures for parimutuel activities should be included as a reduction in the State Racing Fund expenditure limitation.

The FTE limitation for the State Gaming Agency must be increased by 4.0 to reflect the Subcommittee's accelerated recommendation to add authority in the current fiscal year for next year's new staff recommended by the Governor in FY 1999. Likewise, the FTE limitation for the State Racing Agency also must be increased by 3.0 to reflect the Subcommittee's recommendation.

The Subcommittee notes that the Governor's recommended salary turnover savings of \$20,197 in FY 1998 understates the amount of underspending this fiscal year. At least four positions have been vacant since November 30, 1997, and a public service administrator has been vacant since September 21, 1997. The agency was unable to estimate its savings to date in the current fiscal year.


Representative Gale Mollenkamp, Chairperson


Representative Greg Packer


Representative Doug Spangler

SUBCOMMITTEE REPORT

Agency: Kansas Racing and Gaming Commission **Bill No.** 2893

Bill Sec. 48

Analyst: Efirid

Analysis Pg. No. 1171

Budget Page No. 373

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
Special Revenue Funds:			
Racing Operations	\$ 3,197,237	\$ 3,386,239	\$ (67,695)
Gaming Operations	<u>1,235,307</u>	<u>1,366,567</u>	<u>(54,549)</u>
Subtotal - Operating	\$ 4,432,544	\$ 4,752,806	\$ (122,244)
Racing Assistance	<u>1,055,692</u>	<u>1,055,692</u>	<u>0</u>
TOTAL	<u>\$ 5,488,236</u>	<u>\$ 5,808,498</u>	<u>\$ (122,244)</u>
Financing:			
State General Fund	\$ 750,676	\$ 754,268	\$ (754,268)
Racing Funds	4,252,929	4,441,931	686,573
Tribal Gaming Fund	<u>1,235,307</u>	<u>1,366,567</u>	<u>(54,549)</u>
	<u>\$ 5,488,236</u>	<u>\$ 5,808,498</u>	<u>\$ (122,244)</u>
 Racing FTE Positions	 40.0	 42.0	 0.0
Gaming FTE Positions	13.0	20.0	0.0
Unclassified Temp. Positions	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>
TOTAL	<u>56.0</u>	<u>65.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Kansas Racing Commission was redesignated as the Kansas Racing and Gaming Commission on July 1, 1996, when the State Gaming Agency that monitors tribal casinos was attached for administrative and budget purposes. A portion of the budget request reflects the expenditures associated with each entity.

State Racing Operations. The Commission administers provisions of the Parimutuel Racing Act and serves as the regulatory entity for horse and greyhound racing. The mission of the agency is to regulate horse and dog race track activities. The Commission regulates the conduct of the races, parimutuel wagering, and submission of tax payments. Revenues are derived from a parimutuel tax, an admissions tax, license fees, and fines. Receipts are deposited in the State Racing Fund, with a portion of those receipts transferred to the State Gaming Revenues Fund after certain Commission costs are paid.

State Gaming Agency Operations. The 1996 Tribal Gaming Oversight Act statutorily created the State Gaming Agency in order to fulfill the duties in the gaming compacts and to enforce the provisions of the compacts and state laws, including general criminal statutes and specific criminal gaming statutes in the Tribal Gaming Oversight Act. To date, three casinos have been opened in Kansas under provisions of the four compacts with different tribes.

The agency requests a net increase of \$198,107 in FY 1999 expenditures and 1.0 FTE additional position. The new staff requested is financed by \$15,007 from the State General Fund. The estimate for transfers to the SGRF in FY 1999 is \$745,003, a reduction of \$529,192 from the revised amount this fiscal year.

The Governor's recommendations provide for a net increase of \$518,369 in FY 1999 expenditures, primarily for the State Gaming Agency and an additional 10.0 FTE positions. The Governor's recommendations provide 7.0 FTE positions to the gaming unit and 3.0 FTE positions to the racing unit for conducting additional background investigations. Currently, the KBI performs many of the background checks that the Governor's recommended change would reduce substantially. Additional increased funding recommended by the Governor includes a 1.5 percent classified base salary adjustment and a 4.0 percent unclassified merit pool. The Governor concurs with the agency estimate of \$745,003 in transfers to the SGRF in FY 1999. Recommended transfers reflect a reduction of \$529,192 from the revised amount this fiscal year.

Performance Measures			
	Actual FY 1997	Gov. Rec. FY 1998	Gov. Rec. FY 1999
State Racing Fund Receipts	\$ 3,626,968	\$ 3,184,408	\$ 3,115,709
Receipts transferred to SGRF	\$ 1,821,985	\$ 1,274,195	\$ 745,003
Presumed transfer to SGF from SGRF*	\$ 1,821,985	\$ 1,274,195	\$ 745,003

* Note: When Lottery transfers to SGRF exceed \$50.0 million.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations and makes the following adjustments in FY 1999:

State Racing Operations

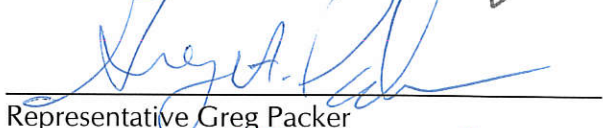
1. Reduce the monthly ending balance for the State Racing Fund from \$300,000 to \$250,000 in order to provide additional cash to replace State General Fund financing as described in item 2.
2. Shift financing to the State Racing Fund in FY 1999 of 13.0 FTE positions for Commission staff currently paid from the State General Fund. This change includes a reduction of \$754,268 from the SGF and an increase of the same amount in the expenditure limitation of the State Racing Fund. The Subcommittee believes that no subsidy should be paid from the SGF for racing operations and this change corrects the appropriate financing for the Commission's officials who work at the race tracks.
3. Increase the Governor's recommended salary turnover savings rate from 0.0 percent to 3.0 percent, a reduction of \$67,695 from the State Racing Fund in FY 1999. The Subcommittee noted a number of vacant positions in its FY 1998 report that suggest future savings should be budgeted.

4. Authorize any expenditures paid to the KBI for background investigations to be in addition to any expenditure limitation on the State Racing Fund.
5. Make any necessary technical changes to the bill to provide for expenditure authority and FTE limitations. Correct the misposted FTE limitations in the bill that erroneously adds 7.0 to racing and 3.0 to gaming, rather than 3.0 to racing and 7.0 to gaming as recommended in the Governor's Budget Report.

State Gaming Agency

1. Increase the Governor's recommended salary turnover savings rate from 0.0 percent to 6.8 percent, a reduction of \$59,549 in FY 1999 due to not hiring two of the three budget temporary staff and the possible delays in hiring seven new staff.
2. Add \$5,000 for base salary increases of management personnel, namely the Executive Director whose salary is set by the Governor.
3. Authorize any expenditures paid to the KBI for background investigations to be in addition to any expenditure limitation on the Tribal Gaming Fund. Since the Governor's recommended bill has a no limit line item, this proviso will be necessary only if an expenditure limitation is established during the 1998 legislative review process.
4. Make necessary technical changes in the bill to provide for a corrected FTE limitation.


Representative Gale Mollenkamp, Chairperson


Representative Greg Packer


Representative Doug Spangler

**H.B. 2792 PUBLIC HEARING
APPROPRIATIONS COMMITTEE
Tuesday, February 24, 1998, Room 514S
Kansas State Fair - Proponent**

Submitted by: Stephanie Haden, Finance Director, Kansas State Fair

On behalf of the Kansas State Fair Board, we want to thank Representative George Dean for introducing, and this committee for their consideration of HB 2792.

HB 2792 would combine the two Kansas State Fair accounts into one account, which would be the State Fair Fee Fund. Currently, per K.S.A. 2-205, all the revenues and expenditures related to the Kansas State Fair are accounted for in the State Fair Fee Fund. All revenues and expenditures related to events other than the State Fair period are accounted for in the Non Fair Days Events Fund.

At the time the Non Fair Days Events Fund originated in the 1970's, we only had a nine-day Fair and the Fair Board was interested in having Grandstand entertainment on the Friday night before the Fair. Since this was technically not a State Fair expense, it was determined that it could not be accounted for in the State Fair Fee Fund. Thus, the Non Fair Days Events Fund originated. It was to be an active fund year round for non fair events and was set up as "no limit" fund.

In 1989, the State Fair Fee Fund became a "no limit" fee fund. Since the agency is able to account for revenues and expenditures at the sub-program level, there is no longer a valid reason or advantage to maintaining the two separate funds. The two funds necessitate two accounts for the Division of Accounts and Reports, and two separate local banking accounts for the agency.

HB 2792, amends K.S.A. 2-205, and combines the two accounts into the State Fair Fee Fund which would be an active fund year-round. Advantages to the agency are:

1. Allow the agency to maintain a \$150,000 carry forward balance. Currently the agency strives for \$150,000 balance in the State Fair Fee Fund and \$50,000 in the Non Fair Events Fund. Combining the funds would free up \$50,000 the first year that could be contributed to the State Fair Capital Improvements Fund. A major goal of the agency is to improve the physical plant, this can only be accomplished if there is adequate funds in the State Fair Capital Improvements Fund.
2. Currently credit cards can only be processed in the State Fair Fee Fund account. The money has to be transferred from the State Fair Fee Fund to the Non Fair Fund when credit cards are accepted for Non Fair events.

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Attachment 2*

3. Would save approximately \$1,230 in actual costs.

\$1,000	Bank service fees
\$ 70	Check printing
\$ 160	Computer access time for Non Fair Fund at HCC computer

4. Agency would have one bank account to reconcile each month.

Your favorable consideration of HB 2792 would simplify the accounting procedures for the Kansas State Fair. It will not jeopardize accountability. The agency already accounts for youth, administration, competitive exhibits, and fair week expenses as subprograms. We would account for the Non Fair at the subprogram level.

We want and need to know, as you do, what part of our budget is related to the annual state fair and what part is attributed to the events in the non-fair period. We feel like we can continue to provide those breakouts through internal accounting measures. It is not necessary to have two separate funds to accomplish this.

Again, thank you for your time and consideration. I would be happy to answer any questions you might have at this time.



Office of University Attorney
111 Anderson Hall
Manhattan, KS 66506-0115
785-532-5730
Fax: 785-532-5603

February 23, 1998

MEMORANDUM

TO: Representative Phil Kline, Chair
House Appropriations Committee

FM: Jennifer M. Kassebaum
Sr. Assistant University Attorney

RE: House Bill No. 2877

The purpose of House Bill No. 2877 is to obtain the necessary legislative authority to sell a quarter section (160 acres) of farm property that is owned by the State and located in Scott County, Kansas. This property was conveyed to Kansas State University by Ms. Irma Smith upon her death.

The property is a quarter section of farm ground located approximately 10 miles southwest of Scott City, Kansas. The property is currently farmed by a local farmer. The University is aware of property nearby of the same acreage which recently sold for \$581.00 per acre.

There will be no impact on any other state agency. The Board of Regents has authorized and approved the sale of the property. The only administrative impact for the University would be a positive fiscal impact. The proceeds from the sale of the property will be deposited in the University's account with the Foundation. The Foundation is currently managing the property for the University.

I hope this information is useful to you as you consider this proposed legislation. Ms. Sue Peterson, Assistant to the President for Governmental Relations, requested that I prepare this memorandum for your information. If you have any questions, please feel free to direct any questions to Ms. Peterson or to our office.

nk

cc: Ms. Sue Peterson

Appropriations
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Attachment 3

February 24, 1998

To: House Appropriations Committee

From: Julian Efird, Principal Analyst, Kansas Legislative Research Department and
Mary Torrence, Assistant Revisor, Revisor of Statutes Office

Re: 1998 H.B. 2704 Provisions and Amendments

I. Statewide planning and policy

A. Kansas Information Resources Council (KIRC) reconstituted and renamed Information Technology (IT) Executive Council

1. Membership—16 statutory voting

- a. Executive Branch: Secretary of Administration, Chairperson; Budget Director; Executive Chief Information Technology Officer (CITO); two cabinet agency heads; one noncabinet agency head
- b. Board of Regents: Executive Director
- c. Board of Education: Commissioner
- d. Legislative branch: Legislative CITO
- e. Judicial branch: Judicial CITO, or alternatively, Judicial Administrator
- f. Private sector: Three CITOs or CEOs
- g. Local governments: One city and one county representative
- h. Information Network of Kansas (INK): Network Manager

2. Only members vote, not members' designees

3. Functions: establishes IT architecture and IT policy for all branches of state government; retains KIRC's planning duties; KIRC's nonplanning duties transferred to Executive CITO

B. Chief Information Technology Architect (CITA)

1. Current CIA reconstituted and appointed by Secretary of Administration, with approval of Governor; reports to Secretary of Administration and Governor

*Appropriations
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Attachment 4*

2. Nonvoting member and secretary of IT Executive Council; retains planning and policy duties of current CIA; nonplanning duties of current CIA position transferred to Executive CITO
3. Current CIA position transferred to legislative CITO position; staff of current CIA office stay in Executive Branch
4. Duties: develops state's strategic IT management plan and monitors IT

II. Implementation

A. Executive Branch CITO

1. Appointed by Secretary of Administration, with approval of Governor; reports to Secretary of Administration and Governor
2. Duties: reviews Executive Branch agency three-year plans, deviations from IT architecture, threshold IT projects, and threshold IT project overruns
3. Performs nonplanning duties of old CIA

B. Judicial Branch CITO

1. Appointed by Judicial Administrator and approved by Chief Justice; reports to Judicial Administrator
2. Duties: reviews Judicial Branch agency three-year plans, deviations from IT architecture, threshold IT projects, and threshold IT project overruns

C. Legislative Branch CITO

1. Position filled as provided in H.B. 2704 with current CIA position; future vacancy filled by LCC with input from Joint IT Committee
2. Duties: reviews Legislative Branch agency three-year plans, deviations from IT architecture, threshold IT projects, and threshold IT project overruns
3. Serves as staff to Joint IT Committee

III. Coordination and Oversight

A. CITA and CITO Cooperation

1. CITA, Executive CITO, Judicial CITO, and Legislative CITO cooperate for purposes of sharing information

B. Joint Information Technology (IT) Committee

1. Joint Committee on Computers and Telecommunications renamed and terms of office rescheduled
2. On July 1 of each year, executive CITO, judicial CITO, and legislative CITO submit three-year plans, budgets for threshold IT projects, threshold IT project overruns, and deviations from IT architecture for agencies in each branch of government

Note: Threshold IT projects and threshold IT project overruns would be in amounts provided by H.B. 2704. **A general IT budget would not have to be submitted.**