

Approved: 3/26/98 \_\_\_\_\_  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 16, 1998 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department  
Russell Mills, Legislative Research Department  
April Holman, Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Ann Deitcher, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Senator Downey read from the Subcommittee Report of the Citizens' Utility Ratepayer Board. The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1998 with one comment. (Attachment 1).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the exceptions listed on pages 3 and 4. (Section 2).

Senator Salmans read from the Subcommittee Report of the Kansas Corporation Commission. The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1998. (Attachment 2).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the exceptions listed on pages 5,6, 7 and 8. (Section 2).

It was moved by Senator Salmans and seconded by Senator Downey that the Subcommittee Reports of the Citizens' Utility Ratepayer Board and the Kansas Corporation Commission be adopted. The vote carried on a voice vote. Voting nay was Senator Salisbury.

Senator Salisbury read from the Subcommittee Report of the Department of Administration. The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1998. (Attachment 3).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the adjustments listed on pages 6, 7 and 8. (Section 2).

Senator Kerr read from the Subcommittee Report of the Kansas Public Employees Retirement System. The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1998 with their recommendations on page 2. (Attachment 4)

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the adjustments listed on page 3. (Section 2).

Senator Ranson read from the Subcommittee Report of the Commission on Governmental Standards and Conduct. The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1998. (Attachment 5).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the comments on page 2. (Section 2).

Senator Ranson read from the Subcommittee Report of the Kansas Commission on Human Rights. The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1998. (Attachment 6).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the modifications and observations on page 4. (Section 2).

It was moved by Senator Feleciano and seconded by Senator Salisbury to approve as amended, the Subcommittee Reports for the Department of Administration, Kansas Public Employees Retirement System, Commission on Governmental Standards and Conduct and Kansas Commission on Human Rights. The motion carried on a voice vote.

The meeting was adjourned at 12:10 p.m. The next meeting is scheduled for March 17, 1998.

# SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3/16/98

NAME	REPRESENTING
Ken Bahr	Ks. Governmental Accountability
Judith Donnell	Ks. Corporation Commission
Alma Hussman	KCC
SUE PETERSON	K-STATE
De Anderson	KTRN/KPBS
Lorab Chakwa	Budget
TK Shively	KCS
Andy Dostov	Budget
W. A. Wilson	KPBS
Don Herman	DISC
Pat Higgins	D of A
Marilyn Sauber	
James Sauber	
Janelle Wilhite	Budget
Mike Huffles	SRS
Robert G. Lay	KHRC
William V. Minder	KHRC
Brandon L. Myers	..
Robert Lay	

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3/16/98

NAME	REPRESENTING
Ronnie Martin	
Nancy Lynn Sammons	
Cecil Stinemetz	
Les Bredle	KPER5
Greg Tugman	DOB
Jack Hawn	KPER5
Caul Williams	KCGSC

**SUBCOMMITTEE REPORT**

**Agency:** Citizens' Utility Ratepayer Board

**Bill No. -**

**Bill Sec. -**

**Analyst:** Rampey

**Analysis Pg. No.** 1138

**Budget Page No.** 103

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 368,345	\$ 368,345	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 368,345	\$ 368,345	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 368,345</b>	<b>\$ 368,345</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	2.0	2.0	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
<b>TOTAL</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>

**AGENCY OVERVIEW**

The Citizens' Utility Ratepayer Board (CURB) was created as part of the State Corporation Commission in 1988 and was statutorily created and attached to the Commission in 1989. Beginning in FY 1993, CURB has been separated from the Corporation Commission for budgeting, purchasing, and related management functions.

The mission of CURB is to act on behalf of residential and small commercial ratepayers in electric, gas, telephone, and water-related cases before the Corporation Commission and to make application for rehearing or seek judicial review of orders or decisions of the Commission. (CURB does not participate in cases involving electric and telephone cooperatives that have a membership of fewer than 15,000.) According to the agency, it represents those Kansans who would not ordinarily be able to hire their own attorneys, understand the technicalities inherent in the utilities regulatory process, have

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the time to participate in regulatory hearings that usually are held in Topeka, and have the money to compete against the resources and legal staffs of utilities.

CURB's financing comes from assessments levied against the public utilities on whose behalf CURB can intervene. The five-member CURB Board is appointed by the Governor and has statutory authority to hire a consumer counsel. The Board currently employs a consumer counsel, an office specialist, and an unclassified temporary attorney.

### **Agency Estimate/Governor's Recommendation**

CURB's estimated expenditures for FY 1998 are \$368,345, which is the amount approved by the 1997 Legislature. Included in the FY 1998 estimate are \$144,035 for salaries and wages, \$168,080 for fees for professional services, and \$56,230 for various other operating expenditures.

**Governor's Recommendation.** The Governor concurs with CURB's estimated expenditures of \$368,345 in FY 1998.

### **House Subcommittee Recommendation**

The Subcommittee concurs with the recommendations of the Governor, with the following exception:

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

In the event the legislation the Subcommittee recommends is not enacted, the Subcommittee recommends that a proviso be attached to CURB's appropriation for both FY 1998 and FY 1999 allowing it to use the same bidding procedure as the Corporation Commission.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Subcommittee.

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Agency: Citizens' Utility Ratepayer Board

Bill No. 643

Bill Sec. 15

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 368,345	\$ 368,345	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 368,345	\$ 368,345	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 368,345</u>	<u>\$ 368,345</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
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>

**Senate Subcommittee Recommendation**

The Subcommittee concurs with the recommendations of the Governor, with the following comment:

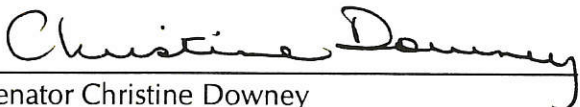
1. The Subcommittee calls attention to legislation to be introduced in the House specifying that CURB shall be under the same bidding procedure as the State Corporation Commission with regard to contracts for professional services. The State Corporation Commission has an expedited bidding process for professional services because the Commission has only 240 days to issue an order following the filing of a rate case. CURB operates under the same time constraints and, when it was a part of the Commission, operated under the same bidding procedures. Apparently due to an oversight, when CURB was separated from the Commission for budgetary purposes, no provision was made for the Board to continue to operate under the same bidding process as it had before. (A main difference between the bidding

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procedure used by the Corporation Commission and the procedure used by other state agencies is that the Commission can maintain its own list of consultants with whom to contract instead of using lists maintained by the Division of Purchasing. This difference allows the Commission to move more quickly when it needs to hire consultants.) The Subcommittee agrees that CURB should use the same bidding procedure as the Corporation Commission.

  
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Senator Larry Salmans, Chair

  
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Senator Christine Downey

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**SUBCOMMITTEE REPORT**

**Agency:** Citizens' Utility Ratepayer Board

**Bill No. –**

**Bill Sec. –**

**Analyst:** Rampey

**Analysis Pg. No.** 1138

**Budget Page No.** 103

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 491,547	\$ 376,663	\$ 62,527
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 491,547	\$ 376,663	\$ 62,527
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 491,547</b>	<b>\$ 376,663</b>	<b>\$ 62,527</b>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	5.0	3.0	0.0
Unclassified Temp. Positions	0.0	0.0	1.0
<b>TOTAL</b>	<b>5.0</b>	<b>3.0</b>	<b>1.0</b>

**Agency Request/Governor's Recommendation**

For FY 1998, CURB is requesting authority to spend \$491,547, an increase of \$123,202 over the current year. The Board wants to shift its unclassified temporary attorney position to an FTE position. There would be no additional cost incurred for the position, which would remain in the unclassified service. The Board also asks for three enhancements to its current services budget, which total \$116,860.

- \$62,366 is requested for an unclassified 1.0 FTE accountant economist position to have an expert on staff to review legal cases and provide testimony.
- \$24,494 is requested for a classified 1.0 FTE secretary position to assist with the duties of the Board's one clerical position.

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- \$30,000 is requested for hiring more consultants used to augment the expertise of the Board's staff, particularly in the areas of accounting and engineering.

The Governor recommends expenditures of \$376,663 , a reduction of \$114,884 from CURB's FY 1999 request. He recommends none of the requested enhancements. However, he does concur with the Board's request to shift its unclassified temporary attorney position to an FTE position.

### **House Subcommittee Recommendation**

The Subcommittee concurs with the recommendations of the Governor, with the following exceptions:

1. Add \$62,527 for the salary and associated costs of a new unclassified temporary position to be filled by an accountant-economist. Of the amount added, \$54,761 would be for salaries and \$7,766 would be for associated other operating costs (\$3,000 for travel, \$323 for phone expenses, \$1,840 for furniture, and \$2,603 for computer equipment). CURB always has relied upon consultants, such as accountants, economists, attorneys, and engineers, to provide expertise in specialized areas, but the Subcommittee believes the recent increase in the Board's activity justifies the addition of a position on staff to review legal cases and provide testimony. The Subcommittee's purpose in recommending that the position be temporary is to give subsequent Legislatures the opportunity to review CURB's utilization of the new position and its use of consultants before deciding whether the position should be made permanent.
2. In the event that legislation recommended by the Subcommittee concerning the bidding procedure used by CURB is not enacted, the Subcommittee recommends that a proviso be attached to CURB's appropriation specifying that CURB shall be under the same bidding procedure as the State Corporation Commission with regard to contracts for professional services.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Subcommittee.

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Agency: Citizens' Utility Ratepayer Board

Bill No. 642

Bill Sec. 42

Analyst: Rampey

Analysis Pg. No. 1138

Budget Page No. 103

Expenditure Summary	Agency Request FY 99	Gov. Rec. FY 99	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 491,547	\$ 376,663	\$57,455*
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 491,547	\$ 376,663	\$ 57,455
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 491,547</b>	<b>\$ 376,663</b>	<b>\$ 57,455</b>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	5.0	3.0	0.0
Unclassified Temp. Positions	0.0	0.0	1.0
<b>TOTAL</b>	<b>5.0</b>	<b>3.0</b>	<b>1.0</b>

\* Includes a reduction of \$5,072 for the Governor's employee salary adjustments.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor, with the following exception:

1. Add \$62,527 for the salary and associated costs of a new unclassified temporary position to be filled by an accountant-economist. Of the amount added, \$54,761 would be for salaries and \$7,766 would be for associated other operating costs (\$3,000 for travel, \$323 for phone expenses, \$1,840 for furniture, and \$2,603 for computer equipment). CURB always has relied upon consultants, such as accountants, economists, attorneys, and engineers, to provide expertise in

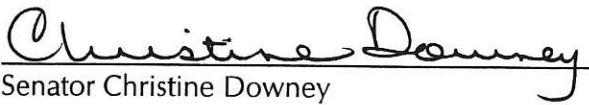
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specialized areas, but the Subcommittee believes the recent increase in the Board's activity justifies the addition of a position on staff to review legal cases and provide testimony. The Subcommittee's purpose in recommending that the position be temporary is to give subsequent Legislatures the opportunity to review CURB's utilization of the new position and its use of consultants before deciding whether the position should be made permanent.

2. Delete \$5,072 from special revenue funds based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$3,933); longevity bonus payments (\$1,139); and the 1.5 percent classified base salary adjustment (\$440) from individual agency budgets.

  
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Senator Larry Salmans, Chair

  
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Senator Christine Downey

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**SUBCOMMITTEE REPORT**

**Agency:** State Corporation Commission

**Bill No. –**

**Bill Sec. –**

**Analyst:** Rampey

**Analysis Pg. No.** 1131

**Budget Page No.** 125

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 15,384,240	\$ 15,384,240	\$ 0
Aid to Local Units	750,000	750,000	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 16,134,240	\$ 16,134,240	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 16,134,240</b>	<b>\$ 16,134,240</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	212.0	212.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>212.0</b>	<b>212.0</b>	<b>0.0</b>

**AGENCY OVERVIEW**

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

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### Agency Estimate/Governor's Recommendation

When compared to \$15,823,103, 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 \$311,137 higher. This amount would be \$517,137 except that the Commission inadvertently left out of its revised budget \$206,000 in federal mineral leasing royalty moneys for abandoned well pluggings that was approved last session. No legislative action is required for the agency to make use of the additional moneys, which were credited to funds that have "no limit" expenditure limitations.

**Governor's Recommendation.** The Governor concurs with the Commission's revised current year estimate of \$16,134,240.

### House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor.


### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the Governor.

  
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Senator Larry Salmans,  
Subcommittee Chairperson

  
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Senator Christine Downey

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Attachment 2-2

**SUBCOMMITTEE REPORT**

**Agency:** State Corporation Commission

**Bill No.** 2893

**Bill Sec.** 41

**Analyst:** Rampey

**Analysis Pg. No.** 1131

**Budget Page No.** 125

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 16,104,982	\$ 15,606,909	\$ 180,944
Aid to Local Units	750,000	750,000	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 16,854,982	\$ 16,356,909	\$ 180,944
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 16,854,982</u></u>	<u><u>\$ 16,356,909</u></u>	<u><u>\$ 180,944</u></u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
FTE Positions	220.0	212.0	-
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>-</u>
TOTAL	<u><u>220.0</u></u>	<u><u>212.0</u></u>	<u><u>-</u></u>

**Agency Request/Governor's Recommendation**

The State Corporation Commission estimates expenditures of \$16,854,982 in FY 1999 for a 4.5 percent increase over the revised budget for the current year. The increase of \$720,742 includes \$592,953 for the following:

- Priority 1—Salary Upgrade for Unclassified Employees in the Utilities Division.** Included in the Commission's request is \$180,944 from the Public Service Regulation Fund for the upgrades for professional and technical staff such as research economists, utility engineers, pipeline safety inspectors, and research analysts. The Commission believes that the upgrade will provide for a competitive pay scale and lead to retaining staff so that the cost of training and overtime pay is reduced.

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- **Priority 2—Two New Consumer Protection and Education FTE Positions for Administrative Services.** The request includes \$79,362 from the Public Service Regulation Fund for two new special investigator FTE positions. The Commission says that the new positions are necessary to protect consumers and enhance an existing consumer education program, all of which are needed because utility regulation is undergoing changes rapidly and consumer choices are increasing.
- **Priority 3—New Financial Examiner I FTE Position for Conservation Division.** The request includes \$45,761 from the Conservation Fee Fund for a new financial examiner FTE position. The Commission says that the new position is necessary to meet mandates that were placed on it by passage of 1996 S.B. 755.
- **Priority 4—Five New FTE Positions for a New Compliance Section for the Utilities Division.** The request includes \$286,886 from the Public Service Regulation Fund for five new compliance auditors and analysts for a new Compliance Section. The Commission says that the new unit is needed to audit compliance with the Commission's orders which require a utility to either take or refrain from certain actions. According to the Commission, present staff levels do not allow for compliance auditing and, with the advent of retail competition, more importance will be placed on compliance audits for the next several years to ensure that quality in service is maintained.

**Governor's Recommendation.** The Governor recommends a budget of \$16,356,909, a reduction of \$498,073 from the Commission's FY 1999 request. His recommendation includes none of the requested enhancements which accounts for almost all of the reduction.

### House Subcommittee Recommendations

The Subcommittee concurs with the recommendations of the Governor, with the following exceptions:

1. Add \$180,944 from the Public Service Regulation Fund as a line item in the appropriations bill. The money is to be used to upgrade the salaries of professional and technical staff in the utilities division. According to the Commission, salaries of staff such as research economists, utility engineers, pipeline safety inspectors, and research analysts in the utilities division are not competitive with salaries of similar staff positions in other state agencies, in other states, and the private sector. In FY 1997, the utilities division's turnover rate was 7.0 percent. At the present time, the rate in the division is 14.0 percent due to the resignation of six employees—one in September and five in January and February. Although not always the case, most of the staff leaves for higher paying jobs and promotions, often with utility companies. Not only does this mean that the Commission constantly has to replace experienced staff, but it also means that state regulatory staff go to work for companies the Commission regulates, a situation that the Subcommittee considers undesirable.

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It is the Subcommittee's intention to review the utilities division during the 1999 Session to see if the recommended salary upgrade has had the effect of lowering the turnover rate.

2. The Subcommittee recommends the introduction of legislation to repeal statutes that are obsolete due to changes in federal law in the last five years that remove railroads from state jurisdiction. The Subcommittee became aware during reviews of the Commission's rules and regulations last fall that a number of obsolete statutes pertaining to railroads have not been repealed. Almost all of the statutes identified by the Commission concern railroads (a few refer to motor carriers) and repeal statutes that no longer have any application.
3. Direct the Commission to obtain the necessary staff expertise to assure that oil and gas operators are complying with the financial responsibility requirements imposed by 1996 S.B. 755. In its request for FY 1999, the Commission asked for \$45,761 to add 1.0 FTE Financial Examiner I position to evaluate the financial assurances made by oil and gas operators. The Subcommittee agrees that S.B. 755 requires that the Commission have the staff expertise requested, but believes the Commission has enough vacant positions and salary savings to fill the position without increasing the existing position limitation or adding additional funding.
4. The Subcommittee believes 1996 S.B. 755 has given the Commission the authority and resources it needs to identify and plug abandoned wells in the state. However, the Subcommittee believes the Commission needs to be more aggressive in locating responsible parties and potential responsible parties when abandoned unplugged wells are found. Not only does identifying the responsible party save the state money, but it also sends the signal to other oil and gas operators that the Commission is serious in its intent to make operators pay for the wells they abandon. One area in which improvement may be needed is that the Commission should identify responsible parties as soon as possible after an abandoned well is discovered so that operators take care of their wells before state-funded plugging activities begin.
5. The Subcommittee calls attention to information about the number of abandoned wells that have been plugged since the enactment of 1996 S.B. 755. S.B. 755 established a mechanism to finance a six-year program of enhanced well plugging and reclamation activities. The bill created the Abandoned Oil and Gas Well Fund to be used by the Commission to pay the costs of investigating and remediating contamination sites and plugging wells that had been abandoned before July 1, 1996. Revenues to the Fund, which will terminate July 1, 2002, are transfers totaling \$400,000 a year from each of the following funds: the State General Fund, the State Water Plan Fund, and the Conservation Fee Fund. In addition, half of the money Kansas receives from the United States under the Mineral Leasing Act, estimated to be between \$400,000 and \$450,000, is credited to the Fund. The Commission uses the Fund to pay for plugging "Priority I wells," those wells that pose the greatest risk to public health and the environment. The table below shows how many wells were plugged in FY 1997 and the estimates for FY 1998 and FY 1999:

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<u>Fund</u>	<u>FY 1997</u>	<u>FY 1998 (Est.)</u>	<u>FY 1999 (Est.)</u>
Conservation Fee Fund	101	120	120
Abandoned Oil and Gas Well Fund	368	380	342
TOTAL	<u>469</u>	<u>500</u>	<u>462</u>

Actual expenditures (including encumbrances) for well plugging from the Conservation Fee Fund were \$476,612 in FY 1997. For both FY 1998 and FY 1999, expenditures are estimated to be \$500,000. Expenditures from the Abandoned Oil and Gas Well Fund were about \$1.2 million in FY 1997 and are estimated to be \$1.7 million in FY 1998 and \$1.6 million in FY 1999. The expenditures for both FY 1998 and FY 1999 include about \$400,000 for remediation activities.

6. As part of its performance indicators and output measures, the Commission includes information about the number of complaints it has received about slamming. The Subcommittee asks that in the future that information be broken down to indicate how many of the complaints are in writing and how many are phoned in. With regard to the Commission's strategic plan and performance indicators in general, the Subcommittee notes that it made a number of suggestions for the Commission to incorporate into future budgets.
7. The Subcommittee calls attention to an audit by the Legislative Division of Post Audit of the Commission's conservation division. Because the audit will not be presented to the Legislative Post Audit Committee until later in February, the Subcommittee did not have the opportunity to review its findings and recommendations. It is the Subcommittee's intention to review the audit when it becomes available and propose any recommendations it may care to make for consideration in the Omnibus Bill.
8. During its deliberations, the Subcommittee reviewed the number of vacancies at the Corporation Commission, as well as at the other agencies whose budgets were being considered. In each case, information from the State Human Resources Program (SHARP) was compared with information received directly from the agency. In many cases, the Subcommittee found errors both on the part of the agencies and in the SHARP report. The Subcommittee expresses its concern that information provided by the Department of Administration in the state's personnel and payroll system is unreliable and cannot be used by Legislators to determine the number of state agency vacancies.

### House Committee Recommendations

The House Committee concurs with the recommendations of the Subcommittee.

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Agency: State Corporation Commission

Bill No. 642

Bill Sec. 41

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 16,104,982	\$ 15,606,909	\$ (98,646)*
Aid to Local Units	750,000	750,000	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 16,854,982	\$ 16,356,909	\$ (98,646)
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 16,854,982</u>	<u>\$ 16,356,909</u>	<u>\$ (98,646)</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FTE Positions	220.0	212.0	2.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>-</u>
TOTAL	<u>220.0</u>	<u>212.0</u>	<u>2.0</u>

\* Includes a reduction of \$364,785 from special revenue funds for the Governor's employee salary adjustments.

### Senate Subcommittee Recommendations

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

1. Delete \$364,785 from special revenue funds based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$133,393); classified step movement (\$81,507); longevity bonus payments (\$73,730); and the 1.5 percent classified base salary adjustment (\$76,157) from individual agency budgets.

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2. Add \$180,944 from the Public Service Regulation Fund as a line item in the appropriations bill. The money would be used to upgrade the salaries of professional and technical staff in the utilities division. According to the Commission, salaries of staff such as research economists, utility engineers, pipeline safety inspectors, and research analysts in the utilities division are not competitive with salaries of similar staff positions in other state agencies, other states, and the private sector. At the present time, the turnover rate in the division is 14.0 percent due to the resignation of six employees—one in September and five in January and February. Although not always the case, most of the staff leaves for higher paying jobs and promotions, often with utility companies.
3. Add \$45,761 from the Conservation Fee Fund for 1.0 FTE Financial Examiner I. Of the amount added, \$36,343 would be for salaries and wages and \$9,418 would be for associated costs. According to the Commission, the position is necessary to meet mandates that were placed on it by the passage of 1996 S.B. 755. The law requires all oil and gas operators in the state who are licensed by the Commission to have mechanisms to assure financial responsibility in the event that wells they dig have to be plugged. Bonding is one of the acceptable mechanisms for financial assurance, which the Commission says will require the expertise of a Financial Examiner to evaluate.
4. Add \$39,434 from the Public Service Regulation Fund for 1.0 FTE Special Investigator II. Of the amount added, \$34,782 would be for salaries and wages and \$5,309 would be for associated costs. The position is one of two requested by the Commission, which says that the positions are needed to protect consumers and enhance an existing consumer education program because utility regulation is changing rapidly and consumer choices are increasing. Some of the changes in utility regulation have been the result of recently-enacted state legislation and the Subcommittee believes that, if the Legislature enacted the legislation, it has the responsibility to give the Commission the staff it needs to handle the increased workload.
5. Put on the list of things to consider later in the Session increased funding for well plugging. Since FY 1997 when additional resources were made available to plug abandoned wells, the Commission has intensified its efforts to plug those abandoned wells that pose the most serious threat to public health and the environment ("Priority I wells"). A total of 469 wells was plugged in FY 1997, 500 wells are expected to be plugged in FY 1998, and 462 wells are expected to be plugged in FY 1999. (FY 1998 is higher because of some carry-forward funding that can be used.) The amount of money the Commission has available per year is roughly \$500,000 from the Conservation Fee Fund and \$1.6 million from the Abandoned Oil and Gas Well Fund, a new fund created in FY 1997 that will be available until FY 2002.

Of the wells in the state that the state must plug because the responsible party is unknown or financially insolvent, about 8,900 are Priority I wells, of which about 950 have been categorized as the most serious ("Priority IA"). According to the Commission, about 385 Priority IA wells will be plugged in FY 1998, 389 in FY 1999, and 175 in FY 1999. It probably will take until 2008 to plug all of the Priority IA, IB, and IC wells. (The Commission is concentrating on plugging Priority IA wells,

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but Priority IB and IC wells and Priority II and III wells, which are less serious, also are being plugged when the Commission is able to negotiate a favorable contract that includes plugging less serious wells as part of a package.) The cost of plugging wells averages about \$3,500 statewide, but ranges from relatively inexpensive in eastern Kansas to as much as \$50,000 to \$60,000 per well in the western part of the state.

The Subcommittee is concerned that Priority I wells are not being plugged quickly enough, particularly in the western part of the state, and believes additional funding may be necessary to enable the Commission to move more quickly. The Subcommittee has asked the Commission to submit a plan outlining how it would intensify its well plugging efforts in terms of additional money needed and the availability of agency staff and independent contractors to oversee and perform well plugging operations.

6. The Subcommittee was informed that the Commission had an unexpended balance at the end of FY 1997 of \$83,835 that could be used for Kansas Quality Management (KQM) payments for employee bonuses, professional development, and technology equipment. Given the Commission's concern that salaries in some divisions are not competitive, the Subcommittee urges the Commission to make use of available KQM money for employee bonuses in an effort to encourage good staff to stay. In addition, the Subcommittee suggests that the Commission contact the Division of Personnel Services for help in participating in the Information Technology Premium Pay Plan established by Executive Directive No. 97-264. The plan is intended to help recruit employees from the private sector and keep current employees in the area of information technology. Under the plan, agencies are able to give \$3,000 bonuses to private sector employees who come to work for the state, \$500 bonuses to state employees who recruit employees to fill difficult-to-fill information technology jobs, and skills bonuses equal to 10 percent of base pay to state employees in "mission critical" information technology jobs or who acquire skills in approved information technology areas. The Subcommittee believes the Commission should make maximum use of these state programs in order to recruit and retain good state employees.
7. The Subcommittee notes the Commission's request for \$286,886 for 5.0 FTE positions to form a new compliance section within the utilities division. The positions would be used to audit compliance with the Commission's orders requiring utilities to either take or refrain from certain actions. According to the Commission, present staff levels do not allow for compliance auditing and, with the advent of retail competition, more importance will be placed on compliance audits for the next several years to ensure that quality in service is maintained.

The Subcommittee agrees that legislation enacted and under consideration by the Legislature could cause an increase in the Commission's workload with regard to overseeing utility companies. At this point, however, the Subcommittee believes it is premature to add additional staff until the full impact of changes in utility regulation are known, at which time subsequent Legislatures could consider addition the new positions.

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8. Add a proviso to the line item that sets the aggregate expenditures limitation on the Motor Carrier License Fees Fund, the Public Service Regulation Fund, and the Conservation Fee Fund to allow the Commission to spend up to a total of \$600 from these funds for official hospitality. This is a technical amendment intended to reflect the Governor's recommendation.
9. The Subcommittee voices its support for legislation that will be introduced in the House to repeal statutes that are obsolete due to changes in federal law in the last five years that remove railroads from state jurisdiction. Almost all of the statutes identified concern railroads, except for a few that refer to motor carriers. The legislation would repeal statutes that no longer have any application.

  
\_\_\_\_\_  
Senator Larry Salmans,  
Subcommittee Chairperson

  
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Senator Christine Downey

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Attachment 2-10

**SUBCOMMITTEE REPORT**

**Agency:** Department of Administration

**Bill No.** 2895

**Bill Sec.** 2

**Analyst:** West

**Analysis Pg. No.** 1216

**Budget Page No.** 17

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 25,621,162	\$ 25,556,266	\$ 0
Aid to Local Units	462,074	462,074	0
Other Assistance	3,017,832	3,017,832	0
Subtotal - Operating	\$ 29,101,068	\$ 29,036,172	\$ 0
Capital Improvements	3,828,514	3,756,551	0
<b>TOTAL</b>	<b>\$ 32,929,582</b>	<b>\$ 32,792,723</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 24,728,241	\$ 24,659,664	\$ 0
Aid to Local Units	222,074	222,074	0
Other Assistance	1,917,091	1,917,091	0
Subtotal - Operating	\$ 26,867,406	\$ 26,798,829	\$ 0
Capital Improvements	3,584,094	3,584,094	0
<b>TOTAL</b>	<b>\$ 30,451,500</b>	<b>\$ 30,382,923</b>	<b>\$ 0</b>
<b>FTE Positions:</b>			
Reportable	296.1	296.1	0.0
Nonreportable	569.3	567.3	0.0
Subtotal FTE	865.4	863.4	0.0
Unclassified Temp. Positions	7.5	7.5	0.0
<b>TOTAL</b>	<b>872.9</b>	<b>870.9</b>	<b>0.0</b>

**Agency Estimate/Governor's Recommendation**

The agency's revised FY 1998 estimate for reportable operating expenditures totals \$29.1 million, a net reduction of \$493,886 from the approved budget. Major changes include a decrease of \$556,439 in special revenue fund payments in the Ancillary Services program and a State General Fund decrease of \$278,041 in expenditures from the Division of the Budget's policy analysis unit. Facilities Management funding is increased by \$253,263 primarily associated with special revenue fund financed operations at the State Complex West. Net other changes increase total expenditures by \$87,331.

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Attachment 3-1*

**The Governor recommends** reportable FY 1998 operating expenditures of \$29.0 million, a net reduction of \$64,896 from the agency's estimate. State General Fund financing of \$26.8 million is a reduction of \$68,577 from the agency's estimate, with the majority of reduction in salaries. **In addition, as a part of the agency's budget the Governor recommends the current year transfer of \$35.7 million from the State General Fund to the State Budget Stabilization Fund.** Appropriation of these funds under the Governor's recommendation would occur in FY 1999, primarily to agencies other than the Department of Administration.

### 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 as fees or service funds from other state agencies. Since these funds have been recorded as expenditures in other agencies budgets, they are deemed nonreportable for the department of Administration to avoid double counting of expenditures. FY 1998 the agency estimates nonreportable operating expenditures of \$92.0 million, a net increase of \$2.0 million from the approved budget. Expenditures for DISC are increased by \$2.5 million to reflect the net impact of assessment of the Kansas Universal Services Fund surcharge, increased mail volume and rates, and KANWIN usage costs. Facilities Management increases by \$0.9 million primarily due to increased utility costs. Personnel Services has a decrease of \$1.4 million primarily due to lower anticipated workers' compensation costs. Net other changes increase total expenditures by \$3,163. **The Governor's FY 1998 recommendation** of \$92.0 million is a net decrease of \$68,005 from the agency's estimate.

### House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations, with the following observations.

### SHARP Upgrade

The 1997 Legislature appropriated \$3.8 million from the State General Fund in FY 1997 to allow the upgrade of the Statewide Human Resource and Payroll system (SHARP). The Subcommittee notes that this funding was encumbered and work on the system upgrade is underway. The Subcommittee concurs with the plan to make the new version of SHARP as "vanilla" as possible in order to hold down the cost of future upgrades. The Subcommittee also notes that system development and implementation are being monitored by the Joint Committee on Computers and Telecommunications (JCCT) and recommends that JCCT continue its project oversight.

### Year 2000

As approved by the 1997 Legislature, the current year budget includes \$4.7 million from the State General Fund and \$6.0 million from all funding sources for the technical services that state agencies will need to prepare their computer systems for the year 2000. DISC manages a central contract

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Attachment 3-2*



for Year 2000 services, allowing for a coordinated and cost effective approach to the problem. The Subcommittee notes that as of December, 73 state agencies were either reported to be compliant or had repairs underway. Consistent with the direction of the 1997 Legislature and in order to minimize the use of State General Fund, repairs that financed by special revenue funds are included in individual agencies' budgets as a reportable expense, but that the actual repairs are still coordinated through DISC. When an agency is replacing an entire computer system because, at least in part, the system is not Year 2000 compliant, funding for the system is included in that agency's budget. This is also consistent with the policies laid down by the 1997 Legislature. As reported to the House Appropriations Committee on February 10, 1998, DISC does not anticipate requesting additional State General Fund resources to support Year 2000 repairs and the repairs are scheduled to be complete by December 31, 1998.

The Subcommittee wishes to join with the Legislative Budget Committee in commending Don Heiman, Director of DISC, in the leadership he has shown to ensure that Kansas state computer systems are Year 2000 compliant. Absent his actions, the Subcommittee believes that the state would be playing catch up today as so many private sector firms and other governments are.

**House Committee Recommendation**

The House Committee concurs.

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Attachment 3-3

Agency: Department of Administration

Bill No. 643

Bill Sec. 2


<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 25,621,162	\$ 25,556,266	\$ 0
Aid to Local Units	462,074	462,074	0
Other Assistance	<u>3,017,832</u>	<u>3,017,832</u>	<u>0</u>
Subtotal - Operating	\$ 29,101,068	\$ 29,036,172	\$ 0
Capital Improvements	<u>3,828,514</u>	<u>3,756,551</u>	<u>0</u>
TOTAL	<u>\$ 32,929,582</u>	<u>\$ 32,792,723</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 24,728,241	\$ 24,659,664	\$ 0
Aid to Local Units	222,074	222,074	0
Other Assistance	<u>1,917,091</u>	<u>1,917,091</u>	<u>0</u>
Subtotal - Operating	\$ 26,867,406	\$ 26,798,829	\$ 0
Capital Improvements	<u>3,584,094</u>	<u>3,584,094</u>	<u>0</u>
TOTAL	<u>\$ 30,451,500</u>	<u>\$ 30,382,923</u>	<u>\$ 0</u>
FTE Positions:			
Reportable	296.1	296.1	0.0
Nonreportable	<u>569.3</u>	<u>567.3</u>	<u>0.0</u>
Subtotal FTE	865.4	863.4	0.0
Unclassified Temp. Positions	<u>7.5</u>	<u>7.5</u>	<u>0.0</u>
TOTAL	<u>872.9</u>	<u>870.9</u>	<u>0.0</u>

**Senate Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation.

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Attachment 3-4*

  
\_\_\_\_\_  
Senator Alicia Salisbury, Chair

  
\_\_\_\_\_  
Senator Nick Jordan

  
\_\_\_\_\_  
Senator Mark Gilstrap

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Attachment 3-5

**SUBCOMMITTEE REPORT**

**Agency:** Department of Administration

**Bill No.** 2893

**Bill Sec.** 43

**Analyst:** West

**Analysis Pg. No.** 1216

**Budget Page No.** 17

<u>Expenditure Summary</u>	<u>Agency Req. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 21,850,198	\$ 20,914,991	\$ 0
Aid to Local Units	1,147,307	468,246	0
Other Assistance	<u>6,944,193</u>	<u>2,668,106</u>	<u>200,000</u>
Subtotal - Operating	\$ 29,941,698	\$ 24,051,343	\$ 200,000
Capital Improvements	<u>4,592,864</u>	<u>4,266,864</u>	<u>0</u>
<b>TOTAL</b>	<b><u>\$ 34,534,562</u></b>	<b><u>\$ 28,318,207</u></b>	<b><u>\$ 200,000</u></b>
<b>State General Fund:</b>			
State Operations	\$ 21,230,942	\$ 20,451,696	\$ 0
Aid to Local Units	907,307	228,246	0
Other Assistance	<u>5,843,818</u>	<u>1,567,731</u>	<u>200,000</u>
Subtotal - Operating	\$ 27,982,067	\$ 22,247,673	\$ 200,000
Capital Improvements	<u>4,592,864</u>	<u>3,169,864</u>	<u>0</u>
<b>TOTAL</b>	<b><u>\$ 32,574,931</u></b>	<b><u>\$ 25,417,537</u></b>	<b><u>\$ 200,000</u></b>
<b>FTE Positions:</b>			
Reportable	296.1	296.1	0.0
Nonreportable	<u>569.3</u>	<u>567.3</u>	<u>0.0</u>
Subtotal FTE	865.4	863.4	0.0
Unclassified Temp. Positions	<u>7.5</u>	<u>7.5</u>	<u>0.0</u>
<b>TOTAL</b>	<b><u>872.9</u></b>	<b><u>870.9</u></b>	<b><u>0.0</u></b>

**Agency Req./Governor's Recommendation**

**REPORTABLE BUDGET**

The agency requests total reportable FY 1999 operating funding of \$29,941,698, a net increase of \$840,630, or 2.9 percent, above the FY 1998 estimate. The request includes State General Fund financing of \$27,982,067, a net increase of \$1,114,661 above the FY 1998 estimate. The major item of decrease in State General Fund financed projects from the current year is the \$4.7 million budgeted for

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Attachment 3-6*

Year 2000 computer repairs. The request includes \$5.8 million from the State General Fund for several enhancements to the operating budget which are in the table below. **Absent the requested enhancements, the FY 1999 request would be a decrease of \$4.8 million (16.5 percent) from all funding sources and \$4.5 million (16.8 percent) compared to the current year estimate.**

### NONREPORTABLE BUDGET

The agency requests total **FY 1999** nonreportable operating budget authority of \$87,655,820, a decrease of \$4.4 million below the FY 1998 estimate of \$92,028,138. As with the reportable budget, Year 2000 repairs in the current year are associated with the majority of the decrease. The FY 1999 request includes \$462,673 for enhancements requested for the Kansas Information Resource 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 \$87,821,792 reflects a net increase of \$165,972 from the agency request. The recommendation includes \$310,406 (including fringe benefits) for a 1.5 percent classified base salary adjustment and a 4.0 percent unclassified merit pool.

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Attachment 3-7

Department of Administration FY 1999 Requested Reportable Budget Enhancements			
Enhancement	Description	FY 1999 Agency Request	FY 1999 Gov. Rec.
Division of the Budget	Gubernatorial Transition Expenses (pursuant to K.S.A. 75-137)	\$ 150,000	\$ 100,000
Public Broadcasting Council – Operating Grants	Increase State General Fund Operating Grants from \$.58 per capita to \$2.14 per capita	4,555,148	0
Public Broadcasting Council – Equipment Grants	Matching funds for prioritized equipment grants	400,000	0
General Administration	Kansas Information Resource Council New Office Manager For KIRC	47,309	0
	Office Relocation Expenses for KIRC	44,706	(a)
	Geographic Information Systems Contract	74,040	0
Personnel Services	3.0 New Training Positions	112,754	0
Performance Review	Salaries and Contractual Services	54,539	47,315
Central Purchasing	Replacement of System 36 Computer	150,000	(a)
Facilities Management	Statehouse Grounds Beautification	200,000	(b)
Total – Operating Expenses		\$ 5,788,496	\$ 147,315

(a) Recommended as an Nonreportable Expenditure

(b) Mentioned in Volume I of the *Governor's Budget Report* as a possible use for the \$750,000 Statehouse Renovation capital improvement project

**The Governor recommends** total reportable FY 1999 operating funding of \$24.1 million, a reduction of \$5.9 million from the agency's request and a decrease of \$5.0 million from the current year recommendation. Recommended State General Fund financing totals \$22.2 million, a reduction of \$5.7 million from the agency's request and a decrease of \$4.6 million from the current year recommendation. As with the agency's current resources request, the decline from the current year is primarily attributable to one time expenditures for Year 2000 repairs. The FY 1999 recommendation for enhancements requested by the agency is noted in the table above. The Governor's FY 1999 recommendation also includes \$195,271 (including fringe benefits) for a 1.5 percent classified base salary adjustment and a 4.0 percent unclassified merit pool.

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Attachment 3-8

## **House Subcommittee Recommendation.**

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

### **State Complex West**

The Subcommittee notes that the FY 1999 budget does not include funding to maintain the State Complex West. Should the property not be transferred to someone else, then funding may be required in the Omnibus bill to maintain the property in FY 1999.

### **Capital Improvements**

Pending the recommendations of the Joint Committee on State Building Construction, the Subcommittee concurs with the Governor's capital improvement recommendations for the agency.

### **Division of Printing**

The Subcommittee is encouraged that the Department of Human Resources has closed its printing operation and has shifted its printing business to the Division of Printing. The Subcommittee would encourage other agencies which maintain their own printing operations to do the same.

### **Division of Purchases**

The Subcommittee notes that recent reductions in commissions paid by the airline industry to travel agents will result in the annual earnings of the State Travel Office being reduced to approximately \$25,000 per year from the current level of \$146,000. This will reduce the amount of revenue available in future years to subsidize the Division of Purchases.

### **Public Broadcasting**

Add \$200,000 from the State General Fund to provide \$300,000 for public broadcasting equipment grants in FY 1999. This is the same level of support as was provided by the 1997 Legislature.

The Subcommittee notes that the 1997 Legislature provided funding for a study of the funding and other factors needed to bring public broadcasting services to southeast Kansas. The Subcommittee has been informed that the study should be completed within a month and recommends that the studies results be reviewed for consideration at Omnibus.

## **House Committee Recommendation**

The House Committee concurs.

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Attachment 3-9*

Agency: Department of Administration

Bill No. 642

Bill Sec. 43

Analyst: West

Analysis Pg. No. 1216

Budget Page No. 17

<u>Expenditure Summary</u>	<u>Agency Req. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments*</u>
All Funds:			
State Operations	\$ 21,850,198	\$ 20,914,991	\$ (600,665)
Aid to Local Units	1,147,307	468,246	0
Other Assistance	<u>6,944,193</u>	<u>2,668,106</u>	<u>200,000</u>
Subtotal - Operating	\$ 29,941,698	\$ 24,051,343	\$ (400,665)
Capital Improvements	<u>4,592,864</u>	<u>4,266,864</u>	<u>0</u>
TOTAL	<u>\$ 34,534,562</u>	<u>\$ 28,318,207</u>	<u>\$ (400,665)</u>
State General Fund:			
State Operations	\$ 21,230,942	\$ 20,451,696	\$ (588,195)
Aid to Local Units	907,307	228,246	0
Other Assistance	<u>5,843,818</u>	<u>1,567,731</u>	<u>0</u>
Subtotal - Operating	\$ 27,982,067	\$ 22,247,673	\$ (588,195)
Capital Improvements	<u>4,592,864</u>	<u>3,169,864</u>	<u>0</u>
TOTAL	<u>\$ 32,574,931</u>	<u>\$ 25,417,537</u>	<u>\$ (588,195)</u>
FTE Positions:			
Reportable	296.1	296.1	0.0
Nonreportable	<u>569.3</u>	<u>567.3</u>	<u>0.0</u>
Subtotal FTE	865.4	863.4	0.0
Unclassified Temp. Positions	<u>7.5</u>	<u>7.5</u>	<u>0.0</u>
TOTAL	<u>872.9</u>	<u>870.9</u>	<u>0.0</u>

\* Includes a reduction of \$600,665, including \$588,195 from the State General Fund, for the Governor's recommended state employee salary adjustments.

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Attachment 3-10



## Senate Subcommittee Recommendation

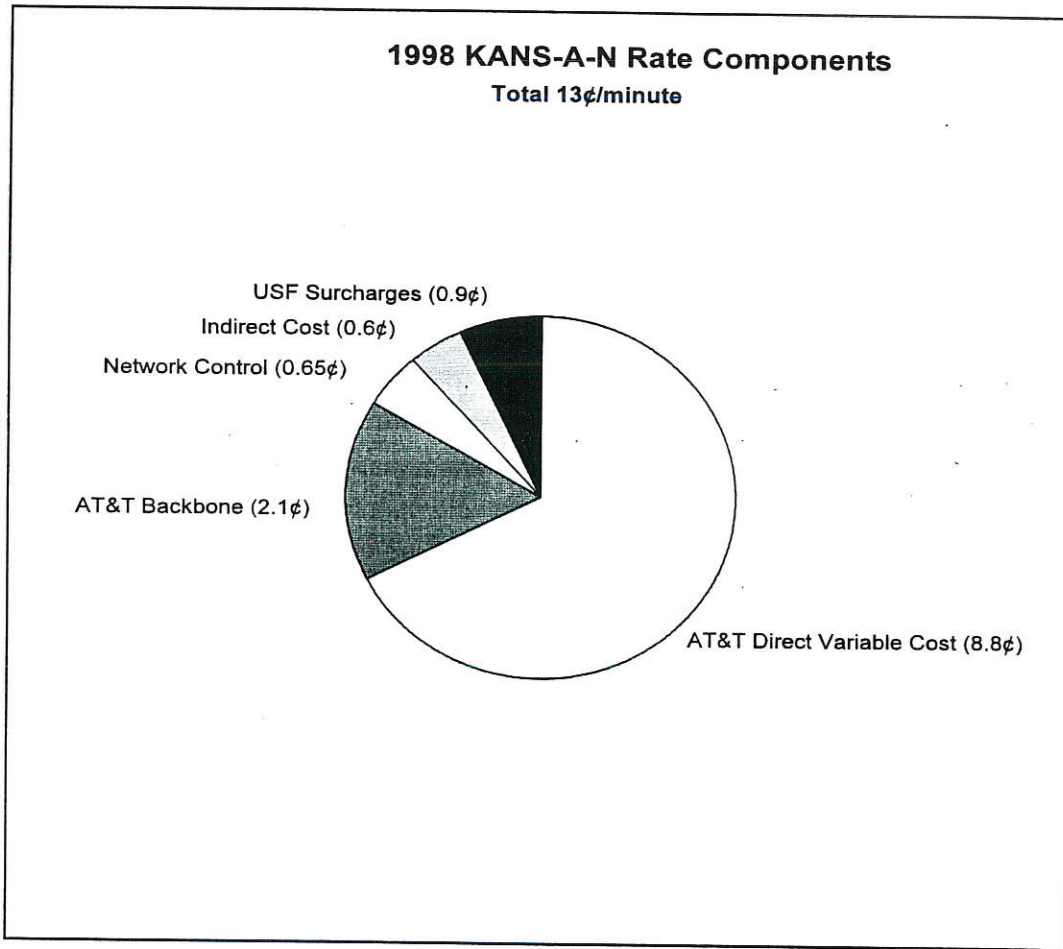
The Senate Subcommittee concurs with the Governor's recommendations, with the following adjustments:

1. Reduce salaries and wages by \$600,665 (including \$588,195 from the State General Fund) to remove the Governor's recommended employee salary adjustments from the reportable budget. In addition, reduce the nonreportable budget by \$929,289 for the same item.
2. Add \$200,000 from the EDIF to provide a total of \$300,000 for Public Broadcasting equipment grants. This provides the same level of support for equipment grants as that approved by the 1997 Legislature. The Subcommittee notes that since the EDIF was created it has been utilized by the Legislature to provide \$1.6 million in support to Public Broadcasting.
3. The agency informed the Subcommittee that several requests for budget amendments have been submitted for consideration by the Governor including engine repairs on the executive aircraft (estimated to be approximately \$50,000), \$700,000 for additional renovation costs in Memorial Hall, and \$161,264 for actuarial services for the state health care plan. The Subcommittee also has been informed that the Senate President has requested a Governor's budget amendment which would add \$1.3 million to the budget of the Department of Administration for electrical upgrades and installation of fiber optic cable in the Statehouse.
4. While reviewing the status of the state's workers' compensation program the Subcommittee noted that the balance in the Workers' Compensation Self Insurance Fund has been increasing in recent years. Under the Governor's recommendation the FY 1999 ending balance in the Fund is projected to be \$13.9 million or 72.1 percent of FY 1999 expenditures. The agency explained that an actuarial study a couple of years ago indicated that the Fund had an unfunded liability of approximately \$60.0 million. Based on this data, the agency set a goal of maintaining a \$13.0 million balance in the Fund. The Subcommittee has been informed that now that the goal has been achieved workers' compensation rates should begin to decline, assuming favorable claims experience continues.
5. The Subcommittee reviewed the cost of operating the Dillon House. The agency estimates \$99,000 for minimal remodeling and maintenance in order to open and use the first floor for meetings. The cost of simply mothballing the facility is estimated to be \$39,000. Full restoration of the facility has a preliminary cost estimate of \$1.2 million. The Subcommittee notes that none of these amounts are included in the Governor's budget.
6. The Subcommittee notes that the FY 1999 budget does not include funding or the authority for the agency to operate the State Complex West. As a safety measure in case the property is not disposed of prior to the start of the fiscal year, the Subcommittee recommends that the special revenue funds which receive the rent paid by the complex tenants and the Secretary's authority to operate and dispose of the property be added to the FY 1999 appropriations bill. Should additional funding be required

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Attachment 3-11

to hold the property in FY 1999, that issue can be considered in Omnibus or in a supplemental appropriation in the 1999 Legislature.


- The Subcommittee received reports that some rates charged by the Division of Information Systems and Communications (DISC) might be 40 percent over the market rate and that one agency has contracted with another provider for compressed video transmissions. The Subcommittee has been told that in January DISC signed a three year renewal of its contract with AT&T which should produce annual savings of \$600,000. In addition, the agency reports that it has been hesitant to change providers with the pending possibility of private sector year 2000 problems. Currently the rate for on net Kansan charges is 13 cents per minute and is scheduled to drop to 12 cents per minute next year. Since 1993 Kansan rates have declined 31.6 percent, from 19 cents to 13 cents per minute, while utilization has increased from 38.9 million minutes to 41.4 million minutes. The chart below summarizes the cost components of the 1998 Kansan rate:




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*3/16/98*  
*Attachment 3-12*

In order to ensure that DISC's customers have the best service at the lowest cost, the Subcommittee recommends that DISC's Kansan operations be evaluated by the Performance Review Board.

  
\_\_\_\_\_  
Senator Alicia Salisbury, Chairperson

  
\_\_\_\_\_  
Senator Nick Jordan

  
\_\_\_\_\_  
Senator Mark Gilstrap

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Attachment 3-13

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Public Employees Retirement System

**Bill No.** 2895

**Bill Sec.** 10

**Analyst:** Efird

**Analysis Pg. No.** 1187

**Budget Page No.** 325

<u>Expenditure Summary</u>	<u>Agency Rev. Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 26,814,695	\$ 26,814,695	\$ 0
Other Assistance	426,246,076	426,246,076	0
<b>TOTAL-Operating</b>	<b>\$ 453,060,771</b>	<b>\$ 453,060,771</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Other Assistance	0	0	0
<b>TOTAL-Operating</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	76.0	76.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>76.0</b>	<b>76.0</b>	<b>0.0</b>

**Agency Request/Governor's Recommendation**

In FY 1998, estimated expenditures are almost \$8.9 million greater than approved by the 1997 Legislature. The KPERS Board is requesting an increase for additional benefit payments and higher fees for its financial managers. A reduction of \$84,811 is estimated in salaries and benefits, offset by an increase of \$82,487 for other operating expenses, resulting in a net decrease of \$2,324 for agency operations. An increase \$2,107,960 is requested for financial manager fees. Both accounts are subject to expenditure limitations. Finally, an increase of \$6,848,116 is requested for benefit payments. This is a no limit line item appropriated by the 1997 Legislature. A reduction of 1.0 FTE position also is included in FY 1998 due to a retirement in the prior fiscal year that was not refilled due to the one-for-four reduction law.

The Governor concurs with the KPERS revised estimated increases in expenditure for paying retirement benefits and financial managers in FY 1998. Only the increase from \$20,151,757 to \$22,212,030 is included in H.B. 2895 in order to raise the approved expenditure limitation since benefits are paid from a no limit fund and can increase without adjustment to the 1997 Sessions Laws of Kansas. A reduction of \$2,324 in the agency operations expenditure limitation also is included in H.B. 2895. No reduction in the FTE limitation from the approved level of 77.0 position is included in H.B. 2895 to reflect the decrease of 1.0 FTE position.

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Attachment 4-1*

## House Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 1998 recommendations for the current fiscal year.

## House Committee Recommendation

The Committee concurs.

Agency: Kansas Public Employees Retirement System	Bill No. 643		Bill Sec. 10
<u>Expenditure Summary</u>	<u>Agency Rev. Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 26,814,695	\$ 26,814,695	\$ 0
Other Assistance	426,246,076	426,246,076	0
<b>TOTAL—Operating</b>	<b>\$ 453,060,771</b>	<b>\$ 453,060,771</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Other Assistance	0	0	0
<b>TOTAL—Operating</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	76.0	76.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>76.0</b>	<b>76.0</b>	<b>0.0</b>

## Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 1998 recommendations for the current fiscal year. No action need be taken until Omnibus to reflect changes in estimated costs for investments advisors and financial consultants who help manage the KPERS portfolio which exceeds \$8.0 billion in value. As of February 6, 1998, a reduction of \$423,793 in the Governor's recommended expenditures of \$23.2 million was possible, based on KPERS projections. However, given the fluctuations in the stock market, it would be prudent to wait until late April of 1998 before adjusting estimated spending since an appropriation limitation could be altered based on revised projections.

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3/16/98  
Attachment 4-2



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Senator Dave Kerr  
Subcommittee Chairperson



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Senator Barbara Lawrence



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Senator Christine Downey

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3/16/98  
Attachment 4-3

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Public Employees Retirement System      **Bill No.** 2893

**Bill Sec.** 38

**Analyst:** Efirid      **Analysis Pg. No.** 1187

**Budget Page No.** 325

<u>Expenditure Summary</u>	<u>Agency Req. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 27,797,409	\$ 27,830,369	\$ 0
Other Assistance	<u>459,764,794</u>	<u>459,764,794</u>	<u>0</u>
<b>TOTAL-Operating</b>	<u><u>\$ 487,562,203</u></u>	<u><u>\$ 487,595,163</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL-Operating</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
FTE Positions	76.0	76.0	0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><u>76.0</u></u>	<u><u>76.0</u></u>	<u><u>0.0</u></u>

**Agency Request/Governor's Recommendation**

In FY 1999, the KPERs Board estimates additional expenditures of \$34.5 million more than the revised amount in the current fiscal year. Most of the increase will fund higher benefit payments which comprise \$33.5 million of the increased expenditures next fiscal year. Also requested are increases in agency operations for \$29,857 and in investment related expenses for \$952,857. An enhancement of \$10,000 is requested in FY 1999 for computer software to do zip code sorting.

The Governor concurs with increased payments of \$33.5 million for retired and disabled KPERs members and beneficiaries in FY 1999. Increases in expenditures of \$952,857 are recommended by the Governor for contractual services to pay higher fees of the financial managers who guide the System's investments. An increase of \$62,817 in agency operations is recommended by the Governor in FY 1999, mainly due to salary adjustments. No change in staffing of 76.0 FTE positions is recommended and no enhancement funding is recommended either.

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*Attachment 4-4*

### House Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 1999 recommendations, with the following additional comment:

1. No enhancement funding of \$10,000 was recommended by the Governor for new software to help manage members' and employers' addresses by zip code. This item is part of a fiscal note also reviewed. The Subcommittee review of H.B. 2771 indicates that the fiscal note is \$270,278 for maintaining active members' current addresses. It is also noted that the 1997 Legislature in reviewing the agency's proposed enhancements also considered a request for 2.0 FTE positions and funding of \$276,797 for maintaining current addresses. Neither the Governor nor 1997 Legislature recommended that enhancement last year. The Subcommittee is concerned about KPERS communicating with its active members and stresses the importance of this activity. The Executive Director of KPERS indicates that the agency will form an employers' advisory council at no cost in order to improve communications with that group.

### House Committee Recommendation

The Committee concurs.

Agency: Kansas Public Employees Retirement System

Bill No. 642

Bill Sec. 38

<u>Expenditure Summary</u>	<u>Agency Req. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments*</u>
All Funds:			
State Operations	\$ 27,797,409	\$ 27,830,369	\$ (113,693)
Other Assistance	459,764,794	459,764,794	0
TOTAL-Operating	<u>\$ 487,562,203</u>	<u>\$ 487,595,163</u>	<u>\$ (113,693)</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ (113,693)
Other Assistance	0	0	0
TOTAL-Operating	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (113,693)</u>
FTE Positions	76.0	76.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>76.0</u>	<u>76.0</u>	<u>0.0</u>

\* Includes a reduction of \$123,693 for the Governor's employee salary adjustments.

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Attachment 4-5*



### Senate Subcommittee Recommendation


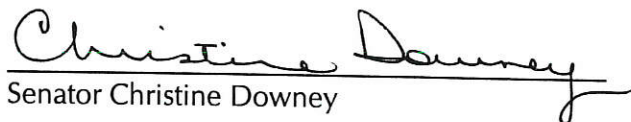
The Subcommittee concurs with the Governor's FY 1999 recommendations, with the following adjustments:

1. Add funding of \$10,000 for new software to help manage mailing addresses by zip code. This modest enhancement will help KPERS prepare mailings and sort by zip code in order to realize postage savings through bulk mailing and presorting.
2. Reduce \$123,693 for salary enhancements recommended by the Governor.
3. Wait for a Governor's Budget Amendment before considering a proposed enhancement for computer programming and imaging that is estimated to cost \$2.4 million in FY 1999 for computer hardware, imaging system components, and contract programming. Total project costs are estimated at \$3.0 million.
4. Delay until Omnibus any consideration of changes in estimated costs for investments advisors and financial consultants who help manage the KPERS portfolio which exceeds \$8.0 billion in value.
5. Note that KPERS litigation expenditures and revenues continue due to legal actions in a number of court and other settings. The following summary reflects the totals as of February 20, 1998, including a net of almost \$12.0 million to KPERS after expenses.

<u>Legal Fees and Expenses</u>	<u>Litigation Recoveries</u>	<u>Net Revenue to KPERS</u>
\$14,436,865	\$26,362,002	\$11,925,137



\_\_\_\_\_  
Senator Dave Kerr,  
Subcommittee Chairperson

  
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Senator Barbara Lawrence  
\_\_\_\_\_  
Senator Christine Downey

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3/16/98  
Attachment 4-6

**SUBCOMMITTEE REPORT**

**Agency:** Commission on Governmental Standards and Conduct

**Bill No. –**

**Bill Sec. –**

**Analyst:** Holman

**Analysis Pg. No.** 1199

**Budget Page No.** 189

<u>Expenditure Summary</u>	<u>Agency Est. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 355,973	\$ 351,069	\$ 0
Special Revenue Funds	128,508	128,508	0
<b>TOTAL</b>	<b>\$ 484,481</b>	<b>\$ 479,577</b>	<b>\$ 0</b>
FTE Positions	9.0	9.0	0.0
Unclassified Temp. Positions	0.4	0.4	0.0
<b>TOTAL</b>	<b>9.4</b>	<b>9.4</b>	<b>0.0</b>

**Agency Est./Governor's Recommendation**

The agency's FY 1998 estimate for expenditures is \$484,481, which is \$907 more than the amount approved by the 1997 Legislature. The agency attributes this increase to an oversight in budget preparation in which a limited reappropriation was inadvertently included in the current year total.

Of the total FY 1998 estimate for salaries and wages \$286,513 is from the State General Fund and \$106,271 is from the Governmental Standards and Conduct Fee Fund. The amount of State General Fund estimated for other operating expenditures is \$69,460, and the spending estimated from the Governmental Standards and Conduct Fee fund is \$22,237.

The Governor recommends \$479,577 for operating expenditures in FY 1998. This is an increase of \$28,874 (6.4 percent) from FY 1997 levels, however this is a decrease of \$3,997 from the amount approved by the 1997 Legislature and a decrease of \$4,904 (1.0 percent) from the agency request. The Governor deleted funding for longevity pay included in the amount approved by the 1997 Legislature because state statute does not provide for longevity pay for unclassified employees. The Governor does not recommend the requested \$907 expenditure of a limited reappropriation.

**House Subcommittee Recommendation**

The House Subcommittee concurs with the Governor's recommendations.

**House Committee Recommendation**

The House Committee concurs with the House Subcommittee.

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3/16/98*

*Attachment 5-1*

Agency: Commission on Governmental  
Standards and Conduct

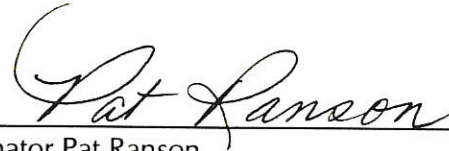
Bill No. -

Bill Sec. -

<u>Expenditure Summary</u>	<u>Agency Est. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 355,973	\$ 351,069	\$ 0
Special Revenue Funds	128,508	128,508	0
TOTAL	<u>\$ 484,481</u>	<u>\$ 479,577</u>	<u>\$ 0</u>
FTE Positions	9.0	9.0	0.0
Unclassified Temp. Positions	0.4	0.4	0.0
TOTAL	<u>9.4</u>	<u>9.4</u>	<u>0.0</u>

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.



Senator Pat Ranson  
Subcommittee Chair



Senator Christine Downey

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3/16/98  
Attachment 5-2

**SUBCOMMITTEE REPORT**

**Agency:** Commission on Governmental Standards and Conduct

**Bill No.** 2893

**Bill Sec.** 39

**Analyst:** Holman

**Analysis Pg. No.** 1199

**Budget Page No.** 189

<u>Expenditure Summary</u>	<u>Agency Req. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 354,495	\$ 355,778	\$ 0
Special Revenue Funds	<u>147,653</u>	<u>147,653</u>	<u>0</u>
<b>TOTAL</b>	<u><u>\$ 502,148</u></u>	<u><u>\$ 503,431</u></u>	<u><u>\$ 0</u></u>
FTE Positions	9.0	9.0	0.0
Unclassified Temp. Positions	<u>0.6</u>	<u>0.6</u>	<u>0.0</u>
<b>TOTAL</b>	<u><u>9.6</u></u>	<u><u>9.6</u></u>	<u><u>0.0</u></u>

**Agency Req./Governor's Recommendation**

The agency requests \$502,148 in state operations funding for FY 1999, an increase of \$17,667 from the FY 1998 estimate. Of the total FY 1999 request, \$354,495 is financed from the State General Fund and \$147,653 is financed from the Governmental Standards and Conduct Fee Fund. Of the total FY 1999 request for salaries and wages, \$303,764 is from the State General Fund and \$106,959 is from the Governmental Standards and Conduct Fee Fund. The agency requests \$50,731 from the State General Fund for other operating expenditures and \$40,694 from the Governmental Standards and Conduct Fee Fund.

**The Governor recommends** expenditures of \$503,431 in FY 1999. Of this amount, \$355,778 is to be financed by the State General Fund and \$147,653 is to come from the Governmental Standards and Conduct Fee Fund. The Governor does not recommend longevity pay to unclassified employees as they do not qualify for it under state law. The Governor's recommendation includes \$12,813 (excluding fringes) for a 4.0 percent unclassified merit pool. The Governor does not recommend shrinkage for this agency.

**House Subcommittee Recommendation**

The House Subcommittee concurs with the Governor's recommendation.

**House Committee Recommendation**

The House Committee concurs with the House Subcommittee.

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*3/16/98*  
*Attachment 5-3*

Agency: Commission on Governmental Standards and Conduct

Bill No. 642

Bill Sec. 36

<u>Expenditure Summary</u>	<u>Agency Req. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 354,495	\$ 355,778	\$ (10,808)*
Special Revenue Funds	147,653	147,653	(3,789)
TOTAL	<u>\$ 502,148</u>	<u>\$ 503,431</u>	<u>\$ (14,597)*</u>
FTE Positions	9.0	9.0	0.0
Unclassified Temp. Positions	<u>0.6</u>	<u>0.6</u>	<u>0.0</u>
TOTAL	<u>9.6</u>	<u>9.6</u>	<u>0.0</u>

\* Includes a reduction of \$14,597 (\$10,808 from the State General Fund) for the Governor's employee salary adjustments.

### Senate Subcommittee Recommendation

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

1. Delete \$14,597 (\$10,808 from the State General Fund) for the Governor's employee salary adjustments. The Subcommittee notes that all of the agency's employees are unclassified and therefore the only item included in the Governor's recommendation is a 4.0 percent unclassified merit pool.
2. The Subcommittee commends the agency for exercising efficiencies in their budget and managing well with the resources allotted them.
3. The Subcommittee notes with concern that the agency currently lacks the authority to effectively accomplish the agency's mission.

Senator Pat Ranson  
Subcommittee Chair

Senator Christine Downey

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3/16/98  
Attachment 5-4

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Commission on Human Rights    **Bill No.**

**Bill Sec.**

**Analyst:** Davis

**Analysis Pg. No.** 1207

**Budget Page No.** 275

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,512,424	\$ 1,512,424	\$ 0
Special Revenue Funds	429,660	429,660	0
<b>TOTAL</b>	<b>\$ 1,942,084</b>	<b>\$ 1,942,084</b>	<b>\$ 0</b>
FTE Positions	37.0	37.0	-
Unclassified Temp. Positions	3.0	3.0	-
<b>TOTAL</b>	<b>40.0</b>	<b>40.0</b>	<b>-</b>

**Agency Estimate/Governor's Recommendation**

The agency's revised FY 1998 estimate is \$1,942,084, this includes \$96,973 of reappropriated funds. The agency has unlimited reappropriation authority which permits any State General Fund saving from FY 1997 to be expended in FY 1998 without any further legislative action. The agency estimates it will spend \$100,056 less in federal funds than the \$516,216 approved. Of the total estimate \$1,512,424 is from the State General Fund and \$429,660 is from federal funds.

The Governor concurs with the agency's estimate.

**House Subcommittee Recommendation**

The Subcommittee concurs with the recommendation of the Governor.

**House Committee Recommendation**

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 3/16/98  
 Attachment 6-1

# House Committee of the Whole Recommendation

Agency: Kansas Commission on Human Rights Bill No. -

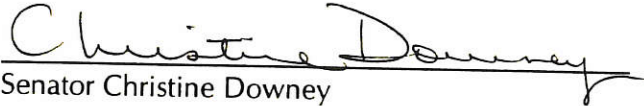
Bill Sec. -

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,512,424	\$ 1,512,424	\$ 0
Special Revenue Funds	429,660	429,660	0
<b>TOTAL</b>	<b>\$ 1,942,084</b>	<b>\$ 1,942,084</b>	<b>\$ 0</b>
FTE Positions	37.0	37.0	-
Unclassified Temp. Positions	3.0	3.0	-
<b>TOTAL</b>	<b>40.0</b>	<b>40.0</b>	<b>-</b>

## Senate Subcommittee Recommendation

For FY 1998 the Senate Subcommittee concurs with the Governor's recommendations.

  
 \_\_\_\_\_  
 Senator Pat Ranson, Chair

  
 \_\_\_\_\_  
 Senator Christine Downey

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 3/16/98  
 Attachment 6-2

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Commission on Human Rights    **Bill No. –**

**Bill Sec. –**

**Analyst:** Davis

**Analysis Pg. No. 1207**

**Budget Page No. 275**

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,439,316	\$ 1,439,671	\$ 0
Special Revenue Funds	539,030	539,030	0
<b>TOTAL</b>	<b><u>\$ 1,978,346</u></b>	<b><u>\$ 1,978,701</u></b>	<b><u>\$ 0</u></b>
FTE Positions	37.0	37.0	-
Unclassified Temp. Positions	3.0	3.0	-
<b>TOTAL</b>	<b><u>40.0</u></b>	<b><u>40.0</u></b>	<b><u>-</u></b>

**Agency Request/Governor's Recommendation**

The agency requests FY 1999 state operations funding of \$1,978,346, an increase of \$36,262 or 1.9 percent, above the FY 1998 estimate. The increase is attributable to a carryover of federal funds from federal FY 1997 to federal FY 1998.

**The Governor recommends** \$1,978,701 in FY 1999. The recommendation includes \$1,439,671 (72.8 percent of the total recommendation) from the State General Fund and \$539,030 from federal and special revenue funds. The recommendation is an increase of \$355 from the agency's request. The Governor's recommendation includes \$70,519 (including fringe benefits) for state employee salary adjustments, including \$28,273 for a 1.5 percent classified base salary adjustment and a 4.0 percent unclassified merit pool. The Governor recommends a reduction of \$20,000 in contractual services from the agency request.

**House Subcommittee Recommendation**

The Subcommittee concurs with the recommendation of the Governor with the following modifications:

1. The Subcommittee encourages the agency to continue its surveying of participants in the mediation program and the Preliminary Investigation and Conference (PIC) program and to expand its surveys to include full investigations.

The following satisfaction survey results are included for the Committee's review:

*S w + m  
3/16/98  
Attachment 6-3*



MEDIATION PROGRAM					
	<u>Employment</u>	<u>Housing</u>	<u>Public Accommodation</u>	<u>Other</u>	<u>No Response</u>
Type of discrimination claim	214 86.29%	7 2.82%	8 3.23%	18 7.26%	1 0.40%
Persons Responding to Survey	<u>Complainant</u>		<u>Respondent</u>	<u>Other</u>	<u>No Response</u>
	94 37.90%	154 62.10%	0 0.00%	0 0.00%	
Satisfied with Services	<u>Yes</u>		<u>No</u>	<u>Other</u>	<u>No Response</u>
	211 85.08%	23 9.27%	4 1.61%	10 4.03%	
Appropriate People Attended Mediation	220 88.71%	22 8.87%	3 1.21%	3 1.21%	
Issues Adequately Addressed	210 84.68%	29 11.69%	3 1.21%	6 2.42%	
Mediator Fair to Both Parties	222 89.52%	16 6.45%	6 2.42%	4 1.61%	
Recommend to Others	213 85.89%	23 9.27%	4 1.61%	8 3.23%	

PIC PROGRAM			
	<u>Employment</u>	<u>Housing</u>	<u>Public Accommodation</u>
Type of discrimination claim	85	0	1
Persons Responding to Survey	<u>Complainant</u>		<u>Respondent</u>
	35	51	
Satisfied with procedure and would recommend it to others	<u>Yes</u>		<u>No</u>
	74	8	

- The Subcommittee commends the agency on its progress in decreasing the cases pending.

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The following table is included for the Committee's review:

	Actual FY 97	Est. FY 98	Est. FY 99
Number of public contacts	7,303	7,260	7,250
Number of complaints filed	1,246	1,250	1,250
Number of complaints closed	1,583	1,500*	1,662
Open case inventory (backlog)	1,569	1,157	745
Processing delay time (months)	12.5	9.2	5.6
Total Positions	40.0	40.0	40.0

3. The Subcommittee recommends that the agency continue the municipal investigation contracts program within available resources. The Subcommittee recommends that additional funding for this program be reviewed during the Omnibus session.
4. The Subcommittee asks the agency to report on the donations which have been received for the mediation program prior to the Omnibus session, so that the amount appropriated for the state matching funds for the mediation program may be reviewed.

### House Committee Recommendation

### House Committee of the Whole Recommendation

Agency: Kansas Commission on Human Rights      Bill No. -

Bill Sec. -

Expenditure Summary	Agency Request FY 99	Gov. Rec. FY 99	Senate Subcommittee Adjustments
State Operations:			
State General Fund	\$ 1,439,316	\$ 1,439,671	\$ (46,543)
Special Revenue Funds	539,030	539,030	(23,976)
TOTAL	<u>\$ 1,978,346</u>	<u>\$ 1,978,701</u>	<u>\$(70,519)*</u>
FTE Positions	37.0	37.0	-
Unclassified Temp. Positions	3.0	3.0	-
TOTAL	<u>40.0</u>	<u>40.0</u>	<u>-</u>

\* Includes a reduction of \$70,519 (of which \$46,543 is from the State General Fund) for the Governor's employee salary adjustments.

*S wtm  
3/16/98  
Attachment 6-5*

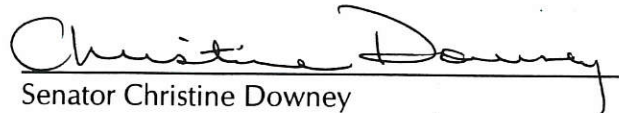
## Senate Subcommittee Recommendations

For FY 1999 the Senate Subcommittee concurs with the Governor's recommendation, with the following modifications and observations:

1. The Subcommittee expresses continued enthusiasm for the agency's mediation program.
2. The Subcommittee commends the agency on its progress in decreasing the number of open cases.
3. The Subcommittee recommends the removal of the \$100,000 expenditure limitation for State General Fund matching funds for mediation services contracted with Kansas Legal Services. The Subcommittee was informed that donations for this program have exceeded expectations. The agency informed the Subcommittee that it could reallocate funds internally within available resources to pay for this increased match without requesting additional funds.
4. Delete \$70,519, including \$46,543 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$12,693); classified step movement (\$22,002); longevity bonus payments (\$20,244); and the 1.5 percent classified base salary adjustment (\$15,580) from individual agency budgets.



Senator Pat Ranson, Chair



Senator Christine Downey

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Attachment 6-6