

Approved: 2-10-99  
Date

## MINUTES OF THE APPROPRIATIONS COMMITTEE.

The meeting was called to order by Chair Phill Kline at 9:00 a.m. on January 12, 1999 in Room 514 -S of the Capitol.

All members were present except: Rep. Barbara Ballard

Committee staff present: Legislative Research -Alan Conroy, Julian Efird, Robert Waller, Stuart Little  
Revisor of Statutes -Jim Wilson, Mike Corrigan  
Secretary - Ann McMorris

Conferees appearing before the committee:

Alan Conroy, Chief Fiscal Analyst, Legislative Research

Others attending: See enclosed list

Chair opened the meeting by introducing committee members. He noted there were six budget committees appointed to report to the Appropriations Committee. He introduced his office staff, Brian Pitman, administrative assistant; Ann McMorris, committee secretary; Anthony Springfield, secretary; and Dan Hanson, intern. He introduced Alan Conroy, chief fiscal analyst, Legislative Research.

Alan Conroy introduced the Legislative Research fiscal analysts assigned to Appropriations.

Julian Efird	Stuart Little	Robert Waller
Leah Robinson	Robert Chapman	Debra Hollon
Audrey Nogle	Tom Severn	Paul West
Rae Anne Davis	Reed Holwegner	Carolyn Rampey
Kathie Sparks		

Revisor of Statutes staff were introduced - Jim Wilson and Mike Corrigan

### **State General Fund Profile**

Alan Conroy, Chief Fiscal Analyst, KLRD, presented the:

1. FY98 Budget (Attachment 1)
2. Consensus Revenue Estimating (Attachment 2)
3. General Fund Profile (Attachment 3)
4. Revisions to Budget Analysis Book (Attachment 4)

On the FY 98 budget, Conroy analyzed the estimates with actual cost and explained the shifting of expenditures from 1998 to 1999. He noted the consensus revenue estimate is the first for the year 2000. The general fund profile was reviewed with discussion on adding a column for local government spending. It was noted the revisions to the budget analysis book made it more user friendly.

Moved by Representative Neufeld, seconded by Representative Farmer, committee introduce the Governor's recommended emergency supplemental appropriation bill for the Adjutant General. Motion carried.

Next meeting will be January 13, 1999.  
Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

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January 12, 1999

**To:** House Appropriations Committee and Senate Ways and Means Committee

**From:** Alan Conroy, Chief Fiscal Analyst and Leah Robinson, Principal Fiscal Analyst

**Re:** Actual FY 1998 Resources, Demands, and Balances  
of the State General Fund—Preliminary

On the basis of final action of the 1998 Session of the Legislature, the Kansas Legislative Research Department estimated that the June 30, 1998, State General Fund unencumbered cash balance would be \$661.4 million. The session-end estimate, as usual, was based on the assumptions that actual receipts would be the same as then estimated and that expenditures in FY 1998 would be the same as authorized. As shown in Table I, the actual ending balance was \$753.9 million, or approximately \$92.5 million above the estimate. However, it should be noted that the FY 1998 data as contained in this report are subject to minor revisions by the Division of Accounts and Reports, Department of Administration.

Actual receipts were \$52.6 million, or 1.3 percent, more than the estimated amount. Lapses of encumbrances for fiscal years prior to FY 1998 were \$3.6 million more than estimated.

Actual FY 1998 expenditures were \$36.2 million less than the total approved by the 1998 Legislature. However, \$34.0 million budgeted for FY 1998 is now authorized to be spent in FY 1999, *i.e.* "shifted" to FY 1999. Thus, net underspending was \$2.2 million.

Table II identifies the major items of underspending and shifting revealed by the Research Department's analysis of FY 1998 General Fund appropriations accounts, including reappropriations to FY 1999. Underspending occurred within the Department of Education (\$734,000 for Kansas Public Employees Retirement System school employer contributions); the Department of Social and Rehabilitation Services (\$336,000, including \$181,000 in operating expenditures and \$155,000 for mental health and developmental disabilities services and institutions); and the Board of Regents and the Regents institutions (\$228,000 in operating expenditures). Other examples of underspending include \$143,000 for salaries and wages and other operating expenditures in the Department of Health and Environment budget; \$132,000 in Kansas Guardianship Program operating expenditures; \$127,000 in various programs of the Department of Corrections and the correctional facilities; and \$127,000 in judiciary operations in the budget of the Judicial Branch.

Significant shifting of expenditures from FY 1998 to FY 1999 include: the Department of Education (\$16.1 million, including \$15.8 million in local school aid, \$1.0 million of which will be transferred, as directed by the 1998 Legislature, to the inservice education aid account to fund approved inservice education programs); the Board of Regents and the Regents institutions (\$5.0 million in operating expenditures); and the Department of Human Resources (\$3.4 million, primarily in state funds to match federal Welfare to Work funds which were appropriated but

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not expended during FY 1998). Other examples of shifting include the Department of Social and Rehabilitation Services (\$2.8 million including \$2.0 million in Youth Services Aid and Assistance, related to contracted adoption and foster care expenses, and \$779,000 in children's mental health expenditures, reflecting a delayed start for the program); and the Department of Health and Environment (\$1.4 million, including \$1.1 million in unexpended Year 2000 expenditures and \$235,000 appropriated by the 1998 Legislature for AIDS medication expenditures).

Table III updates selected data on the year-end status of the General Fund which has been reported to the Legislative Budget Committee for many years.

**TABLE I**

**State General Fund  
Comparison of Revised Budget Estimates With  
Actual Resources and Demands for FY 1998**

(Totals May Not Add Due to Rounding)

(Dollars in Thousands)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Difference</u>
Unencumbered Cash Balance, June 30, 1997	\$ 527,812	\$ 527,812	\$ 0
Prior Years' Encumbrances Lapsed	300	3,873	3,573
Receipts	<u>3,971,035</u>	<u>4,023,683</u>	<u>52,648</u>
Total Resources	\$ 4,499,147	\$ 4,555,368	\$ 56,221
Expenditures and Encumbrances	<u>3,837,742</u>	<u>3,801,498</u>	<u>36,244</u>
Unencumbered Cash Balance, June 30, 1998	<u>\$ 661,405</u>	<u>\$ 753,870</u>	<u>\$ 92,465</u>



TABLE II

Summary of FY 1998 Underspending and Shifting to FY 1999  
State General Fund

(In Thousands)

I. FY 1998 Underspending

Department of Education		
KPERs-School Employer Contributions	\$	734
Department of Social and Rehabilitation Services		
Operating Expenditures	\$	181
Mental Health/Developmental Disabilities		155
		<hr/>
	\$	336
Board of Regents and Institutions		
University of Kansas	\$	82
Kansas State University		49
Wichita State University		39
Emporia State University		19
Fort Hays State University		15
Pittsburg State University		14
University of Kansas Medical Center		10
		<hr/>
	\$	228
Department on Aging	\$	192
Department of Health and Environment		
Salaries and Wages	\$	63
Other Operating Expenditures		80
		<hr/>
	\$	143
Guardianship Program	\$	132
Department of Corrections		
Facilities Operations	\$	39
Treatment and Programs		37
Community Corrections		24
Central Administration		22
Nonprison Postconviction Sanctions		5
		<hr/>
	\$	127
Judicial Branch	\$	127
Department of Administration	\$	67
Commission on Veterans' Affairs	\$	35
Department of Wildlife and Parks	\$	23
Emergency Medical Services Board	\$	16

School for the Deaf	\$	15
Juvenile Justice Authority/Facilities	\$	14
State Library	\$	13
All Other	\$	13
<b>TOTAL - Underspending in FY 1998</b>	<u>\$</u>	<u>2,215</u>

**II. Shifting of Expenditures to FY 1999**

Department of Education		
General State Aid	\$	15,653
Operating Expenditures		287
Supplemental General State Aid		139
	<u>\$</u>	<u>16,079</u>
Board of Regents and Institutions		
University of Kansas Medical Center	\$	2,075
Kansas State University		1,431
University of Kansas Medical Center		981
Emporia State University		216
Fort Hays State University		108
Board of Regents		154
	<u>\$</u>	<u>4,965</u>
Department of Human Resources		
Welfare to Work Match	\$	3,328
Operating Expenditures		29
	<u>\$</u>	<u>3,357</u>
Department of Social and Rehabilitation Services		
Youth Services Aid and Assistance	\$	2,000
Children's Mental Health Initiatives		779
Other		1
	<u>\$</u>	<u>2,780</u>
Department of Health and Environment		
Year 2000	\$	1,106
AIDS Medication		235
Other		32
	<u>\$</u>	<u>1,373</u>
Legislative Agencies	\$	586
Attorney General		
Interstate Water Issues	\$	382
Operating Expenditures		2
	<u>\$</u>	<u>384</u>
Homestead Property Tax Refunds	\$	277

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Board of Indigents' Defense Services		
Operating Expenditures	\$ 133	
Capital Defense	<u>103</u>	
	\$	236
State Treasurer	\$	156
Department of Administration	\$	143
Capital Improvements:		
Department of Administration	\$ 1,537	
Adjutant General	72	
Historical Society	238	
Department of Corrections	612	
Department of Wildlife and Parks	<u>344</u>	
	\$	2,803
Savings Incentive Program Shifting:		
Department of Aging	\$ 192	
Department of Health and Environment	186	
Judicial Branch	128	
Department of Corrections/Facilities	76	
Department of Administration	75	
Department of Social and Rehabilitation Services	37	
Department of Human Resources	28	
Department of Wildlife and Parks	23	
Emergency Medical Services Board	16	
Juvenile Justice Authority/Facilities	14	
State Library	12	
Parole Board	2	
School for the Blind	2	
Department of Commerce and Housing	<u>1</u>	
	\$	792
All Other	\$	98
<b>TOTAL - Shifting to FY 1999</b>	<b><u>\$ 34,029</u></b>	

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TABLE III

State General Fund Year-End Balances—Difference  
Between Final Estimated and Actual  
In Thousands

Fiscal Year	June Unencumbered Balance			Reconciliation of the Difference			
	Final Estimate	Actual	Difference	Receipts Over or Under Est.	Under-Spending*	Shifted to Next Fiscal Year	Released Encumbrances
1966	\$ 54,944	\$ 80,363	\$ 25,419	\$ 15,535	\$ 2,384	\$ 7,444	\$ 53
67	74,976	95,199	20,223	10,827	2,947	6,367	81
68	72,725	91,364	18,639	9,377	3,195	5,992	75
69	74,196	94,558	20,362	8,188	3,185	8,783	206
1970	37,590	52,363	14,773	2,219	4,551	7,650	353
71	24,733	31,481	6,748	(40)	2,722	3,647	420
72	19,287	41,192	21,905	16,374	2,973	2,357	201
73	87,838	90,833	2,995	(5,503)	5,978	2,290	230
74	90,100	147,724	57,624	33,969	9,910	13,442	302
75	156,755	178,972	22,217	12,849 <sup>a</sup>	3,356	4,221	1,792
76	167,065	179,153	12,088	1,433	6,317	3,765	572
77	116,213	140,437	24,224	15,841	3,342	3,761	1,280
78	147,548	154,934	7,386	(6,533)	6,289	6,813	817
79	197,422	195,924	(1,498)	(12,514)	(63) <sup>b</sup>	10,159	920
1980	165,782	183,288	17,506	1,909	5,463	8,628	1,506
81	142,099	152,095	9,996	146	5,694	2,899	1,257
82	128,551	92,393	(36,158)	(46,994)	6,648	3,332	856
83	45,129	51,127	5,998	(3,246)	5,374	2,731	1,136
84	74,731	95,592	20,861	7,886	8,971	3,089	915
85	136,520	120,406	(16,114)	(21,267)	(2,845) <sup>b</sup>	7,141	857
86	37,044	19,679	(17,365)	(25,014)	4,202	2,598	848
87	47,004	73,253	26,249	13,837	6,243	5,055	1,114 <sup>c</sup>
88	192,539	301,214	108,675	81,610	4,052	21,326	1,687
89	324,972	371,358	46,386	21,415	6,196	17,029	1,746
1990	249,147	272,910	23,763	17,181	2,502 <sup>d</sup>	2,792 <sup>d</sup>	1,288
91	132,232	162,236	30,004	21,685	3,357	2,539	2,423
92	121,204	140,475	19,271	11,306	5,288	1,922	756 <sup>c</sup>
93	354,621	384,941	30,320	2,434	25,887	1,964	36 <sup>c</sup>
94	359,897	454,413	94,516	48,872	36,689	7,978	977 <sup>c</sup>
95	358,086	366,972	8,886	(25,133)	5,367	27,253	1,400 <sup>c</sup>
96	306,078	379,172	73,094	39,022	3,614	30,033	425 <sup>c</sup>
97	462,743	527,931	65,188	41,395	6,354	14,468	2,971
98	661,405	753,870	92,465	52,648	2,215	34,029	3,573

\* Includes limited reappropriations which can be released only by the State Finance Council.

- a) Before adjustment for miscoding of insurance premium and insurance privilege taxes. After adjustment, receipts were \$12,716,000 over the estimate.
- b) Expenditures were above the estimate. In FY 1985, SRS expenditures exceeded the estimate by about \$7.4 million, which was partly offset by \$4.5 million underspending by other agencies.
- c) Difference between actual and estimated released encumbrances.
- d) Unlike other years, these amounts for underspending and shifting include some transactions which occurred during the first quarter of FY 1991.

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STATE OF KANSAS



DIVISION OF THE BUDGET

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Duane A. Goossen

Director

Bill Graves  
Governor

MEMORANDUM

TO: Governor Bill Graves and Legislative Budget Committee

FROM: Kansas Division of the Budget and Kansas Legislative Research Department

DATE: November 10, 1998

SUBJECT: State General Fund Receipts for FY 1999 (Revised) and FY 2000

Estimates for the State General Fund are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The consensus group met on November 5, 1998, and increased the FY 1999 estimate by \$107.8 million or 2.7 percent above the previous estimate and developed the first estimate for FY 2000. The revised FY 1999 estimate is \$4.076 billion and the FY 2000 estimate is \$4.231 billion. The FY 1999 estimate represents an increase of \$52.0 million (1.3 percent) over actual FY 1998 receipts of \$4.024 billion. Adjusting for the large one-time corporation income tax payments in FY 1998 and the tax reductions approved by the 1998 Legislature would have produced an FY 1999 increase of 6.8 percent. The initial FY 2000 estimate is \$154.9 million or 3.8 percent above the revised FY 1999 figure. Detailed information regarding the specific sources of revenue constituting total receipts is presented in Table 1. Table 2 compares the FY 1999 estimate developed on April 3, 1998, as adjusted on May 26 for subsequent legislation, with the revised estimate from the November 5, 1998 meeting.

Economic Forecast for Kansas

The economic expansion that began in March 1991 has maintained a strong pace through 1997 and into 1998. Record levels of employment, especially in transportation manufacturing (aviation), have contributed significantly to strong statewide personal income growth. The unemployment rate continues at historically low levels, dropping in FY 1998 to 3.6 percent from 4.2 percent in FY 1997. It is expected to remain at 3.6 percent for the current fiscal year and increase to 3.8 percent for FY 2000. The inflation rate for 1998 is estimated to be 1.6 percent

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which is a drop of 0.7 percent from the very moderate 2.3 percent rate in 1997. These three factors, strong growth, low inflation, and low unemployment, have contributed to a healthy economy for both Kansas and the entire country. The forecast for Kansas in 1999 and 2000 is for a slower growing, but continued healthy economy.

Overall, there is increasing uncertainty in the economy. Kansas farmers have continued to produce at high levels, but low prices and lack of foreign markets have limited their ability to sell grain. Payments from the federal government have helped to ease this situation for some Kansas farmers. The oil and natural gas industries also are suffering from low prices. The large stock market increases since 1995 have increased consumer wealth and have had a positive impact on spending. The stock market has fluctuated considerably since the middle of 1998. This volatility might dampen consumer confidence somewhat. The Federal Reserve System eased monetary policy by reducing the Federal Funds rate on September 29 and October 15. The stock market has reacted positively to these moves. By October 21, stock prices were up five to ten percent for the year. The financial crisis in Asia and other areas of the world is having a negative effect on the U.S. economy, but is not expected to have a major impact on Kansas, at least through the end of FY 2000. The forecast and consensus estimates assume a gradual slowdown in the growth of the economy without predicting a downturn.

### **Kansas Personal Income**

Kansas Personal Income in 1997 grew by 6.0 percent over the 1996 level. This is a significant increase, although somewhat less than the 6.3 percent realized in 1996 and the 6.2 percent forecast a year ago. The growth in Kansas Personal Income has moderated, with a 4.7 percent increase projected for 1998. The rate of personal income growth is expected to continue to slow during the next two years, with forecasts of 4.1 percent for 1999 and 4.0 percent for 2000. These projections are consistent with the overall forecast for a reduced rate of growth in both the state and national economies. As was pointed out last year, the unexpected increases in individual income tax receipts that Kansas and other states have experienced over the last two years are thought to be largely attributable to record levels of capital gains and dividends. Capital gains, an increasingly important (and volatile) part of the individual income tax base, is not among the components of income which constitute the federal and state personal income forecasts.

### **Inflation Rate**

Inflation, as measured by the Consumer Price Index for all Urban consumers (CPI-U), increased by 2.9 percent in 1996, but only 2.3 percent in 1997. The current estimate for 1998 suggests an annual increase of 1.6 percent. Lower energy prices in 1998 have helped to restrain the overall growth in consumer prices. The forecast for 1999 and 2000 is for inflation to grow at a somewhat more rapid, but still moderate, pace of 2.3 percent and 2.6 percent, respectively.

### **Interest Rates**

The Pooled Money Investment Board makes investments in bank certificates of deposit, repurchase agreements, and other statutorily authorized securities. In FY 1998, the state earned 5.73 percent on its SGF portfolio. The average rate of return being forecasted for FY 1999 is 5.22 percent. For FY 2000, it is 4.68 percent. The rate of return over the forecast period is



anticipated to be the equivalent of about 40 basis points above forecasted rates for the six-month Treasury Bill.

### **Oil and Gas**

The average price per taxable barrel of Kansas crude oil is estimated to be \$12.00 for FY 1999 and to increase to \$13.00 in FY 2000. The final average taxable price per barrel in FY 1998 was \$16.52, which is a 21.7 percent drop from the FY 1997 price of \$21.09. Gross oil production in Kansas, which has been declining steadily over the last decade, is expected to continue to decline over the forecast period, driven further downward by low prices. The estimated decline for FY 1999 is 21.2 percent, moderated to 9.4 percent in the FY 2000 forecast.

The price of natural gas is expected to decrease from the final FY 1998 figure of \$1.94 per mcf to \$1.75 per mcf in FY 1999. The FY 1998 price was an 11.0 percent drop from the strong FY 1997 price of \$2.18. Prices dropped in August 1998 and have remained low. According to industry sources, gas storage levels are higher than they have been for several years heading into the winter so that a normal winter likely will maintain the current prices. For FY 2000, the price is expected to recover to \$1.85 per mcf. Natural gas production in FY 1998 of 650 million cubic feet represented a decrease of 7.7 percent from the 704 million cubic feet in FY 1997. Production is expected to continue to decline, both as a function of the low price and, as with oil, of a reduction in the available natural resource. The projections for FY 1999 and FY 2000 are 595 and 550 million cubic feet, respectively.

### **Economic Forecasts**

	<u>CY 96</u>	<u>CY 97</u>	<u>CY 98*</u>	<u>CY 99*</u>	<u>CY 2000*</u>
KPI Growth	6.3%	6.0%	4.7%	4.1%	4.0%
Inflation (CPI-U)	2.9%	2.3%	1.6%	2.3%	2.6%

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99*</u>	<u>FY 2000*</u>
SGF Interest**	5.10%	5.53%	5.73%	5.22%	4.68%
Oil and Gas					
Oil Price per bbl.	\$17.13	\$21.09	\$16.52	\$12.00	\$13.00
Gross Prod. (000 bbls)	43,288	41,711	38,798	32,000	29,000
Gas Price per mcf	\$1.47	\$2.18	\$1.94	\$1.75	\$1.85
Gas Taxable Value	\$1,004,164	\$1,352,646	\$1,194,354	\$947,538	\$931,013

\* Estimated

\*\* Rates based on the total investment portfolio applicable to SGF interest earnings based on legislation enacted in 1992 and 1996.

## State General Fund Receipts Estimates

**FY 1999.** The revised estimate of SGF receipts for FY 1999 is \$4.076 billion, an increase of \$107.8 million over the previous estimate produced on April 3, 1998, and subsequently adjusted for 1998 state legislation. The revised estimate is \$52.0 million or 1.3 percent above actual FY 1998 receipts. Details of the revised estimate are reflected in Tables 1 and 2.

Increases in individual and corporation income taxes, inheritance and estate taxes, compensating use taxes, and interest accounted for \$127.2 million which were offset, in part, by reductions in other sources.

Each individual SGF source was evaluated independently in view of revised and updated economic forecasts, collection information from various state agencies and year-to-date receipts.

The estimate for individual income tax was increased by \$96.3 million. This upward revision was attributed to the continued strong employment and personal income forecasts, and assumptions of another moderately strong year for capital gains and dividends. The 2.2 percent income tax increase from FY 1998 is understated because of the approximately \$106.3 million in tax reductions enacted for FY 1999. Without the tax cuts, the growth rate would be 8.3 percent. But even this performance represents a significant reduction from the 14.7 percent growth experienced in FY 1998, when receipts were fueled by the robust economy and strong performance of the stock market.

The inheritance and estate tax category was increased by \$10.5 million on the strength of year-to-date collections.

The estimate for compensating use was increased by \$5.2 million over the previous estimate. This change was made because of the strong performance of this source the past several years and the fact that collections through October exceeded the prior estimate by 4.1 percent.

Interest earnings generated through the investment of state idle funds were increased by \$12.4 million. A greater than expected State General Fund balance has contributed to earnings exceeding the estimate by \$8.3 million through October.

The estimate for severance tax was reduced by \$14.9 million. As indicated previously, oil and gas prices and production have experienced significant decreases. The financial institutions privilege tax was reduced by \$5.5 million because it is expected that refunds will need to be made later in the fiscal year. Also, a decrease of \$4.9 million was projected for the insurance premiums tax.

**FY 2000.** SGF receipts are estimated to be \$4.231 billion in FY 2000, an increase of \$154.9 million or 3.8 percent when compared to the newly revised FY 1999 estimate. Details of this estimate are shown in Table 1.

The principal SGF revenue sources expected to increase in FY 2000 are as follows: individual income tax by 6.7 percent; retail sales tax by 3.6 percent; and compensating use tax by



5.0 percent. The transfer from the State General Fund for the Department of Revenue's Project 2000 is expected to decrease by \$13,400 as the transfers reach the prescribed payout level.

The estimate for estate taxes reflects the full year impact of the change from an inheritance to an estate tax. The severance tax estimate takes into account expanded exemptions from the severance tax for low producing wells and for enhanced recovery efforts to increase production. The expansion of exemptions for low producing oil wells in conjunction with low prices for oil is expected to have a major impact on the amount of production exempt from the tax. Under the new law, production in FY 2000 from oil wells pumping ten or fewer barrels per day will be exempt from the severance tax. The exempt price threshold is determined by the average price of oil from July through December of the previous year. Based on the new estimate for average price and on information on the number of low producing wells provided by the Interstate Oil and Gas Compact Commission, the consensus group expects that 70.0 percent of the oil produced in Kansas during FY 2000 will be exempt from the tax.

### Accuracy of Consensus Revenue Estimates

For 24 years, State General Fund revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies referred to on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Ed Olson from Kansas State University, and John Wong from Wichita State University. Each of the entities and individuals involved in the process prepared independent estimates and met on November 5, 1998, to discuss estimates and come to a consensus for each fiscal year.

The table on the next page presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts. In the first six fiscal years of the process, actual receipts were an average of 4.3 percent higher than the adjusted original estimates; from FY 1982 to FY 1987, receipts were lower than the estimates by an average of 6.3 percent; and beginning in FY 1988, actual receipts have been higher than original estimates except in FY 1992 when collections were 0.5 percent less than estimated.

As might be expected, there was a smaller difference between actual receipts and the final estimate because only three months remained in the fiscal year when the final estimate was made. In the last nine fiscal years, the difference ranged from (0.8) percent to 1.6 percent and in five of these years the difference from the estimate was less than 1.0 percent.

### Concluding Comments

Consensus revenue estimates are based on current federal and state laws. The group will meet again in April to revise these estimates. Developments which may occur between the November and April meeting will be taken into account at the April meeting.

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## STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate		Difference from Final Estimate	
				Amount	Percent	Amount	Percent
1975	--	\$614.9	\$627.6	--	--	\$12.7	2.1%
1976	\$676.3	699.7	701.2	\$24.9	3.7%	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	0.01
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3

\* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the State General Fund.

\*\* The final estimate made in March or April is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

Table 1  
State General Fund Receipts  
(In Thousands)

	Consensus Estimates, November 5, 1998					
	FY 1998 (Actual)		FY 1999 (Revised)		FY 2000	
	Amount	Percent Increase	Amount	Percent Increase	Amount	Percent Increase
Property Tax:						
Motor Carrier	\$15,998	2.0%	\$17,000	6.3%	\$18,000	5.9%
Income Taxes:						
Individual	\$1,742,284	14.2%	\$1,780,000	2.2%	\$1,900,000	6.7%
Corporation	281,651	6.9%	225,000	-20.1%	215,000	-4.4%
Financial Inst.	22,150	-16.4%	20,000	-9.7%	25,000	25.0%
Domestic Ins. Co.	2,113	111.1%	--	--	--	--
Total	\$2,048,198	12.7%	\$2,025,000	-1.1%	\$2,140,000	5.7%
Inheritance/Estate	\$88,651	16.6%	\$70,000	-21.0%	\$35,000	-50.0%
Excise Taxes:						
Retail Sales	\$1,351,591	9.4%	\$1,400,000	3.6%	\$1,450,000	3.6%
Compensating Use	185,088	11.8%	200,000	8.1%	210,000	5.0%
Cigarette	52,095	-1.6%	52,000	-0.2%	52,300	0.6%
Tobacco Prod.	3,269	5.3%	3,400	4.0%	3,500	2.9%
Cereal Malt Bev.	2,439	-0.9%	2,200	-9.8%	2,100	-4.5%
Liquor Gallonage	13,209	3.1%	13,000	-1.6%	13,200	1.5%
Liquor Enforcement	28,549	4.0%	31,000	8.6%	32,000	3.2%
Liquor Private Club	5,178	5.2%	5,500	6.2%	5,600	1.8%
Corp. Franchise	15,352	7.4%	16,000	4.2%	16,500	3.1%
Severance	62,558	-17.4%	45,900	-26.6%	42,100	-8.3%
Gas	48,072	-16.3%	38,200	-20.5%	37,500	-1.8%
Oil	14,486	-20.8%	7,700	-46.8%	4,600	-40.3%
Total	\$1,719,328	7.8%	\$1,769,000	2.9%	\$1,827,300	3.3%
Other Taxes:						
Insurance Prem.	\$88,106	9.6%	\$84,000	-4.7%	\$86,000	2.4%
Miscellaneous	1,791	-5.6%	2,000	11.7%	2,000	--
Total	\$89,897	9.2%	\$86,000	-4.3%	\$88,000	2.3%
Total Taxes	\$3,962,072	10.5%	\$3,967,000	0.1%	\$4,108,300	3.6%
Other Revenues:						
Interest	\$83,671	25.7%	\$92,000	10.0%	\$90,000	-2.2%
Transfers						
Project 2000	(23,211)	97.7%	(20,000)	13.8%	(6,600)	67.0%
Other Transfers	(43,362)	--	(7,500)	--	(6,100)	18.7%
Agency Earnings	44,512	11.9%	44,200	-0.7%	45,000	1.8%
Total Other Revenue	\$61,610	-37.5%	\$108,700	76.4%	\$122,300	12.5%
Total Receipts	\$4,023,683	9.2%	\$4,075,700	1.3%	\$4,230,600	3.8%

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Table 2

State General Fund Receipts -- Comparison of Estimates for FY 1999  
 Made on April 3, 1998, as adjusted, with those made on November 5, 1998 (In Thousands)

	Estimate* 04/03/98	Revised Estimate 11/05/98	Difference
Property Tax:			
Motor Carrier	\$17,000	\$17,000	--
Income Taxes:			
Individual	\$1,683,700	\$1,780,000	\$96,300
Corporation	222,150	225,000	2,850
Financial Inst.	25,500	20,000	(5,500)
Domestic Ins. Co.	--	--	--
<b>Total</b>	<b>\$1,931,350</b>	<b>\$2,025,000</b>	<b>\$93,650</b>
Inheritance/Estate	\$59,500	\$70,000	\$10,500
Excise Taxes:			
Retail Sales	\$1,401,530	\$1,400,000	(\$1,530)
Compensating Use	194,804	200,000	5,196
Cigarette	52,000	52,000	--
Tobacco Prod.	3,400	3,400	--
Cereal Malt Bev.	2,200	2,200	--
Liquor Gallonage	13,200	13,000	(200)
Liquor Enforcement	30,000	31,000	1,000
Liquor Private Club	5,300	5,500	200
Corp. Franchise	15,500	16,000	500
Severance	60,752	45,900	(14,852)
Gas	48,992	38,200	(10,792)
Oil	11,760	7,700	(4,060)
<b>Total</b>	<b>\$1,778,686</b>	<b>\$1,769,000</b>	<b>(\$9,686)</b>
Other Taxes:			
Insurance Prem.	\$88,900	\$84,000	(\$4,900)
Miscellaneous	2,000	2,000	--
<b>Total</b>	<b>\$90,900</b>	<b>\$86,000</b>	<b>(\$4,900)</b>
<b>Total Taxes</b>	<b>\$3,877,436</b>	<b>\$3,967,000</b>	<b>\$89,564</b>
Other Revenues:			
Interest	\$79,628	\$92,000	\$12,372
Transfers			
Project 2000	(23,700)	(20,000)	3,700
Other Transfers	(8,675)	(7,500)	1,175
Agency Earnings	43,186	44,200	1,014
<b>Total Other Revenue</b>	<b>\$90,439</b>	<b>\$108,700</b>	<b>\$18,261</b>
<b>Total Receipts</b>	<b>\$3,967,875</b>	<b>\$4,075,700</b>	<b>\$107,825</b>

\*--as adjusted for legislation enacted subsequent to this meeting.



**STATE GENERAL FUND REVENUE ESTIMATES**

In Millions

1 Fiscal Year	2 Original Estimate <sup>1</sup> (Nov. or Dec.)	3 Leg. Changes <sup>2</sup>		5 Adj. Original Estimate (2 + 3 + 4)	6 Revisions by Consensus Estimating Group				9 Final Estimate <sup>3</sup> (5 + 9)	11 Actual Receipts <sup>3</sup>	12 Diff. Between Actual Receipts and Adj. Original Estimate		13 Diff. Between Actual Receipts and Final Estimate	
		First Session	Second Session		1st March or April	Nov. or Dec.	2nd March or April	Total			Amount	Percent	Amount	Percent
1975	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1976	\$670.5	\$5.8	-	\$676.3	-	\$23.5 <sup>b</sup>	-	\$23.5 <sup>b</sup>	\$614.9 <sup>a</sup>	\$627.6	-	-	\$12.7	2.1%
1977	750.4	9.8	(d)	760.2	-	3.4	-	0.4	699.7	701.2	\$24.9	3.7%	1.4	0.2
1978	828.5	2.0	(0.4)	830.1	-	31.1	-	31.1	760.7	776.5	16.3	2.1	15.8	2.1
1979	943.5	1.8	-	945.2	-	36.8	-	36.8	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1980	1,075.9	(56.6)	(d)	1,019.3	-	15.6	-	15.6	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1981	1,198.5	(1.4)	-	1,197.1	61.0	29.3	-	29.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1982	1,352.6	(0.4)	(0.9)	1,351.3	-	(17.8)	-	(17.8)	1,226.4	1,226.5	29.4	2.5	0.1	0.0
1983	1,487.6	3.1	108.5	1,599.2	(36.0)	(150.7)	(13.5)	(31.3)	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1984	1,419.4	174.0	3.4	1,596.7	(40.6)	(17.1)	(45.6)	(232.3)	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1985	1,672.8	2.3	22.6	1,697.7	-	(17.9)	-	(17.9)	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1986	1,722.9	3.2	5.1	1,731.2	-	(55.1)	(9.5)	(64.7)	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1987	1,733.7	169.6	(0.2)	1,903.1	(44.8)	(93.6)	-	(138.4)	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1988	1,947.0	6.0 <sup>e</sup>	7.0 <sup>e</sup>	1,960.0	-	9.8	61.8	71.6	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1989	2,019.4	(9.5)	(2.1)	2,007.8	27.6	160.2	11.3	199.1	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1990	2,321.2	(80.3)	0.3	2,241.2	14.9	42.1	(14.9)	42.1	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1991	2,337.0	0.8	1.0	2,338.8	6.4	16.4	(1.0)	21.8	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1992	2,454.2	13.7	10.8	2,478.7	(22.9)	12.1	(13.4)	(24.2)	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1993	2,564.4	349.0	(d)	2,913.4	(17.3)	54.6	(21.1)	16.2	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1994	3,035.5	4.8	(0.2)	3,040.1	(4.5)	50.3	41.0 <sup>f</sup>	86.7	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1995	3,221.4	(10.1)	(36.9)	3,174.4	39.5	37.4	(7.3)	69.6	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1996	3,409.3	17.5	1.2	3,428.0	(33.0)	(27.3)	41.6 <sup>g</sup>	(18.7)	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1997	3,520.3	4.2	0.3	3,524.8	(9.6)	100.4	26.8	117.6	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1998	3,755.1	(1.7)	(39.0)	3,714.4	(30.5)	217.3	69.7	256.5	3,642.4	3,683.8	159.0	4.5	41.4	1.1
									3,971.0	4,023.7	309.3	8.3	52.7	1.3

- The first estimate for a fiscal year as included in the Governor's Budget Report to the Legislature, adjusted to delete the estimated effect on receipts of any policy recommendations by the Governor.
- Estimated effect of revenue measures enacted which increased or decreased receipts.
- For FYs 1975-1988, not adjusted for 1988 legislation which changed three revenue transfers (netted out of receipts) to demand transfers (expenditures).

- The first estimate of the Consensus Estimating Group was the revised estimate for FY 1975. This final estimate of \$614.9 million reflects a reduction in receipts of about \$127,000 made by the 1975 Legislature.
  - Includes \$6 million added on 1/8/76 to reflect increase in the state income tax withholding rate and extension of the federal Revenue Adjustment Act of 1975 through FY 1976.
  - This reduction was to account for a Kansas Supreme Court decision which affected sales tax receipts.
  - Less than \$50,000.
  - The 1987 Legislature authorized a revenue transfer of \$7.43 million for county reappraisal aid and is so reflected in the "Second Session" column. This was later changed, by executive action, to a demand transfer (expenditure) and that change is reflected in the "Second Session" column along with legislative action which reduced receipts by \$432,000.
  - Includes nearly \$15.2 million (net) due to enactment of 1993 S.B. 393, which revamped the unclaimed property law.
  - Includes about \$31.3 million in inheritance tax from one estate received after the November 1995 estimate.
- Note: Details may not add to totals due to rounding.



**STATE GENERAL FUND\***  
**In Thousands**

Fiscal Year	Receipts		Expenditures		Receipts in Excess of Expenditures		Released Encumbrances	Ending Balances	Balance as Percent of		
	Amount	% Incr.	Amount	% Incr.					Next Year's Receipts	Next Year's Expend.	Current Year Expend.
1966	\$ 250,824 <sup>(a)</sup>		\$ 222,417		\$ 28,407		\$ 53	\$ 80,363	31.6%	33.6%	36.1%
1967	254,130 <sup>(a)</sup>	1.3%	239,376	7.6%	14,754	43,161	81	95,199	37.4	36.8	39.8
1968	254,817	0.3	258,728	8.1	(3,911)		75	91,364	32.4	32.7	35.3
1969	282,124	10.7	279,136	7.9	2,988		206	94,558	31.4	27.5	33.9
1970	301,069	6.7	343,617	23.1	(42,548)	(64,773)	353	52,363	15.7	14.8	15.2
1971	333,637	10.8	354,939	3.3	(21,302)		420	31,481	8.4	8.6	8.9
1972	375,841	12.6	366,331	3.2	9,510		201	41,192	9.4	10.7	11.2
1973	436,151 <sup>(b)</sup>	16.0	386,701	5.6	49,450		230	90,872	16.6	18.5	23.5
1974	547,138 <sup>(b)</sup>	25.4	490,456	26.8	56,682		302	147,856	23.6	24.7	30.1
1975	627,711 <sup>(b)</sup>	14.7	598,387	22.0	29,324	158,327	1,792	178,972	25.5	25.5	29.9
1976	701,257	11.7	701,648	17.3	(391)		572	179,153	23.1	21.9	25.5
1977	776,592	10.7	816,589	16.4	(39,997)		1,280	140,437	16.4	16.7	17.2
1978	854,843	10.1	841,164	3.0	13,679		817	154,934	15.4	16.0	18.4
1979	1,007,284	17.8	967,214	15.0	40,070		920	195,924	17.8	17.6	20.3
1980	1,099,461	9.2	1,113,603	15.1	(14,142)		1,506	183,288	14.9	14.5	16.5
1981	1,233,261	12.2	1,265,711	13.7	(32,450)		1,257	152,095	11.9	11.3	12.0
1982	1,281,498 <sup>(c)</sup>	3.9	1,342,057 <sup>(c)</sup>	6.0	(60,559)	(149,553)	856	92,393	6.7	6.5	6.9
1983	1,371,707 <sup>(c)</sup>	7.0	1,414,109 <sup>(c)</sup>	5.4	(42,402)		1,136	51,127	3.3	3.4	3.6
1984	1,561,745 <sup>(d)</sup>	13.9	1,518,194	7.4	43,551	67,508	915	95,592	5.7	5.8	6.3
1985	1,679,084 <sup>(d)</sup>	7.5	1,655,127	9.0	23,957		857	120,406	7.2	6.8	7.3
1986	1,668,924	(0.6)	1,770,499	7.0	(101,575)	(101,575)	848	19,679	1.1	1.1	1.1
1987	1,820,679 <sup>(f)</sup>	9.1	1,768,718 <sup>(h)</sup>	(0.1)	51,961		1,614	73,253	3.4	3.8	4.1
1988	2,147,124 <sup>(g)</sup>	17.9	1,920,849 <sup>(i)</sup>	8.6	226,275	346,634	1,687	301,214	13.5	13.9	15.7
1989	2,228,313 <sup>(i)</sup>	3.8	2,159,915	12.4	68,398		1,746	371,358	16.1	15.5	17.2
1990	2,300,496	3.2	2,400,232	11.1	(99,736)		1,288	272,910	11.5	10.9	11.4
1991	2,382,321	3.6	2,495,418	4.0	(113,097)	(238,296)	2,423	162,236	6.6	6.5	6.5
1992	2,465,807	3.5	2,491,270 <sup>(k)</sup>	(0.2)	(25,463)		3,702	140,475	4.8	5.2	5.6
1993	2,932,030	18.9 <sup>(m)</sup>	2,690,098	8.0	241,932	306,601	2,536	384,941	12.1	12.4	14.3
1994	3,175,692	8.3	3,111,023	15.6	64,669		4,802	454,413	14.1	13.7	14.6
1995	3,218,807	1.4	3,309,835	6.4	(91,028)	(91,028)	3,587	366,972	10.6	10.7	11.1
1996	3,448,270	7.1	3,439,229	3.9	9,041	9,041	3,159	379,172	10.3	10.7	11.0
1997	3,683,775	6.8	3,538,018	2.9	145,757	145,757	2,971	527,931	13.1	13.9	14.9
1998	4,023,683	9.2	3,801,498	7.4	222,185	222,185	3,958	753,955	19.0	17.9	19.8
TOTAL	\$ 50,726,101		\$ 50,072,106		\$ 653,995	\$ 653,995 /1.3%					
App. 1999	4,075,700 <sup>(l)</sup>	1.3	4,201,751 <sup>(l)</sup>	10.5	(126.1)	(126.1)	-	627,700	-	-	14.9

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\* Effective in FY 1966, the former Retail Sales Tax Fund was abolished and combined with the General Fund. Sources of the basic data in this table are the annual reports of the Division of Accounts and Reports, except for any changes explained in the footnotes.

Special Note. When applicable from FY 1975 through FY 1988, both receipts and expenditures have been increased by identical amounts in order to be consistent with the FYs 1989-1994 data, which reflect 1988 legislation that changed three revenue transfers (which were netted out of receipts) to demand transfers (expenditures). The transfers affected were to the Workers Compensation Fund (FY 1975 on), City-County Highway Fund (FY 1981 on), and State Highway Fund (FY 1984 on). See tabulation on the following page. This adjustment, of course, had no effect on the actual ending balance in FYs 1975-1988. The transfer to the Workers Compensation Fund was eliminated, effective in FY 1994, by 1993 legislation.

- a) Receipts in both 1966 and 1967 included nonrecurring revenue; approximately \$25 million of such revenue in 1966 resulted from institution of the income tax withholding and declaration system.
- b) Adjusted for miscoding of insurance premium taxes and domestic insurance companies privilege taxes.
- c) Receipts in FYs 1983 and 1984 include accelerated receipts from income tax withholding and sales and use taxes as required by 1983 legislation.
- d) Includes \$22.9 million from acceleration of insurance premium tax payments.
- e) Includes revenue from temporary limitation on deductibility of federal income tax on state individual income tax returns.
- f) Includes revenue from sales and use tax rate increase enacted in 1986.
- g) The 1983 Legislature lapsed \$52.2 million and deferred certain state aid payments by changing distribution dates.
- h) The 1987 Legislature lapsed \$60.1 million and shifted \$24.9 million from FY 1987 to FY 1988.
- i) Includes some part or all of the so-called income tax "windfall" due to the 1986 federal tax reform law.
- j) Adjusted for State Fair transfer; receipts and expenditures both offset by \$575,000.
- k) In August 1991, the State Finance Council approved the Governor's recommendation for a 1 percent reduction affecting nearly all General Fund expenditures.
- l) Receipts -- consensus estimate as of November 10, 1998.  
Expenditures -- as authorized by the 1998 Legislature (reflects vetoes not overridden), plus shifting of \$18.237 million from FY 1998, but excluding \$15.792 million for general and supplemental state aid to school districts which might or might not be needed to finance fully the aid formula in FY 1999. General and supplemental school aid amount estimated by the Department of Education, Division of the Budget, and the Kansas Legislative Research Department on November 9, 1998.
- m) Reflects income, sales, and use taxes increased in 1992 to provide greater state aid to school districts.

Kansas Legislative Research Department  
Revised January 12, 1999

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**State General Fund Profile  
FY 1998 - FY 2004**

FY 1999 and FY 2000 Consensus Revenue Estimate (November Estimate)  
Expenditures FY 1999 as Approved by the 1998 Legislature, Plus Shifting from FY 1998  
Education Consensus Estimate for General and Supplemental School Aid  
Selected Demand Transfers Capped  
All Other Expenditures in FY 2000 - FY 2004 Grow Within Available Resources  
Minimum Ending Balance of at Least 7.5 Percent

	Actual FY 1998	Increase	Revised FY 1999	Increase	Projected FY 2000	Increase	Projected FY 2001	Increase	Projected FY 2002	Increase	Projected FY 2003	Increase	Projected FY 2004	Increase
Beginning Balance(a)	\$528.1		\$753.8		\$627.7		\$337.3		\$329.1		\$340.7		\$355.7	
<b>RECEIPTS:(b)</b>	4,027.2	343.4 9.3%	4,075.7	48.5 1.2%	4,230.6	154.9 3.8%	4,401.6	171.0 4.0%	4,582.1	180.5 4.1%	4,779.6	197.5 4.3%	4,985.1	205.5 4.3%
<b>EXPENDITURES:</b>														
Base General and Supplemental School Aid (c)	1,384.0	1.5% 19.7	1,419.1	2.5% 35.1	1,404.8	-1.0% (14.3)	1,388.1	-1.2% (16.7)	1,368.7	-1.4% (19.4)	1,348.0	-1.5% (20.7)	1,326.4	-1.6% (21.6)
Approved Property Tax Relief:														
Approved Mill Levy Reduction (35/20 mills; \$20,000 homestead)	108.7	108.7	266.1	157.4	321.3	55.2	331.6	10.3	342.2	10.6	353.1	10.9	364.3	11.2
Approved Motor Vehicle Property Tax Relief	46.3	24.7	75.5	29.2	103.8	28.3	125.9	22.1	131.8	5.9	137.1	5.3	142.6	5.5
Subtotal - Approved Property Tax Relief	155.0	133.4	341.6	186.6	425.1	83.5	457.5	32.4	474.0	16.5	490.2	16.2	506.9	16.7
Subtotal - Approved General and Supplemental School Aid (c)	1,539.0	153.1 11.2%	1,760.7	221.7 14.4%	1,829.9	69.2 3.9%	1,845.6	15.7 0.9%	1,842.7	(2.9) -0.2%	1,838.2	(4.5) -0.2%	1,833.3	(4.9) -0.3%
Demand Transfers: (e)	205.1	5.4	218.2	13.1	223.2	5.0	229.2	6.0	237.8	8.6	248.4	8.6	255.3	8.9
All Other Expenditures(d)	2,057.4	103.6 5.3%	2,222.9	165.5 8.0%	2,222.9	0.0 0.0%	2,335.0	112.1 5.0%	2,335.0	0.0 0.0%	2,490.0	155.0 6.6%	2,680.0	190.0 7.6%
<b>Available for Other Purposes(g)</b>	0.0	0.0	0.0	0.0	245.0	245.0	0.0	(245.0)	155.0	155.0	190.0	35.0	200.0	10.0
TOTAL Expenditures	3,801.5	263.3 7.4%	4,201.8	400.3 10.5%	4,521.0	319.2 7.6%	4,409.8	(111.2) -2.5%	4,570.5	160.7 3.6%	4,764.6	194.1 4.2%	4,968.6	204.0 4.3%
Ending Balance(f)	753.8		627.7		337.3		329.1		340.7		355.7		372.2	
Percent of Expenditures	19.8%		14.9%		7.5%		7.5%		7.5%		7.5%		7.5%	
Receipts in Excess of Expenditures	225.7		(126.1)		(290.4)		(8.2)		11.6		15.0		16.5	

a) Includes actual released encumbrances of \$3.5 million in FY 1998.

b) Receipts are actual for FY 1998. Receipts for FY 1999 and FY 2000 reflect the November 5, 1998 consensus revenue estimates. The projections for FYs 2001 - 2004 are not consensus estimates of receipts but are based on a growth rate of 4.0 percent in FY 2001; 4.1 percent in FY 2002; 4.3 percent in FY 2003; and 4.3 percent in FY 2004.

c) Base estimate of general and supplemental school aid payments in FY 1998 (actual), estimates for FY 1999 (revised) - FY 2002 were made by the Department of Education, Division of the Budget, and the Legislative Research Department on November 9, 1998. For FY 1999 the amount reflects an increase in the base per pupil amount of \$50 from \$3,670 to \$3,720, an additional correlation weighting adjustment and an increase in at-risk weight from .065 to .080, and the reduction in the uniform property tax rate from 27 to 20 mills and a homestead exemption of \$20,000. The FY 2000 - FY 2004 estimates assume a uniform school mill levy of 20 mills and a \$20,000 homestead and a base aid per pupil amount of \$3,720. FY 2003 and FY 2004 are estimated by the Legislative Research Department.

d) FY 1998 actual all other expenditures. The FY 1999 amount is as approved by the Legislature on all other expenditures, plus shifting of \$18.2 million in expenditures from FY 1998 to FY 1999. For FY 2000 - FY 2003 all other expenditures generally reflect the prior year's all other expenditures, plus the prior year's amount that is available for other purposes.

e) Demand transfers for the School District Capital Improvement Fund, Water Plan Fund, State Fair and the Local Ad Valorem Tax Reduction Fund (FY 1999 - FY 2003) all reflect current law. For the State Highway Fund, County-City Revenue Sharing Fund, and the City-County Highway Fund are actual in FY 1997 and for FY 1998 a cap of 1.75 percent. For FY 1999 a cap of 2.4 percent; FY 2000 a cap of 0.1 percent; FY 2001 a cap of 1.9 percent; FY 2002 a cap of 3.8 percent; and for FY 2003 and FY 2004 a cap of 3.5 percent.

f) Current law minimum ending balance requirement is 7.5 percent of expenditures.

g) Available for other purposes such as additional expenditures or tax reductions.

Kansas Legislative Research Department  
December 11, 1998

January 12, 1999

**To:** House Appropriations Committee and Senate Ways and Means Committee

**Re:** Changes in Budget Analysis Format

The attached sample budget analysis includes the changes noted below. **Please note that this document is only an example; the numbers contained therein are fictitious and are not correctly calculated.**

## **Budget Trends Section**

- The "Change From Approved Budget" table has been expanded to reflect approved current year expenditures, and the revised agency estimate and Governor's recommendation for current year expenditures.
- FTE positions have been removed from the operating expenditure graph and an independent FTE graph and table by program have been added.

## **Budget Overview Section**

- Narrative has been recast into bullet form for quicker identification of issues.
- New tables reflecting anticipated Kansas Savings Incentive Program expenditures and the Governor's recommended pay plan adjustments by program for the budget year have been added.
- The "Change Table" has been expanded to reflect one year of actual expenditures and dollar and percent change information from the current year to the budget year for both the agency request and the Governor's recommendation.

## **Budget Detail Section**

- Pie charts reflecting All Funds and General Fund expenditures by program with an accompanying table have been added.
- For each program section, a five-year trends chart is added after each summary table.

## **Capital Improvements Table**

- Table has been modified to include current year projects and expenditures.

## **Performance Measures**

- Selected performance measures have been grouped at the end of the writeup.



# DEPARTMENT OF HUMAN RESOURCES

Expenditure	Actual FY 97	Agency Est. FY 98	Gov. Rec. FY 98	Agency Req. FY 99	Gov. Rec. FY 99
<b>All Funds:</b>					
State Operations	\$ 41,757,889	\$ 45,726,338	\$ 45,635,053	\$ 45,369,333	\$ 45,794,680
Aid to Local Units	0	303,000	0	0	0
Other Assistance	164,911,325	179,084,659	189,390,258	186,707,224	186,782,224
Subtotal - Operating	\$ 206,669,214	\$ 225,113,997	\$ 235,025,311	\$ 232,076,557	\$ 232,576,904
Capital Improvements	72,089	25,000	269,000	2,173,500	123,500
<b>TOTAL</b>	<b>\$ 206,741,303</b>	<b>\$ 225,138,997</b>	<b>\$ 235,294,311</b>	<b>\$ 234,250,057</b>	<b>\$ 232,700,404</b>
<b>State General Fund:</b>					
State Operations	\$ 1,125,006	\$ 1,430,105	\$ 1,430,105	\$ 1,433,958	\$ 1,434,996
Aid to Local Units	0	303,000	0	0	0
Other Assistance	312,859	4,659	3,641,859	307,224	307,224
Subtotal - Operating	\$ 1,437,865	\$ 1,737,764	\$ 5,071,964	\$ 1,741,182	\$ 1,742,220
Capital Improvements	0	0	0	50,000	0
<b>TOTAL</b>	<b>\$ 1,437,865</b>	<b>\$ 1,737,764</b>	<b>\$ 5,071,964</b>	<b>\$ 1,791,182</b>	<b>\$ 1,742,220</b>
<b>Other Funds:</b>					
State Operations	\$ 40,632,883	\$ 44,296,233	\$ 44,204,948	\$ 43,935,375	\$ 44,359,684
Aid to Local Units	0	0	0	0	0
Other Assistance	164,598,466	179,080,000	185,748,399	186,400,000	186,475,000
Subtotal - Operating	\$ 205,231,349	\$ 223,376,233	\$ 229,953,347	\$ 230,335,375	\$ 230,834,684
Capital Improvements	72,089	25,000	269,000	2,123,500	123,500
<b>TOTAL</b>	<b>\$ 205,303,438</b>	<b>\$ 223,401,233</b>	<b>\$ 230,222,347</b>	<b>\$ 232,458,875</b>	<b>\$ 230,958,184</b>
<b>Percentage Change:</b>					
<b>Operating Expenditures:</b>					
All Funds	(4.1)%	8.9%	13.7%	3.1%	(1.0)%
State General Fund	33.4	20.9	252.7	(0.8)	(65.6)
<b>FTE Positions</b>					
FTE Positions	1,020.5	1,003.5	1,003.5	1,003.5	1,001.5
Unclass. Temp. Positions	29.0	29.0	29.0	29.0	29.0
<b>TOTAL</b>	<b>1,049.5</b>	<b>1,032.5</b>	<b>1,032.5</b>	<b>1,032.5</b>	<b>1,030.5</b>

## AGENCY OVERVIEW

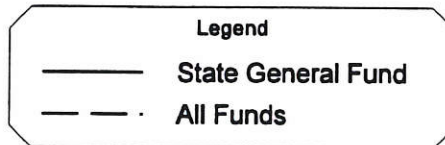
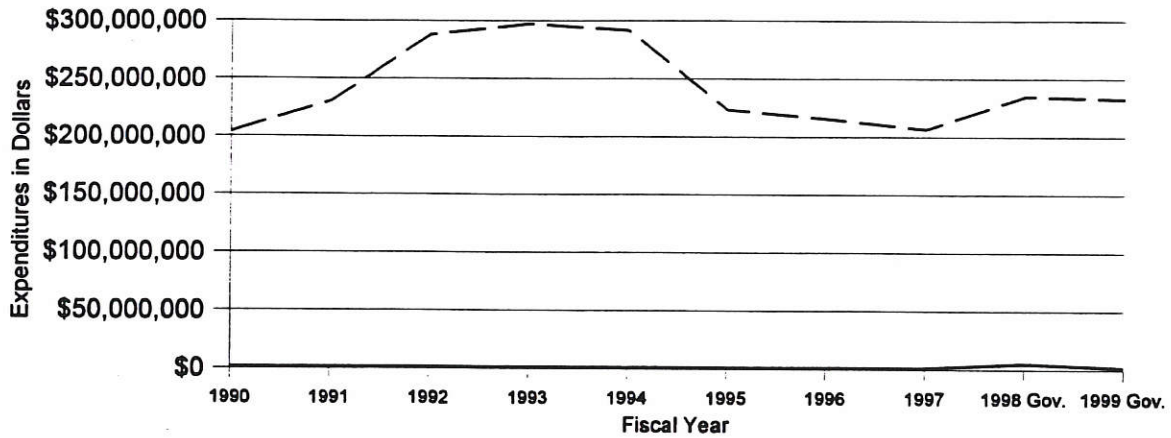
The Department of Human Resources is a cabinet-level agency headed by a secretary appointed by the Governor. The Department has four Divisions, each headed by a director: Workers' Compensation, Staff Services, Employment and Training, and Employment Security.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 1990-FY 1999

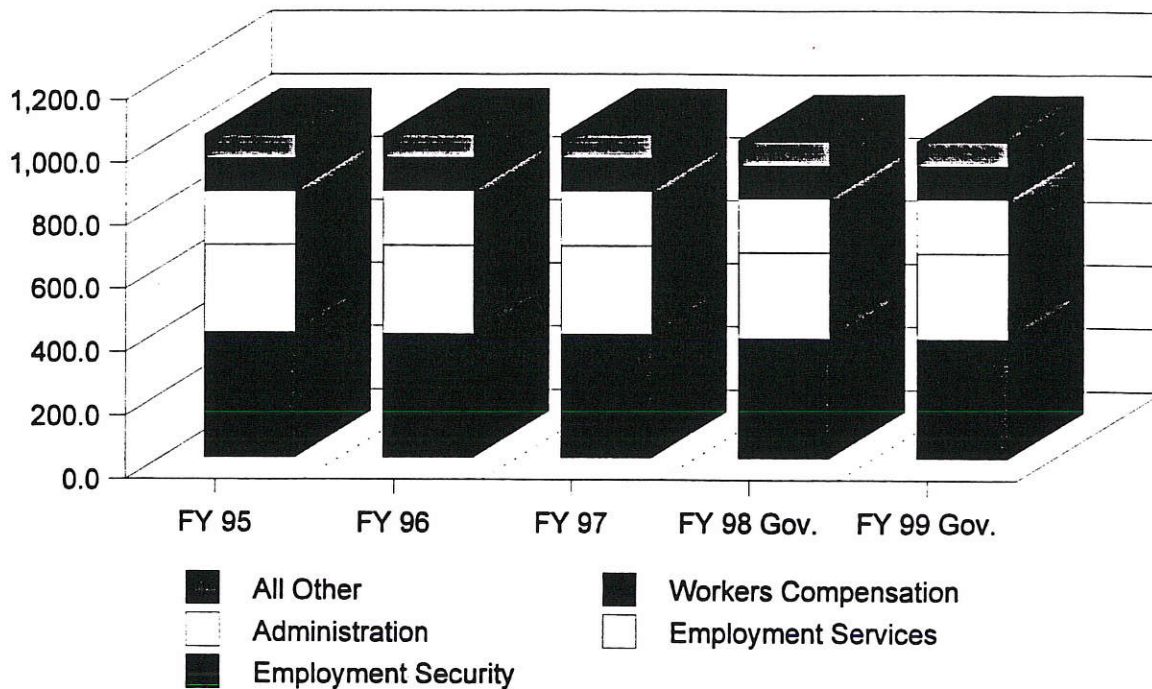
Fiscal Year	SGF	% Change	All Funds	% Change	FTE
1990	\$ 1,335,567	11.4%	\$ 203,773,873	(0.3)%	1,020.5
1991	1,056,796	20.9%	230,338,758	13.0%	1,020.5
1992	1,002,743	(5.1)%	287,857,439	25.0%	1,022.5
1993	1,008,293	0.6%	297,110,591	3.2%	1,021.5
1994	1,034,188	2.6%	291,593,883	(1.9)%	1,021.5
1995	969,435	(6.3)%	223,315,771	(23.4)%	1,020.5
1996	1,077,989	11.2%	215,567,485	(3.5)%	1,020.5
1997	1,437,865	33.4%	206,669,214	(4.1)%	1,020.5
1998 Gov. Rec.	5,071,964	252.7%	235,025,311	13.7%	1,003.5
1999 Gov. Rec.	1,742,220	(65.6)%	232,576,904	(1.0)%	1,001.5
Ten-Year Change Dollars/Percent	\$ 406,653	30.4%	\$ 28,803,031	14.1%	(19.0)

## OPERATING EXPENDITURES FY 1990-FY 1999



**Full-Time Equivalent (FTE) Positions by Program.** The following graph and table reflect FTE positions authorized for the agency by program from FY 1995 to FY 1999.

**FTE Positions by Program—FY 1995-FY 1999**



Program	FY 95	FY 96	FY 97	FY 98 Gov.	FY 99 Gov.
Administration	169.0	173.0	173.0	171.0	171.0
Workers Compensation	106.0	106.0	106.0	106.0	106.0
Employment Security	394.0	389.0	388.0	377.0	375.0
Employment Services	277.5	279.5	279.5	270.5	270.5
Emp. Sec. Systems Inst.	32.0	32.0	32.0	32.0	32.0
Labor Relations	11.0	11.0	11.0	11.0	11.0
Industrial Safety	25.0	24.0	24.0	26.0	26.0
Apprenticeship	2.0	2.0	2.0	2.0	2.0
Hispanic Affairs	1.0	1.0	1.0	1.0	1.0
Disability Concerns	3.0	3.0	4.0	4.0	4.0
African-American Affairs	0.0	0.0	0.0	3.0	3.0
<b>TOTAL</b>	<b>1,020.5</b>	<b>1,020.5</b>	<b>1,020.5</b>	<b>1,003.5</b>	<b>1,001.5</b>



# BUDGET OVERVIEW

## A. FY 1998—Current Year

CHANGE FROM APPROVED BUDGET					
	Approved 1997 Legislature	Agency Est. FY 98	Agency Change From Approved	Gov. Rec. FY 98	Gov. Change From Approved
State General Fund	\$ 1,684,493	\$ 59,762,471	\$ 53,271	\$ 5,071,964	\$ 3,387,471
All Other Funds	207,093,206	27,665,603	1,683,027	229,953,347	22,860,141
<b>TOTAL</b>	<b>\$ 208,777,699</b>	<b>\$ 225,113,997</b>	<b>\$ 16,336,298</b>	<b>\$ 235,025,311</b>	<b>\$ 26,247,612</b>
FTE Positions	1,014.5	1,003.5	(11.0)	1,003.5	(11.0)

The agency's estimate for FY 1998 operating expenditures of \$225,138,997 is an increase of \$16,336,298 from the approved budget. This results from:

- **Increase in unemployment benefits** due to an adjustment in the amount of weekly benefit payments. While subject to appropriation, the employment security benefit fund is treated as a "no limit" appropriation.
- **Kansas Quality Management (KQM) savings** of \$53,271 (SGF)

The Governor recommends \$235,025,311 in FY 1998 for operating expenditures, an increase of \$9,911,314 (4.4 percent) from the agency request. The Governor recommends:

- **Welfare to Work**
  - The majority of this increase is in other assistance and is accounted for by a welfare to work grant received after the agency's submission of the budget.
  - \$5,071,964; \$3,334,200 or 191.9 percent above the agency request from the State General Fund
  - \$229,953,347; \$6,577,114 or 2.9 percent above the agency request from other funds
- **Capital Improvements**
  - The Governor recommends an additional \$244,000, all in federal and special revenue funds

**B. FY 1999—Budget Year**

<b>CHANGE FROM FY 1998</b>		
	<u>Agency Request</u>	<u>Governor's Recommendations</u>
<b>Dollar Change:</b>		
State General Fund	\$ 3,418	\$ (3,329,744)
All Other Funds	6,959,142	881,337
<b>TOTAL</b>	<u><u>\$ 6,962,560</u></u>	<u><u>\$ (2,448,407)</u></u>
<b>Percent Change:</b>		
State General Fund	0.2%	(65.6)%
All Other Funds	3.1	0.4
<b>TOTAL</b>	<u><u>3.1%</u></u>	<u><u>(1.0)%</u></u>
<b>FTE Positions</b>	0.0	(2.0)

The agency requests for FY 1999 operating expenditures funding of \$232,076,557 is an increase of \$6,962,560 (3.1 percent) above the FY 1998 estimate. The agency requests:

- **State General Fund:**
  - \$1,741,182 or 0.8 percent of the total FY 1999 operating request
- **Federal and Special Revenue Funds**
  - \$230,335,375 or 99.2 percent of the total FY 1999 operating request
  - An estimated increase of \$8.0 million in unemployment insurance benefits, offset by reductions in other federal and special revenue funds
- **Salaries and Wages**
  - \$35,676,368 for 1,003.5 FTE positions and 29.0 unclassified temporary positions
  - An increase of \$945,053 (2.7 percent) over the FY 1998 estimate
  - The agency has requested no enhancements

The Governor recommends operating expenditures of \$232,576,904 for FY 1999, an increase of \$500,347 (21.6 percent) from the agency request. The Governor recommends:

- \$1,742,220 from the **State General Fund**
- \$230,834,684 from **other funds**
- **Salaries and Wages**
  - A total of \$36,101,715 or 15.5 percent of the total recommendation for operating expenditures
  - \$496,202 for a 1.5 percent unclassified base salary adjustment and a 4.0 percent unclassified merit pool
- **Capital Improvements**
  - \$123,500 (federal funds), a decrease of \$2,050,000 (94.3 percent) from the agency request

**Staff Note: Reorganizing the Employment Security (Unemployment Insurance) Division;** Changes processing of initial unemployment insurance claims under the **Kansas Initial Claims (KIC)** project:

- Claimants will use a touch-tone telephone keypad to enter basic information to file for unemployment insurance benefits
- Program is entirely federally funded. The agency has received federal grants in the amount of \$752,746 earmarked specifically for this automation project.
- The agency will combine the seven current district Unemployment Insurance offices into three telephone call centers located in Wichita, Topeka and Kansas City
- Anticipate the Topeka call center up by August 1998 and the Wichita and Kansas City centers operating by November 1998

<b>FY 1999 Enhancements</b>							
Enhancement	Agency Request			Governor's Recommendation			
	SGF	All Funds	FTE	SGF	All Funds	FTE	
<b>The agency requests no enhancements.</b>							



**Kansas Savings Incentives Program (KSIP) Expenditures.** The Governor's recommendation for FY 1999 includes a total of \$215,000 in Kansas Savings Incentives Program expenditures. This represents one-half of the amount anticipated to be saved in the agency's FY 1998 authorized budget. The expenditures would be authorized as follows:

Program	Salary Bonuses	Professional Dev. Training	Technology Equipment	TOTAL
Administration	\$ 0	\$ 1,000	\$ 48,400	\$ 49,400
Workers Compensation	0		0	0
Employment Security	0		0	0
Employment Services	0	1,700	79,000	80,700
Emp. Sec. Systems Inst.				
Labor Relations	0		13,000	13,000
Industrial Safety	0		47,000	47,000
Apprenticeship	0	500	7,900	8,400
Hispanic Affairs	0		4,700	4,700
Disability Concerns	0		5,000	5,000
African-American Affairs	0	500	6,300	6,800
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 3,700</b>	<b>\$ 211,300</b>	<b>\$ 215,000</b>

**Governor's Recommended Pay Plan Adjustments.** Of the total recommended salaries and wages of \$18.0 million, the Governor's recommended FY 1999 pay plan adjustments totals \$1,337,774 for classified step movement, longevity, a classified base salary adjustment of 1.5 percent, and a 4.0 percent unclassified merit pool, and are reflected by program in the table as follows:

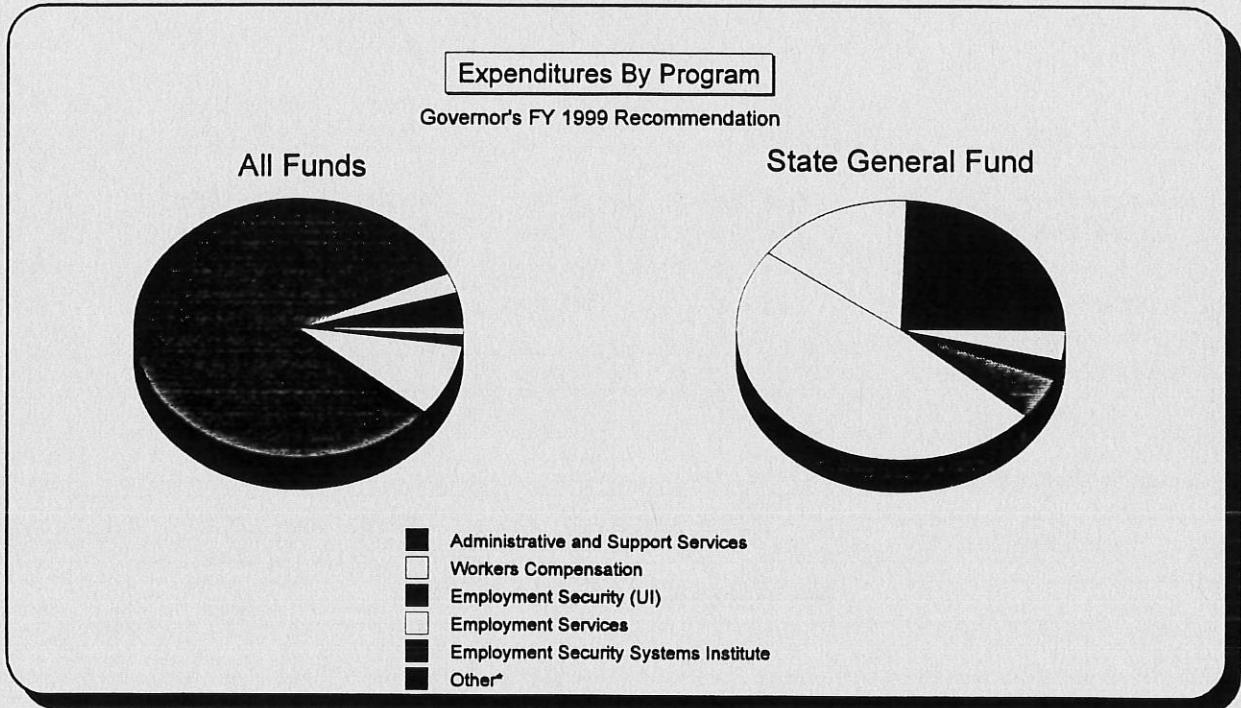
Program	Classified Step Movement	Longevity	Classified Base Salary Adjustments	Unclassified Merit
Administration and Support Serv.	83,560	99,920	83,560	17,098
Workers Compensation	63,878	33,120	74,076	17,789
Employment Security	99,500	49,750	126,754	0
Employment Services	212,317	106,158	138,132	0
Emp. Sec. Systems Inst.	31,725	15,862	20,902	0
Labor Relations	8,991	4,496	4,701	0
Industrial Safety and Health Prog.	15,885	7,792	9,124	15,623
Apprenticeship Program	1,991	0	794	0
Hispanic Affairs	0	0	0	3,190
Disability Concerns	2,437	4,874	1,869	0
African-American Affairs	0	0	0	1,906
<b>TOTAL</b>	<b>520,284</b>	<b>321,972</b>	<b>459,912</b>	<b>55,606</b>

**Summary of Operating Budget FY 1997-FY 1999**

	Actual FY 1997	Agency Request				Governor's Recommendation			
		Revised FY 98 Estimate	FY 99 Request	Dollar Change From FY 98	Percent Change From FY 98	Revised FY 98 Rec.	FY 99 Rec.	Dollar Change From FY 98	Percent Change From FY 98
<b>By Program:</b>									
Admin. & Support Services	\$ 10,400,571	\$ 10,400,571	\$ 10,400,571	\$ 23,601	9.3%	\$ 10,400,571	\$ 10,500,265	\$ 123,702	7.2%
Workers Compensation	7,930,179	7,930,179	7,930,179	230,515	(2.7)%	7,930,179	8,006,910	307,246	(2.4)%
Employment Security	189,810,876	189,810,876	189,810,876	7,016,732	28.6%	189,810,876	189,966,670	7,227,721	3.4%
Employment Services	20,676,184	20,676,184	20,676,184	(343,382)	62.9%	20,676,184	20,810,997	(10,175,485)	2.9%
Labor Relations/Employ. Stnds.	471,186	471,186	471,186	(43,951)	7.9%	471,186	476,543	(38,594)	7.9%
ESSI	2,213,098	2,213,098	2,213,098	59,974	(125.8)%	2,213,098	2,236,291	83,167	(125.8)%
Hispanic Affairs	166,862	166,862	166,862	2,385	3.5%	166,862	168,228	3,751	3.5%
Disability Concerns	233,076	233,076	233,076	14,192	4.7%	233,076	235,205	16,321	4.7%
African American Affairs	174,525	174,525	174,525	2,494	1.2%	174,525	175,795	3,764	1.2%
<b>TOTAL</b>	<b>\$ 232,076,557</b>	<b>\$ 232,076,557</b>	<b>\$ 232,076,557</b>	<b>\$ 6,962,560</b>	<b>(108.5)%</b>	<b>\$ 232,076,557</b>	<b>\$ 232,576,904</b>	<b>\$ (2,448,407)</b>	<b>(108.5)%</b>
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 35,676,368	\$ 35,676,368	\$ 35,676,368	\$ 945,053	2.4%	\$ 35,676,368	\$ 36,101,715	\$ 1,425,595	2.4%
Contractual Services	8,301,089	8,301,089	8,301,089	(53,154)	6.4%	8,301,089	8,301,089	(17,064)	6.4%
Commodities	678,044	678,044	678,044	19,375	4.2%	678,044	678,044	19,375	4.2%
Capital Outlay	713,832	713,832	713,832	(1,268,279)	13.4%	713,832	713,832	(1,268,279)	13.4%
Other Assist., Grants, Benefits	186,707,224	186,707,224	186,707,224	7,319,565	15.4%	186,707,224	186,782,224	(2,608,034)	15.4%
<b>TOTAL</b>	<b>\$ 232,076,557</b>	<b>\$ 232,076,557</b>	<b>\$ 232,076,557</b>	<b>\$ 6,962,560</b>	<b>41.8%</b>	<b>\$ 232,076,557</b>	<b>\$ 232,576,904</b>	<b>\$ (2,448,407)</b>	<b>41.8%</b>
<b>Financing:</b>									
State General Fund	\$ 1,724,172	\$ 1,724,172	\$ 1,724,172	\$ (13,592)	3.2%	\$ 1,724,172	\$ 1,742,220	\$ (3,329,744)	3.2%
Employment Security Fund	26,905,621	26,905,621	26,905,621	(393,048)	(4.8)%	26,905,621	27,088,994	(154,480)	(4.8)%
JTPA Funds	13,590,370	13,590,370	13,590,370	(541,608)	2.5%	13,590,370	13,638,130	(458,165)	2.5%
Worker's Comp. Fee Fund	7,786,368	7,786,368	7,786,368	181,056	14.8%	7,786,368	7,913,852	308,540	14.8%
ESSI	2,353,424	2,353,424	2,353,424	62,387	19.5%	2,353,424	2,376,895	85,858	19.5%
U.I. Benefit Fund	178,000,000	178,000,000	178,000,000	8,000,000	(78.7)%	178,000,000	178,075,000	8,075,000	(78.7)%
EDIF	0	0	0	(50,000)	(3.2)%	0	0	(50,000)	(3.2)%
Other Funds	1,716,602	1,716,602	1,716,602	(282,635)	27.8%	1,716,602	1,741,813	(6,925,416)	27.8%
<b>TOTAL</b>	<b>\$ 232,076,557</b>	<b>\$ 232,076,557</b>	<b>\$ 232,076,557</b>	<b>\$ 6,962,560</b>	<b>(18.9)%</b>	<b>\$ 232,076,557</b>	<b>\$ 232,576,904</b>	<b>\$ (2,448,407)</b>	<b>(18.9)%</b>

6-7





Program	FY 99 Gov. Rec. All Funds	FY 99 Gov. Rec. SGF
Administrative and Support Services	\$ 10,500,265	\$ 10,500,265
Workers Compensation	6,565,702	6,565,702
Employment Services (Unemployment Insurance)	189,966,670	189,966,670
Employment Security	20,723,278	20,723,278
Employment Security Systems Institute	2,236,291	2,236,291
Labor Relations and Employment Standards (Other)*	476,543	476,543
Industrial Safety and Health	1,441,748	1,441,748
Apprenticeship (Other)*	87,719	87,719
Advisory Committee on Hispanic Affairs (Other)*	168,228	168,228
Commission on Disability Concerns (Other)*	235,205	235,205
Advisory Committee on African-American Affairs (Other)*	175,795	175,795
TOTAL	<u>\$ 232,577,444</u>	<u>\$ 232,577,444</u>



### A. Administration and Support Services

This program provides services needed by other programs in the agency. Subprograms include General Administration, Legal Services, Support Services, and Data Processing.

ADMINISTRATION AND SUPPORT SERVICES PROGRAM SUMMARY OF EXPENDITURES FY 1997-FY 1999					
Item	Actual FY 1997	Agency Est. FY 1998	Gov. Rec. FY 1998	Agency Req. FY 1999	Gov. Rec. FY 1999
Salaries and Wages	\$ 6,953,867	\$ 7,399,709	\$ 7,399,709	\$ 7,559,982	\$ 7,659,676
Contractual Services	1,861,830	2,171,361	2,170,954	2,289,164	2,289,164
Commodities	417,396	363,900	363,900	374,425	374,425
Capital Outlay	550,244	442,000	442,000	177,000	177,000
Other Assistance	791,337	0	0	0	0
Total—Oper. Expenditures	<u>\$ 10,574,675</u>	<u>\$ 10,376,970</u>	<u>\$ 10,376,563</u>	<u>\$ 10,400,571</u>	<u>\$ 10,500,265</u>
FTE Positions	173.0	171.0	171.0	171.0	171.0
Unclassified Temp. Positions	2.0	2.0	2.0	2.0	2.0
TOTAL	<u>175.0</u>	<u>173.0</u>	<u>173.0</u>	<u>173.0</u>	<u>173.0</u>

**Administration and Support Services 5-Year Expenditures**

■ All Funds Expenditures (Actual or Gov. Rec.)

#### Important Issues in This Program

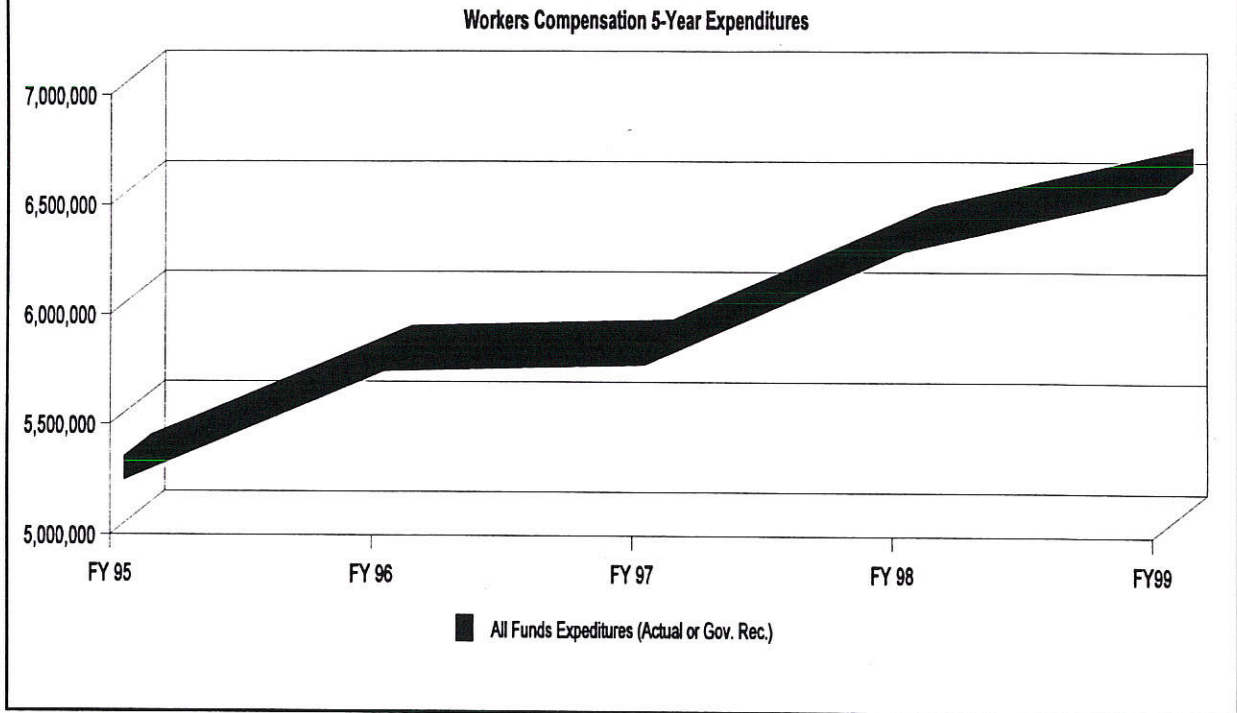
- ◆ The agency requests \$177,000 for capital outlay for FY 1999. The request is itemized below:
  - Purchase of law books and legal supplements (\$12,000)
  - Replacements of personal computers and CRTs (\$130,000)
  - Replacement of laser printer for mainframe computer (\$35,000).
- ◆ The Governor recommends \$177,000 for capital outlay, the same as the agency's request.

**B. Division of Workers Compensation**

The Division administers the Kansas Workers Compensation Act. The Division is fee funded by assessments from insurance carriers and self-insured employers. Assessments are based on paid claims during the most recent calendar year in relation to the approved budget.

DIVISION OF WORKERS COMPENSATION PROGRAM SUMMARY OF EXPENDITURES FY 1997-FY 1999					
Item	Actual FY 1997	Agency Est. FY 1998	Gov. Rec. FY 1998	Agency Req. FY 1999	Gov. Rec. FY 1999
Salaries and Wages	\$ 3,942,474	\$ 4,238,784	\$ 4,238,784	\$ 4,364,895	\$ 4,427,286
Contractual Services	1,377,630	1,777,477	1,777,477	1,852,312	1,852,312
Commodities	69,636	76,500	76,500	76,500	76,500
Capital Outlay	388,707	202,067	202,067	209,064*	209,604
Aid to Local Units	63	0	0	0	0
<b>Total—Oper. Expenditures</b>	<b>\$ 5,778,510</b>	<b>\$ 6,294,828</b>	<b>\$ 6,294,828</b>	<b>\$ 6,502,771</b>	<b>\$ 6,565,702</b>
FTE Positions	106.0	106.0	106.0	106.0	106.0
Unclassified Temp. Positions	5.0	5.0	5.0	5.0	5.0
<b>TOTAL</b>	<b>111.0</b>	<b>111.0</b>	<b>111.0</b>	<b>111.0</b>	<b>111.0</b>

\* This includes \$9,064 for personal computer CD updates and reference books and \$200,000 KQM.

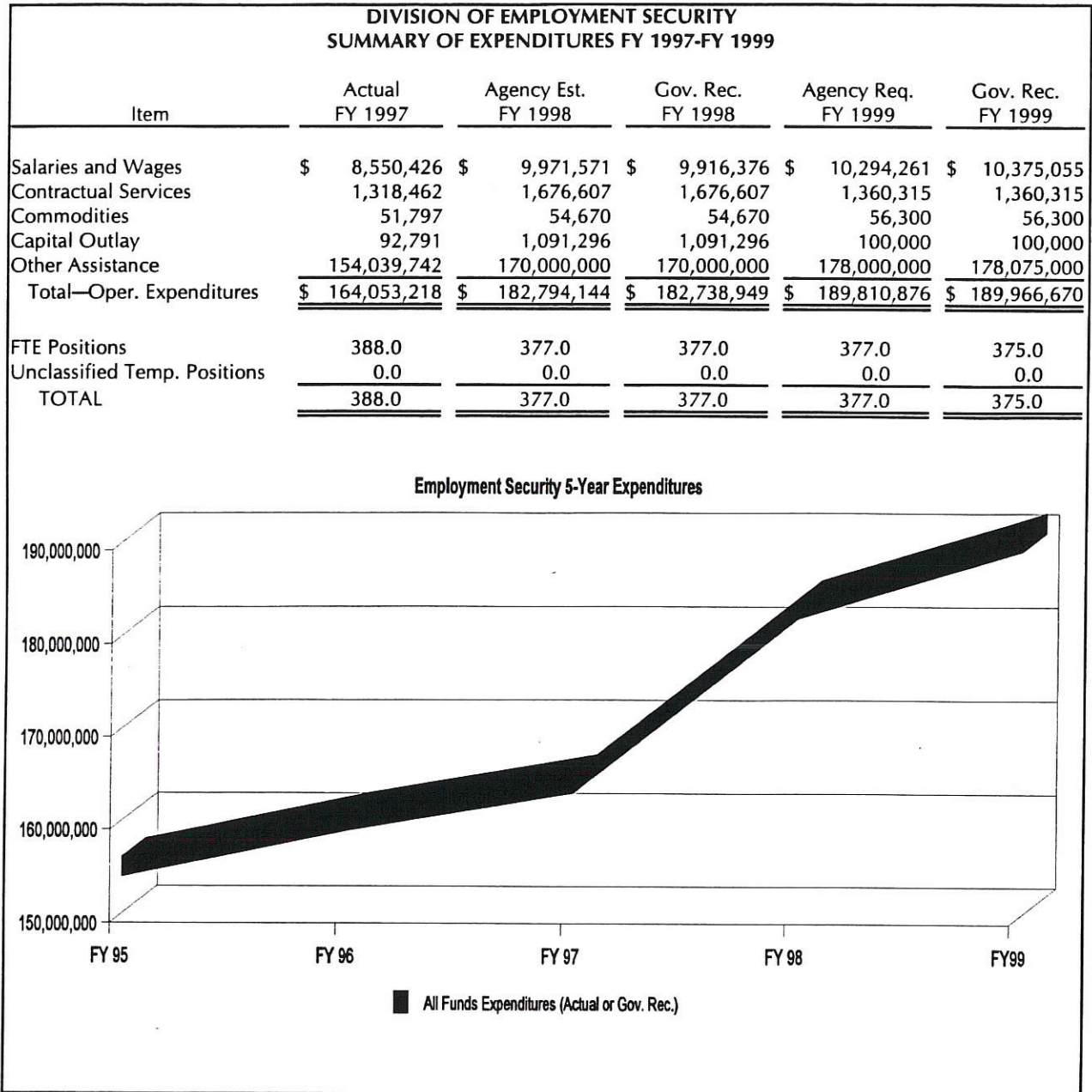


**Important Issues in This Program**

- ◆ The agency requests funding of \$6,502,771 for FY 1999, a decrease of \$230,515 or 2.7 percent from FY 1998.
- ◆ The Governor recommends funding of \$656,702 for FY 1999, a decrease of \$307,246 or 2.4 percent from FY 1998.

### C. Division of Employment Security (Unemployment Insurance)

The Division operates the state's unemployment insurance program. The unemployment insurance program provides workers the means of getting through a temporary period of unemployment. **Staff Note:** The agency is reorganizing the Employment Security (Unemployment Insurance) Division. The agency is developing program changes for the way it processes initial unemployment insurance claims. Under the **Kansas Initial Claims (KIC)** project, claimants will use a telephone to file for initial unemployment insurance benefits. The total estimated cost of the program changes is approximately \$2.5 million, funded entirely with federal money from the Unemployment Insurance Administration Fund. The agency anticipates most of this money being expended in FY 1998 and FY 1999.



#### Important Issues in This Program

- ◆ The agency requests funding of \$6,502,771 for FY 1999, a decrease of \$230,515 or 2.7 percent from FY 1998.
- ◆ The Governor recommends funding of \$656,702 for FY 1999, a decrease of \$307,246 or 2.4 percent from FY 1998.

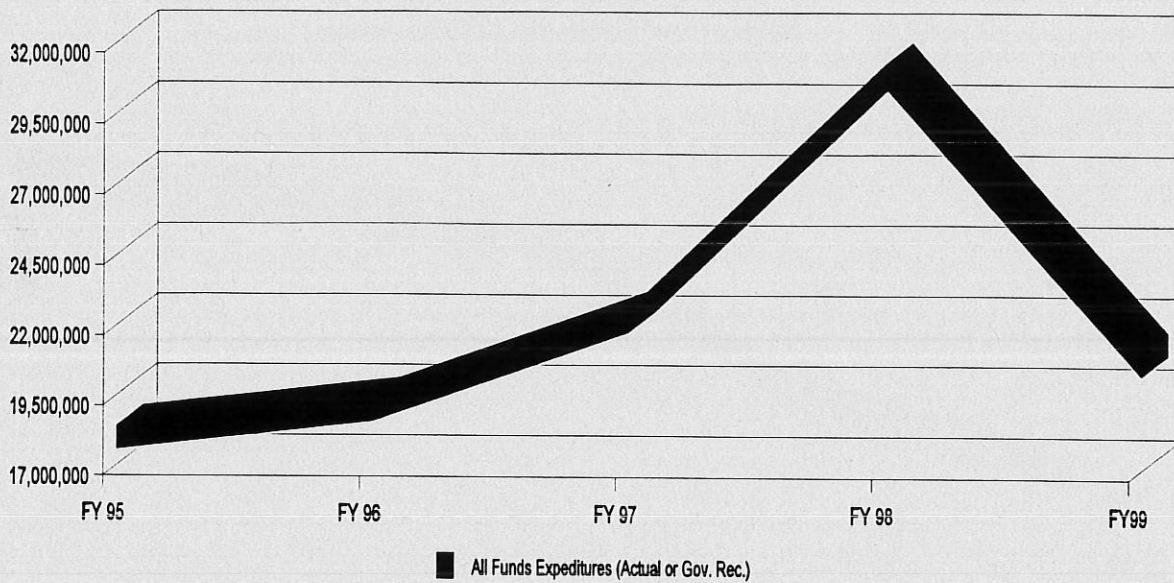


### D. Division of Employment Services

The Division includes the Employment and Training program which operates the state's Job Service offices to facilitate the match between job seekers and employers and administers grants received under the federal Job Training Partnership Act. This Division also oversees the Apprenticeship program which is detailed in subsection H.

DIVISION OF EMPLOYMENT SERVICES SUMMARY OF EXPENDITURES FY 1997-FY 1999					
Item	Actual FY 1997	Agency Est. FY 1998	Gov. Rec. FY 1998	Agency Req. FY 1999	Gov. Rec. FY 1999
Salaries and Wages	\$ 9,279,529	\$ 9,627,199	\$ 9,627,199	\$ 9,916,039	\$ 10,049,946
Contractual Services	1,686,891	1,737,410	1,701,727	1,776,388	1,776,388
Commodities	101,569	111,385	111,385	114,720	114,720
Capital Outlay	1,045,747	75,000	75,000	75,000	75,000
Aid to Local Units	345,710	0	0	0	0
Other Assistance	9,732,081	9,383,000	19,385,599	8,707,224	8,707,224
<b>Total—Oper. Expenditures</b>	<b>\$ 22,191,527</b>	<b>\$ 20,933,994</b>	<b>\$ 30,900,910</b>	<b>\$ 20,589,371</b>	<b>\$ 20,723,278</b>
FTE Positions	279.5	270.5	270.5	270.5	270.5
Unclassified Temp. Positions	20.0	20.0	20.0	20.0	20.0
<b>TOTAL</b>	<b>299.5</b>	<b>290.5</b>	<b>290.5</b>	<b>290.5</b>	<b>290.5</b>

Employment Services 5-Year Expenditures



### Important Issues in This Program

#### Welfare to Work Grant

- ◆ The agency requests \$4 billion for FY 1999, an increase of 99 percent, or \$3 billion, from FY 1998.
- ◆ The Governor does not recommend funding for this program.

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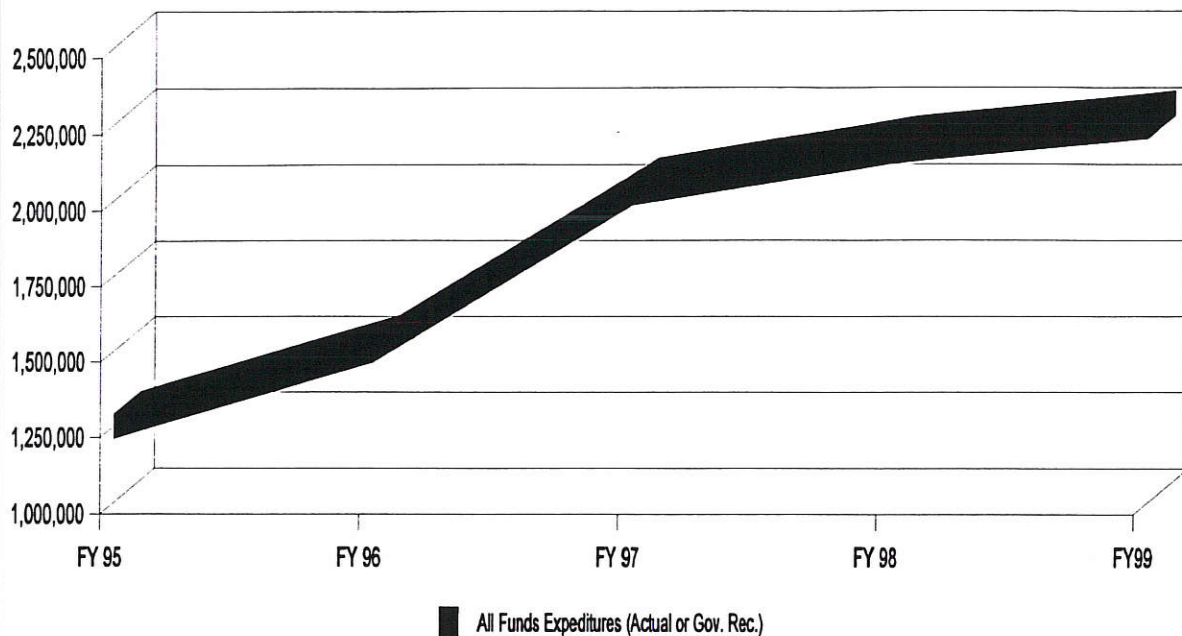
◆ The grant was received after the submission of the agency's budget.

◆ For FY 1998 the **Governor** recommends \$10.1 million for Welfare to Work, including \$3.6 million from the State General Fund.

**E. Employment Security Systems Institute (ESSI).** ESSI develops and maintains computerized data systems used by federal and state employment agencies. ESSI is funded through a consortia of state employment security agencies and other government contracts.

EMPLOYMENT SECURITY SYSTEMS INSTITUTE SUMMARY OF EXPENDITURES FY 1997-FY 1999					
Item	Actual FY 1997	Agency Est. FY 1998	Gov. Rec. FY 1998	Agency Req. FY 1999	Gov. Rec. FY 1999
Salaries and Wages	\$ 1,506,571	\$ 1,614,269	\$ 1,614,269	\$ 1,656,158	\$ 1,679,351
Contractual Services	398,261	420,455	420,455	432,800	432,800
Commodities	20,031	23,400	23,400	24,140	24,140
Capital Outlay	94,103	95,000	95,000	100,000	100,000
Total—State Oper.	<u>\$ 2,018,966</u>	<u>\$ 2,153,124</u>	<u>\$ 2,153,124</u>	<u>\$ 2,213,098</u>	<u>\$ 2,236,291</u>
FTE Positions	32.0	32.0	32.0	32.0	32.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>

Employment Security Systems Institute 5-Year Expenditures



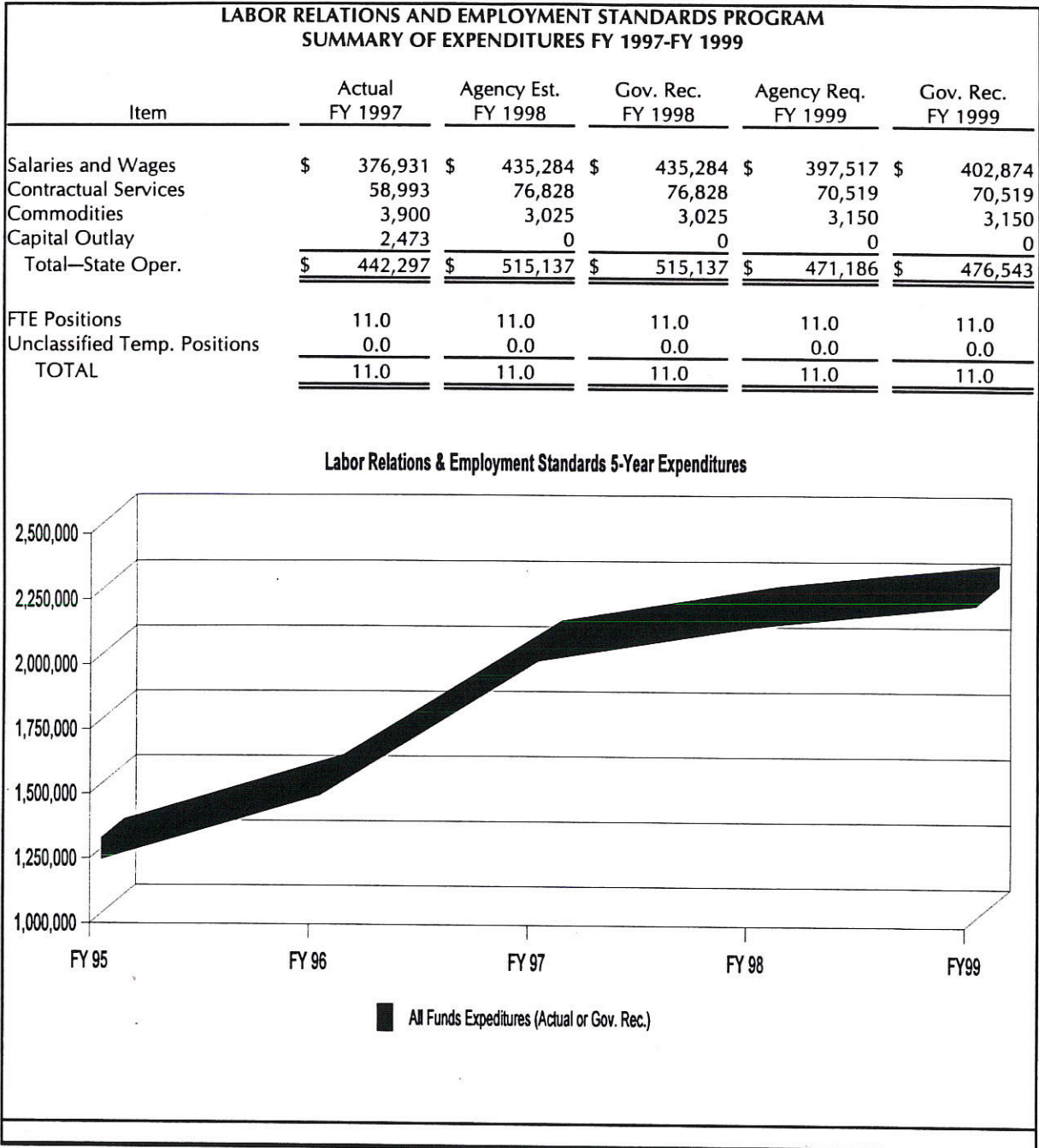
### Important Issues in This Program

◆ The agency requests funding of \$6,502,771 for FY 1999, a decrease of \$230,515 or 2.7 percent from FY 1998.

◆ The Governor recommends funding of \$656,702 for FY 1999, a decrease of \$307,246 or 2.4 percent from FY 1998.

**F. Labor Relations and Employment Standards Program**

This program enforces laws relating to employment standards, labor relations, and public employee relations. The Employment Standards Section is primarily responsible for the enforcement of minimum wage, wage payment, and child labor laws, but also regulates private employment agencies. The Labor Relations Section provides assistance in the organizational or collective bargaining process to employers and employees in the private sector who are exempt from federal laws, agricultural employers and employees, and all public employers and state employees. Mediation, fact finding, and arbitration services are available in the event of an impasse in negotiations.





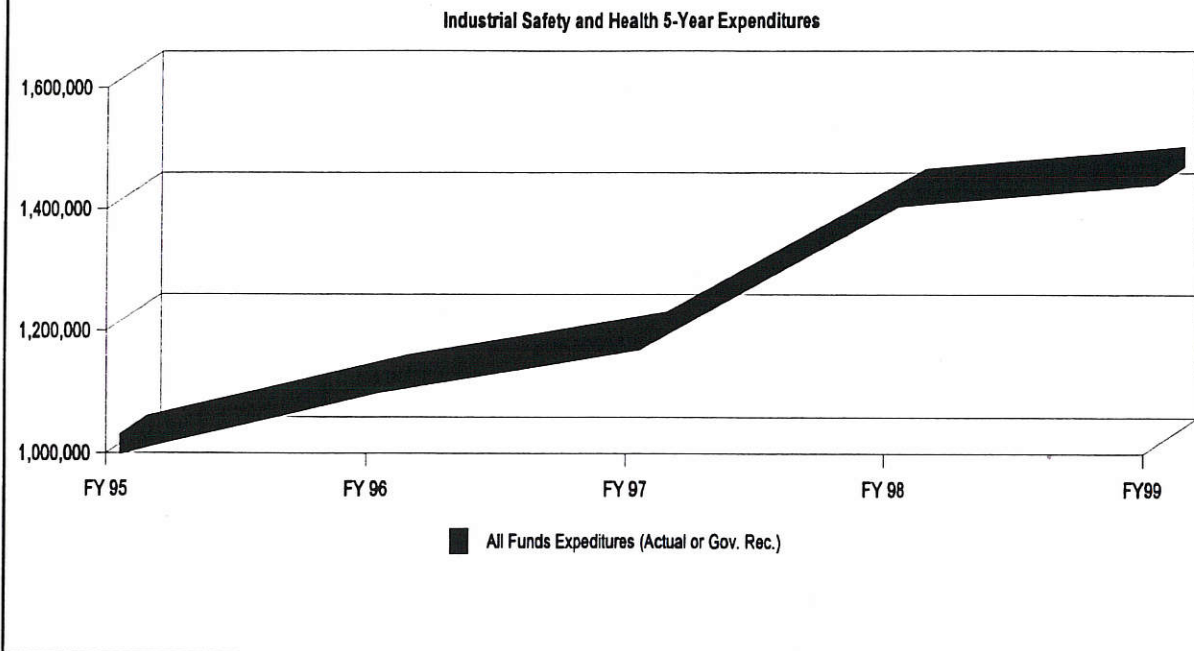
## Important Issues in This Program

- ◆ The agency requests funding of \$6,502,771 for FY 1999, a decrease of \$230,515 or 2.7 percent from FY 1998.
- ◆ The Governor recommends funding of \$656,702 for FY 1999, a decrease of \$307,246 or 2.4 percent from FY 1998.

### G. Industrial Safety and Health Program

This program has two subprograms: Industrial Safety and Health and Boiler Inspection. The Industrial Safety and Health subprogram provides a free program to the private sector which interprets the requirements of the federal Occupational Safety and Health Administration's (OSHA) laws, rules, and regulations. The Boiler Inspection subprogram provides for the inspection of all boilers in the state. This subprogram is financed by fees.

<b>INDUSTRIAL SAFETY AND HEALTH PROGRAM SUMMARY OF EXPENDITURES FY 1997-FY 1999</b>					
Item	Actual FY 1997	Agency Est. FY 1998	Gov. Rec. FY 1998	Agency Req. FY 1999	Gov. Rec. FY 1999
Salaries and Wages	\$ 842,675	\$ 1,011,187	\$ 1,011,187	\$ 1,041,020	\$ 1,055,360
Contractual Services	245,056	316,363	316,363	324,680	324,680
Commodities	12,590	11,580	11,580	11,940	11,940
Capital Outlay	69,738	65,706	65,706	49,768	49,768
<b>Total—State Oper.</b>	<b>\$ 1,170,059</b>	<b>\$ 1,404,836</b>	<b>\$ 1,404,836</b>	<b>\$ 1,427,408</b>	<b>\$ 1,441,748</b>
FTE Positions	24.0	26.0	26.0	26.0	26.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>24.0</b>	<b>26.0</b>	<b>26.0</b>	<b>26.0</b>	<b>26.0</b>



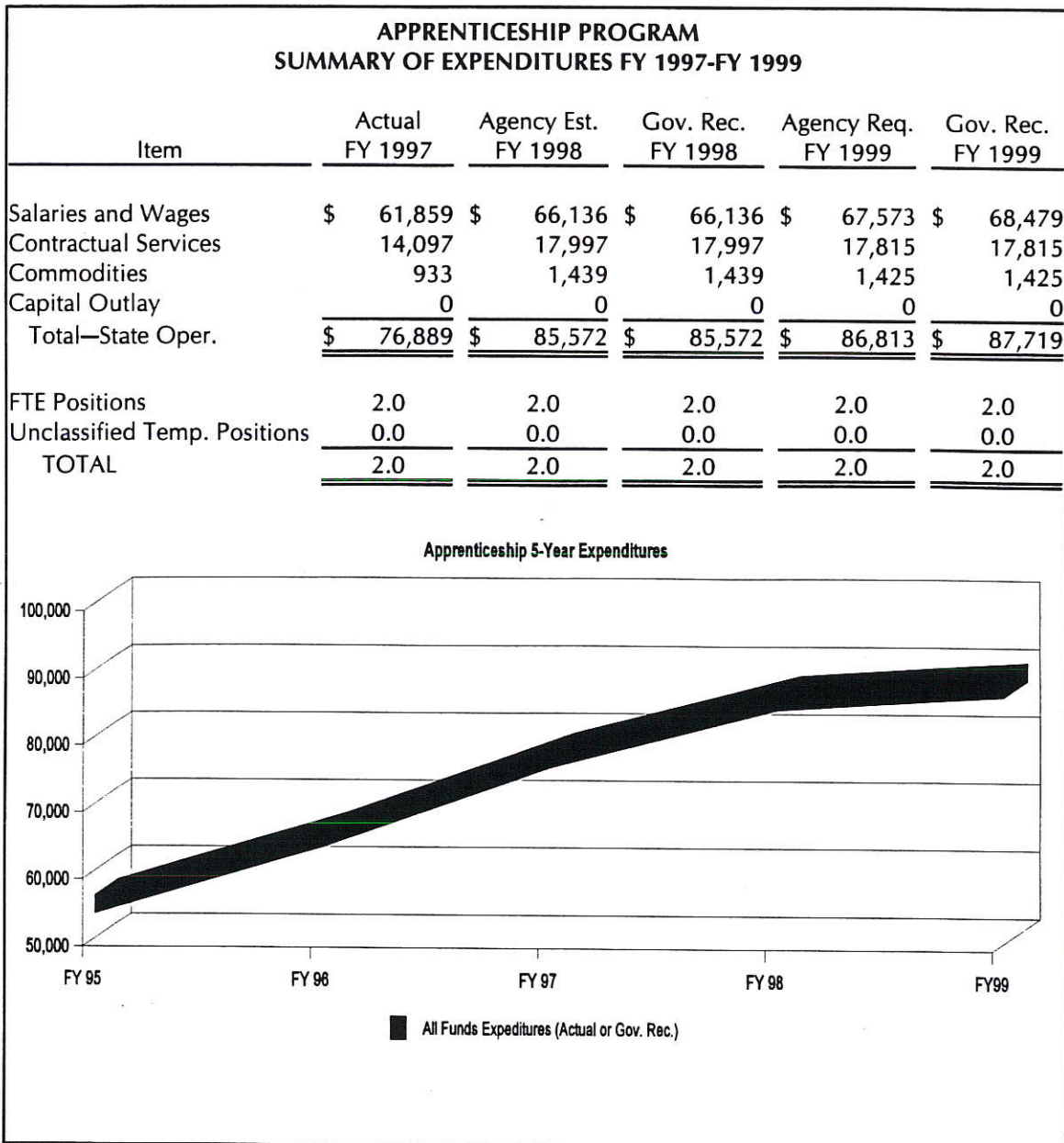
## Important Issues in This Program

◆ The agency requests funding of \$6,502,771 for FY 1999, a decrease of \$230,515 or 2.7 percent from FY 1998.

◆ The Governor recommends funding of \$656,702 for FY 1999, a decrease of \$307,246 or 2.4 percent from FY 1998.

### H. Apprenticeship Program

This program is designed to develop, and provide technical assistance for the maintenance of apprenticeship programs. Staff coordinates activities with the Kansas Apprenticeship Council, State Board of Education, U.S. Department of Labor Bureau of Apprenticeship and Training, and the Job Training Partnership Act to promote the apprenticeship concept.



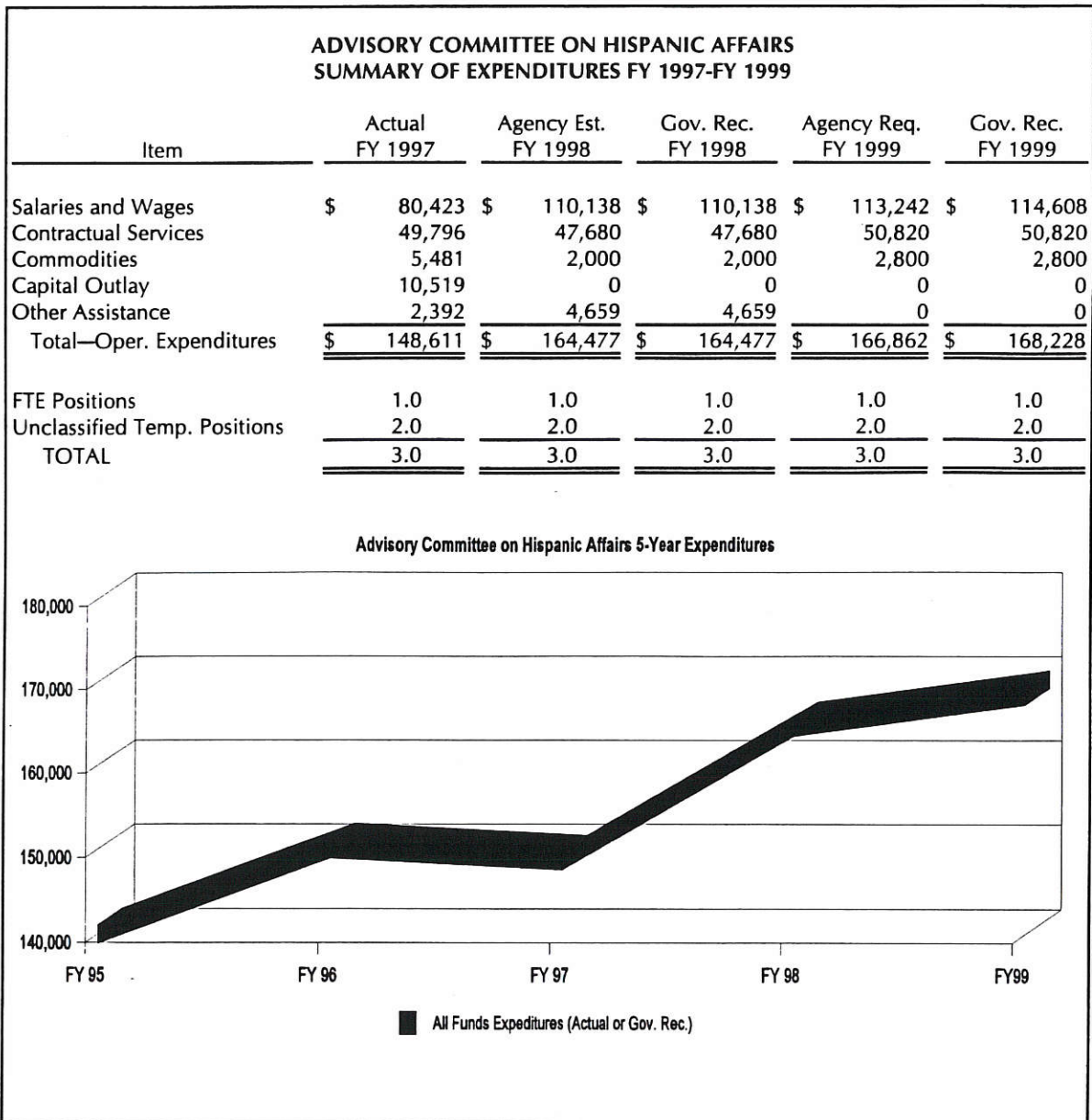
## Important Issues in This Program

◆ The agency requests funding of \$6,502,771 for FY 1999, a decrease of \$230,515 or 2.7 percent from FY 1998.

◆ The Governor recommends funding of \$656,702 for FY 1999, a decrease of \$307,246 or 2.4 percent from FY 1998.

### I. Advisory Committee on Hispanic Affairs

The Committee is designed to respond to the special needs of Kansas Hispanics through the provision of technical assistance to Hispanic community-based organizations, and research and policy analysis on issues of concern to Hispanics. The Committee also disseminates information to a network of Hispanic individuals and organizations, monitors legislation, and serves as a liaison between the Hispanic community and the executive, legislative, and judicial branches of government.





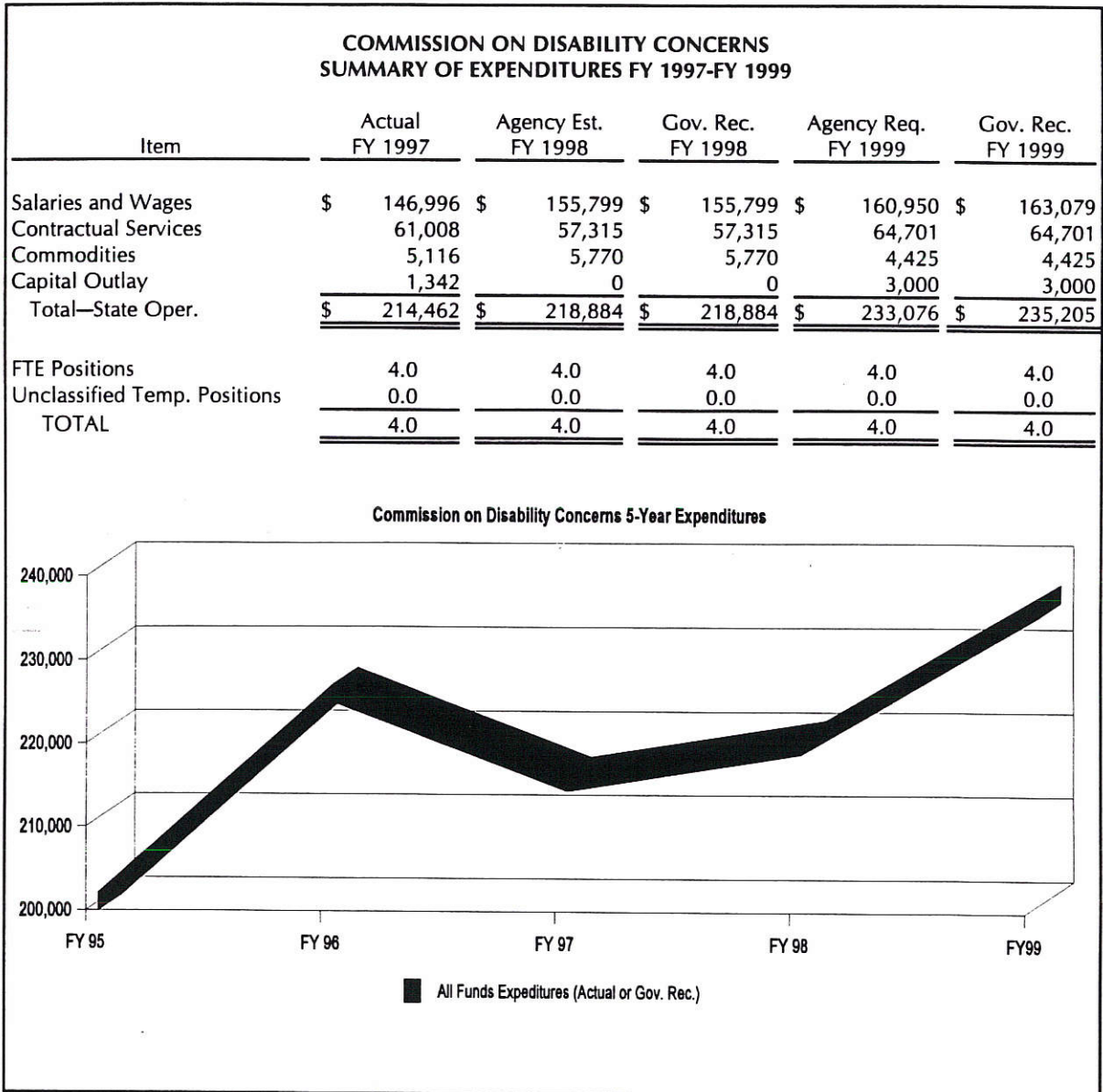
## Important Issues in This Program

◆ The agency requests funding of \$6,502,771 for FY 1999, a decrease of \$230,515 or 2.7 percent from FY 1998.

◆ The Governor recommends funding of \$656,702 for FY 1999, a decrease of \$307,246 or 2.4 percent from FY 1998.

### J. Commission on Disability Concerns

The Commission promotes the independence of disabled Kansans by presenting workshops on disability rights and advocacy, pursuing legislative initiatives, rendering technical assistance on reasonable accommodation, and engaging in policy analysis and research.



## Important Issues in This Program

◆ The agency request funding of \$189,810,876 for FY 1999, an increase of \$7,106,732 or 28.6 percent from FY 1998.

◆ The Governor recommends funding of \$189,966,670 for FY 1999, an increase of \$7,016,732 or 28.6 percent over FY 1998.

◆ The agency requests \$72,121 in funding for other operating expenditures in FY 1999. The request is an increase of \$9,041 (14.3 percent) over the FY 1998 estimate. This includes an increase of \$5,254 (33.4 percent) in travel and subsistence to account for increases in per diem, lodging and mileage and to provide an additional training opportunity for staff attendance; and an increase in fees-other services to pay for the anticipated increase in interpreter fees to accommodate the newest commissioner who is deaf (\$2,140 or 115.1 percent). Actual FY 1997 other operating expenditures were \$67,466.

◆ The Governor concurs.

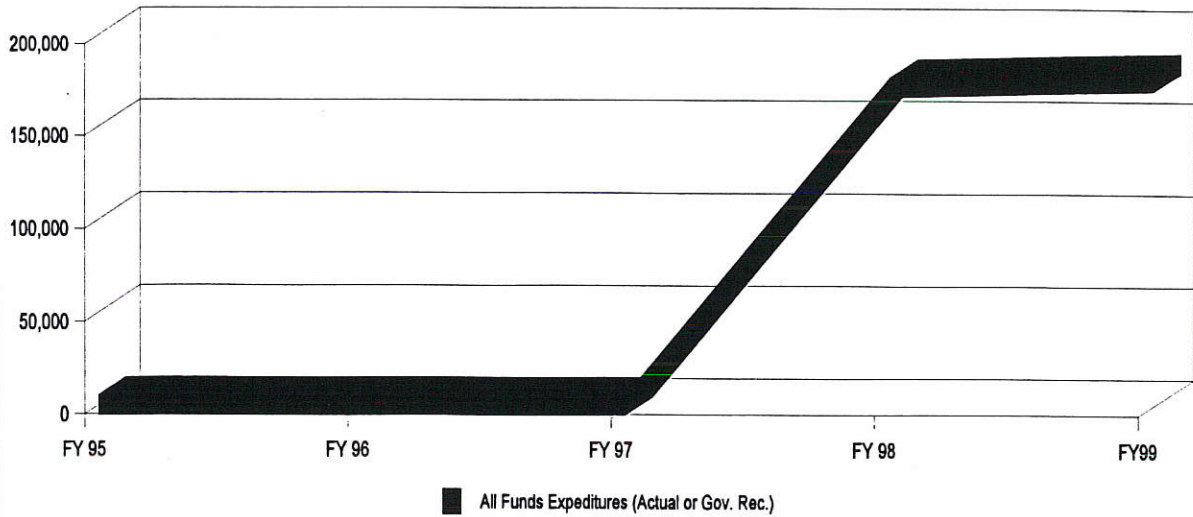
***K. Advisory Committee on African-American Affairs***

The 1997 Legislature established this program as of July 1, 1997. The commission is to gather and disseminate information on problems concerning African-Americans, assist and cooperate with other state agencies to serve the needs of African-Americans, and to propose new programs concerning African-Americans.

**ADVISORY COMMITTEE ON AFRICAN AMERICAN AFFAIRS  
SUMMARY OF EXPENDITURES FY 1997-FY 1999**

Item	Actual FY 1997	Agency Est. FY 1998	Gov. Rec. FY 1998	Agency Req. FY 1999	Gov. Rec. FY 1999
Salaries and Wages	\$ 0	\$ 101,239	\$ 101,239	\$ 104,731	\$ 106,001
Contractual Services	0	54,750	54,750	61,575	61,575
Commodities	0	5,000	5,000	8,219	8,219
Capital Outlay	0	11,042	11,042	0	0
<b>Total—State Oper.</b>	<b>\$ 0</b>	<b>\$ 172,031</b>	<b>\$ 172,031</b>	<b>\$ 174,525</b>	<b>\$ 175,795</b>
FTE Positions	0.0	3.0	3.0	3.0	3.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>

**Advisory Committee on African-American Affairs 5-Year Expenditures**



**Important Issues in This Program**

- ◆ The agency requests funding of \$6,502,771 for FY 1999, a decrease of \$230,515 or 2.7 percent from FY 1998.
- ◆ The Governor recommends funding of \$656,702 for FY 1999, a decrease of \$307,246 or 2.4 percent from FY 1998.

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## CAPITAL IMPROVEMENTS

Project	Revised Agency Est. FY 1998	Revised Gov. Rec. FY 1998	Agency Req. FY 1999	Gov. Rec. FY 1999
Replace Air Conditioning System (522 State, Kansas City)	\$ 0	\$ 0	\$ 93,500	\$ 93,500
Replace Air Conditioning System (427 SW Topeka, Topeka)	0	0	30,000	30,000
Modifications for ADA Accessibility (433 SW Topeka, Topeka)	0	0	50,000 *	0
Purchase of Building (8417 Santa Fe Drive, Overland Park)	0	0	2,000,000 *	0
Building Purchase	<u>244,000</u>	<u>244,000</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b><u>\$ 244,000</u></b>	<b><u>\$ 244,000</u></b>	<b><u>\$ 2,173,500</u></b>	<b><u>\$ 123,500</u></b>
<b>Financing:</b>				
Reed Act - Federal Fund	\$ 244,000	\$ 244,000	\$ 123,500	\$ 123,500
State General Fund	0	0	50,000 *	0
Revenue Bonds - KDFA	0	0	2,000,000 *	0
<b>TOTAL</b>	<b><u>\$ 244,000</u></b>	<b><u>\$ 244,000</u></b>	<b><u>\$ 2,173,500</u></b>	<b><u>\$ 123,500</u></b>

\* Requests withdrawn subsequent to submission of budget requests.

### OTHER ASSISTANCE

The agency estimates, and the Governor recommends, the following for other assistance payments:

Item	Actual FY 97	Agency Est. FY 98	Gov. Rec. FY 98	Agency Req. FY 99	Gov. Rec. FY 99
State General Fund	\$ 348,258	\$ 4,659	\$ 3,641,859	\$ 307,224	\$ 307,224
Employment Security Admin. Fund	830,450	0	0	0	0
JTPA Title IIA Fund	4,208,774	3,600,000	3,600,000	3,300,000	3,300,000
JTPA Title IIB Fund	2,219,856	2,300,000	2,300,000	2,300,000	2,300,000
JTPA Title III EDWAA Fund	2,991,386	2,800,000	2,800,000	2,800,000	2,800,000
JTPA Title III Disc. Fund	116,968	380,000	380,000	0	0
JTPA Title IIC	154,078	0	0	0	0
U.I. Benefits	154,039,742	170,000,000	170,000,000	178,000,000	178,075,000
Welfare to Work Grant	0	0	6,668,399	0	0
<b>TOTAL</b>	<b><u>\$ 164,909,512</u></b>	<b><u>\$ 179,084,659</u></b>	<b><u>\$ 189,390,258</u></b>	<b><u>\$ 186,707,224</u></b>	<b><u>\$ 186,782,224</u></b>

## SELECTED PERFORMANCE MEASURES

<b>Workers Compensation</b>						
	<u>FY 96</u> Actual	<u>FY 97</u> Actual	<u>FY 98</u> Estimate	<u>FY 99</u> Estimate	<u>FY 00</u> Goal	<u>FY 01</u> Goal
Average number of days to process accident report	24.0	9.3	9.0	8.5	8.5	8.5
Average number of days to respond to information requests	3	5	3	3	3	3
No. of settlement hearings held	450	443	450	450	450	450
No. of prehearing settlement conf.	4,061	4,468	4,190	4,400	4,400	4,400
No. of cases heard by Appeals Board	791	764	900	1,000	1,000	1,000
<b>Employment Security</b>						
	<u>FY 96</u> Actual	<u>FY 97</u> Actual	<u>FY 98</u> Estimate	<u>FY 99</u> Estimate	<u>FY 00</u> Goal	<u>FY 01</u> Goal
% of intrastate claimants issued first payments within 14 days	91.6%	90.4%	91.5%	92.0%	92.0%	92.0%
Percent of claimants filing weekly claims via the voice response system*	10.0%	96.0%	100.0%	100.0%	100.0%	100.0%
Initial claims filed	138,468	124,096	135,000	140,000	140,000	140,000
Est. avg. duration of unemployment insurance benefits received (in weeks)	14.6	13.6	13.6	13.5	13.5	13.5
Claimants exhausting unemployment insurance benefits	16,154	15,506	16,000	16,000	16,000	16,000
* Under the current system for unemployment insurance claimants file in person when originally applying for benefits and are able to file for continued benefits via the telephone.						
<b>Employment Services</b>						
	<u>FY 96</u> Actual	<u>FY 97</u> Actual	<u>FY 98</u> Estimate	<u>FY 99</u> Estimate	<u>FY 00</u> Goal	<u>FY 01</u> Goal
Job placements	42,432	50,509	60,000	60,000	60,000	60,000
Job openings filled	65.0%	60.0%	75.0%	75.0%	75.0%	75.0%
Job referrals	103,217	234,265	234,265	234,265	234,265	234,265
Job services provided to individuals	148,760	511,340	511,340	511,340	511,340	511,340
% of job seekers obtaining employment	19.0%	14.0%	14.0%	25.0%	25.0%	25.0%
Referrals to employment training	14,880	11,378	11,378	12,000	13,000	13,500
<b>Industrial Safety and Health</b>						
	<u>FY 96</u> Actual	<u>FY 97</u> Actual	<u>FY 98</u> Estimate	<u>FY 99</u> Estimate	<u>FY 00</u> Goal	<u>FY 01</u> Goal
Work sites inspected	832	832	875	900	900	900
Hazards identified	3,235	3,235	3,500	4,000	4,000	4,000
Employees subjected to identified hazards	21,172	21,172	22,000	22,000	22,000	22,000
Investigations of serious or fatal injuries	0	2	2	2	2	2
Registered boilers	26,392	26,500	26,600	26,600	26,600	26,600
Boiler inspections	8,813	10,000	10,500	10,500	10,500	10,500
Potential of boiler failures or accidents prevented	1,800	2,200	2,400	2,400	2,400	2,400

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