

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Vice-Chairperson Melvin Neufeld at 9:15 a.m. on February 23, 2000 in Room 514-S of the Capitol.

All members were present except: Representative Adkins - excused
Representative Spangler - excused

Committee staff present: Alan Conroy, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Julian Effird, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Dave Stallings, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:
Representative Shari Weber
Wes Santee, Chairman of the Board of Trustees, State of Kansas Sports Hall of Fame
Ted Hayes, Executive Director, State of Kansas Sports Hall of Fame
Gary Musselman, Executive Director, Kansas State High School Activities

Others attending: See attached list

Tax, Judicial and Transportation Budget Committee Reports on:

Kansas Guardianship Program

Representative Peterson presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Kansas Guardianship Program FY 2001 budget. (Attachment 1)

Representative Peterson made a motion, seconded by Representative Hermes, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Kansas Guardianship Program. Committee questions and discussion followed. Motion carried.

Kansas Human Rights Commission

Representative Peterson presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Kansas Human Rights Commission FY 2001 budget. (Attachment 2)

Representative Peterson made a motion, seconded by Representative Nichols, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Kansas Human Rights Commission. Motion carried.

CONTINUATION SHEET

General Government and Human Resources Budget Committee Reports on:

KPERS Issues

Representative Pottorff presented the General Government and Human Resources Budget Committee report on the Governor's recommendations on the KPERS Issues FY 2001 budget. (Attachment 3) Detailed Committee questions and discussion followed.

Representative Pottorff made a motion, seconded by Representative Shriver, to adopt the General Government and Human Resources Budget Committee budget report recommendations regarding the KPERS Issues. Motion carried.

Tax, Judicial and Transportation Budget Committee Reports on:

Judicial Council

Representative Hermes presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Judicial Council FY 2001 budget. (Attachment 4)

Representative Hermes made a motion, seconded by Representative Peterson, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Judicial Council. Motion carried.

Board of Indigents' Defense Services

Representative Hermes presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Board of Indigents' Defense Services FY 2001 budget. (Attachment 5)

Representative Hermes made a motion, seconded by Representative Peterson, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Board of Indigents' Defense Services. Motion carried.

Judicial Branch

Representative Nichols presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Judicial Branch FY 2001 budget. (Attachment 6)

Representative Nichols made a motion, seconded by Representative Peterson, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Judicial Branch. Committee questions and discussion followed.

Representative McKechnie made a substitute motion, seconded by Representative Nichols, to amend the report to introduce a bill to repeal K.S.A 20-301b. Committee questions and discussion followed on the amendment. Motion carried. Representatives Mollenkamp and Neufeld requested to be recorded as voting "No".

Committee questions and discussion followed on the report.

Representative Landwehr made a motion, seconded by Representative Dean, to put an additional \$188,867, which is the total of the \$123,987 for a District Court Judge, and \$64,880 for the one FTE Court Reporter and one FTE Administrative Assistant. Committee questions and discussion followed. A vote was taken and division was requested. Motion failed.

CONTINUATION SHEET

Representative Landwehr made a motion, seconded by Representative Nichols, to add language to specify in this report that the request for judicial branch positions in Sedgwick County issue will definitely be reviewed at omnibus. Representative Nichols mentioned, as the second to Representative Landwehr's motion, to make certain that all these issues would be reviewed and not to leave out judicial branch position requests for McPherson County. Committee questions and discussion followed. Motion carried.

Representative Nichols made a motion, seconded by Representative Peterson, to adopt the Tax, Judicial and Transportation budget report recommendations regarding the Judicial Branch as amended. Motion carried.

Vice Chairman Neufeld opened the public hearing on:

HB 2732 - High school athletic ticket tax proceeds dedicated to sports hall of fame

Jim Wilson, Office of the Revisor of Statutes, briefed the Committee on the bill.

Proponents:

1. Representative Shari Weber (Attachment 7)
2. Wes Santee, Chairman of the Board of Trustees, State of Kansas Sports Hall of Fame (Attachment 8)
3. Ted Hayes, Executive Director, State of Kansas Sports Hall of Fame (Attachment 9)
4. Gary Musselman, Executive Director, Kansas State High School Activities Association (Attachment 10)

There were no Opponents

Committee questions and discussion followed.

Vice Chairman Neufeld closed the public hearing on **HB 2732**. Vice Chairman Neufeld thanked the conferees for appearing before the Committee.

The meeting was adjourned at 10:50 a.m. The next meeting is scheduled for February 24, 2000.

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE February 23, 2000

NAME	REPRESENTING
Kim Fowler	Judicial Branch
Jerry Sloan	Judicial Branch
Jack Hawn	KPERS
PAT Scalia	BIDS
Brandon Myers	KHRC
Mike Hollan	KHRC
Sean Kuba	KGP
Cardace Moghon	DPS - Def A
Lela Breedon	KPERS
My Williams	"
Ken Chesko	"
Robert Woodard	"
David Palmer	Doug Haterwood
Randy M. Hearrell	Judicial Council
Vickiegnor Kessel	DOB
Don Cawboy	DOB
Harley E. Becker	KRTA
Don Ryan	S.E.A.K.
Alvin J. Georgia	AARP

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE _____


NAME	REPRESENTING
J.C. Stolfus	QARR + KRTA
Alebra Kincaux	FHSU
Candace Mofhor	DoTA - DPS
Larrie Ann Lower	KS Govt Consulting
Sue Peterson	K-State

TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE

Kansas Guardianship Program



Representative Jeff Peterson, Chairperson



Representative Cindy Hermes



Representative Peggy Palmer



Representative Rocky Nichols



Representative Eber Phelps

Senate Subcommittee Report

Agency: Kansas Guardianship Program **Bill No. --** **Bill Sec. --**

Analyst: Hollon **Analysis Pg. No. 354** **Budget Page No. 183**

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Senate Subcommittee Adjustments*
State Operations:			
State General Fund	\$ 1,221,055	\$ 1,083,532	\$ (10,469)
Employee Positions**	15.0	13.0	0.0

* Entire reduction for the Governor's employee salary adjustments.

** Employees of the Guardianship Program are not state employees but are listed here for informational purposes.

Agency Request/Governor's Recommendation

The agency requests expenditures for FY 2001 of \$1,221,055 which is an increase of \$105,997 (9.5 percent) from the FY 2000 estimate. The request includes \$549,131 for salaries and wages, \$644,840 for contractual services, \$15,984 for commodities, and \$11,100 for capital outlay. The agency requests an enhancement package of \$90,180 for two Recruiter/Facilitator positions (\$63,980 including benefits) and related operating expenditures (\$26,200).

The Governor recommends funding of \$1,083,532 for FY 2001 operating expenditures which is a decrease of \$53,000 (4.7 percent) from the FY 2000 recommendation. The recommendation includes \$482,828 for salaries and wages, \$586,720 for contractual services, and \$13,984 for commodities. The Governor does not recommend the enhancement package.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments and notations:

1. Delete \$10,469 from the State General Fund for the Governor's employee salary adjustment (unclassified merit pool).

2. The Subcommittee commends the agency on receiving the Phil Lewis Award of Distinction from the Kansas Bar Association "in recognition of distinctive service which has enriched the lives of others."
3. The Subcommittee recognizes that the Program's volunteers average ten hours per month in such activities as visiting the ward/conservatee, handling the individual's finances, following up on varied issues (e.g., medical treatment or housing), and filing monthly reports with the Guardianship Program and an annual financial accounting with the judicial system. The time required of the volunteer varies given the medical difficulties or financial complexities involved.
4. Approximately 25 percent of the Program's volunteers have served for ten or more years and approximately 53 percent have served for five or more years. The Subcommittee notes the agency's belief that a trend toward fewer wards/conservatees per volunteer has assisted in the retention of volunteers due to the amount of time required for each ward/conservatee.
5. The Subcommittee notes the residential status of the individuals being served by the Guardianship Program.

Residential Status (FY 1999)	Percentage of Individuals
Intermediate Care Facility	33%
Own Home	30%
Community Residential Setting	16%
Intermediate Care Facility/Mental Retardation	10%
Nursing Facility for Mental Health	6%
State Hospital	5%

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas Guardianship Program **Bill No.** -----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No. 354 **Budget Page No.** 183

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
State Operations:			
State General Fund	\$ 1,221,055	\$ 1,083,532	\$ 0
Employee Positions*	15.0	13.0	0.0

* Employees of the Guardianship Program are not state employees but are listed here for informational purposes.

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The Governor recommends funding of \$1,083,532 for FY 2001 operating expenditures which is a decrease of \$53,000 (4.7 percent) from the FY 2000 recommendation. The recommendation includes \$482,828 for salaries and wages, \$586,720 for contractual services, and \$13,984 for commodities. The Governor does not recommend the enhancement package.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations with the following notations:

1. The Budget Committee commends the agency on receiving the Phil Lewis Award of Distinction from the Kansas Bar Association "in recognition of distinctive service which has enriched the lives of others."

2. The Budget Committee notes that the agency is really a public instrumentality rather than a nonprofit organization (as noted in the *Budget Analysis*) and also notes details of the agency's organization structure. Of the seven members of the Board of Directors, six are appointed by the Governor and one by the Chief Justice. The Executive Director is hired by the Board, but approval by the Governor is not required.
3. Given the State's focus on self-determination, self-advocacy, and capacity building with Kansans with disabilities, the Budget Committee believes that the Kansas Guardianship Program should be more cognizant of these issues when training its staff and volunteers who are the legal guardians of people with disabilities. The Budget Committee notes that more than half of the guardians have been volunteers for five years or more and, therefore, received their initial training prior to the passage of the Developmental Disabilities Reform Act (1995). The agency is requested to report back to the Budget Committee by Omnibus with a written plan of how it will expand training in the areas of self-advocacy, self-determination, and capacity building.
4. The Budget Committee encourages the Kansas Guardianship Program to use the Kansas Savings Incentive Program funding scheduled for expenditure in FY 2000 to train staff to assist volunteers in the development of self-advocacy, self-determination, and capacity building among Kansans with disabilities. The Budget Committee also encourages the agency to reexamine its FY 2001 training schedule (both staff and volunteer) to bring greater focus to these issues.

TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE

Kansas Human Rights Commission



Representative Jeff Peterson, Chairperson



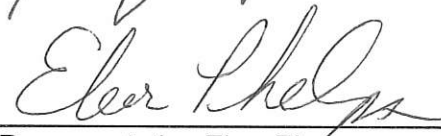
Representative Cindy Hermes



Representative Peggy Palmer



Representative Rocky Nichols



Representative Eber Phelps

Senate Subcommittee Report

Agency: Kansas Human Rights
Commission

Bill No. 639

Bill Sec. 17

Analyst: Nogle

Analysis Pg. No. 1418

Budget Page No. 257

<u>Expenditure Summary</u>	<u>Agency Request FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,596,373	\$ 1,421,152	\$ (50,980)
Special Revenue Funds	416,000	416,000	(5,971)
TOTAL	<u>\$ 2,012,373</u>	<u>\$ 1,837,152</u>	<u>\$ (56,951)*</u>
FTE Positions	37.0	36.0	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
TOTAL	<u>38.0</u>	<u>37.0</u>	<u>0.0</u>

* The entire reduction is the removal of the Governor's Pay Plan.

Agency Request/Governor's Recommendation

The agency requests FY 2001 state operations funding of \$2,012,373, \$139,943 (7.5 percent) more than the agency FY 2000 estimate.

The Governor recommends \$1,873,152 for FY 2001. The recommendation includes \$1,421,152 from the State General Fund and \$416,000 from Special Revenue Funds. The Governor's recommendation is \$175,221 (8.7 percent) less than the agency's request.

Senate Subcommittee Recommendation

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

1. The Senate Subcommittee removes the Governor's pay plan adjustments totaling \$56,951.
2. The Senate Subcommittee recommends reviewing the enhancement request for 1.0 FTE position to increase the information/education staff at omnibus and notes the following:
 - a. In its FY 2000 request the agency voluntarily eliminated two unclassified temporary positions and subsequently lost 1.0 FTE

position to retirement reduction. The loss of three positions for FY 2000 causes potential problems for the agency for FY 2001.

- b. As of January 1, 2000, the agency's pending case log had been reduced from an all-time high of 2,768 to 693 cases—a 75 percent decrease. The delay in processing time had decreased from the high of 24 months to about 6 months. The number of cases had been reduced from the high in 1994 of 154 complaints per month to less than 100 complaints per month due to the use of better screening methods and public education programs.
- c. The mediation program with Kansas Legal Services (KLS) has a major impact on the agency's case backlog. Statistics indicate that 30 percent of complainants agree to participate in voluntary mediation and 35 percent of the cases are satisfactorily resolved. The mediation program is funded by a 3-to-1 match—for every \$3 of state funds, KLS provides \$1 of private funds. The private funds are donated by the Kansas Bar Association through the Interest in Lawyer's Trust Account (IOLTA). The IOLTA consists of interest money from trust accounts set up to hold client money for short periods of time. In FYs 1999, 2000, and 2001, KLS will provide \$36,666 in match money to the state's \$110,000.

Senate Committee Recommendation

The Committee concurs with the Subcommittee recommendation.

House Budget Committee Report

Agency: Kansas Human Rights Commission

Bill No. 2994

Bill Sec. 17

Analyst: Nogle

Analysis Pg. No. 1418

Budget Page No. 257

Expenditure Summary	Agency Req. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
Operating Expenditures			
State General Fund	\$ 1,596,373	\$ 1,421,152	\$ 0
Special Revenue Funds	416,000	416,000	0
TOTAL	\$ 2,012,373	\$ 1,837,152	\$ 0
FTE Positions			
FTE Positions	37.0	36.0	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
TOTAL	38.0	37.0	0.0

Agency Req./Governor's Recommendation

The agency requests FY 2001 state operations funding of \$2,012,373, which is \$139,943 (7.5 percent) more than the agency FY 2000 estimate.

The Governor recommends \$1,873,152 for FY 2001. The recommendation includes \$1,421,152 from the State General Fund and \$416,000 from special revenue funds. The Governor's recommendation is \$175,221 (8.7 percent) less than the agency's request.

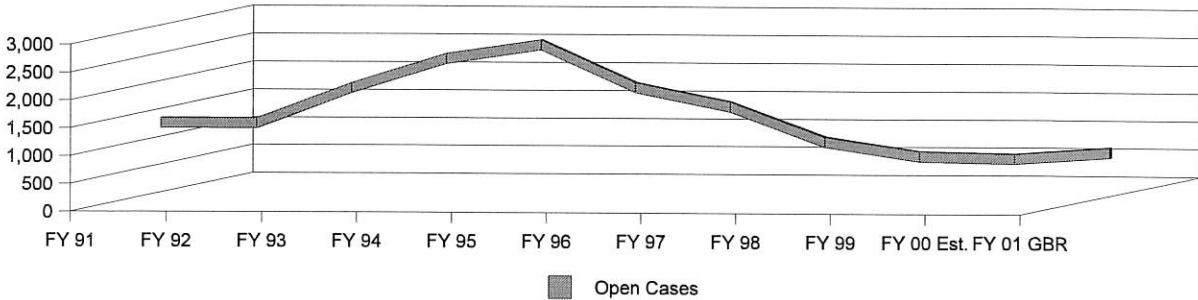
House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following comments and observations:

1. The Budget Committee commends the agency for its success in reducing case backlog from agency high of 2,768 in March of 1995 to 693 pending cases as of January 1, 2000. The Budget Committee notes on the table below that the agency estimates a slight increase in the case backlog under the Governor's budget recommendation, but hopes to maintain services at the current level.

Open Cases

As of June 30



2. The Budget Committee recognizes the success of the mediation project and the agency's dedication to its continued success by cutting other operating expenditures to fully fund the mediation project for FY 2001.
3. The Budget Committee recommends the issue of reclassifying the agency's Investigative Supervisors and Special Investigators (a total of 18.0 FTE positions) for review at Omnibus. The Budget Committee is concerned that the current salaries for Investigative Supervisors and Special Investigators are not competitive.

GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE

Kansas Public Employees Retirement System



Representative Jo Ann Pottorff, Chairperson



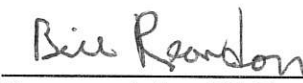
Representative Lynn Jenkins



Representative Bill McCreary



Representative Melvin Minor



Representative Bill Reardon



Representative Joe Shriver



Representative Lloyd Stone

HOUSE GENERAL GOVERNMENT AND HUMAN RESOURCES COMMITTEE REPORT ON KPERS ISSUES

February 23, 2000

The Committee has reviewed the KPERS-related bills assigned to the House Appropriations Committee (listing attached), held a public hearing on KPERS issues, received reports from the KPERS Board of Trustees, and reviewed the Governor's legislative recommendations that address KPERS issues and the budget. The Governor has recommended major three policy changes that would impact KPERS operations. The Governor's recommendations are part of the *Governor's Budget Report for FY 2001* that is being considered by the 2000 Legislature. The Governor's FY 2001 recommendations proposed for legislative consideration include the following items:

1. To exclude retirement benefits payments made by KPERS from reportable expenditures in order to avoid what is described as the double counting of employer contributions in the state budget. Payments to retirees and beneficiaries would become off-budget, and in FY 2001, expenditures of \$273.6 million for regular retirement benefits and \$261.6 million for school retirement benefits are omitted from the *Governor's Budget Report*.
2. To "freeze" the employers' state and school KPERS FY 2001 contribution rate at the FY 2000 rate of 3.59 percent. According to the *Governor's Budget Report*, the recommendation would reduce the state's employer contributions by \$2.9 million, including \$2.1 million from the State General Fund (SGF). Since the state also pays the school employer contributions, the recommendation reduces another \$6.5 million of SGF expenditures in FY 2001 and \$2.0 million in FY 2002.
3. To institute a moratorium on the death and disability insurance rate included in the annual KPERS state and school, local, judges, TIAA, and deferred compensation rates. According to the *Governor's Budget Report*, the recommendation would reduce state expenditures by \$20.9 million, including \$19.6 million of SGF expenditures. Local governments also would realize a \$5.5 million reduction in local contributions.

There was public input expressing concern for the Governor's proposed "freeze" on the KPERS contribution rate and requesting consideration of a KPERS cost-of-living adjustment. Conferees pointed out that health care costs continued to rise and that retirees have a difficult time in paying for the annual increases in premiums for health care. After conducting its review process, the Committee makes the following suggestions and recommendations regarding KPERS issues:

1. The House Appropriations Committee should vote to introduce four bills for statutory changes requested by the KPERS Board of Trustees and described below:

1A. The first bill would include a number of different items that amend KPERS law.

Vesting. Under current law, any KPERS member who becomes eligible for another retirement plan or who becomes ineligible for the KPERS plan because of reduced hours can not withdraw the employee KPERS contributions until employment is terminated with the KPERS participating employer. Proposed legislation would vest such persons in a KPERS benefit, regardless of the number of years of service accrued., so that withdrawal of contributions would no longer be an issue.

Taxation of Death Benefits. Under current law, KPERS death benefits (except those related to service connected deaths) are fully taxable as income under federal law. This change would give the KPERS death benefits the characteristics of life insurance which would allow such benefits to be tax free.

Session Employees. The 1996 legislation addressing retirement benefits of session employees inadvertently did not exclude them from life insurance, long-term disability, and service-connected death benefits. This change corrects the error.

Correction of Errors. Current law requires the Retirement System to correct errors and collect all overpayments. This provision would limit the amount of overpayment to be collected. The correction of erroneous benefit calculations would be required, but collection of overpayments would be limited to only those overpayments that were made within the most recent five years. Any overpayments made more than five years would be waived, unless there were some indication of fraud. Regardless of actuarial projections, a corrected benefit would not be reduced by more than 10 percent in order to collect past overpayments.

Purchase of Service Statutes. There are four sections of the KPERS law that contain language that is identical to language that was eliminated from numerous sections in 1998 with passage of the federal compliance revisions to the KPERS legislation. The language in these four statutes was not amended in 1998 and need correction to make them consistent with other statutes.

Indexing. A technical correction is necessary to clarify that the current policy of indexing final average salary or indexing the current annual rate for disabled KPERS members will commence when the employee leaves the payroll, not on the last day at work.

Conflict Resolution. Correct a conflict of laws relating to the real estate provisions where the same section of law was amended twice in the same year and is repeated twice in the statute books because one bill did not amend the language in the other bill.

1B. *The second and third bills would add two new components to KPERS plan design as options for members.*

Lump Sum Payment. This addition would provide a lump sum option at retirement, or upon death of a member, reduced benefits for life to the beneficiary.

Deferred Compensation. This provision would transfer the current section 457 plan to KPERS for administration.

1C. *The fourth bill would establish KPERS as an independent authority much like the KU Hospital Authority or the Kansas Turnpike Authority.*

Independent Status. KPERS manages in excess of \$10 billion held in trust for Kansas workers and retirees. It directly impacts one out of every twelve people within the state of Kansas. The System has investments in more than 25 countries around the globe. KPERS in-house staff direct and monitor the activities of a number of investment managers, and also managing nearly \$2 billion internally without the assistance of outside investment managers. With revenues often exceeding \$4 million per business day and benefits payments in excess of \$600 million annually, the System has a significant economic impact. According to the Board of Trustees, the dynamic nature of the asset management business and the enormity of the benefit dollars at stake necessitate an ability to respond quickly and effectively to changes in the investment operating environment, without regard to artificial operating constraints and limitations. KPERS is one of the largest business in the State, and the Board indicates that this action of creating an independent KPERS authority would place the System on a more equal operational footing with the rest of the business world, and help in providing the highest investment returns at the lowest possible cost.

2. ***The Budget Committee recommends the House Appropriations Committee follow the current statutory provisions in KSA 74-4920(5), KSA 75-4920(7), KSA 75-4920(11), and KSA 74-4939 with regards to the KPERS state/school contribution rate and adopt the FY 2001 retirement rate increase recommended by the KPERS Board of Trustees. Based on the June 30, 1999, actuarial valuation, the KPERS Board of Trustees recommends 4.19 percent, including a state employer contribution rate of 3.98 percent for the retirement payment calculation and 0.600 percent for the insurance payments for death and disability (which would be skipped under the Governor's recommendation for FY 2001). The Governor's recommendation in FY 2001 was to freeze the state's contribution rate for the state/school retirement at 3.59 percent. The KPERS state/school retirement rate would increase from the FY 2000 percentage of 3.59 percent to 3.98 percent in FY 2001. The increase of 0.39 percent includes 0.20 percent for paying the costs of the 1993 legislative adjustments in retirement benefits and 0.19 percent to begin the 15-year process of paying for the 1998 COLA.***

Background. A fundamental purpose of KPERS is to accumulate the reserves needed to finance retirement and other benefits through the collection of member and employer contributions and through investment income. Investment related gains assist in meeting the financing goals of the System and reduce the actuarial liabilities. Employee contribution rates for the different groups are fixed by law. The member rate for the KPERS State/School and Local groups is 4.00 percent. In order to pay down an unfunded actuarial liability (UAL) in the Retirement System, increased employer contributions are required for KPERS State/School and Local groups. The Legislature has provided for a 0.2 percent annual increase (0.15 percent for local employers) in the employer contribution rates in order to phase-in the enhanced contributions to minimize the impact of units on government. Annual increases in the employer contribution rates for the KPERS State/School and Local groups are mandated by statute until each contributes at the actuarially required amount. The other employer contribution rates are adjusted annually as recommended by the KPERS actuary for the KP&F, Judges, and TIAA groups. In addition to contributions for retirement purposes, KPERS also administers a death and long-term disability benefits plan. KPERS participating employers contribute 0.6 percent for the death and disability contribution paid exclusively by the employer.

FY 1999 KPERS Financial Transactions			
Summary of Contributions and Benefits			
	<u>Retirement</u>	<u>Insurance</u>	<u>Totals</u>
Contributions Paid by:			
Employer			
KPERS State/School	\$ 118,088,757	\$ 17,907,195	\$ 135,995,952
KPERS State TIAA	4,717,973	2,568,529	7,286,502
KP&F State	4,528,163	0	4,528,163
Judges State	3,791,115	73,113	3,864,228
Subtotal--State	<u>\$ 131,126,008</u>	<u>\$ 20,548,837</u>	<u>\$ 151,674,845</u>
KPERS Local Units	\$ 20,117,884	\$ 5,522,667	\$ 25,640,551
KP&F Local Units	25,686,851	0	25,686,851
Subtotal--Local	<u>\$ 45,804,735</u>	<u>\$ 5,522,667</u>	<u>\$ 51,327,402</u>
Total--Employer	\$ 176,930,743	\$ 26,071,504	\$ 203,002,247
Member	\$ 178,779,586	\$ 5,051,404	\$ 183,830,990
Total Contributions	<u>\$ 355,710,329</u>	<u>\$ 31,122,908</u>	<u>\$ 386,833,237</u>
Total Benefits Paid	\$ 464,709,423	\$ 41,892,190	\$ 506,601,613
Difference	\$ (108,999,094)	\$ (10,769,282)	\$ (119,768,376)
	<u>Retirement</u>	<u>Insurance</u>	<u>Totals</u>
Fund Balance 6/30/99	\$ 8,601,875,670	\$ 189,586,717	\$ 8,791,462,387
Actuarial Liability	9,999,245,726	148,427,704	NA
Difference	<u>\$ (1,397,370,056)</u>	<u>\$ 41,159,013</u>	NA

NA = Not Applicable.
Source: KPERS Comprehensive Annual Financial Report, FY 1999.

Governor's Recommendations. The preceding table shows in FY 1999 the KPERS financial transactions associated with retirement benefits that the Governor recommends be treated as nonreportable and off-budget. The information in the preceding table was taken from the *KPERS Comprehensive Annual Financial Report, FY 1999* and also shows the transactions for death and disability benefits that already are off-budget.

In addition to the preceding recommendation to make all benefit payments off-budget, the Governor recommends FY 2001 adjustments in certain KPERS employer contributions paid for retirement and for employer-paid insurance relative to the KPERS death and long-term disability benefits plan. The state of Kansas pays all of the costs for KPERS state/school contributions, both for retirement and insurance.

The Governor's recommendation in FY 2001 would freeze at the current rate the state/school retirement contribution paid by the state, with savings estimated at \$11.8 million. This action would defer the statutory increase in contribution rate: 0.2 percent scheduled for the unfunded liability and 0.19 percent for paying the first year of a 15-year period for amortizing the cost of the 1998 cost-of-living adjustment (COLA) for retiree

benefits. Also, the Governor's recommendation in FY 2001 would eliminate the statutory 0.6 percent contribution for the KPERS insurance contributions paid by all participating employers to finance the KPERS death and long-term disability benefits plan. This recommendation would save \$21.10 million of state/school contributions.

**Financial Impact of the Governor's FY 2001 Recommendations
Estimated Reductions in KPERS Employer Contributions
(In Millions)**

	<u>Retirement</u>	<u>Insurance</u>	<u>Totals</u>
State/School a)	\$ 11.80	\$ 21.10	\$ 32.90
Local	0.00	5.54	5.54
Totals	<u>\$ 11.80</u>	<u>\$ 26.64</u>	<u>\$ 38.44</u>
State General Fund	\$ 10.8	\$ 18.8	\$ 29.6

Source: Division of the Budget and *Governor's Budget Report*.

The reduction in KPERS state/school contributions both for the scheduled retirement increase in the FY 2001 rate and the insurance deferral in FY 2001 would account for an estimated \$29.60 million in savings for the state (out of total savings of \$38.44 million next fiscal year). The freeze in KPERS state/school contributions has an estimated multiyear fiscal impact reducing a cumulative \$36.02 million in state-paid contributions as shown in the following table, assuming that the statutory rate of 4.58 percent is paid in FY 2002 following the FY 2001 freeze at 4.19 percent.

**Multiyear Impact of the Governor's FY 2001 Recommendations
(In Millions)**

<u>Fiscal Year</u>	<u>Gov. Rec. Rate</u>	<u>Gov. Est. Funding</u>	<u>Statutory Rate^a</u>	<u>Statutory Funding Est.</u>	<u>Difference in Funding</u>
2000	4.19%	\$ 222.65	4.19%	\$ 222.65	\$ 0.00
2001	3.59	231.55	4.58	243.45	(11.90)
2002	4.58	253.19	4.78	259.54	(6.35)
2003	4.78	269.92	4.98	276.52	(6.60)
2004	4.98	287.58	5.18	294.44	(6.86)
2005	5.18	306.22	5.30	310.52	(4.31)
2006	5.24	320.55	5.19	318.87	1.68

a) Includes issuance rate of 0.600 percent.

Source: KPERS estimates.

- 3. The House Appropriations Committee Chairperson should be apprized of S.B. 358 that addresses future cost-of-living adjustments for KPERS retirees and would require that any new COLAs enacted by the Legislature be paid beginning in the fiscal year after passage. No recommendation is made regarding disposition of this bill.**

- 4. The Budget Committee considered a COLA and cost estimates were developed by the KPERS staff. At this time, no recommendation regarding a COLA is offered. The matter could be considered further during March, 2000, meetings on the KPERS budget.**

TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE

Judicial Council
Board of Indigents' Defense Services
Judicial Branch



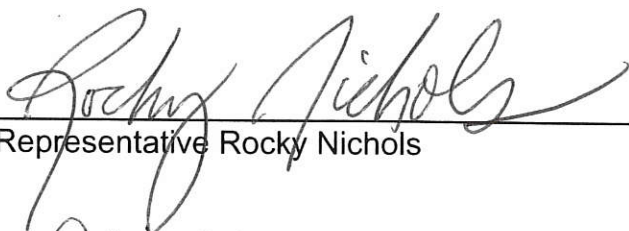
Representative Jeff Peterson, Chairperson



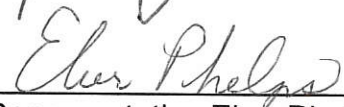
Representative Cindy Hermes



Representative Peggy Palmer



Representative Rocky Nichols



Representative Eber Phelps

Budget Committee Report

Agency: Judicial Council

Bill No.

Bill Sec.

Analyst: Rampey

Analysis Pg. No. 1247

Budget Page No. 281

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
All Funds:			
State Operations	\$ 320,325	\$ 315,720	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 320,325	\$ 315,720	\$ 0
State General Fund:			
State Operations	\$ 255,010	\$ 199,050	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 255,010	\$ 199,050	\$ 0
FTE Positions	4.0	4.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	4.0	4.0	0.0

Agency Overview

The Judicial Council was created in 1927 to survey and study the Judicial Branch of government and to recommend to the Legislature and Supreme Court any needed improvements. Studies and projects may be initiated by the Legislature, the Supreme Court, the bench, the bar, the public, or the Council itself. The Council has 14 advisory committees made up of attorneys, legislators, and other persons who have expertise in the topic being studied. The Council itself is comprised of one justice of the Kansas Supreme Court, one judge of the Court of Appeals, two district court judges, two legislators, and four attorneys.

Agency Request/Governor's Recommendation

For FY 2001, the Judicial Council requests \$320,325, of which \$255,010 is from the State General Fund and \$65,315 is from the Publications Fee Fund. Assuming that the Legislature continues the policy of transferring balances in the Publications Fee Fund that exceed \$175,000 to the State General Fund, the transfer would total \$20,385 at the end of

FY 2001. The FY 2001 request is a maintenance budget, with most of the increase (\$6,836) attributable to salary increases, including unclassified merit and longevity bonuses. As in FY 2000, the proposed budget would allow for about 45 meetings of the Judicial Council and its advisory committees.

The Governor recommends a total of \$315,720, a reduction of \$4,605 from the Council's request. The reduction is in the area of salaries and wages (\$3,105 for per diem for Council and Committee members and a recalculation of fringe benefits) and \$1,500 for travel and subsistence. The Governor shifts some financing of the Council's FY 2001 budget from the State General Fund by increasing expenditures from the Publications Fee Fund from \$65,315 to \$116,670.

The Governor's shift of expenditures from the State General Fund to the Publications Fee Fund means that balances in the fee fund would decline to \$141,630 and no money would be available to transfer to the State General Fund at the end of the year.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendation of the Governor, with the following exception:

1. Legislation should be introduced to create the Publications Fee Fund to be used by the Judicial Council for operating expenditures related to the preparation, publication, and distribution of the Council's legal publications. The legislation would be effective FY 2002.

The legislation would create in the statutes a fee fund that already exists by proviso and traditionally has been used by the Judicial Council to pay costs associated with preparation and distribution of various legal publications the Council prepares. Revenue from the sale of these publications is credited to the Publications Fee Fund and the proviso limits expenditures to publications activities.

Beginning in FY 1999, the Legislature began to use balances in the Publications Fee Fund to offset State General Fund expenditures. To facilitate the shifting, the proviso limiting expenditures to publications expenses was removed in FY 1999 and FY 2000. Based on the Governor's recommendations for FY 2001, expenditures from the Fund will be \$116,670, of which only \$62,965 would be directly related to publications activities.

The Executive Director of the Council expressed concern that expenditures unrelated to publications would be paid for from the Publications Fee Fund under the Governor's recommendation and asked the Budget Committee to rectify the situation. The Budget Committee agrees with the Governor that State General Fund expenditures should be offset by other resources

in FY 2001, but believes that, henceforth, the traditional use of the Publications Fee Fund should be adhered to. By recommending the introduction of legislation, the Budget Committee is codifying the practice in statute and not in a proviso that is effective for only one year.

House Budget Report

Agency: Board of Indigents' Defense Services **Bill No.**

Bill Sec.

Analyst: Rampey

Analysis Pg. No. 1257

Budget Page No. 261

Expenditure Summary	Agency Req. FY 01	Gov. Rec. FY 01	House Budget Adjustments
All Funds:			
State Operations	\$ 14,284,651	\$ 13,714,701	\$ 0
Aid to Local Units	0	0	0
Other Assistance	566,511	497,218	0
TOTAL	\$ 14,851,162	\$ 14,211,919	\$ 0
State General Fund:			
State Operations	\$ 14,037,651	\$ 13,432,701	\$ 0
Aid to Local Units	0	0	0
Other Assistance	566,511	497,218	0
TOTAL	\$ 14,604,162	\$ 13,929,919	\$ 0
FTE Positions	162.0	161.0	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
TOTAL	163.0	162.0	0.0

Agency Overview

The statutory mission of the State Board of Indigents' Defense Services (BIDS) is to provide, supervise, and coordinate constitutionally and statutorily-required counsel and related services for indigents accused of felonies. The Board fulfills its mission in large part by overseeing a statewide system of public defender offices and assigned counsel. The agency serves as the pass-through agency for funding for Legal Services for Prisoners, Inc., a nonprofit corporation that provides legal assistance to indigent inmates of Kansas correctional institutions.

Agency Req./Governor's Recommendation

For FY 2001, \$14,851,162 is requested, of which \$14,604,162 is from the State General Fund. The Governor recommends expenditures of \$14,211,919, of which \$13,929,919 is from the State General Fund and \$282,000 is from other funds. The Governor's recommendation is a reduction of \$126,103 from his recommendation for FY

*House Appropriations
2-23-00
Attachment 5*

2000. The Governor's recommendation for assigned counsel is \$5,214,653 in FY 2000 and \$5,198,646 in FY 2001, a reduction of \$16,007.

House Budget Committee Recommendations

The House Budget Committee concurs with the recommendations of the Governor, with the following comments:

1. The Budget Committee is pleased to note that turnover of staff attorneys appears to have been cut in half from a year ago (22 percent attorney turnover in FY 1999 compared to 11 percent to date in the current year). The turnaround apparently is the result of parity increases that the 1998 and 1999 Legislatures approved for salary upgrades for the Board's unclassified attorneys who were not upgraded when classified attorneys who work for the state were upgraded in the mid-1990s. Although the \$150,000 the 1999 Legislature appropriated for parity increases was only the second year of a three-year proposed upgrade, the Executive Director of the Board has been able to complete the third year of the initiative by using turnover savings without asking for additional funding.
2. The Budget Committee wishes to call attention to several items in the Board's budget that could have funding consequences for the agency.
 - a. Death Penalty Defense Unit. Recommended funding for the death penalty defense unit is \$1,479,819 in FY 2000 and \$1,366,448 in FY 2001, a decrease of \$113,371. The Budget Committee is aware that the Board cannot control its workload in several areas and cannot predict how many capital defense cases it will have in any given year. In FY 1999, nine cases were filed with potential capital punishment charges compared to seven cases that have been filed to date in FY 2000. The Budget Committee calls attention to this matter as a possible issue that will have to be addressed later if the workload of the unit increases. According to the Executive Director, a capital case that goes to trial usually costs the Board more than \$100,000.
 - b. Rising Costs for Expert Witnesses. Although the Board is able to control its costs in some areas, payments for expert witnesses and specialized laboratory tests required in some cases are rising and cannot be controlled by the agency. One disturbing example is the cost of DNA analyses that are utilized in an increasing number of cases. According to the Executive Director of the Board, the cost of laboratory work and expert testimony is about \$17,000 per case. As noted above, if costs for certain expenditures exceed current estimates, the Board's budget may need to be revisited later in the Session.

- c. Assigned Counsel. The Board has demonstrated that it has initiated cost-saving measures whenever possible to keep assigned counsel expenditures as low as possible. However, the Budget Committee is aware that the present hourly rate of \$50 for assigned counsel is based on a 1985 lawsuit that requires the state to adequately compensate counsel for indigents and that the similar rate for the federal system recently was raised to \$75 per hour. The Budget Committee notes that the state has no option but to pay for assigned counsel and any shortfall in one fiscal year has to be made up from appropriations for the next. The Executive Director has warned the Budget Committee that waiting until the next fiscal year to make payments that are owed attorneys for work already completed incurs the risk of another lawsuit. In this connection, the Budget Committee points out that the recommended level of spending for assigned counsel is \$5,214,653 in FY 2000 and \$5,198,646 in FY 2001, a decrease of \$16,007, and adds payment for assigned counsel to the list of items that may have to be reviewed at the end of the Session.

3. The Budget Committee is aware that efforts are made by the Board to recoup as much money as possible from convicted indigents in order to reimburse the state for their defense. Information presented to the Budget Committee by the Board indicates that, in FY 1999, \$1,093,735 was recouped and credited to the State General Fund from convicted indigents whose defense was provided by assigned counsel. The Budget Committee urges the Board to make every effort to offset state expenditures with recouped money and asks the Executive Director of the Board to initiate whatever additional measures may be taken to maximize the amount of money recouped and to report on these efforts to appropriate committees of the 2001 Legislature.

House Budget Committee Report

Agency: Judicial Branch

Bill No.

Bill Sec.

Analyst: Rampey

Analysis Pg. No. 1231 Budget Page No. 281

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 88,778,973	\$ 81,471,203	\$ 0
Aid to Local Units	1,493,912	993,912	0
Other Assistance	1,113,191	963,191	0
TOTAL	<u>\$ 91,386,076</u>	<u>\$ 83,428,306</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 85,080,201	\$ 77,502,239	\$ 0
Aid to Local Units	500,000	0	0
Other Assistance	150,000	0	0
TOTAL	<u>\$ 85,730,201</u>	<u>\$ 77,502,239</u>	<u>\$ 0</u>
FTE Positions	1,850.8	1,813.5	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>1,850.8</u>	<u>1,813.5</u>	<u>0.0</u>

Agency Overview

The budget of the Judicial Branch includes funding for the Kansas Supreme Court, the Kansas Court of Appeals, almost all personnel costs of the 105 district courts, and a number of judicial and professional review boards and commissions. Non-salary costs of the district courts generally are funded by the counties.

The *Kansas Constitution* vests the judicial power of the state in one court of justice which is divided into the Supreme Court, district courts, and other courts provided for by law. The Supreme Court has general administrative authority over all the courts in the state.

House Appropriations
2-23-00
Attachment 6

Agency Request/Governor's Recommendation

The FY 2001 request totals \$91,386,076, of which \$85,730,201 (93.8 percent) would be from the State General Fund. The total is an increase of \$8,136,532 over the current year estimate and includes funding for a total of 37.3 new FTE positions (\$1,209,983) and an upgrade of Court Service Officer positions (\$324,161). Also requested is \$3.7 million to implement a new pay initiative for nonjudicial personnel. The Judicial Branch proposes that most of the initiative be paid for from increased docket fees.

The Governor recommends expenditures of \$83,428,306, of which \$77,502,339 would be from the State General Fund. The Governor's recommendation is an increase of \$284,276 (0.4 percent) over the current year from the State General Fund. The Governor's recommendation does not include funding for any additional positions, the Court Service Officer position salary upgrade, or the proposed nonjudicial personnel pay initiative.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, with the following comments:

1. The Budget Committee acknowledges the merit of the Judicial Branch's request for additional funding in several key areas. To address some of these needs, the Judicial Branch has requested legislation that would increase docket fees and proposes that the additional revenue be used to fund the proposed salary initiative for nonjudicial personnel. This legislation is in the House Appropriations Committee and has been referred to this Budget Committee for consideration.

Because it is the practice of the Legislature to consider funding implications of proposed legislation in the Omnibus bill, the Budget Committee's report does not take into consideration the possibility that additional funding will be available due to docket fee increases. The Budget Committee is currently holding hearings on this bill and we are aggressively pursuing this matter. The Budget Committee wants to note the following items for consideration at the end of the Session if additional docket fee revenues are available:

- Salary Upgrades for Nonjudicial Personnel. As noted above, a proposal by the Judicial Branch to increase docket fees is for the purpose of implementing a new salary initiative for nonjudicial personnel, an initiative that the Budget Committee believes should be considered if docket fees are increased.
- Upgrade of Court Services Officers. A request is made for \$324,161 to upgrade the salaries of Court Services Officers to make them comparable to the grades of Parole Officers. Historically, the two types of positions have been at the same salary grade, but the 1999

Legislature increased the grades of Parole Officers. The requested upgrades would affect 342 positions.

- Contract with Kansas Legal Services, Inc. The 1999 Legislature appropriated \$150,000 as a grant to Kansas Legal Services, Inc., to provide training and other statewide foster care legal services. Services have been provided to train and assist attorneys acting as guardian *ad litem* in order to ensure that the child's interests in juvenile cases is represented. No funding is provided to continue the grant in the Governor's FY 2001 budget recommendations. The Budget Committee identifies this item as one that should be looked at later in the Session if additional revenues from increased docket fees become available.
2. The Budget Committee acknowledges increased judicial caseloads in several parts of the state that should be addressed if present revenue constraints are relieved. The Budget Committee believes the following judgeships should be considered at the end of the Session if revenue estimates for FY 2001 are revised and additional funding is available:
- New District Court Judge for the 18th Judicial District (Sedgwick County). A request is made for \$123,987 for an additional District Court Judge for the 18th Judicial District, where cases related to Children In Need of Care have increased by more than 158 percent over the last four years, compared to 50 percent statewide. Also requested is an additional \$64,880 for 1.0 FTE Court Reporter and 1.0 FTE Administrative Assistant who would be staff for the new judgeship position. The Budget Committee notes that funding in the current year that has enabled the court to hire a judge *pro tem* in Wichita to help with the workload is not included in the Governor's budget for FY 2001.
 - District Magistrate Judge for the 9th Judicial District (McPherson County). A request is made for \$60,046 for a District Magistrate Judge for the 9th Judicial District, where civil and criminal case filings have increased by more than 100 percent in the last ten years.

STATE OF KANSAS

Rep. Shari Weber
934 Union Road
Herington, KS 67449
(785) 258-3526



Capitol Building
Room 303-N
Topeka, KS 66612
(785) 296-7674
weber@house.state.ks.us

*HOUSE OF REPRESENTATIVES
68TH DISTRICT
Assistant Majority Leader*


**TESTIMONY ON HB 2732
APPROPRIATIONS COMMITTEE
February 23, 2000**

Thank you, Mister Chairman and members of the committee, for the opportunity to appear before you today in support of House Bill 2732.

Attached you will find a fiscal note for House Bill 2732 which I believe is not appropriate to accomplish transfer of sales tax already being collected on high school play-off games. I believe this can be accomplished by consensus of the approximate amount of tax collected and transfer of such amount to the Sports Hall of Fame via a demand transfer.

Thank you for your time and favorable consideration.

Sincerely,


Shari Weber

House Appropriations
2-23-00
Attachment 7

STATE OF KANSAS



DIVISION OF THE BUDGET
 Room 152-E
 State Capitol Building
 Topeka, Kansas 66612-1575
 (785) 296-2436
 FAX (785) 296-0231

Bill Graves
 Governor

Duane A. Goossen
 Director

February 18, 2000

The Honorable David Adkins, Chairperson
 House Committee on Appropriations
 Statehouse, Room 514-S
 Topeka, Kansas 66612

Dear Representative Adkins:

SUBJECT: Fiscal Note for HB 2732 by Representative Weber

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2732 is respectfully submitted to your committee.

HB 2732 would require demand transfers be made from the State General Fund for the Kansas Sports Hall of Fame. Effective July 1, 2000, the transfers would be scheduled on each January 1, April 1, July 1, and October 1. The funds for the program would originate from retailers' sales tax imposed on the sale of tickets for athletic playoff games sponsored by the Kansas State High School Activities Association. The money would be credited to the State General Fund the preceding three calendar months from the sales.

Estimated State Fiscal Impact				
	FY 2000 SGF	FY 2000 All Funds	FY 2001 SGF	FY 2001 All Funds
Revenue	--	--	(\$76,000)	(\$80,000)
Expenditure	--	--	\$92,500	\$92,500
FTE Pos.	--	--	--	2.0

The Kansas Department of Revenue indicated that HB 2732 would reduce state sales tax revenue by \$80,000 annually. The State General Fund would be reduced by \$76,000 and the State Highway Fund would be reduced by \$4,000. Data is not available on the amount of sales

Honorable Phill Kline, Chairperson
February 18, 2000
Page 2—2732fn

from high school athletic playoff games; however, the Department of Education provided a sampling of athletic ticket sales totaling \$6.0 million annually. Because there are only a few playoff games in proportion to all athletic games played, it is assumed that playoff games comprise 1.0 to 2.0 percent of all receipts or \$60,000 to \$120,000 annually.

The Department of Revenues estimated administrative costs total \$92,500, including \$64,000 for 2.0 Office Assistant III FTE positions and \$28,500 for changes to the agency's computer processing system. The processing changes would be needed to identify, track, and report the sales tax collections received from state high school athletic playoff games. Any fiscal effect of the bill would not be accounted for in *The FY 2001 Governor's Budget Report*.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Steve Neske, Department of Revenue
Pat Higgins, Department of Administration
Sherry Brown, Department of Commerce and Housing

HOUSE APPROPRIATIONS COMMITTEE

TESTIMONY ON HOUSE BILL 2732

February 23, 2000

Presented by
Wes Santee, Chairman of the Board of Trustees
State of Kansas Sports Hall of Fame

Good morning, Mr. Chairman and Members of the Committee. I am Wes Santee, Chairman of the Board of Trustees for the State of Kansas Sports Hall of Fame. On behalf of the Board of Trustees, I am here to testify in favor of House Bill 2732. It is our understanding that this bill would provide much needed financial support for the Hall of Fame by providing a means of transfer of specified funds presently being received into the State's General Fund from the state's high school championship athletic events.

We believe the Legislature should participate in the funding of the Hall of Fame by approving House Bill 2732 for the following reasons:

- 1) The specified funds are sales tax dollars which are already being collected from high school playoff games. The funds are not new tax dollars.
- 2) The Hall of Fame was created by the Legislature in 1961 and the Board of Trustees was created by the Legislature in 1987 – and yet, the Hall of Fame receives no funding from the Legislature to fulfill its mandated mission.

Even though the Kansas Legislature created the Hall of Fame and Board of Trustees, and even though all funds received and spent by the Hall of Fame are reported to the Kansas Department of Administration - Division of Accounts and Reports, the Legislature has never provided permanent funding to operate or develop the museum. (Refer to Kansas Statutes 74-2906a through 74-2912)

Instead, the Trustees have been left to survive without state support. Even so, The Hall of Fame has been somewhat successful in securing funding for operations from a variety of sources including: private donations, grants, revenues from advertising and subscriptions to Hall of Fame

House Appropriations
2-23-00
Attachment 8

publications, sale of merchandise, and surcharges collected on behalf of the Hall of Fame by the Kansas colleges and universities which voluntarily participate in designated "Hall of Fame" games. The attached "Cash Flow Summary" will show you the variety of sources we have relied on to keep the mission of the Hall of Fame alive.

The Trustees believe we have shown that the Hall of Fame is not sitting back waiting for the Legislature to provide funds to enable us to fulfill our mission. Since the Board of Trustees was founded in 1987, over \$2.2-million in cash has been raised – in addition to the Hall of Fame building itself - which was donated at an appraised value of over \$450,000, by a local bank.

But, in spite of all of our efforts, the Hall of Fame continues to struggle financially to be able to make ends meet. The estimated \$70-75,000 annual funds which this bill would provide for the Hall of Fame, represents about one-third of our total annual operating budget.

I have personally called on most of the state's private colleges and community colleges to ask them to host the "Hall of Fame Games." The response has been very favorable and will allow all of the colleges to be involved. Approval of this bill will allow the individual high schools to help, too.

Since the Hall of Fame is not a state agency, the Trustees wonder who should provide the funding to enable me and my fellow members of the Board of Trustees to fulfill the mission which the Legislature expects us to accomplish? We believe the Legislature should provide at least a part of the annual funds and we are willing to continue to generate the balance needed. This bill would enable the Legislature to get involved in helping support of the Hall of Fame without raising taxes.

I have personally visited a number of sports halls of fame throughout the country and I honestly believe the Kansas Sports Hall of Fame is one of the very best. In addition to the Inductees Gallery, the museum honors the great sports history of our state's high schools and colleges.

We believe the Trustees, the members of the Board of Directors of the non-profit company, and the staff at the Kansas Sports Hall of Fame, are doing an outstanding job of fulfilling the mission of the Hall of Fame as mandated. But we really need the funds which this bill would provide, in order to continue to operate a museum that the Legislature and every Kansan will be proud of.

The funds are available. They come from sports events. This bill will simply direct the funds to the Kansas Sports Hall of Fame - which the Legislature created - without increasing taxes.

Please approve House Bill 2732. Thank you.

**STATE OF KANSAS
SPORTS HALL OF FAME**

**CASH FLOW SUMMARY
January 1, 1987 - January 31, 2000**

CASH ON HAND 1-1-87	0	
<hr/>		
CASH RECEIPTS		Pct.
A. Donations and Grants	625,873	28.4
B. Hall of Fame Games (\$1 surcharges - universities/colleges)	549,276	24.9
C. Kansas Sports Magazine Revenues	432,736	19.6
D. 1987 Legislature (\$.25 surcharge to Regents Games + Interest)	* 273,563	12.4
E. State of Kansas (1998 Matching Funds Appropriation)	150,000	6.8
F. Loan Proceeds	115,939	5.3
G. Museum Admissions	29,077	1.3
H. Other Income (rental income plus misc.)	16,529	0.8
I. Interest Income	9,989	0.5
<hr/>		
TOTAL CASH RECEIPTS	2,202,982	
<hr/>		
TOTAL CASH AVAILABLE	2,202,982	
<hr/>		
CASH PAID OUT		
A. Operations (Includes loan payments)	1,344,878	
B. Museum Displays and Building Modifications	857,673	
<hr/>		
TOTAL CASH PAID OUT	2,202,440	
<hr/>		
CASH POSITION - JANUARY 31, 2000	431	

* - Surcharge generated \$215,000. Interest accrued - \$58,563.

CASH FLOW PROJECTION - Five Years (2000-2004)

	2000	2001	2002	2003	2004
1. CASH ON HAND (First of Year)	6,493	1,798	5,248	31,248	29,748
<hr style="border-top: 1px dashed black;"/>					
2. CASH RECEIPTS					
(a) State Funding (KSHSAA sales tax)	40,000	80,000	80,000	80,000	80,000
(b) Hall of Fame Games/Events	71,000	46,000	81,000	46,000	81,000
(c) Admissions/Gift Shop Sales	10,185	12,000	15,000	17,500	20,000
(d) Magazine Revenues	37,053	45,000	50,000	55,000	60,000
(e) Donations and Grants	41,500	50,000	60,000	60,000	60,000
(f) Other	15,000	15,000	15,000	15,000	15,000
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3. TOTAL CASH RECEIPTS	214,738	248,000	301,000	273,500	316,000
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4. TOTAL CASH AVAILABLE	221,231	249,798	306,248	304,748	345,748
<hr style="border-top: 1px solid black;"/>					
5. CASH PAID OUT					
(a) Wages/Payroll Tax	121,226	130,000	150,000	150,000	150,000
(b) Kansas Sports Magazine	26,000	30,000	32,000	32,000	32,000
(c) Repairs & Maintenance	1,871	2,000	2,000	2,000	2,000
(d) Induction Expense	14,000	14,000	14,000	14,000	14,000
(e) Travel/Meetings	9,287	9,600	9,600	9,600	9,600
(f) Advertising	11,345	18,000	25,000	25,000	25,000
(g) Insurance	7,459	9,600	9,600	9,600	9,600
(h) Utilities	6,272	7,200	7,200	7,200	7,200
(i) Telephone	4,685	4,800	4,800	4,800	4,800
(j) Merchandise	1,500	1,500	2,000	2,000	2,000
(k) Sales Tax	682	1,000	1,200	1,200	1,200
(l) Office Expense	3,046	3,600	3,600	3,600	3,600
(m) Supplies	4,500	4,800	4,800	4,800	4,800
(n) Postage & Shipping	4,429	4,800	5,400	5,400	5,400
(o) Equipment rental	1,000	1,000	1,000	1,000	1,000
(p) Dues & Subscriptions	650	960	1,000	1,000	1,000
(q) Accounting	1,000	1,200	1,200	1,200	1,200
(r) Bank Service Charges	220	240	300	300	300
(s) Miscellaneous	261	250	300	300	300
<hr style="border-top: 1px dashed black;"/>					
6. TOTAL CASH PAID OUT	219,433	244,550	275,000	275,000	275,000
<hr style="border-top: 1px solid black;"/>					
7. CASH POSITION	1,798	5,248	31,248	29,748	70,748

Citation/Title

KS ST S 74-2906a, 74-2906a. State of Kansas sports hall of fame board of trustees; appointment; meetings; compensation; employees; attached to state historical society.

*34139 K.S. § 74-2906a

KANSAS STATUTES
CHAPTER 74. STATE BOARDS, COMMISSIONS AND AUTHORITIES
ARTICLE 29. ATHLETIC COMMISSION; SPORTS HALL OF FAME
SPORTS HALL OF FAME

Current through End of 1996 Reg. Sess.

74-2906a. State of Kansas sports hall of fame board of trustees; appointment; meetings; compensation; employees; attached to state historical society.

(a) There is hereby created the state of Kansas sports hall of fame board of trustees, hereinafter referred to as the board of trustees, which board shall be composed of seven members appointed by the governor.

(b) Upon the expiration of the term of office of any member, a successor shall be appointed for a term of four years. All vacancies in office of members so appointed shall be filled by appointment for the unexpired term of the member creating the vacancy. Members of the Kansas all-sports hall of fame board of trustees immediately prior to the effective date of this act shall become members of the state of Kansas sports hall of fame and shall serve as such members until the expiration of their term of office established as members of the Kansas all-sports hall of fame board of trustees.

(c) The board of trustees shall organize annually by electing one of its members as chairperson and one as vice-chairperson. Meetings of the board of trustees shall be held upon call of the chairperson, or may be called by a majority of the board of trustees.

(d) The board of trustees shall have such powers and duties as are provided by law. Members of the board of trustees attending meetings of such board of trustees, or attending a subcommittee meeting thereof authorized by such board of trustees, shall be paid amounts provided in subsection (e) of K.S. 75-3223 and amendments thereto.

(e) The board of trustees may employ such professional and clerical personnel, on a part-time or full-time basis, as may be necessary in its judgment, and all such personnel shall be in the classified service under the Kansas civil service act.

(f) The state of Kansas sports hall of fame board of trustees is hereby attached to the state historical society as a part thereof. All budgeting, purchasing and related management functions of the board of trustees shall be administered under the direction and supervision of the state historical society. The state historical society shall provide office space and such clerical and other staff assistance as may be necessary to assist the board of trustees in carrying out its functions, powers and duties.

*34140 (g) Whenever the Kansas all-sports hall of fame board of trustees, or words of like effect, is referred to or designated by any appropriations act or other act of the legislature, or any statute, contract or other document, such reference or designation shall be deemed to apply to the state of Kansas sports hall of fame board of trustees which is created by this act.

History: L. 1979, ch. 242, § 1; L. 1983, ch. 253, § 1; L. 1986, ch. 289, § 2; L. 1987, ch. 294, § 1; L. 1989, ch. 229, § 1; L. 1991, ch. 233, § 1; April 25.

Search this disc for cases citing this section.

HOUSE APPROPRIATIONS COMMITTEE

TESTIMONY ON HOUSE BILL 2732

February 23, 2000

Presented by
Ted Hayes, Executive Director
State of Kansas Sports Hall of Fame

Good morning, Mr. Chairman and Members of the Committee. I am Ted Hayes, Executive Director of the Kansas Sports Hall of Fame, and I am also here to testify in favor of House Bill 2732.

We believe approval of this bill makes sense because the funds came from sports and we are asking that the Legislature give it back to sports, to the very organization the Legislature created to honor our state's sports heroes, The State of Kansas Sports Hall of Fame.

We ask that you consider that the specified funds in this bill represent only a fraction of all of the funds received each year into the State's General Fund – from sports. The Legislative Research Department reported recently that over \$1.9 million dollars was remitted to the Department of Revenue from sales taxes collected by various elementary and secondary schools across Kansas in FY 1999. This would include sales tax from sporting events and other activities such as plays, concerts, and concession sales. These same school districts remitted state sales tax of over \$1.9 million in 1998 and just under \$1.9 million in 1997. There is solid reason to believe that the state will continue to receive nearly \$2-million in sales tax revenues from these schools each year, a portion of which will come from sports events.

But, we are not asking for any part of those dollars. Nor are we asking for any portion of the sales tax dollars from sports events conducted by the Kansas Board of Regents institutions and private colleges. Most of those institutions are already providing substantial support for the Hall of Fame through their own voluntary participation in a variety of fund-raising efforts.

Instead, we are asking for only those sales tax dollars from the high school activities association's playoff games.

The Hall of Fame needs those dollars if we are to continue to operate a quality museum such

House Appropriations
2-23-00
Attachment 9

as many of you saw during your biennial tour last fall. Our full-time staff consists of myself, a Development Director and a secretary. We also have two part-time employees and six volunteers.

And yet, the Hall of Fame is open 350 days per year. We conduct the annual induction ceremony to continue to honor our state's sports figures as the Legislature directed us to do. We also maintain a website; write, edit and publish six magazines each year; maintain the all-time state sports records; and continue to gather and care for the state-owned collection of sports artifacts and archives.

But most of our time is spent raising money to survive. With us today is Mr. Rick Williamson, President of the First National Bank in Abilene, who is also President of the non-profit company which operates the Hall of Fame. Not only did Mr. Williamson convince his bank to donate our building, he has donated his own time and personal dollars to the organization. In fact, every single Trustee and Board Member has personally donated money to keep the Hall of Fame alive for the past eight years. Their support is exemplary of the commitment to the mission of the Hall of Fame which the private donors throughout Kansas have provided.

In addition to individual donations, the Hall of Fame has received, and continues to receive, the financial support of the Kansas colleges and universities which add a dollar on to designated games or host golf tournaments or other events – just to help keep the Hall of Fame afloat. Hundreds of thousands of dollars have been raised by the schools and by people like Wes Santee, Rick Williamson and hundreds of other Kansans who have donated their personal dollars to support the mission as set forth by the Legislature. It has truly been a team effort which has resulted in the Hall of Fame's present stature among the finest sports museums in the nation. Without this personal commitment by so many individuals, the Hall of Fame would cease to exist. We feel it is time for the Legislature to join the team in helping the Hall of Fame continue to fulfill the mission it was mandated to do.

Thirty-nine years ago, the Legislature created the Kansas All-Sports Hall of Fame with the mission to "honor those individuals whose achievements in sports have brought pride and distinction to themselves, their communities and the entire state of Kansas."

We believe we are doing our part to fulfill that mission. We further believe it is time for the Legislature to help us. Approval of House Bill 2732 will provide the support we need. Thank you.

House of Representatives Appropriations Committee

Testimony on House Bill #2732

Presented by

Gary Musselman, Executive Director of the Kansas State High School Activities Association

Wednesday, February 23, 2000

1. Thank you Chairman Adkins and the members of the Committee for allowing me the opportunity to **testify in support of HB #2732.**
2. **The KSHSAA is a non-profit 501c-3 private association of member schools.** The primary source of operating revenues is derived from ticket sales of post-season athletic events. Many activities in our programs and services do not involve ticket sales. (Examples of these activities are debate, speech, scholars' bowl, vocal and instrumental music and piano.)
3. These events are administered by member schools, who are responsible for the sale of tickets and collection of the 4.9% state sales tax and other applicable city or county sales taxes, which are included in the price of the ticket. An accounting of the ticket sales and proceeds is made at the host site and the local school pays sales tax to the state treasury. The KSHSAA does not collect sales taxes and make payments to the state.
4. In evaluating ticket sales from KSHSAA post season athletic events over the last three-year period, one would approximate the 4.9% sales tax to generate \$70 –75,000.
5. **It is important to note the KSHSAA has no financial involvement in regular season athletic contests or other school activities of our member schools.** Concession sales, fundraising activities, yearbook sales have no connection to the KSHSAA, yet all generate sales tax revenues, which are paid to the state.
6. Given the current methods the Association uses to track ticket sales, we would be in position to assist the Department of Revenue in calculating the appropriate moneys to be transferred to the Kansas Sports Hall of Fame.
7. Throughout the recent years, the KSHSAA has developed a very positive and supportive relationship to the Kansas Sports Hall of Fame. To illustrate this point, consider the following:
 - A. A link established between the two organization websites
 - B. Telephone calls referred to the KSHOF regarding record inquiries
 - C. KSHOF utilized the archives of the KSHSAA to establish its' high school records database
8. The Kansas Sports Hall of Fame serves a valuable role in preserving a valuable piece of our state's history. Improving its' financial stability as proposed by this bill would seem to be a logical and appropriate step. The KSHSAA supports the bill.

House Appropriations
2-23-00
Attachment 10