

MINUTES OF THE SENATE COMMITTEE ON SENATE WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 10:05 a.m. on March 2, 2001 in Room 123-S of the Capitol.

All members were present except: Senator Christine Downey - excused

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department  
Debra Hollon, Kansas Legislative Research Department  
Amory Lovin, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Tom Severn, Kansas Legislative Research Department  
Carolyn Rampey, Kansas Legislative Research Department  
Paul West, Kansas Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office  
Julie Weber, Administrative Assistant to the Chairman  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Irene Cumming, President and CEO of the University of Kansas Hospital Authority

Others attending: See attached guest list

Subcommittee budget reports on the **Legislative and Elected Officials** (Attachment 1):

**Legislature** (Attachment 2)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendation in FY 2001.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations in FY 2002 with adjustment and comment as listed in the subcommittee budget report.

**Legislative Coordinating Council** (Attachment 3)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustments as listed in the subcommittee budget report.

**Revisor of Statutes** (Attachment 4)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustment as listed in the subcommittee budget report.

**Legislative Division of Post Audit** (Attachment 5)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001.

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Conferees appearing before the committee:

Irene Cumming, President and CEO of the University of Kansas Hospital Authority

Others attending: See attached guest list

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Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustments as listed in the subcommittee budget report.

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Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustment as listed in the subcommittee budget report.

**Legislative Division of Post Audit** (Attachment 5)

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## CONTINUATION SHEET

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustment as listed in the subcommittee budget report.

### **Kansas Legislative Research Department** (Attachment 6)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations in FY 2001.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustments as listed in the subcommittee budget report.

Senator Adkins moved, with a second by Senator Jordan, to amend the Subcommittee budget report for FY 2002 to include the following: "The Subcommittee notes that in July 2000, Chief Fiscal Analyst Alan Conroy was presented with a Legislative Staff Achievement Award by the National Association of Legislative Fiscal Offices (NALFO) staff section of the National Conference of State Legislatures. Each NCSL staff section may present two Staff Achievement Awards each year and recipients of the NALFO award are selected based on three criteria: how the nominee's work has contributed to the resolution of a fiscal policy issue in the state legislature; how the nominee's work has made a significant contribution toward educating legislators or the public about the fiscal dimensions of a public policy issue; or how the nominee's work has made other unique contributions to furthering the role and development of fiscal staff assistance to the legislative process. The Subcommittee congratulates Alan on this well-deserved recognition and expresses appreciation for his dedicated service to the Kansas Legislature." Motion carried by a voice vote.

### **Governor** (Attachment 7)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustment as listed in the subcommittee budget report.

### **Lieutenant Governor** (Attachment 8)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustment as listed in the subcommittee budget report.

### **Attorney General** (Attachment 9)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with exceptions as listed in the subcommittee budget report.

### **Secretary of State** (Attachment 10)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001 with notation as listed in the subcommittee budget report

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustments and notation as listed in the subcommittee budget report.

## CONTINUATION SHEET

### **Kansas Insurance Department** (Attachment 11)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001 with exceptions as listed in the subcommittee budget report.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with comments and exceptions as listed in the subcommittee budget report.

### **State Treasurer** (Attachment 12)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001 with adjustments as listed in the subcommittee budget report.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustments as listed in the subcommittee budget report.

Senator Feleciano moved, with a second by Senator Barone, regarding demand transfers in Item Number 4 in FY 2002 to not concur with the recommendation of the subcommittee and to concur with the Governor's recommendation. Committee questions and discussion followed.

Senator Salmans moved a substitute motion, with a second by Senator Schodorf, to leave Item Number 4 as the subcommittee recommended and reconsider the issue at Omnibus. Detailed committee questions and discussion followed. Motion carried by a show of hands.

Chairman Morris thanked the Committee for a good debate.

### **Health Care Stabilization Fund** (Attachment 13)

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2001.

Senator Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with exceptions as listed in the subcommittee budget report.

Senator Adkins moved, with a second by Senator Jackson, to approve the Subcommittee budget report as amended on the Legislative and Elected Officials. Motion carried by a voice vote.

Senator Feleciano asked if it was possible to get a copy of a recently released report by Legislative Post Audit regarding premium tax reductions. Barbara Hinton, Legislative Post Auditor, Legislative Post Audit, responded that they found that the initial estimates of the impact of the premium tax reductions were \$4 million dollars the first year and about \$12 million dollars the next year. The Insurance Department estimates that in 2002, the taxes will be about \$30 - \$35 million dollars less than they were in 1998. In the report that they have available now, they looked at some options that the Legislature could consider. Chairman Morris noted that this may be more information for the Financial and Insurance Committees but the Chairman may, if possible, try to schedule a time for Ms. Hinton to speak before the committee.

### **Update on the University of Kansas Hospital Authority**

Chairman Morris welcomed Irene Cumming, President and Chief Executive Officer of the University of Kansas Hospital Authority (Attachment 14). In addition to giving an update on the University Hospital Authority, Ms. Cumming mentioned that she would endorse anything that can be done to restore funding to the University. She noted that this is more than an education issue and it is more of a health care issue. Ms. Cumming noted that support for research, especially the life sciences, is a key to attracting new high technology business to the state. In testimony, Ms. Cumming noted that another factor in their finances is uncompensated care. She noted that even though they have a broader, more complex mission than a community hospital, this current fiscal year they expect to provide \$28.5 million in uncompensated care.

## CONTINUATION SHEET

Senator Adkins thanked Ms. Cumming for bringing to the Committee's attention some of the demands that the indigent uncompensated care places on the hospital. He is interested in finding ways to not put unrealistic burdens on the hospital and whatever actions can be taken to shift those burdens where they rightfully belong. Ms. Cumming mentioned that the University of Kansas Hospital Authority can pull together information regarding uncompensated care and they would appreciate any support in that area.

In response to a question by Chairman Morris, Ms. Cumming mentioned that they must provide care to all who come to their hospital emergency room. She explained that the Medicaid payments that they receive for indigent patients from Missouri Medicaid is lower than they receive from Kansas.

Senator Schodorf moved, with a second by Senator Jordan, as a committee request that the Governor of Kansas write a letter to the Governor of Missouri regarding the situation of discrimination regarding Missouri Medicaid which has been an issue for many years. Motion carried by a voice vote. Staff will compose the letter.

Chairman Morris thanked Ms. Cumming for the information provided regarding the update on the University of Kansas Hospital Authority.

The meeting was adjourned at 11:30 a.m. The next meeting is scheduled for March 5, 2001. There is a joint meeting scheduled for March 5, 2001, with the House Appropriations Committee.

**SENATE WAYS AND MEANS COMMITTEE  
GUEST LIST**

DATE March 2, 2001

NAME	REPRESENTING
Julie Thomas	DOB
Melinda Gaul	DOB
Bill Beck	KS Gov't Consulting
Tim Shallenbarger	State Treasurer
Peggy Nanna	State Treasurer's Office
Robert Myer	Secretary of State
J. Chubb	SOS
Sabrina Wells	Insurance Dept
Udildesed	DOB
Jean Krala	H&P
Chris Krala	KOP
Karin Barne	Her/Secr.
Bill Sneed	UKNA
Dennis McIlloch	Hosp Authority
Tom Vaneck	KU Hosp Authority
IRENE CUMMINGS	KU Hosp Authority
BOB HAYES	HCSE

**2001 LEGISLATIVE AND ELECTED OFFICIALS  
SUBCOMMITTEE**

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Legislative Agencies  
Governor  
Lt. Governor  
Attorney General  
Secretary of State  
Insurance Commissioner  
State Treasurer  
Health Care Stabilization Fund Board of Governors



Senator David Adkins, Chairman



Senator Christine Downey

Senate Ways and Means  
3-2-01  
Attachment 1

## House Budget Committee Report

**Agency:** Legislature

**Bill No.**

**Bill Sec.**

**Analyst:** Conroy

**Analysis Pg. No.** 1526

**Budget Page No.** 339

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 12,711,968	\$ 12,711,968	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 12,711,968	\$ 12,711,968	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 12,711,968</b>	<b>\$ 12,711,968</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 12,432,722	\$ 12,432,722	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 12,432,722	\$ 12,432,722	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 12,432,722</b>	<b>\$ 12,432,722</b>	<b>\$ 0</b>
FTE Positions	33.0	33.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>33.0</b>	<b>33.0</b>	<b>0.0</b>

### AGENCY OVERVIEW

The legislative power of the State of Kansas is vested in a House of Representatives (125 members) and a Senate (40 members). The budget for this agency finances the operations of the House and the Senate, joint expenses, legislative claims, special maintenance and repair expenses, special expenses authorized by the Legislative Coordinating Council, and the retirement program for session only employees of the Legislature.

### Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2001 operating expenditures of \$12,711,968 is a decrease of \$640,556 or 5.0 percent below the currently authorized amount by the 2000 Legislature.

- The agency requests financing from the State General Fund of \$12,432,722 (97.8 percent of the request)

*Senate Ways and Means  
3-1-01  
Attachment 2*



- The agency also requests financing of \$279,246 from all other funds (2.2 percent of the request)
- The other funds include the Legislative Special Revenue Fund (\$279,246)
- The agency requests 33.0 FTE positions, the currently authorized amount.

The Governor recommends \$12,711,968 for FY 2001 operating expenditures, the same as the agency's request.

- The Governor recommends financing of \$12,432,722 from the State General Fund, which concurs with the agency's request.
- The Governor concurs with the agency request of \$279,246 for expenditures financed from other funds (Legislative Special Revenue Fund).
- The Governor concurs with the agency request for 33.0 FTE positions.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendation.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

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### Senate Subcommittee Report

**Agency:** Legislature

**Bill No.**

**Bill Sec.**

**Analyst:** Conroy

**Analysis Pg. No.** 1526

**Budget Page No.** 339

<u>Expenditure Summary</u>	<u>Agency Estimate FY 01</u>	<u>Governor's Recommendation FY 01</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 12,711,968	\$ 12,711,968	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 12,711,968	\$ 12,711,968	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 12,711,968</u>	<u>\$ 12,711,968</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 12,432,722	\$ 12,432,722	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 12,432,722	\$ 12,432,722	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 12,432,722</u>	<u>\$ 12,432,722</u>	<u>\$ 0</u>
FTE Positions	33.0	33.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	<u>33.0</u>	<u>33.0</u>	<u>0.0</u>

#### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## House Budget Committee Report

**Agency:** Legislature

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1569**

**Budget Page No. 339**

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 13,025,474	\$ 12,976,356	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 13,025,474</u>	<u>\$ 12,976,356</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 13,025,474</u></u>	<u><u>\$ 12,976,356</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 12,894,474	\$ 12,845,356	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 12,894,474</u>	<u>\$ 12,845,356</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 12,894,474</u></u>	<u><u>\$ 12,845,356</u></u>	<u><u>\$ 0</u></u>
FTE Positions	33.0	33.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>33.0</u></u>	<u><u>33.0</u></u>	<u><u>0.0</u></u>

### Agency Request/Governor's Recommendation

The legislative power of the State of Kansas is vested in a House of Representatives (125 members) and a Senate (40 members). The budget for this agency finances the operations of the House and the Senate, joint expenses, legislative claims, special maintenance and repair expenses, special expenses authorized by the Legislative Coordinating Council, and the retirement program for session only employees of the Legislature.

The **agency request** for FY 2002 operating expenditures totals \$13,025,474, an increase of \$313,506 or 2.5 percent above the agency's revised FY 2001 estimate. The agency requests:

- **State General Fund:**
  - \$12,894,474 or 99.0 percent of the request
- **Other Funds:**
  - \$131,000 or 1.0 percent from the Legislative Special Revenue Fund
- **Salaries and Wages:**
  - \$7,134,026 for legislator and staff compensation.

- Legislator compensation is based on \$73.00 per day (current statutory rate) in FY 2002, while the FY 2001 compensation rate is \$76.44 per day (temporary rate approved by the 2000 Legislature).
- Includes funding for 33.0 FTE positions, the same number as in the current year.
- \$278,440 for salaries and wages for staff associated with the legislative, congressional, and State board of Education redistricting.
- **Other Operating Expenditures:**
  - \$5,891,448 for other operating expenditures, which is an increase of \$202,233 or 3.6 percent above the agency's FY 2001 estimate
  - The request includes funding of \$0.2 million for costs associated with preparing for the legislative, congressional, and State Board of Education redistricting
  - The request also includes \$0.9 million for the FY 2002 component of the legislative computerization program.

**The Governor** recommends FY 2002 operating expenditures of \$12,976,356 or \$49,118 less than the agency requested. The recommendation is \$264,388 or 2.1 percent above the Governor's current year recommendation.

- **State General Fund:**
  - \$12,845,356 or \$49,118 less than the agency requested
  - The recommendation is an increase of \$412,634 or 3.3 percent above the Governor's revised FY 2001 recommendation
- **Other Funds**
  - **The Governor** concurs with the agency's request for expenditure of \$131,000 in all other funds (Legislative Special Revenue Fund)
- **Salaries and Wages**
  - \$7,084,908 for legislator and staff compensation and 33.0 FTE positions
  - The amount is a reduction of \$49,118 from the agency request.
  - The Governor does recommend \$17,466 (State General Fund) for the Governor's recommended pay plan that includes an unclassified merit increase of 2.25 percent (3.0 percent annualized).
- **Other Operating Expenditures**
  - **The Governor** recommends \$5,891,448 for other operating expenditures, which is the same as the agency requested.
  - The Governor concurs with the agency request for the legislative computerization program.
  - The Governor concurs with the requested funding for the legislative, congressional and State Board of Education redistricting.

## House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendations with the following adjustments and comments:

1. The Budget Committee notes that discussion was held concerning the possibility of establishing of a year-round legislative secretarial pool of six to eight secretaries. In discussions with Jeff Russell, Director of Legislative Administrative Services, it was indicated that there is increasing difficulty in finding quality legislative session-only employees with the necessary word processing skills to staff legislator offices. Discussion was held on starting a pilot project that would enable Legislative Administrative Services to offer year-round employment, including fringe benefits to six to eight legislative secretaries. The program could encourage senior experienced clerical staff to remain in the employment of the Legislature. The year-round secretaries could also be mentors to new session-only clerical personnel, help staff interim committees, and provide clerical assistance to legislators during the interim. The Budget Committee urges Director Russell to continue to study the concept of a year-round legislative secretarial pool.
2. The Committee notes that the Governor does not recommend a state employee pay plan adjustment for session-only employees in the budget year. The estimated fiscal impact in FY 2002 to increase the base salaries by 1.5 percent at the beginning of the fiscal year and another 1.5 percent at mid-fiscal year is \$71,499 (State General Fund). The Budget Committee requests that the Governor review the issue and if appropriate, consider a Governor's Budget Amendment to add the funding in FY 2002.
3. The Committee notes that the Governor did not initially recommend that legislators receive the same state employee pay plan adjustment (1.5 percent at the beginning of the fiscal year and another 1.5 percent mid-fiscal year) as recommended for almost all other state employees. The Governor financed daily legislator compensation at the statutory amount of \$73.00 per day, a reduction of \$3.44 per day from the current temporary rate set by an appropriation act of the 2000 Legislature. Absent any action, by the 2001 Legislature, the daily compensation rate will decrease to the statutory amount of \$73.00 per day. The agency's FY 2002 budget request was requested at the statutory rate amount of \$73.00 per day, pending action by the 2001 Legislature. The Director of the Budget has since indicated that within the Governor's appropriation bill for FY 2002 will be temporary language to increase the current legislator daily compensation amount of \$76.44 to \$78.75. This will provide legislators with the same pay plan adjustment recommended for state-wide elected officials and, in general, all state employees. The Budget Committee notes however, that the Governor's recommendation for the Legislature does not include \$128,027 (State General Fund) to finance the salary increase for legislators. The Budget Committee will continue to monitor the budgetary needs of the Legislature during the balance of this session and if it appears the agency will not be able to absorb the lack of proper funding, the Committee will raise the issue at a later time for further consideration.
4. The Committee also discussed the recent recommendations of the Legislative Compensation Commission which recommended an annual rate of legislator compensation of \$24,000 instead of the current daily amount \$76.44. The Commission noted that Nebraska, Oklahoma, Missouri, and Colorado all have an annual salary for their legislators, the average compensation for those states is \$27,370. The Commission also recommended that the current practice of

allowing legislators to annualize per diem compensation and expenses for Kansas Public Employees Retirement System (KPERs) benefits would be discontinued in January 2003 for new members of the Legislature or at the beginning of a new term of office for current legislators. In the future, under the Commission's recommendations, legislators' KPERs retirement benefit calculations would be based only on the actual salary, or legislators would have the option of electing into the state special deferred compensation plan, where the employer contributes 8.0 percent of the employee's salary.

The Budget Committee reviewed the history of legislator per diem compensation, legislator subsistence and legislator monthly non-session expense amounts. The Committee notes that had the current legislator daily subsistence amount of \$85.00 per day been indexed to the rate of inflation since FY 1986, the daily subsistence amount would be \$105.21 or a difference of \$20.21 from the current rate. In the area of daily legislator compensation, currently at \$76.44 per day, had legislator pay been increased at the same rate state employee pay had increased (step movement and cost-of-living adjustments) since FY 1989, legislator compensation would be \$88.48 per day or a difference of \$12.04 per day. Perhaps most troubling to the Budget Committee was the monthly non-session expense amount of \$600. That amount was set at \$600 in FY 1986, over 15 years ago. Had that amount been indexed to the same increase as state employees have received through the years (step movement and cost-of-living adjustments) that monthly non-session expense amount would be \$1,064.12 per month or a difference of \$464.12.

The Budget Committee recommends that the 2001 Legislature review the preceding information that clearly indicates that legislator compensation and expenses have not kept pace with inflation or the amount of pay increases that has been granted to state employees. In order to facilitate this discussion, the Budget Committee recommends introduction of legislation that would do the following:

1. change the legislator daily compensation amount from the statutory amount of \$73.00 per day to \$100 per day (fiscal note of \$603,269 - State General Fund)
2. change the legislator daily subsistence amount from the current \$85.00 per day to \$100 per day (fiscal note of \$313, 000 - State General Fund); and
3. change the legislator monthly non-session expense amount from \$600 per month to \$1,064.12 per month (fiscal note of \$762,698 - State General Fund).
4. all three of the above would then be indexed to whatever increase state employees receive (step movement and cost-of-living adjustment) receive in the future.

The Budget Committee realizes that the issue of legislator pay is difficult, but the discussion of what is an appropriate level of legislator compensation is necessary in order assure that Kansas will continue to have a "citizen legislature" which has served our state so well through the years.

## House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee with the following adjustment:

1. Add \$90,000 (State General Fund) and 5.0 FTE positions to establish a year-round secretarial pool for legislators. These positions would permit Legislative Administrative Services to start a pilot project to offer year-round employment, including fringe benefits to five legislative secretaries. The year-round secretaries would also be mentors to new session-only clerical personnel, help staff interim committees, as well as provide clerical assistance to legislators.

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### Senate Subcommittee Report

**Agency:** Legislature

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1569**

**Budget Page No. 339**

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	Senate Subcommittee Adjustments*
<b>All Funds:</b>			
State Operations	\$ 13,025,474	\$ 12,976,356	\$ (18,231)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 13,025,474</u>	<u>\$ 12,976,356</u>	<u>\$ (18,231)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 13,025,474</u></u>	<u><u>\$ 12,976,356</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 12,894,474	\$ 12,845,356	\$ (18,231)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 12,894,474</u>	<u>\$ 12,845,356</u>	<u>\$ (18,231)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 12,894,474</u></u>	<u><u>\$ 12,845,356</u></u>	<u><u>\$ 0</u></u>
FTE Positions	33.0	33.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>33.0</u></u>	<u><u>33.0</u></u>	<u><u>0.0</u></u>

\* The entire amount reflects deletion of the Governor's recommended pay plan adjustments.

## Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations with the following adjustment and comment:

1. Delete \$18,231 (all from the State General Fund) for the Governor's recommended pay plan adjustments, all of which, in this agency is for unclassified merit pool.
2. The Subcommittee notes that the Governor has recommended appropriation bill language to increase legislator daily compensation from \$76.44 (the FY 2001 temporary rate) to \$77.59 per day at the beginning of FY 2002 and then to \$78.75 per day effective December 9, 2001. These increases will provide legislators with the same increase as all other state employees (1.5 percent at the beginning of the fiscal year and another 1.5 percent in December, 2001). However, the Subcommittee is troubled that the Governor did **not** fund the salary increase for legislators (\$128,027, all from the State General Fund) or session-only employees (\$76,088, all from the State General Fund). To the best available knowledge of the Subcommittee, these two groups, legislators and session-only employees, are the only employee groups where funding was not provided by the Governor to implement his pay plan recommendation.

The Subcommittee further notes that the Governor did not initially recommend that legislators receive the same state employee pay plan adjustment as recommended for all other state employees. The Governor financed daily legislator compensation at the statutory amount of \$73.00 per day, a reduction of \$3.44 per day from the current temporary rate set by an appropriation act of the 2000 Legislature. Absent any action, by the 2001 Legislature, the daily compensation rate will decrease to the statutory amount of \$73.00 per day. The agency's FY 2002 budget request was requested at the statutory amount of \$73.00 per day, pending action by the 2001 Legislature. The Director of the Budget has since indicated that within the Governor's appropriation bill for FY 2002 there will be temporary language to increase legislator daily compensation from the \$76.44 to \$77.59 and then \$78.75. The Subcommittee will continue to monitor the budgetary needs of the Legislature during the balance of this session and if it appears the agency will not be able to absorb the lack of proper funding, the Subcommittee will raise the issue at a later time for further consideration.



## House Budget Committee Report

**Agency:** Legislative Coordinating Council

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No.** 1529

**Budget Page No.** 333

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 688,882	\$ 688,882	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 688,882</u>	<u>\$ 688,882</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 688,882</u></u>	<u><u>\$ 688,882</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 688,882	\$ 688,882	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 688,882</u>	<u>\$ 688,882</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 688,882</u></u>	<u><u>\$ 688,882</u></u>	<u><u>\$ 0</u></u>
<b>Other Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
FTE Positions	13.0	13.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>14.0</u></u>	<u><u>14.0</u></u>	<u><u>0.0</u></u>

### AGENCY OVERVIEW

The Legislative Coordinating Council is responsible for coordinating the delivery of legislative services. The Council consists of the President of the Senate, the Speaker of the House, the Speaker Pro Tem of the House, and the majority and minority leaders of each chamber. The budget includes the compensation and expenses associated with Council meetings and the salaries and wages and travel expenses of the staff of the Division of Legislative Administrative Services.

*Senate Ways and Means  
3-1-01  
Attachment 3*

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

**The agency's estimate for FY 2001 operating expenditures** is \$688,882, or \$131,672 less than the currently authorized amount by the 2000 Legislature.

- The agency's revised estimate maintains current level of services in FY 2001.
- The agency's revised estimate maintains the currently authorized 13.0 FTE positions.

**The Governor recommends** FY 2001 operating expenditures funding of \$688,882, the same as the agency's estimate. The Governor also concurs with the agency's requested FTE positions at 13.0.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendations.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

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### Senate Subcommittee Report

Agency: Legislative Coordinating Council

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 1529

Budget Page No. 333

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 688,882	\$ 688,882	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 688,882</u>	<u>\$ 688,882</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 688,882</u></u>	<u><u>\$ 688,882</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 688,882	\$ 688,882	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 688,882</u>	<u>\$ 688,882</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 688,882</u></u>	<u><u>\$ 688,882</u></u>	<u><u>\$ 0</u></u>
<b>Other Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
FTE Positions	13.0	13.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
TOTAL	<u><u>14.0</u></u>	<u><u>14.0</u></u>	<u><u>0.0</u></u>

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

## House Budget Committee Report

**Agency:** Legislative Coordinating Council

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1529**

**Budget Page No. 333**

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 807,586	\$ 810,060	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 807,586	\$ 810,060	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 807,586</b>	<b>\$ 810,060</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 807,586	\$ 810,060	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 807,586	\$ 810,060	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 807,586</b>	<b>\$ 810,060</b>	<b>\$ 0</b>
<b>Other Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	13.0	13.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
<b>TOTAL</b>	<b>14.0</b>	<b>14.0</b>	<b>0.0</b>

### AGENCY OVERVIEW

The Legislative Coordinating Council is responsible for coordinating the delivery of legislative services. The Council consists of the President of the Senate, the Speaker of the House, the Speaker Pro Tem of the House, and the majority and minority leaders of each chamber. The budget includes the compensation and expenses associated with Council meetings and the salaries and wages and travel expenses of the staff of the Division of Legislative Administrative Services.

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

The agency requests \$807,586 for operating expenditures in FY 2002.

- The request is entirely financed from the State General Fund.
- The request is an increase of \$118,704 or 17.2 percent from the revised FY 2001 amount.
- The agency requests 13.0 FTE positions in FY 2002, the same as the current year.
- The agency requests \$100,000 (State General Fund) for a KPERS actuarial audit.

**The Governor recommends \$810,060** for operating expenditures in FY 2002.

- The recommendation is entirely financed from the State General Fund.
- The recommendation is an increase of \$121,178 or 17.6 percent above the revised FY 2001 amount.
- The Governor concurs with the agency request of 13.0 FTE positions.
- The Governor concurs with the agency request of \$100,000 for a KPERS actuarial audit.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendations.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

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**Senate Subcommittee Report**

**Agency:** Legislative Coordinating Council

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No.** 1529

**Budget Page No.** 333

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	Senate Subcommittee Adjustments*
<b>All Funds:</b>			
State Operations	\$ 807,586	\$ 810,060	\$ (117,028)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 807,586</u>	<u>\$ 810,060</u>	<u>\$ (117,028)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 807,586</u></u>	<u><u>\$ 810,060</u></u>	<u><u>\$ (117,028)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 807,586	\$ 810,060	\$ (117,028)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 807,586</u>	<u>\$ 810,060</u>	<u>\$ (117,028)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 807,586</u></u>	<u><u>\$ 810,060</u></u>	<u><u>\$ (117,028)</u></u>
<b>Other Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
FTE Positions	13.0	13.0	0.0
Other Unclassified Positions	<u>1.0</u>	<u>1.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><u>14.0</u></u>	<u><u>14.0</u></u>	<u><u>0.0</u></u>

\* Includes a reduction of \$17,028 (all from the State General Fund) for the Governor's recommended pay plan adjustments. Absent the decrease for the pay plan, the recommendation is a reduction of \$100,000 (all from the State General Fund) below the Governor's recommendation.

## Senate Subcommittee Recommendation

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

1. Delete \$17,028 (all from the State General Fund) for the Governor's recommended pay plan adjustments for longevity bonus payments (\$6,240) and an unclassified merit pool (\$10,788).
2. Delete \$100,000 (all from the State General Fund) for funding for an independent KPERS actuarial audit in FY 2002. Current law requires an independent actuarial audit and evaluation of the KPERS actuary's work at least once every six years. The last audit was performed in FY 1996, shortly after the 1995 Legislature established the auditing requirement. The next actuarial audit would be due no later than FY 2002 under current statutory provisions. The Subcommittee notes that the Senate has already provided \$150,000 in funding for the required audit in the current year in 2001 S.B. 52 and in 2001 H.B. 2056. Since the Senate has accelerated the funding of the audit to the current year, the funding in the Governor's recommendation in FY 2002 is unnecessary.

## House Budget Committee Report

**Agency:** Revisor of Statutes

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No.** 1559

**Budget Page No.** 387

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,486,184	\$ 2,486,184	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 2,486,184	\$ 2,486,184	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,486,184</b>	<b>\$ 2,486,184</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 2,486,184	\$ 2,486,184	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 2,486,184	\$ 2,486,184	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,486,184</b>	<b>\$ 2,486,184</b>	<b>\$ 0</b>
<b>Other Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	26.0	26.0	0.0
Other Unclassified Positions	10.0	10.0	0.0
<b>TOTAL</b>	<b>36.0</b>	<b>36.0</b>	<b>0.0</b>

### AGENCY OVERVIEW

The Office of Revisor of Statutes provides bill drafting and legal research services for all legislators, and the Legislative Coordinating Council. The agency is responsible for continuous statutory revision and supervising the computerized legislative information system involving bill status and bill typing. The Revisor of Statutes also provides staff services to the Interstate Cooperation

*Senate Ways and Means  
3-2-01  
Attachment 4*



Commission. The Office of Revisor of Statutes operates under the supervision of the Legislative Coordinating Council.

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

**The agency's estimate for FY 2001 operating expenditures** is \$2,486,184, or \$50,935 less than the currently authorized amount by the 2000 Legislature. The agency requests funding for 26.0 FTE positions, the currently authorized amount.

**The Governor recommends** FY 2001 operating expenditures funding of \$2,486,184, the same as the agency's estimate. The Governor also concurs with the agency's requested FTE positions at 26.0.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendations.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

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**Senate Subcommittee Report**

**Agency:** Revisor of Statutes

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1559 Budget Page No. 387**

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,486,184	\$ 2,486,184	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 2,486,184	\$ 2,486,184	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,486,184</b>	<b>\$ 2,486,184</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 2,486,184	\$ 2,486,184	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 2,486,184	\$ 2,486,184	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,486,184</b>	<b>\$ 2,486,184</b>	<b>\$ 0</b>
<b>Other Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	26.0	26.0	0.0
Other Unclassified Positions	10.0	10.0	0.0
<b>TOTAL</b>	<b>36.0</b>	<b>36.0</b>	<b>0.0</b>

**Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendations.

# House Budget Committee Report

**Agency:** Revisor of Statutes

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1559**

**Budget Page No. 387**

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,532,653	\$ 2,528,601	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 2,532,653	\$ 2,528,601	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,532,653</b>	<b>\$ 2,528,601</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 2,532,653	\$ 2,528,601	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 2,532,653	\$ 2,528,601	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,532,653</b>	<b>\$ 2,528,601</b>	<b>\$ 0</b>
<b>Other Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	26.0	26.0	0.0
Other Unclass. Positions	10.0	10.0	0.0
<b>TOTAL</b>	<b>36.0</b>	<b>36.0</b>	<b>0.0</b>

## AGENCY OVERVIEW

The Office of Revisor of Statutes provides bill drafting and legal research services for all legislators, and the Legislative Coordinating Council. The agency is responsible for continuous statutory revision and supervising the computerized legislative information system involving bill status and bill typing. The Revisor of Statutes also provides staff services to the Interstate Cooperation Commission. The Office of Revisor of Statutes operates under the supervision of the Legislative Coordinating Council.

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

The **agency request** for FY 2002 is \$2,532,653 (all from the State General Fund), which is an increase of \$46,469 or 1.9 percent above the FY 2001 estimate.

- The agency requests \$1,838,088 salaries and wages, an increase of \$62,530 or 3.5 percent above the FY 2001 amount.
- The agency requests financing for 26.0 FTE positions, the same number as FY 2001.

**The Governor** recommends \$2,528,601 (all from the State General Fund), which is an increase of \$42,417 or 1.7 percent above the FY 2001 recommended amount.

- The Governor recommends \$1,834,036 for salaries and wages, an increase of \$58,478 or 3.3 percent above the FY 2001 estimate.
- The Governor recommends \$56,965 for longevity bonus payments and a 2.25 percent unclassified merit pool (3.0 percent annualized).
- The Governor concurs with the agency request for 26.0 FTE positions.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendations.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

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### Senate Subcommittee Report

**Agency:** Revisor of Statutes

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1559**

**Budget Page No. 387**

<u>Expenditure Summary</u>	<u>Agency Request FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>Senate Subcommittee Adjustments*</u>
<b>All Funds:</b>			
State Operations	\$ 2,532,653	\$ 2,528,601	\$ (56,964)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 2,532,653</u>	<u>\$ 2,528,601</u>	<u>\$ (56,964)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,532,653</u></u>	<u><u>\$ 2,528,601</u></u>	<u><u>\$ (56,964)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 2,532,653	\$ 2,528,601	\$ (56,964)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 2,532,653</u>	<u>\$ 2,528,601</u>	<u>\$ (56,964)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,532,653</u></u>	<u><u>\$ 2,528,601</u></u>	<u><u>\$ (56,964)</u></u>
<b>Other Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
FTE Positions	26.0	26.0	0.0
Other Unclass. Positions	10.0	10.0	0.0
<b>TOTAL</b>	<u><u>36.0</u></u>	<u><u>36.0</u></u>	<u><u>0.0</u></u>

\* The entire amount reflects deletion of the Governor's recommended pay plan adjustments.

### Senate Subcommittee Recommendation

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

1. Delete \$56,964 (all from the State General Fund) for the Governor's recommended pay plan adjustments for longevity bonus payments (\$18,356) and an unclassified merit pool (\$38,608).

## House Budget Committee Report

**Agency:** Legislative Division of Post Audit

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No.** 1549

**Budget Page No.** 335

Expenditure Summary	Agency Estimate FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 1,739,037	\$ 1,739,037	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,739,037</u>	<u>\$ 1,739,037</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,739,037</u></u>	<u><u>\$ 1,739,037</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 1,739,037	\$ 1,739,037	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,739,037</u>	<u>\$ 1,739,037</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,739,037</u></u>	<u><u>\$ 1,739,037</u></u>	<u><u>\$ 0</u></u>
FTE Positions	21.0	21.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>22.0</u></u>	<u><u>22.0</u></u>	<u><u>0.0</u></u>

### AGENCY OVERVIEW

The Legislative Division of Post Audit is the audit arm of the Kansas Legislature. The Division is responsible for financial-compliance and performance audits of state agencies and programs. The Division's audit work is conducted in accordance with generally accepted governmental auditing standards as set forth by the U.S. General Accounting Office. The agency operates under the supervision of the ten member Legislative Post Audit Committee.

### Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2001 operating expenditures is \$1,739,037, or \$42,863 less than the currently authorized amount by the 2000 Legislature. The agency's revised estimate maintains the currently authorized 21.0 FTE positions for FY 2001.

*Senate Ways and Means  
3-2-01  
Attachment 5*

The Governor recommends FY 2001 operating expenditures of \$1,739,037, the same as the agency's estimate. The Governor also concurs with the agency's requested FTE positions at 21.0.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendations.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

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Senate Subcommittee Report

Agency: Legislative Division of Post Audit

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 1549

Budget Page No. 335

Expenditure Summary	Agency Estimate FY 01	Gov. Rec. FY 01	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,739,037	\$ 1,739,037	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,739,037</u>	<u>\$ 1,739,037</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 1,739,037</u></u>	<u><u>\$ 1,739,037</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 1,739,037	\$ 1,739,037	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,739,037</u>	<u>\$ 1,739,037</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 1,739,037</u></u>	<u><u>\$ 1,739,037</u></u>	<u><u>\$ 0</u></u>
FTE Positions	21.0	21.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
TOTAL	<u><u>22.0</u></u>	<u><u>22.0</u></u>	<u><u>0.0</u></u>

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendations.

## House Budget Committee Report

**Agency:** Legislative Division of Post Audit

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No.** 1549

**Budget Page No.** 335

Expenditure Summary	Agency Request FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 1,852,611	\$ 1,829,595	\$ (48,000)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,852,611</u>	<u>\$ 1,829,595</u>	<u>\$ (48,000)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,852,611</u></u>	<u><u>\$ 1,829,595</u></u>	<u><u>\$ (48,000)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 1,852,611	\$ 1,829,595	\$ (48,000)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,852,611</u>	<u>\$ 1,829,595</u>	<u>\$ (48,000)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,852,611</u></u>	<u><u>\$ 1,829,595</u></u>	<u><u>\$ (48,000)</u></u>
FTE Positions	21.0	21.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>22.0</u></u>	<u><u>22.0</u></u>	<u><u>0.0</u></u>

### AGENCY OVERVIEW

The Legislative Division of Post Audit is the audit arm of the Kansas Legislature. The Division is responsible for financial-compliance and performance audits of state agencies and programs. The Division's audit work is conducted in accordance with generally accepted governmental auditing standards as set forth by the U.S. General Accounting Office. The agency operates under the supervision of the ten-member Legislative Post Audit Committee.

### Agency Request/Governor's Recommendation

The agency requests \$1, 852,611 for operating expenditures in FY 2002.

- The request is entirely financed from the State General Fund.
- The request is an increase of \$113,574 or 6.5 percent above the revised FY 2001 amount.
- The agency requests 21.0 FTE positions in FY 2002, the same amount as in the current year.

The Governor recommends \$1,829,595 for operating expenditures in FY 2002.

- The recommendation is entirely financed from the State General Fund.
- The recommendation is an increase of \$90,558 or 5.2 percent above the revised Governor's FY 2001 amount.

### House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendations with the following adjustments and comments:

1. Delete \$48,000 (State General Fund) to reflect the actual contracted amount for the "Statewide" financial compliance audit. Bids for the contracted audit work were awarded in late December 2000, and the bid for the audit came in \$48,000 below the agency's estimate. The total cost of the three-year audit work (FY 2002-FY 2004) will be \$827,100, which is notably less than the \$865,500 fee for the previous 3-year period. State law requires the statewide financial compliance audit be conducted every year, and the agency bids the contract every 3 years. The Budget Committee commends the agency for bringing this item to the attention of the Committee.
2. The Committee notes that the Legislative Post Auditor reported on the continuing struggle to attract and retain qualified professional staff. Although progress has currently been made in the area of retention of staff, one area remains of concern to the Post Auditor. The item relates to the area of staff retirement benefits. The Post Auditor discussed the possibility of giving nonpartisan legislative staff the option of belonging to the Kansas Public Employees Retirement System (KPERs) (the current retirement plan) or the special state employee deferred compensation plan. Under the special deferred compensation plan the employer makes the entire contribution amount of 8.0 percent of the employee's salary, while under KPERs the employee contributes 4.0 percent of salary and the employer contributes 4.78 percent of the employee's salary in FY 2002. The Budget Committee does note that legislative leadership staff, the Governor's cabinet members and selected other state officials participate in the special deferred compensation plan. The Budget Committee urges the Post Auditor to bring this item to the attention of the House Budget Committee on KPERs Issues for consideration and possible action. The Post Auditor did cite at least one recent example of where a prospective candidate for a professional staff position declined the offer of employment based on the current retirement benefits offered to the Post Audit staff.
3. The Budget Committee applauds the recent recognition the agency received from *Governing* magazine. In a recent report on the 2001 Grading the State Project done by Syracuse University in *Governing* magazine, the Kansas Division of Post Audit was cited as "one of the nation's best evaluation units". The Budget Committee generally agrees with that conclusion, although the Committee believes the Division of Post Audit is the nation's best evaluation unit. The Committee commends the efforts of the agency to provide outstanding performance and financial compliance audit information for the Kansas Legislature.

**House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

**House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

**Senate Subcommittee Report**

**Agency:** Legislative Division of Post Audit

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1549**

**Budget Page No. 335**

<u>Expenditure Summary</u>	<u>Agency Request FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Senate Subcommittee Adjustments*</u>
<b>All Funds:</b>			
State Operations	\$ 1,852,611	\$ 1,829,595	\$ (82,434)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,852,611</u>	<u>\$ 1,829,595</u>	<u>\$ (82,434)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,852,611</u></u>	<u><u>\$ 1,829,595</u></u>	<u><u>\$ (82,434)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 1,852,611	\$ 1,829,595	\$ (82,434)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,852,611</u>	<u>\$ 1,829,595</u>	<u>\$ (82,434)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,852,611</u></u>	<u><u>\$ 1,829,595</u></u>	<u><u>\$ (82,434)</u></u>
FTE Positions	21.0	21.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>22.0</u></u>	<u><u>22.0</u></u>	<u><u>0.0</u></u>

\* Includes a reduction of \$34,434 (all from the State General Fund) for the Governor's recommended pay plan adjustments. Absent the decrease for the pay plan, the recommendation is a reduction of \$48,000 (all from the State General Fund) below the Governor's recommendation.

## Senate Subcommittee Recommendation

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

1. Delete \$34,434 (all from the State General Fund) for the Governor's recommended pay plan adjustments for longevity bonus payments (\$6,878) and an unclassified merit pool (\$27,556).
2. Delete \$48,000 (State General Fund), to reflect the actual contracted amount for the "Statewide" financial compliance audit. Bids for the contracted audit work were awarded in late December, 2000, and the bid for the audit work came in \$48,000 below the agency's estimate. The total cost of the three-year audit work (FY 2002-FY 2004) will be \$827,100, which is notable less than the \$865,500 fee for the previous 3-year period. State law requires the statewide financial compliance audit be conducted every year, and the agency bids the contract every 3 years. The Senate Subcommittee commends the agency for bringing this item to the attention of the Subcommittee.
3. The Subcommittee notes that the Legislative Post Auditor reported on the continuing struggle to attract and retain qualified professional staff. Although progress has currently been made in the area of retention of staff, one area remains of concern to the Post Auditor. The item relates to the area of staff retirement benefits. The Post Auditor noted that one recent promising candidate declined an offer of employment when informed that the agency did not have an employer contribution toward a deferred compensation plan.

The Post Auditor discussed the possibility of giving nonpartisan legislative staff the option of belonging to the Kansas Public Employees Retirement System (KPERS) (the current retirement plan) or the special state employee deferred compensation plan. Under the special deferred compensation plan the employer makes the entire contribution amount of 8.0 percent of the employee's salary, while under KPERS the employee contributes 4.0 percent of salary and the employer contributes 4.78 percent of the employees salary in FY 2002.

The Subcommittee does note that legislative leadership staff, legislative session-only staff, the Governor's cabinet members and selected other state officials (i.e., State Librarian, State Fire Marshal, Adjutant General, etc.) participate in the special deferred compensation plan. The Subcommittee believes that for the legislative staff agencies to meet changing market conditions for recruiting and retaining professional staff that the option of employees participating in the special deferred compensation plan should be enacted. The Subcommittee recommends introduction of a bill that would give nonpartisan legislative staff the option of participating in KPERS or in the special deferred compensation plan. The Subcommittee recommended legislation would be similar to 2000 S.B. 390 which would of also provided nonpartisan legislative staff the option of belonging to KPERS or the special deferred compensation plan. However, S.B. 390 was not approved last session.

## House Budget Committee Report

**Agency:** Kansas Legislative Research  
Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No.** 1539

**Budget Page No.** 337

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,519,251	\$ 2,519,251	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 2,519,251	\$ 2,519,251	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,519,251</b>	<b>\$ 2,519,251</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 2,519,251	\$ 2,519,251	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 2,519,251	\$ 2,519,251	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,519,250</b>	<b>\$ 2,519,251</b>	<b>\$ 0</b>
FTE Positions	37.0	37.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>37.0</b>	<b>37.0</b>	<b>0.0</b>

### AGENCY OVERVIEW

The Legislative Research Department provides research and fiscal analysis for the Legislature, its committees, and individual legislators. The Department provides staff for all legislative committees both during the session and the interim, including statutorily-created committees, i.e., Legislative Budget Committee, State Building Construction, etc. The Legislative Coordinating Council appoints the Director of the Department, approves the budget proposed for its operation, and generally establishes the broad policies under which the Department operates.

### Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2001 operating expenditures is \$2,519,251, or \$51,570 less than the currently authorized amount by the 2000 Legislature. The reduction is largely due to:

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- Salaries and wages are \$39,342 or 1.7 percent above the original approved amount to reflect the current staffing pattern within the agency.
- Other operating expenditures are \$8,299 or 5.9 percent above the original approved amount to reflect the current expenditure pattern in FY 2001.

The Governor recommends FY 2001 state operations funding of \$2,519,251, the same as the agency's estimate. The Governor also concurs with the agency's requested FTE positions at 37.0.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendations.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

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### Senate Subcommittee Report

**Agency:** Kansas Legislative Research  
Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No.** 1539

**Budget Page No.** 337

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,519,251	\$ 2,519,251	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 2,519,251</u>	<u>\$ 2,519,251</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,519,251</u></u>	<u><u>\$ 2,519,251</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 2,519,251	\$ 2,519,251	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 2,519,251</u>	<u>\$ 2,519,251</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,519,250</u></u>	<u><u>\$ 2,519,251</u></u>	<u><u>\$ 0</u></u>
FTE Positions	37.0	37.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>37.0</u></u>	<u><u>37.0</u></u>	<u><u>0.0</u></u>

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.



**House Budget Committee Report**

**Agency:** Kansas Legislative Research  
Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1539 Budget Page No. 337**

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,590,902	\$ 2,597,191	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 2,590,902	\$ 2,597,191	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,590,902</b>	<b>\$ 2,597,191</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 2,590,902	\$ 2,597,191	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 2,590,902	\$ 2,597,191	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,590,902</b>	<b>\$ 2,597,191</b>	<b>\$ 0</b>
FTE Positions	37.0	37.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>37.0</b>	<b>37.0</b>	<b>0.0</b>

**AGENCY OVERVIEW**

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The Legislative Research Department provides research and fiscal analysis for the Legislature, its committees, and individual legislators. The Department provides staff for all legislative committees both during the session and the interim, including statutorily-created committees, *i.e.*, Legislative Budget Committee, State Building Construction, etc. The Legislative Coordinating Council appoints the Director of the Department, approves the budget proposed for its operation, and generally establishes the broad policies under which the Department operates.

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

The agency requests \$2,590,902 for operating expenditures in FY 2002. The request is entirely financed from the State General Fund.

- The request is an increase of \$71,651 or 2.8 percent from the revised FY 2001 amount.
- The agency requests 37.0 FTE positions in FY 2002, the same as the current year.

The Governor recommends \$2,597,191 for operating expenditures in FY 2002.

- The recommendation is entirely financed from the State General Fund.
- The recommendation is an increase of \$77,940 or 3.1 percent from the revised FY 2001 amount.
- The Governor concurs with the agency request of 37.0 FTE positions.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendations.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The full House has not yet considered this agency's budget.

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### Senate Subcommittee Report

**Agency:** Kansas Legislative Research  
Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Conroy

**Analysis Pg. No. 1539 Budget Page No. 337**

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,590,902	\$ 2,597,191	\$ (73,954)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 2,590,902</u>	<u>\$ 2,597,191</u>	<u>\$ (73,954)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,590,902</u></u>	<u><u>\$ 2,597,191</u></u>	<u><u>\$ (73,954)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 2,590,902	\$ 2,597,191	\$ (73,954)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 2,590,902</u>	<u>\$ 2,597,191</u>	<u>\$ (73,954)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,590,902</u></u>	<u><u>\$ 2,597,191</u></u>	<u><u>\$ (73,954)</u></u>
FTE Positions	37.0	37.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>37.0</u></u>	<u><u>37.0</u></u>	<u><u>0.0</u></u>

\* The entire amount reflects deletion of the Governor's recommended pay plan adjustments.

### Senate Subcommittee Recommendation

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

1. Delete \$73,954 (all from the State General Fund) for the Governor's recommended pay plan adjustments for longevity bonus payments (\$22,683) and an unclassified merit pool (\$51,271).

# House Budget Committee Report

**Agency:** Governor's Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No.** 1509

**Budget Page No.** 175

<u>Expenditure Summary</u>	<u>Agency Est. FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Budget Committee Adjustments</u>
State General Fund	\$ 1,907,468	\$ 1,907,468	\$ 0
Special Revenue Funds	116,871	168,771	0
TOTAL	<u>\$ 2,024,339</u>	<u>\$ 2,024,339</u>	<u>\$ 0</u>
FTE Positions	30.0	30.0	0.0
Other Unclassified Positions	4.0	4.0	0.0
TOTAL	<u>34.0</u>	<u>34.0</u>	<u>0.0</u>

## Agency Estimate/Governor's Recommendation

The agency request for FY 2001 operating expenditures totals \$2,024,339. The request is an increase of \$1,726 over the amount approved by the 2000 Legislature, all from special revenue funds. State General Fund expenditures of \$1,907,468 reflect the currently authorized amount which includes an unanticipated reappropriation of \$113,770. The request maintains the currently authorized 30.0 FTE positions.

The Governor concurs with the agency's revised FY 2001 operating expenditures request.

## House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor.

## House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee.

## House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

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### Senate Subcommittee Report

**Agency:** Governor's Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No.** 1509

**Budget Page No.** 175

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	Senate Subcommittee Adjustments
State General Fund	\$ 1,907,468	\$ 1,907,468	\$ 0
Special Revenue Funds	116,871	168,771	0
<b>TOTAL</b>	<b>\$ 2,024,339</b>	<b>\$ 2,024,339</b>	<b>\$ 0</b>
FTE Positions	30.0	30.0	0.0
Other Unclassified Positions	4.0	4.0	0.0
<b>TOTAL</b>	<b>34.0</b>	<b>34.0</b>	<b>0.0</b>

#### Agency Estimate/Governor's Recommendation

The agency request for FY 2001 operating expenditures totals \$2,024,339. The request is an increase of \$1,726 over the amount approved by the 2000 Legislature, all from special revenue funds. State General Fund expenditures of \$1,907,468 reflect the currently authorized amount which includes an unanticipated reappropriation of \$113,770. The request maintains the currently authorized 30.0 FTE positions.

The Governor concurs with the agency's revised FY 2001 operating expenditures request.

#### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

## House Budget Committee Report

**Agency:** Governor's Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. 1509**

**Budget Page No. 175**

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Budget Committee Adjustments</u>
State General Fund	\$ 1,804,290	\$ 1,854,878	\$ 0
Special Revenue Funds	116,606	117,782	0
<b>TOTAL</b>	<b><u>\$ 1,920,896</u></b>	<b><u>\$ 1,972,660</u></b>	<b><u>\$ 0</u></b>
FTE Positions	30.0	30.0	0.0
Other Unclassified Positions	3.9	3.9	0.0
<b>TOTAL</b>	<b><u>33.9</u></b>	<b><u>33.9</u></b>	<b><u>0.0</u></b>

### Agency Request/Governor's Recommendation

The agency request for FY 2002 totals \$1,920,896, which is a reduction of \$103,443 or 5.1 percent below the FY 2001 estimate. Requested State General Fund financing decreases \$103,178 or 5.4 percent. Total requested FTE positions remain unchanged from the FY 2001 level at 30.0 FTE positions.

The Governor recommends \$1,972,660 for FY 2002 which is a decrease of \$51,679 or 2.6 percent below the Governor's FY 2001 recommendation. State General Fund financing decreases \$52,590 or 2.8 percent. The Governor recommends an unclassified merit pool of \$32,459 for his pay plan proposal and recommends the addition of \$19,305 from the State General Fund for the addition of a backup groundskeeper position for Cedar Crest. The position had originally been requested by the Division of Facilities Management in the Department of Administration budget. The Governor, however, does not recommend the addition of any new FTE position. The Governor concurs with the agency request for 30.0 FTE positions.

### House Budget Committee Recommendation

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

1. The Subcommittee notes that the recommended budget for the Governor's Department includes funding of \$19,305 from the State General Fund for a backup groundskeeper position at Cedar Crest. The position was originally requested in the budget of the Division of Facilities Management of the Department of Administration, but the Governor recommended funding the position in his own budget. The position was requested because inmate work crews, which have performed much of the work at Cedar Crest, were no longer available. The Budget Committee encourages the Governor to continue to explore the utilization of inmate labor at Cedar Crest.

2. Although maintenance and upkeep issues related to the executive aircraft are not reflected in the Governor's Department budget, the Budget Committee notes that it has concerns with the age and condition of the executive aircraft and intends to address the issue during its consideration of the Department of Administration budget.

### House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee.

### House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

### Senate Subcommittee Report

**Agency:** Governor's Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No.** 1509

**Budget Page No.** 175

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments*
State General Fund	\$ 1,804,290	\$ 1,854,878	\$ (40,691)
Special Revenue Funds	116,606	117,782	(1,844)
<b>TOTAL</b>	<b>\$ 1,920,896</b>	<b>\$ 1,972,660</b>	<b>\$ (42,535)</b>
FTE Positions	30.0	30.0	0.0
Other Unclassified Positions	3.9	3.9	0.0
<b>TOTAL</b>	<b>33.9</b>	<b>33.9</b>	<b>0.0</b>

\* The entire reduction reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The agency request for FY 2002 totals \$1,920,896, which is a reduction of \$103,443 or 5.1 percent below the FY 2001 estimate. Requested State General Fund financing decreases \$103,178 or 5.4 percent. Total requested FTE positions remain unchanged from the FY 2001 level at 30.0 FTE positions.

The Governor recommends \$1,972,660 for FY 2002 which is a decrease of \$51,679 or 2.6 percent below the Governor's FY 2001 recommendation. State General Fund financing decreases \$52,590 or 2.8 percent. The Governor recommends an unclassified merit pool of \$32,459 for his pay plan proposal and recommends the addition of \$19,305 from the State General Fund for the addition of a backup groundskeeper position for Cedar Crest. The position had originally been requested by the Division of Facilities Management in the Department of Administration budget. The Governor, however, does not recommend the addition of any new FTE position. The Governor concurs with the agency request for 30.0 FTE positions.

### **Senate Subcommittee Recommendation**

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

1. Delete \$42,535, including \$40,691 from the State General Fund, to remove the Governor's recommended pay plan adjustments for an annualized 3.0 percent unclassified merit pool for consideration in a separate bill.



# House Budget Committee Report

**Agency:** Lieutenant Governor

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. 1519 Budget Page No. 343**

<u>Expenditure Summary</u>	<u>Agency Est. FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Budget Committee Adjustments</u>
State General Fund	\$ 153,423	\$ 139,916	\$ 0
FTE Positions	3.0	3.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
TOTAL	<u>4.0</u>	<u>4.0</u>	<u>0.0</u>

## Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2001 operating expenditures is \$153,423, which is the same amount as currently authorized, including the reappropriation.

The Governor for FY 2001 recommends an operating budget of \$139,916, or \$13,507 less than the agency's request. The recommended reduction is entirely in travel and subsistence. The Governor concurs with the agency's requested FTE positions at 3.0.

## House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor.

## House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee.

## House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

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### Senate Subcommittee Report

**Agency:** Lieutenant Governor

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. 1519**

**Budget Page No. 343**

<u>Expenditure Summary</u>	<u>Agency Est. FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Senate Subcommittee Adjustments</u>
State General Fund	\$ 153,423	\$ 139,916	\$ 0
FTE Positions	3.0	3.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
TOTAL	<u>4.0</u>	<u>4.0</u>	<u>0.0</u>

#### Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2001 operating expenditures is \$153,423, which is the same amount as currently authorized, including the reappropriation.

The Governor for FY 2001 recommends an operating budget of \$139,916, or \$13,507 less than the agency's request. The recommended reduction is entirely in travel and subsistence. The Governor concurs with the agency's requested FTE positions at 3.0.

#### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

# House Budget Committee Report

**Agency:** Lieutenant Governor

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. 1519**

**Budget Page No. 343**

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Budget Committee Adjustments</u>
State General Fund	\$ 126,257	\$ 128,104	\$ 0
FTE Positions	3.0	3.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
TOTAL	<u>4.0</u>	<u>4.0</u>	<u>0.0</u>

## Agency Request/Governor's Recommendation

The agency request for FY 2002 operating expenditures is \$126,257 (all from the State General Fund), which is a reduction of \$27,166 or 17.7 percent below the revised current year estimate. The agency requests salaries and wages totaling \$99,679 and other operating expenditures totaling \$26,578. Requested expenditures for travel and subsistence decrease \$16,911 or 59.3 percent from FY 2001. No capital outlay expenditures are requested in FY 2002, a reduction of \$8,396 from FY 2001.

The Governor recommends operating expenditures of \$128,104, an increase of \$1,847 or 1.5 percent from the agency's request. The Governor recommends salaries and wages totaling \$101,503 including an unclassified merit pool of \$1,847 reflecting the Governor's recommended salary plan adjustments. The Governor recommends other operating expenditures totaling \$24,526, an increase of \$23 or 0.1 percent above the agency's request. The Governor's recommendation shifts \$23 from the agency's request for salaries and wages to travel and subsistence.

## House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor.

## House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee.

## House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

**Senate Subcommittee Report**

**Agency:** Lieutenant Governor

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. 1519**

**Budget Page No. 343**

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments*
State General Fund	\$ 126,257	\$ 128,104	\$ (1,847)
FTE Positions	3.0	3.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
<b>TOTAL</b>	<b>4.0</b>	<b>4.0</b>	<b>0.0</b>

\* The entire reduction reflects deletion of the Governor's recommended pay plan adjustments.

**Agency Request/Governor's Recommendation**

The agency request for FY 2002 operating expenditures is \$126,257 (all from the State General Fund), which is a reduction of \$27,166 or 17.7 percent below the revised current year estimate. The agency requests salaries and wages totaling \$99,679 and other operating expenditures totaling \$26,578. Requested expenditures for travel and subsistence decrease \$16,911 or 59.3 percent from FY 2001. No capital outlay expenditures are requested in FY 2002, a reduction of \$8,396 from FY 2001.

The Governor recommends operating expenditures of \$128,104, an increase of \$1,847 or 1.5 percent from the agency's request. The Governor recommends salaries and wages totaling \$101,503 including an unclassified merit pool of \$1,847 reflecting the Governor's recommended salary plan adjustments. The Governor recommends other operating expenditures totaling \$24,526, an increase of \$23 or 0.1 percent above the agency's request. The Governor's recommendation shifts \$23 from the agency's request for salaries and wages to travel and subsistence.

**Senate Subcommittee Recommendation**

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

1. Delete \$1,847 from the State General Fund to remove the Governor's recommended pay plan adjustments for an annualized 3.0 percent unclassified merit pool for consideration in a separate bill.

## House Budget Committee Report

**Agency:** Attorney General

**Bill No. ---**

**Bill Sec. —**

**Analyst:** Rampey

**Analysis Pg. No. 1496**

**Budget Page No. 69**

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 9,443,467	\$ 9,443,466	\$ 0
Aid to Local Units	8,799,383	0	0
Other Assistance	4,000,000	12,799,383	0
Subtotal - Operating	\$ 22,242,849	\$ 22,242,849	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 22,242,849</b>	<b>\$ 22,242,849</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 5,747,820	\$ 5,747,820	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 5,747,820	\$ 5,747,820	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 5,747,820</b>	<b>\$ 5,747,820</b>	<b>\$ 0</b>
FTE Positions	90.0	90.0	0.0
Other Unclass. Positions	16.0	16.0	0.0
<b>TOTAL</b>	<b>106.0</b>	<b>106.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The Attorney General's estimate for the current year of \$22,242,849 from all funds is a net decrease of \$499,338 from the approved amount of \$22,742,187. The decrease is accounted for by a reduction in special revenue funds that totals \$944,768. The two main funds that decreased from approved amounts are the Violence Against Women Fund, which decreased by \$328,522 (from \$2,058,000 originally estimated to \$1,729,478 currently estimated) and the Victims of Crime Act which decreased by \$1,848,003 (from \$4,957,840 to \$3,109,837). The reduction in special revenue funds from the approved amount is offset by an increase in estimated State General Fund expenditures of \$445,430, made possible by the fact that, by policy of the Governor and the Legislature, statewide elected officials are authorized to carry forward and spend savings from the prior fiscal year. Carry-forward amounts are comprised of the following:

*Senate Ways and Means  
3-2-01  
Attachment 9*

- \$65,786 for agency operations that resulted when non-State General Fund money became available on a one-time basis and was used in place of State General Fund dollars. The savings were used to replace old computers.
- \$25,064 for special litigation expenses that was not used in FY 2000. The money is being used to help fund litigations costs in the current year.
- \$28,842 in funding for Colorado water litigation (out of \$1,552,713 that was available), which is helping to fund activities in FY 2001. That amount, added to the appropriation for FY 2001 of \$723,500, is still \$288,861 short of the \$1,041,203 the agency estimates it will need. One option would be to request a supplemental appropriation, but the option proposed by the Attorney General is to transfer savings from water litigation against Nebraska to Colorado.
- \$330,205 in funding for Nebraska water litigation (out of \$1,271,539 that was available). As explained above, the Attorney General proposes to use part of the savings in the Colorado case. The remainder (\$41,344) is being used to finance Nebraska litigation costs in FY 2001.

**The Governor concurs** with the Attorney General's estimated expenditures for FY 2001.

### **House Budget Committee Recommendation**

The House Budget Committee concurs with the recommendations of the Governor.

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Budget Committee.

### **House Committee of the Whole Recommendation**

The House Committee of the Whole has not considered this budget.

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**Senate Subcommittee Report**

**Agency:** Attorney General

**Bill No. --**

**Bill Sec. --**

**Analyst:** Rampey

**Analysis Pg. No.** 1496

**Budget Page No.** 69

<u>Expenditure Summary</u>	<u>Agency Estimate FY 01</u>	<u>Governor's Recommendation FY 01</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 9,443,467	\$ 9,443,466	\$ 0
Aid to Local Units	8,799,383	0	0
Other Assistance	4,000,000	12,799,383	0
Subtotal - Operating	<u>\$ 22,242,849</u>	<u>\$ 22,242,849</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u><u>\$ 22,242,849</u></u></b>	<b><u><u>\$ 22,242,849</u></u></b>	<b><u><u>\$ 0</u></u></b>
<b>State General Fund:</b>			
State Operations	\$ 5,747,820	\$ 5,747,820	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 5,747,820</u>	<u>\$ 5,747,820</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u><u>\$ 5,747,820</u></u></b>	<b><u><u>\$ 5,747,820</u></u></b>	<b><u><u>\$ 0</u></u></b>
FTE Positions	90.0	90.0	0.0
Unclassified Temp. Positions	16.0	16.0	0.0
<b>TOTAL</b>	<b><u><u>106.0</u></u></b>	<b><u><u>106.0</u></u></b>	<b><u><u>0.0</u></u></b>

**Agency Estimate/Governor's Recommendation**

The Attorney General's estimate for the current year of \$22,242,849 from all funds is a net decrease of \$499,338 from the approved amount of \$22,742,187. The decrease is accounted for by a reduction in special revenue funds that totals \$944,768. The two main funds that decreased from approved amounts are the Violence Against Women Fund, which decreased by \$328,522 (from \$2,058,000 originally estimated to \$1,729,478 currently estimated) and the Victims of Crime Act which decreased by \$1,848,003 (from \$4,957,840 to \$3,109,837). The reduction in special revenue funds from the approved amount is offset by an increase in estimated State General Fund expenditures of \$445,430, made possible by the fact that, by policy of the Governor and the Legislature, statewide elected officials are authorized to carry forward and spend savings from the prior fiscal year.

The Governor concurs with the Attorney General's estimated expenditures for FY 2001.

**Senate Subcommittee Recommendations**

The Senate Subcommittee concurs with the recommendations of the Governor.



## House Budget Committee Report

**Agency:** Attorney General

**Bill No. ---**

**Bill Sec. ---**

**Analyst:** Rampey

**Analysis Pg. No. 1496**

**Budget Page No. 69**

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 9,703,164	\$ 9,178,542	\$ (112,542)
Aid to Local Units	8,669,133	0	50,000
Other Assistance	4,000,000	12,669,133	0
Subtotal - Operating	<u>\$ 22,372,297</u>	<u>\$ 21,847,675</u>	<u>\$ (62,542)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 22,372,297</u></u>	<u><u>\$ 21,847,675</u></u>	<u><u>\$ (62,542)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 6,309,494	\$ 5,760,642	\$ (112,542)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 6,309,494</u>	<u>\$ 5,760,642</u>	<u>\$ (112,542)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 6,309,494</u></u>	<u><u>\$ 5,760,642</u></u>	<u><u>\$ (112,542)</u></u>
FTE Positions	95.0	96.0	(1.0)
Other Unclass. Positions	14.0	15.0	-
<b>TOTAL</b>	<u><u>109.0</u></u>	<u><u>111.0</u></u>	<u><u>1.0</u></u>

### Agency Request/Governor's Recommendation

The Attorney General requests a total of \$22,372,297 for FY 2002, a net increase of \$129,448 over the estimate for the current year. The change consists of an increase of \$561,674 from the State General Fund and a reduction of \$432,226 from other funds.

Requested expenditures from the State General Fund total \$6,309,494 and represent 28.2 percent of the budget. The increase in State General Fund spending over the current year is accounted for in part by increased expenditures for water litigation (a net increase of \$146,894), shifting funding for the Drug Abuse Resistance Education (DARE) program from special revenue funds to the State General Fund (\$160,954), and shifting funding for some of the operating expenditures of the consumer protection division back to the State General Fund. (Unusually large receipts of consumer protection recouped fees in the last several years have been used to offset expenditures from the State General Fund.)

The Governor recommends expenditures of \$21,847,675, of which \$5,760,642 would be from the State General Fund. The Governor funds the DARE program with \$160,954 from the State General Fund, as requested, and concurs with all of the Attorney General's enhancements requests, except for one, for a total of \$218,136 from special revenue funds. The recommended enhancements add 3.0 new FTE positions, plus convert 2.0 other unclassified positions currently on the staff to permanent status, for a total increase of 5.0 FTE positions. The Governor adds \$112,542 from the State General Fund for the salary and associated operating costs for a Criminal Justice Information System (CJIS) Coordinator, a position the Attorney General did not request, and recommends \$870,000 for water litigation against Colorado and \$715,000 for water litigation against Nebraska. The Colorado recommendation is \$100,000 less than requested and the Nebraska recommendation is \$400,000 less than requested.

## House Budget Committee Recommendations

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

1. Delete 1.0 FTE position and \$112,542 from the State General Fund for the salary and associated operating costs for the Criminal Justice Information System (CJIS) Coordinator, a position the Attorney General did not request. The CJIS Coordinator serves as staff to the Criminal Justice Coordinating Council, which supervises the implementation of the CJIS. The 2000 Legislature made the decision to move the CJIS Coordinator from the Office of the Attorney General to the Sentencing Commission and the Governor's recommendation would move the position back. The Budget Committee believes the Legislature correctly located the position with the Sentencing Commission a year ago and sees no merit in moving it again.
2. Use the \$50,000 remaining of the \$188,453 in drug forfeiture funds the Attorney General received in FY 2001 for grants of \$10,000 each to the five counties that have the most illegal methamphetamines activity (Allen, Cowley, Saline, Sedgwick, and Shawnee). The money would be for one-time enhancements and not normal operating expenditures pertaining to law enforcement activities and could be used at the discretion of the county commissions in each county.
3. The Budget Committee notes that the Governor recommended \$100,000 less than the Attorney General requested for water litigation with Colorado (\$870,000 instead of \$970,000) and \$400,000 less than requested for water litigation with Nebraska (\$715,000 instead of \$1,115,000). The Budget Committee also notes that the Attorney General reported to the Committee that, since the budget was submitted, the possibility of additional costs associated with water litigation have arisen, making it possible that as much as \$600,000 in additional funding could be necessary.

The Budget Committee notes the Attorney General's concern and observes that, if specific information about actual, and not possible, costs becomes available as litigation activity proceeds, the General will have the opportunity to bring that information to the Legislature's attention for inclusion in the Omnibus Bill or as a supplemental appropriation requested during the 2002 Session.

## **House Committee Recommendations**

The House Committee recommends that the FY 2002 budget for the Attorney General be tabled until April 19 and be considered in the Omnibus Bill.

## **Further Action by the House Committee**

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

1. Recommend that the \$50,000 remaining of the \$188,453 in drug forfeiture funds be used for grants to each of the 11 counties in 2000 that had the most methamphetamine laboratory seizures. Based on information presented to the Committee, those counties are: Allen, Cowley, Saline, Sedgwick, Shawnee, Barton, Reno, Butler, Jackson, Cherokee, and Crawford. In addition, specify that grants to counties are to be used to combat illegal methamphetamine activities and may not be used to supplant existing funding used for that purpose.
2. The Committee notes that the issue of the Sunflower Foundation, and policies relating to charitable trusts of entities that become private corporations in general, will be examined further during the 2001 Session. Toward that end, members of the House Appropriations Committee intend to contact members of the House Judiciary Committee and the House Leadership to ascertain an appropriate manner in which to thoroughly examine the issue of the Sunflower Foundation and prospective related issues. Alternatives under consideration include the appointment of a subcommittee or a special committee that includes members from one or more standing committees of the House.

## **House Committee of the Whole**

The House Committee of the Whole has not considered this budget.

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### Senate Subcommittee Report

**Agency:** Attorney General

**Bill No. --**

**Bill Sec. --**

**Analyst:** Rampey

**Analysis Pg. No.** 1496

**Budget Page No.** 69

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	Senate Subcommittee Adjustments*
<b>All Funds:</b>			
State Operations	\$ 9,703,164	\$ 9,178,542	\$ 502,615
Aid to Local Units	8,669,133	0	0
Other Assistance	4,000,000	12,669,133	0
Subtotal - Operating	<u>\$ 22,372,297</u>	<u>\$ 21,847,675</u>	<u>\$ 502,615</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 22,372,297</u></u>	<u><u>\$ 21,847,675</u></u>	<u><u>\$ 502,615</u></u>
<b>State General Fund:</b>			
State Operations	\$ 6,309,494	\$ 5,760,642	\$ 502,615
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 6,309,494</u>	<u>\$ 5,760,642</u>	<u>\$ 502,615</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 6,309,494</u></u>	<u><u>\$ 5,760,642</u></u>	<u><u>\$ 502,615</u></u>
FTE Positions	95.0	96.0	(1.0)
Unclassified Temp. Positions	14.0	15.0	0.0
<b>TOTAL</b>	<u><u>109.0</u></u>	<u><u>111.0</u></u>	<u><u>(1.0)</u></u>

\* Includes deletion of \$115,157 (\$74,258 from the State General Fund) for the Governor's salary pay plan adjustments.

#### Agency Request/Governor's Recommendation

The Attorney General requests a total of \$22,372,297 for FY 2002, a net increase of \$129,448 over the estimate for the current year. The change consists of an increase of \$561,674 from the State General Fund and a reduction of \$432,226 from other funds. Special revenue funds that are reduced from the current year include the Court Cost Fund (estimated expenditures reduced from \$793,936 to \$591,780), the Protection from Abuse Fund (reduced from \$1,450,594 to \$1.0 million), the Crime Victims Assistance Fund (reduced from \$1,122,660 to \$969,461), and the Preventive Health Block Grant Fund (reduced from \$477,982 to \$350,000).

Requested expenditures from the State General Fund total \$6,309,494 and represent 28.2 percent of the budget. The increase in State General Fund spending over the current year is

accounted for in part by increased expenditures for water litigation (a net increase of \$146,894), shifting funding for the Drug Abuse Resistance Education (DARE) program from special revenue funds to the State General Fund (\$160,954), and shifting funding for some of the operating expenditures of the consumer protection division back to the State General Fund. (Unusually large receipts of consumer protection recouped fees in the last several years have been used to offset expenditures from the State General Fund.)

The Governor recommends expenditures of \$21,847,675, of which \$5,760,642 would be from the State General Fund.

- The Governor funds the DARE program with \$160,954 from the State General Fund, as requested.
- The Governor concurs with all of the Attorney General's enhancements requests, except for one, for a total of \$218,136 from special revenue funds. The recommended enhancements add 3.0 new FTE positions, plus convert 2.0 other unclassified positions currently on the staff to permanent status, for a total increase of 5.0 FTE positions.
- The Governor adds \$112,542 from the State General Fund for the salary and associated operating costs for a Criminal Justice Information System (CJIS) Coordinator, a position the Attorney General did not request. The Attorney General serves as chair of the multi-agency Criminal Justice Coordinating Council, which has supervised implementation of the Criminal Justice Information System. The Council and the state-local CJIS Advisory Board determined several years ago that the position of CJIS Coordinator to oversee the implementation of the project should be housed in the Office of the Attorney General. However, the 2000 Legislature moved the position from the Attorney General's Office to the Sentencing Commission. The Governor's recommendation would move the position back to the Attorney General's Office, effective FY 2002.
- The Governor recommends \$870,000 for water litigation against Colorado and \$715,000 for water litigation against Nebraska. The Colorado recommendation is \$100,000 less than requested and the Nebraska recommendation is \$400,000 less than requested.

### **Senate Subcommittee Recommendations**

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

1. Delete \$115,157, of which \$74,258 is from the State General Fund, for the Governor's salary plan adjustments.
2. Add \$500,000 from the State General Fund for water litigation, of which \$100,000 would be for Colorado and \$400,000 would be for Nebraska. The additions would fully fund the amounts requested by the Attorney General (\$970,000 for Colorado and \$1,115,000 for Nebraska).

Restoration of the funding is critical because the Attorney General informed the Subcommittee that the Special Master in the Nebraska case has proposed an imaged database of records. Estimates are that the cost to image records could be as much as \$600,000. If additional expenditures do become necessary, it is

the Subcommittee's expectation that the General would request a supplemental appropriation of the 2002 Legislature.

3. The Subcommittee commends the Attorney General for the increased activity of the consumer protection division and its vigorous prosecution of consumer protection violations and notes that recouped fees have been used in recent years to offset State General Fund expenditures. However, because it is not expected that recouped fees will be as high in FY 2002, the Subcommittee does not recommend a shift in funding to reduce State General Fund expenditures for the next fiscal year. The Subcommittee notes that the State General Fund routinely benefits from recouped consumer protection fees as the result of the practice of the Attorney General's Office to credit half of the fees to the State General Fund.
4. The Subcommittee calls attention to legislation enacted by 2000 Legislature that gives the Attorney General enhanced antitrust enforcement authority and increases from 10 percent to 20 percent the amount of antitrust recoveries that can be credited to the Attorney General's Antitrust Special Revenue Fund. The Attorney General anticipates that recoveries from antitrust cases will be sufficient to fund antitrust activities under current law, but if the Legislature were to enact legislation to broaden the scope of activities, additional funding from the State General Fund most likely would be needed.
5. Delete 1.0 FTE position and \$112,542 from the State General Fund for the salary and associated costs of the Criminal Justice Information System (CJIS) Coordinator and move the position authorization to the Division of Information Systems and Communications (DISC). From January 1998 until April 2000, the CJIS Coordinator was placed in the Attorney General's Office. Beginning in FY 2001, the position was transferred to the Sentencing Commission and housed in DISC. The move back to the Attorney General's Office recommended by the Governor was not requested by the Attorney General, who nevertheless informed the Subcommittee that locating the position in her office or in DISC would be more suitable than in the Sentencing Commission.

Under the Subcommittee's recommendation, the Coordinator would be considered staff to the Criminal Justice Coordinating Council and would report to the Council on the implementation, maintenance, and funding of the Criminal Justice Information System and the status of integration projects with the system. Decisions regarding employment of the Coordinator, including hiring, compensation, and termination of employment, would be made on the recommendation of the Criminal Justice Coordinating Council, with the approval of the Director of DISC.

6. Recommend the introduction of legislation to remove the restriction in KSA 75-3111 that the Attorney General may not have an employee whose salary is higher than the Attorney General's. The legislation was requested by the Attorney General, who said the restriction serves no useful purpose and limits the ability of the office to hire and retain the best people available. The Subcommittee agrees and believes a similar restriction imposed on the Insurance Commissioner by KSA 40-110 also should be removed.

7. After investigation of the facts giving rise to the creation of the Sunflower Foundation, the Subcommittee commends the Attorney General and her staff for their diligence in obtaining a \$75.0 million settlement in litigation involving Blue Cross and Blue Shield of Kansas, Inc., in which the Attorney General acting under the *cy pres* doctrine obtained a settlement requiring the current corporation to honor the charitable purposes of the original investors in Blue Cross and Blue Shield of Kansas, Inc. A foundation to advance the health care needs of Kansans, compatible with the original investors charitable intent was formed as a result of the court-approved settlement. Because of this effort, generations of Kansans will benefit from the programs funded from foundation grants.

# House Budget Committee Report

**Agency:** Secretary of State

**Bill No. --**

**Bill Sec. --**

**Analyst:** Hollon

**Analysis Pg. No.** 1462

**Budget Page No.** 389

<u>Expenditure Summary</u>	<u>Agency Est. FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>House Budget Committee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 3,673,067	\$ 3,672,581	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<u><u>\$ 3,673,067</u></u>	<u><u>\$ 3,672,581</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 2,021,913	\$ 2,021,427	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,021,913</u></u>	<u><u>\$ 2,021,427</u></u>	<u><u>\$ 0</u></u>
FTE Positions	57.0	57.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>57.0</u></u>	<u><u>57.0</u></u>	<u><u>0.0</u></u>

## Agency Estimate/Governor's Recommendation

The agency estimates FY 2001 operating expenditures of \$3,673,067 (\$2,021,913 SGF). The estimate includes \$2,228,988 for salaries and wages, \$1,283,666 for contractual services, \$95,491 for commodities, and \$64,922 for capital outlay.

The Governor recommends \$3,672,581 (\$2,021,427 SGF) for FY 2001 operating expenditures. The recommendation includes \$2,228,502 for salaries and wages, \$1,283,666 for contractual services, \$95,491 for commodities, and \$64,922 for capital outlay.

## House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation with the following notation:

1. The Budget Committee commends Secretary Thornburgh on his recent election as President of the National Association of Secretaries of State.

*Senate Ways and Means  
3-2-01  
Attachment 10*



### House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

### House Committee of the Whole Recommendation

The House has not yet considered this budget.

### Senate Subcommittee Report

**Agency:** Secretary of State

**Bill No.** ----

**Bill Sec.** ----

**Analyst:** Hollon

**Analysis Pg. No.** 1462

**Budget Page No.** 389

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 3,673,067	\$ 3,672,581	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<u>\$ 3,673,067</u>	<u>\$ 3,672,581</u>	<u>\$ 0</u>
<b>State General Fund:</b>			
State Operations	\$ 2,021,913	\$ 2,021,427	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<u>\$ 2,021,913</u>	<u>\$ 2,021,427</u>	<u>\$ 0</u>
FTE Positions	57.0	57.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<u>57.0</u>	<u>57.0</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

The agency estimates operating expenditures for FY 2001 of \$3,673,067 which is an increase of \$74,436 (fee funds) from the approved budget. The additional funds are to be used for salaries and wages of temporary and seasonal employees. The estimate includes \$2,228,988 for salaries

and wages, \$1,283,666 for contractual services, \$95,491 for commodities, and \$64,922 for capital outlay.

The Governor recommends operating expenditures of \$3,672,581 for FY 2001 which is an increase of \$73,950 (fee funds) from the approved budget. The recommendation includes \$2,228,502 for salaries and wages, \$1,283,666 for contractual services, \$95,491 for commodities, and \$64,922 for capital outlay.

### **Senate Subcommittee Recommendations**

The Senate Subcommittee concurs with the Governor's recommendation with the following notation:

1. The Subcommittee notes the reallocation of employees within the agency as well as the addition of 3.0 FTE positions during FY 2001. The agency has restructured its information technology department in conjunction with the document imaging and electronic business applications being implemented. In addition, the phone bank has been consolidated within the Administration Division to provide better customer service and to increase efficiencies within the agency. The 2000 Legislature added 2.0 FTE positions in the Uniform Commercial Code Division due to information and filing response times mandated by 2000 SB 366. An additional 1.0 FTE Census Project Manager position was authorized during the 2000 Legislative Session to coordinate the census adjustment. This position will be eliminated at the conclusion of the census project.

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## House Budget Committee Report

**Agency:** Secretary of State

**Bill No. --**

**Bill Sec. --**

**Analyst:** Hollon

**Analysis Pg. No.** 1462

**Budget Page No.** 389

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 3,556,746	\$ 3,515,550	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 3,556,746</b>	<b>\$ 3,515,550</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 1,855,405	\$ 1,803,349	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 1,855,405</b>	<b>\$ 1,803,349</b>	<b>\$ 0</b>
FTE Positions	57.0	57.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>57.0</b>	<b>57.0</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

The agency requests FY 2002 operating expenditures of \$3,556,746 (\$1,855,405 SGF). The request includes \$2,315,307 for salaries and wages, \$957,602 for contractual services, \$95,491 for commodities, and \$188,346 for capital outlay.

The Governor recommends \$3,515,550 (\$1,803,349 SGF) for operating expenditures for FY 2002. The recommendation includes \$2,315,111 for salaries and wages, \$926,602 for contractual services, \$95,491 for commodities, and \$178,346 for capital outlay.

### House Budget Committee Recommendations

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

1. The Budget Committee notes that, due to the proportion of the agency's budget which is funded through its fee funds, those funds should be closely monitored to ensure sufficient balances. The Budget Committee is specifically concerned with

estimates that the Athlete Agent Fee Fund will be depleted during FY 2002 and recommends that the agency present information to the 2002 Legislature regarding changes to the statutory requirements of the Athlete Agent Act.

2. The Budget Committee acknowledges the agency's request of two Governor's Budget Amendments. One request of approximately \$50,000 concerns expenses related to the census adjustment inadvertently omitted from the agency's budget submission. The other request of approximately \$8,500 stems from the US Supreme Court decision in *Bush v. Gore* and relates to videoconference training of local election officials and computer programming.

### **House Committee Recommendation**

The House Committee concurs with the Budget Committee's recommendation.

### **House Committee of the Whole Recommendation**

The House has not yet considered this budget.

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**Senate Subcommittee Report**

**Agency:** Secretary of State

**Bill No. ----**

**Bill Sec. ----**

**Analyst:** Hollon

**Analysis Pg. No.** 1462

**Budget Page No.** 389

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments*
<b>All Funds:</b>			
State Operations	\$ 3,556,746	\$ 3,515,550	\$ (47,307)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b><u>\$ 3,556,746</u></b>	<b><u>\$ 3,515,550</u></b>	<b><u>\$ (47,307)</u></b>
<b>State General Fund:</b>			
State Operations	\$ 1,855,405	\$ 1,803,349	\$ (27,077)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b><u>\$ 1,855,405</u></b>	<b><u>\$ 1,803,349</u></b>	<b><u>\$ (27,077)</u></b>
FTE Positions	57.0	57.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>57.0</u></b>	<b><u>57.0</u></b>	<b><u>0.0</u></b>

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

**Agency Request/Governor's Recommendation**

The agency requests operating expenditures for FY 2002 of \$3,556,746 (\$1,855,405 SGF). The request includes \$2,315,307 for salaries and wages, \$957,602 for contractual services, \$95,491 for commodities, and \$188,346 for capital outlay. As an enhancement, the agency requests continuation of 1.0 FTE Census Project Manager position (\$28,500 SGF) which was established by the 2000 Legislature.

The Governor recommends operating expenditures of \$3,515,550 (\$1,803,349 SGF) for FY 2002. The recommendation includes \$2,315,111 for salaries and wages, \$926,602 for contractual services, \$95,491 for commodities, and \$178,346 for capital outlay. The Governor recommends continuation of the Census Project Manager position, but does not include additional funding.

## Senate Subcommittee Recommendations

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

1. Delete \$47,307 (\$27,077 SGF) for the Governor's pay plan adjustments.
2. The Subcommittee commends the agency for the technological advances it has undertaken as well as for those being planned. The electronic applications which have been implemented have improved interaction among the divisions and communication between the agency and its customers. The agency has prepared over 700 boxes of active documents to be cataloged and imaged over the next two years and is beginning the process to allow over 90,000 corporations to file annual reports electronically. The Subcommittee also notes the agency's work to promote the utilization of electronic and digital signatures within the day-to-day business of the State.
3. The Subcommittee recommends the introduction of legislation creating a fee fund to receive annual registration fees of entities which certify electronic and digital signatures. The Uniform Electronic Transactions Act passed by the 2000 Legislature required certification authorities to register with the Secretary of State, but did not establish a fund for the deposits.
4. The Subcommittee notes the agency's concern that it is experiencing difficulties meeting obligations from the Uniform Commercial Code Fee Fund. Receipts to the UCC Fee Fund are difficult to estimate, but, generally speaking, are inversely related to agricultural market prices. The UCC Fee Fund is the only source of funding for the Uniform Commercial Code Division and has also been used in recent years for technology expenditures such as the Division's imaging system. The agency is currently studying the fee structure for all of its fee funds and will probably implement new fees during the summer of 2001.
5. The Subcommittee acknowledges the agency's request of two Governor's Budget Amendment items. One request of approximately \$45,000 concerns expenses related to the census adjustment inadvertently omitted from the agency's budget submission. The other request of approximately \$8,500 stems from the US Supreme Court decision in *Bush v. Gore* and relates to videoconference training of local election officials and computer programming.

## House Budget Committee Report

**Agency:** Kansas Insurance Department

**Bill No.** ---

**Bill Sec.** ---

**Analyst:** Severn

**Analysis Pg. No.** 1445

**Budget Page No.** 257

Expenditure Summary	Agency Estimate FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
<b>Special Revenue Funds</b>			
State Operations	\$ 9,934,377	\$ 11,062,188	\$ 29,376
Aid to Local Units	5,318,200	5,318,200	0
Other Assistance	6,500,000	6,500,000	0
Subtotal - Operating	\$ 21,752,577	\$ 22,880,388	\$ 29,376
Capital Improvements	143,500	143,500	0
<b>TOTAL</b>	<b>\$ 21,896,077</b>	<b>\$ 23,023,888</b>	<b>\$ 29,376</b>
FTE Positions	157.0	157.0	0.0
Other Unclassified Positions	2.0	2.0	0.0
<b>TOTAL</b>	<b>159.0</b>	<b>159.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The agency estimates operating expenditures of \$21,752,577 for FY 2001, a decrease of \$4,392,956 from the approved budget. Significant reductions in Workers Compensation Fund expenditures (\$4,000,000 in estimated second injury claims and \$50,000 associated professional service fees from reduced case loads), an estimated decrease of \$495,165 in payments from the Firefighters Relief Fund resulting from a decrease in estimated premiums taxes on fire or lightning coverage, and a reduction of \$76,168 in salaries and wages, are partially offset by a shift of \$200,000 for an imaging system. The latter expenditure was approved for FY 2000.

The agency received a federal grant of \$1,298,205 after its budget was submitted. The expenditure of this grant was approved by the Finance Council in December, 2000.

The Governor recommends FY 2001 operating expenditures of \$22,880,388, an increase of \$1,127,811 above the agency estimate. The Governor includes the \$1,298,205 for the expenditure of the federal grant authorized by the State Finance Council, subtracts \$170,394 for salaries and wages to correct the calculation of fringe benefits and to establish a shrinkage rate of 4.0 percent for the agency's largest program, the Insurance Company Regulation program, and shifts \$29,001 of expenditures from the Insurance Company Regulation Fund to KSIP. The Governor's recommendation includes \$6,830,031 for salaries and wages, \$3,627,864 for contractual services, \$210,654 for commodities, \$326,691 for capital outlay, \$66,948 for debt service (interest), \$5,318,200 for State Aid to Local Units, and \$6,500,000 for Other Assistance.

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### House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following exception:

1. Add \$29,376 from special revenue funds for salaries and wages to reduce the shrinkage rate for the Insurance Regulation program from 4.0 percent to 3.5 percent.

### House Committee Recommendation

The House Committee concurs with the recommendation of the Budget Committee.

### House Committee of the Whole Recommendation

The House committee of the Whole has not considered this agency.

### Senate Subcommittee Report

**Agency:** Kansas Insurance Department

**Bill No. ---**

**Bill Sec. ---**

**Analyst:** Severn

**Analysis Pg. No. 1445**

**Budget Page No. 257**

Expenditure Summary	Agency Estimate FY 01	Gov. Rec. FY 01	Subcommittee Adjustments
Special Revenue Funds			
State Operations	\$ 9,934,377	\$ 11,062,188	\$ 29,376
Aid to Local Units	5,318,200	5,318,200	0
Other Assistance	6,500,000	6,500,000	0
Subtotal - Operating	\$ 21,752,577	\$ 22,880,388	\$ 29,376
Capital Improvements	143,500	143,500	0
TOTAL	<u>\$ 21,896,077</u>	<u>\$ 23,023,888</u>	<u>\$ 29,376</u>
FTE Positions	157.0	157.0	0.0
Other Unclassified Positions	2.0	2.0	0.0
TOTAL	<u>159.0</u>	<u>159.0</u>	<u>0.0</u>



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

The agency estimates operating expenditures of \$21,752,577 for FY 2001, a decrease of \$4,392,956 from the approved budget. Significant reductions in Workers Compensation Fund expenditures (\$4,000,000 in estimated second injury claims and \$50,000 associated professional service fees from reduced case loads), an estimated decrease of \$495,165 in payments from the Firefighters Relief Fund resulting from a decrease in estimated premiums taxes on fire or lightning coverage, and a reduction of \$76,168 in salaries and wages, are partially offset by a shift of \$200,000 for an imaging system. The latter expenditure was approved for FY 2000.

The agency received a federal grant of \$1,298,205 after its budget was submitted. The expenditure of this grant was approved by the Finance Council in December, 2000.

The Governor recommends FY 2001 operating expenditures of \$22,880,388, an increase of \$1,127,811 above the agency estimate. The Governor includes the \$1,298,205 for the expenditure of the federal grant authorized by the State Finance Council, subtracts \$170,394 for salaries and wages to correct the calculation of fringe benefits and to establish a shrinkage rate of 4.0 percent for the agency's largest program, the Insurance Company Regulation program, and shifts \$29,001 of expenditures from the Insurance Company Regulation Fund to KSIP. The Governor's recommendation includes \$6,830,031 for salaries and wages, \$3,627,864 for contractual services, \$210,654 for commodities, \$326,691 for capital outlay, \$66,948 for debt service (interest), \$5,318,200 for State Aid to Local Units, and \$6,500,000 for Other Assistance.

## **Senate Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. Add \$29,376 from special revenue funds for salaries and wages to reduce the shrinkage rate for the Insurance Regulation program from 4.0 percent to 3.5 percent.
2. Authorize, by proviso, the expenditure of up to \$2,000 for official hospitality.

## House Budget Committee Report

**Agency:** Kansas Insurance Department

**Bill No. ---**

**Bill Sec. ---**

**Analyst:** Severn

**Analysis Pg. No. 1445**

**Budget Page No. 257**

<u>Expenditure Summary</u>	<u>Agency Request FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Budget Committee Adjustments</u>
<b>Special Revenue Funds</b>			
State Operations	\$ 10,244,522	\$ 10,199,593	\$ 31,193
Aid to Local Units	5,449,450	5,449,450	0
Other Assistance	<u>6,500,000</u>	<u>6,500,000</u>	<u>0</u>
Subtotal - Operating	\$ 22,193,972	\$ 22,149,043	\$ 31,193
Capital Improvements	157,000	157,000	0
<b>TOTAL</b>	<u><u>\$ 22,350,972</u></u>	<u><u>\$ 22,306,043</u></u>	<u><u>\$ 31,193</u></u>
FTE Positions	157.0	157.0	0.0
Other Unclassified Positions	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><u>159.0</u></u>	<u><u>159.0</u></u>	<u><u>0.0</u></u>

### Agency Request/Governor's Recommendation

The agency requests operating expenditures of \$22,193,972 for FY 2002, an increase of \$441,395 from FY 2001. A slight increase of \$131,250 in payments from the Firefighters Relief Fund results from an increase in estimated premiums taxes on fire or lightning coverage. The agency also requests an enhancement of \$150,000 to increase financial analyst salaries.

The Governor recommends FY 2002 operating expenditures of \$22,149,043, a decrease of \$731,345 from his FY 2001 recommendation. The Governor added \$198,142 in salaries and wages for the employee pay plan adjustment, approved the enhancement request for \$150,000 for financial analyst salaries, and subtracted a total of \$193,848 to correct the calculation of fringe benefits and to increase the shrinkage rate for the agency's largest program to 4.0 percent. The Governor's recommendation includes \$7,276,798 for salaries and wages, \$2,429,663 for contractual services, \$222,384 for commodities, \$210,823 for capital outlay, \$59,925 for debt service (interest), \$5,449,450 for State Aid to Local Units, and \$6,500,000 for Other Assistance.

### House Budget Subcommittee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following exception:

1. Add \$31,193 from special revenue funds for salaries and wages to reduce the shrinkage rate for the Insurance Regulation program from 4.0 percent to 3.5 percent.

### House Committee Recommendation

The House Committee concurs with the recommendation of the Budget Committee.

### House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this agency.

### Senate Subcommittee Report

**Agency:** Kansas Insurance Department

**Bill No. ---**

**Bill Sec. ---**

**Analyst:** Severn

**Analysis Pg. No. 1445**

**Budget Page No. 257**

<u>Expenditure Summary</u>	<u>Agency Request FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Subcommittee Adjustments *</u>
Special Revenue Funds			
State Operations	\$ 10,244,522	\$ 10,199,593	\$ (166,949)
Aid to Local Units	5,449,450	5,449,450	0
Other Assistance	6,500,000	6,500,000	0
Subtotal - Operating	<u>\$ 22,193,972</u>	<u>\$ 22,149,043</u>	<u>\$ (166,949)</u>
Capital Improvements	157,000	157,000	0
TOTAL	<u><u>\$ 22,350,972</u></u>	<u><u>\$ 22,306,043</u></u>	<u><u>\$ (166,949)</u></u>
FTE Positions	157.0	157.0	0.0
Other Unclassified Positions	2.0	2.0	0.0
TOTAL	<u><u>159.0</u></u>	<u><u>159.0</u></u>	<u><u>0.0</u></u>

\* The reduction includes \$198,142 for the Governor's recommended employee pay plan adjustment, offset by an addition of \$31,193 to reduce shrinkage.

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

The agency requests operating expenditures of \$22,193,972 for FY 2002, an increase of \$441,395 from FY 2001. A slight increase of \$131,250 in payments from the Firefighters Relief Fund results from an increase in estimated premiums taxes on fire or lightning coverage. The agency also requests an enhancement of \$150,000 to increase financial analyst salaries.

The Governor recommends FY 2002 operating expenditures of \$22,149,043, a decrease of \$731,345 from his FY 2001 recommendation. The Governor added \$198,142 in salaries and wages for the employee pay plan adjustment, approved the enhancement request for \$150,000 for financial analyst salaries, and subtracted a total of \$193,848 to correct the calculation of fringe benefits and to increase the shrinkage rate for the agency's largest program to 4.0 percent. The Governor's recommendation includes \$7,276,798 for salaries and wages, \$2,429,663 for contractual services, \$222,384 for commodities, \$210,823 for capital outlay, \$59,925 for debt service (interest), \$5,449,450 for State Aid to Local Units, and \$6,500,000 for Other Assistance. The Governor adds \$198,142 for the recommended employee pay plan adjustment.

## **Senate Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation with the following comments and exceptions:

1. Add \$31,193 from special revenue funds for salaries and wages to reduce the shrinkage rate for the Insurance Regulation program from 4.0 percent to 3.5 percent.
2. Delete \$198,142 for the Governor's recommended employee pay plan adjustment.
3. Authorize, by proviso, the expenditure of up to \$2,000 for official hospitality.
4. The Subcommittee notes that the salaries of ten specialized insurance company examiners is lagging behind the National Association of Insurance Commissioners salary guidelines. According to the Commissioner, low salaries, vacancies, and poor review products can imperil the Department's accreditation, which would have repercussions for domestic companies who sell in other states.
5. Recommend the introduction of legislation to remove the restriction in K.S.A. 40-110 that the Insurance Commissioner may not have an employee whose salary is higher than the Commissioner's. This legislation was requested by the Insurance Commissioner, who said that the restriction serves no useful purpose and limits the ability of the office to hire and retain the best people available. The Subcommittee agrees and believes a similar restriction imposed on the Attorney General by K.S.A. 75-3111 also should be removed.

## House Budget Committee Report

**Agency:** State Treasurer

**Bill No.**

**Bill Sec.**

**Analyst:** West

**Analysis Pg. No.** 1480

**Budget Page No.** 429

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 3,673,960	\$ 3,544,950	\$ 22,500
Aid to Local Units	107,198,132	107,198,132	0
Other Assistance	0	0	0
TOTAL	<u>\$ 110,872,092</u>	<u>\$ 110,743,082</u>	<u>\$ 22,500</u>
<b>State General Fund:</b>			
State Operations	\$ 1,952,161	\$ 1,871,115	\$ 0
Aid to Local Units	88,670,406	88,670,406	0
Other Assistance	0	0	0
TOTAL	<u>\$ 90,622,567</u>	<u>\$ 90,541,521</u>	<u>\$ 0</u>
FTE Positions	55.5	55.5	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	<u>55.5</u>	<u>55.5</u>	<u>0.0</u>

### Agency Estimate/Governor's Recommendation

#### State Operations

**The Treasurer's current year** estimate of state operations expenditures totals \$3.7 million, a net increase of \$11,812 from the approved budget. The majority of the change from the approved budget is associated with increased expenditures in the Unclaimed Property program (\$57,024). State General Fund expenditures total \$2.0 million, a reduction of \$33,662 from the approved budget. Net other changes reduce other special revenue expenditures by \$11,550. The estimate reflects a reduction of 4.0 other unclassified positions from the approved budget.

**The Governor recommends** a current year state operations budget of \$3.5 million, a reduction of \$129,010 (including \$81,046 from State General Fund financing) from the agency's estimate. Salaries are decreased by \$80,010 to reflect an increase in agency-wide shrinkage savings from 3.3 percent to 6.7 percent. Other operating expenditures are reduced from the agency's estimate by \$49,000. The Governor concurs with the agency's workforce estimate.

#### Local Aid

**The Treasurer's current year** estimate of aid to local units of government expenditures totals \$107.2 million, a decrease of \$1.1 million from the approved budget. State General Fund demand

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Attachment 12*

transfers are decreased by \$1 to reflect a technical adjustment to the **County and City Revenue Sharing Fund. Rental Motor Vehicle Excise Tax** payments are anticipated to decrease \$1.1 million to \$2.5 million.

**The Governor** concurs with the current year estimate of local aid payments.

### **House Budget Committee Recommendation**

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

1. Restore \$22,500 from the Unclaimed Property Expense Fund for operation of the Unclaimed Property program,. The Budget Committee notes that this program more than covers the expenses necessary for operation, with a projected current year performance of returning \$6.5 million to the citizens of the state and depositing \$13.0 million to the State General Fund.
2. The Budget Committee notes that the Postsecondary Education Savings program became active on July 1, under the name Learning Quest. The Budget Committee has been informed that it is anticipated that 18,360 accounts will be open by the end of the fiscal year, increasing to 23,740 accounts by the end of FY 2002.
3. The Budget Committee has been informed that the Agricultural Production Loan Deposit Program authorized by the 2000 legislature became active on July 1. The \$50.0 million authorized for deposit was committed within days and has provided discounted loans to over 500 farmers.

### **House Committee Recommendation**

The House Committee concurs with the Budget Committee's recommendation, with the following adjustment:

1. Add \$65,486 from special revenue funds to assume no salary shrinkage savings for special revenue financed programs.

### **House Committee of the Whole Recommendation**

The House Committee of the Whole has not yet considered this budget.

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### Senate Subcommittee Report

**Agency:** State Treasurer

**Bill No.**

**Bill Sec.**

**Analyst:** West

**Analysis Pg. No.** 1480

**Budget Page No.** 429

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,673,960	\$ 3,544,950	\$ 98,966
Aid to Local Units	107,198,132	107,198,132	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 110,872,092</b>	<b>\$ 110,743,082</b>	<b>\$ 98,966</b>
State General Fund:			
State Operations	\$ 1,952,161	\$ 1,871,115	\$ 52,137
Aid to Local Units	88,670,406	88,670,406	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 90,622,567</b>	<b>\$ 90,541,521</b>	<b>\$ 52,137</b>
FTE Positions	55.5	55.5	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>55.5</b>	<b>55.5</b>	<b>0.0</b>

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

##### State Operations

**The Treasurer's current year** estimate of state operations expenditures totals \$3.7 million, a net increase of \$11,812 from the approved budget. The majority of the change from the approved budget is associated with increased expenditures in the Unclaimed Property program (\$57,024). State General Fund expenditures total \$2.0 million, a reduction of \$33,662 from the approved budget. Net other changes reduce other special revenue expenditures by \$11,550. The estimate reflects a reduction of 4.0 other unclassified positions from the approved budget.

**The Governor recommends** a current year state operations budget of \$3.5 million, a reduction of \$129,010 (including \$81,046 from State General Fund financing) from the agency's estimate. Salaries are decreased by \$80,010 to reflect an increase in agency-wide shrinkage savings from 3.3 percent to 6.7 percent. Other operating expenditures are reduced from the agency's estimate by \$49,000. The Governor concurs with the agency's workforce estimate.

## Local Aid

**The Treasurer's current year** estimate of aid to local units of government expenditures totals \$107.2 million, a decrease of \$1.1 million from the approved budget. State General Fund demand transfers are decreased by \$1 to reflect a technical adjustment to the **County and City Revenue Sharing Fund. Rental Motor Vehicle Excise Tax** payments are anticipated to decrease \$1.1 million to \$2.5 million.

**The Governor** concurs with the current year estimate of local aid payments.

## Senate Subcommittee Recommendation

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

1. Restore \$78,966, including \$52,137 from the State General Fund, to restore the agency wide shrinkage savings rate from the 6.7 percent rate included in the Governor's recommendations to the 3.3 percent included in the State Treasurer's budget estimate. The Subcommittee notes that while the Governor's recommended shrinkage rate is based on recent historical data, that data is somewhat misleading due to the numerous changes in operations which the office has undergone in the last few years. The Subcommittee was informed that the majority of the positions authorized for the office are currently filled.
2. Restore \$20,000 from special revenue funds for OOE expenditures in the Unclaimed Property program, as requested by the Treasurer. The Subcommittee notes that the current State Treasurer has taken a more aggressive approach in informing the public about the availability and nature of the program than has been done in the past, resulting in both increased recoveries by Kansas citizens and increased receipts to the State General Fund.



## House Budget Committee Report

**Agency:** State Treasurer

**Bill No.**

**Bill Sec.**

**Analyst:** West

**Analysis Pg. No.** 1,480

**Budget Page No.** 429

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 3,761,632	\$ 3,661,950	\$ 22,500
Aid to Local Units	128,054,540	114,008,199	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b><u>\$ 131,816,172</u></b>	<b><u>\$ 117,670,149</u></b>	<b><u>\$ 22,500</u></b>
<b>State General Fund:</b>			
State Operations	\$ 1,657,134	\$ 1,598,380	\$ 0
Aid to Local Units	108,881,000	94,834,659	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b><u>\$ 110,538,134</u></b>	<b><u>\$ 96,433,039</u></b>	<b><u>\$ 0</u></b>
FTE Positions	55.5	55.5	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>55.5</u></b>	<b><u>55.5</u></b>	<b><u>0.0</u></b>

### Agency Est/Governor's Recommendation

#### State Operations

**The agency** requests an FY 2002 state operations budget of \$3.8 million, an increase of \$87,672 (2.4 percent) from the current year. Requested State General Fund financing of \$1.7 million represents an decrease of \$295,027 (11.4 percent) from the current year. The decrease is primarily associated with the shift from State General Fund to special revenue fund financing for the Municipal Bond program and the Postsecondary Education Savings program. No budget enhancements are requested for FY 2002.

**The Governor** recommends an FY 2002 state operations budget of \$3.7 million, an increase of \$117,000 (3.3 percent) from the current year. Recommended **State General Fund** financing of \$1.6 million represents a decrease of \$272,735 (14.6 percent) from the current year. Recommended **special revenue** fund financing of \$2.1 million represents an increase of \$389,735 (23.3 percent) from the current year. The Governor concurs with the request to **shift** from State General Fund to special revenue fund financing for the Municipal Bond program and the Postsecondary Education Savings program. Recommended **salaries and wages** of \$2.3 million are a net decrease of \$35,182 from the agency's request, reflecting increased shrinkage savings (\$80,856) and the addition of \$45,356 for salary increases. Recommended **other operating expenditures** total \$1.4 million, a decrease of \$64,500 from the agency's request.

## Local Aid

**The agency's estimate** for payments to local units of government totals \$128.1 million, an increase of \$20.9 million (19.5 percent) from the current year. The **demand transfers** to local units of government are estimated by the Consensus Revenue Estimating Group to total \$108.9 million in FY 2002. Local Ad Valorem Tax Reduction Fund (LAVTRF) payments are estimated to be \$62.0 million, a \$7.9 million (14.5 percent) increase from the current year. County and City Revenue Sharing Fund (CCRSF) payments are estimated to total \$46.9 million, a \$12.4 million (35.9 percent) increase from the current year. **Both estimates assume current law and do not reflect any caps on the growth of expenditures.**

**Special revenue fund** payments to local units of government are estimated to total \$19.2 million in FY 2002, an increase of \$645,724 (3.5 percent) from the current year. The increases are associated with the Tax Increment Financing Revenue Replacement Fund (\$150,000) and the Local Alcoholic Liquor Fund (\$495,724).

**The Governor** recommends \$114.0 million for payments to local units of government, an increase of \$6.8 million (6.4 percent) from the current year. The **demand transfers** to local units of government are recommended by the Governor to total \$94.8 million. **The Governor recommends that the demand transfers be limited to the same amount as was paid in FY 2000. The Governor** concurs with the agency's estimates of \$19.2 million for special revenue fund payments to local units of government in FY 2002.

## House Budget Committee Recommendation

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

1. Restore \$22,500 from the Unclaimed Property Expense Fund for operation of the Unclaimed Property program. As noted in the FY 2001 report, this program more than covers the expenses necessary for operation, with a projected FY 2002 performance of returning \$6.5 million to the citizens of the state and depositing \$13.0 million to the State General Fund.
2. The Budget Committee notes that the Governor's recommendation for both years increases salary shrinkage from an agency wide rate of 6.7 percent from the agency's estimate of 3.3 percent.
3. In reviewing the agency's performance measures, the Budget Committee notes that the Pooled Money Investment Board is projecting an average rate of return on temporarily idle funds of 6.2 percent, 40 basis points better than the average rate of return on US Treasuries. This is anticipated to provide an additional \$48.2 million for the State General Fund in FY 2002.

## House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation, with the following adjustment:

1. The Committee recommends that a systemwide review of salary shrinkage rates should be conducted for consideration at Omnibus.

**House Committee of the Whole Recommendation**

The House Committee of the Whole has not yet considered this budget.

**Senate Subcommittee Report**

**Agency:** State Treasurer

**Bill No.**

**Bill Sec.**

**Analyst:** West

**Analysis Pg. No.** 1,480

**Budget Page No.** 429

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments*
All Funds:			
State Operations	\$ 3,761,632	\$ 3,661,950	\$ (39,975)
Aid to Local Units	128,054,540	114,008,199	(4,390,845)
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 131,816,172</b>	<b>\$ 117,670,149</b>	<b>\$ (4,430,820)</b>
State General Fund:			
State Operations	\$ 1,657,134	\$ 1,598,380	\$ (25,196)
Aid to Local Units	108,881,000	94,834,659	(94,834,659)
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 110,538,134</b>	<b>\$ 96,433,039</b>	<b>\$ (94,859,855)</b>
FTE Positions	55.5	55.5	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>55.5</b>	<b>55.5</b>	<b>0.0</b>

\* Includes a reduction of \$57,281, including \$25,196 from the State General Fund, associated with the Governor's pay plan.

**Agency Est/Governor's Recommendation**

**State Operations**

**The agency** requests an FY 2002 state operations budget of \$3.8 million, an increase of \$87,672 (2.4 percent) from the current year. Requested State General Fund financing of \$1.7 million represents an decrease of \$295,027 (11.4 percent) from the current year. The decrease is primarily associated with the shift from State General Fund to special revenue fund financing for the Municipal Bond program and the Postsecondary Education Savings program. No budget enhancements are requested for FY 2002.

**The Governor** recommends an FY 2002 state operations budget of \$3.7 million, an increase of \$117,000 (3.3 percent) from the current year. Recommended **State General Fund** financing of \$1.6 million represents a decrease of \$272,735 (14.6 percent) from the current year. Recommended

**special revenue** fund financing of \$2.1 million represents an increase of \$389,735 (23.3 percent) from the current year. The Governor concurs with the request to **shift** from State General Fund to special revenue fund financing for the Municipal Bond program and the Postsecondary Education Savings program. Recommended **salaries and wages** of \$2.3 million are a net decrease of \$35,182 from the agency's request, reflecting increased shrinkage savings (\$80,856) and the addition of \$45,356 for salary increases. Recommended **other operating expenditures** total \$1.4 million, a decrease of \$64,500 from the agency's request.

## Local Aid

**The agency's estimate** for payments to local units of government totals \$128.1 million, an increase of \$20.9 million (19.5 percent) from the current year. The **demand transfers** to local units of government are estimated by the Consensus Revenue Estimating Group to total \$108.9 million in FY 2002. Local Ad Valorem Tax Reduction Fund (LAVTRF) payments are estimated to be \$62.0 million, a \$7.9 million (14.5 percent) increase from the current year. County and City Revenue Sharing Fund (CCRSF) payments are estimated to total \$46.9 million, a \$12.4 million (35.9 percent) increase from the current year. **Both estimates assume current law and do not reflect any caps on the growth of expenditures.**

**Special revenue fund** payments to local units of government are estimated to total \$19.2 million in FY 2002, an increase of \$645,724 (3.5 percent) from the current year. The increases are associated with the Tax Increment Financing Revenue Replacement Fund (\$150,000) and the Local Alcoholic Liquor Fund (\$495,724).

**The Governor** recommends \$114.0 million for payments to local units of government, an increase of \$6.8 million (6.4 percent) from the current year. The **demand transfers** to local units of government are recommended by the Governor to total \$94.8 million. **The Governor recommends that the demand transfers be limited to the same amount as was paid in FY 2000. The Governor** concurs with the agency's estimates of \$19.2 million for special revenue fund payments to local units of government in FY 2002.

## Senate Subcommittee Recommendation

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

1. Delete \$57,281, including \$25,196 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$11,611), an annualized 3.0 percent classified base salary increase (\$15,437), and an annualized unclassified merit pool (\$30,234) from individual agency budgets for consideration in a separate bill.
2. Restore \$1,806 from special revenue funds for the Postsecondary Education Savings Program as requested by the State Treasurer. Effective in FY 2002, state program administration is financed by reimbursements from the program's private sector partner, American Century. American will reimburse the Treasurer's office for program administration up to \$237,500 or the budget approved by the Legislature, whichever is less. The Subcommittee is aware of no reason why the state should not maximize American's reimbursement.
3. Restore \$15,500 from special revenue funds for OOE expenditures in the Unclaimed Property program, as requested by the Treasurer.

4. The Subcommittee notes that under the Governor's FY 2002 recommendation the State General Fund demand transfers to the Local Ad Valorem Tax Reduction Fund (LAVTRF) and the County and City Revenue Sharing Fund (CCRSF) would increase by \$6.2 million, or 7.0 percent, from the current year. The Subcommittee also notes that the Legislature has financed significant property tax reductions through lowering the mill levy for local school finance and the Higher Education Coordination Act, while the tax base available for local units has increased at an average annual rate of 4.7 percent over the last nine years. The Subcommittee recommends the increase in the State General Fund demand transfers for these funds be limited to 2.0 percent, or \$1.8 million, for FY 2002.
5. The Subcommittee notes that the state's ending balance law requires that the approved State General Fund budget include an ending balance not less than 7.5 percent of approved expenditures. Thus, for every \$1.0 million in approved State General Fund expenditures an additional \$75,000 of State General Fund resources must be allocated to the ending balance. There is not a parallel requirement for special revenue fund expenditures.

Because State General Fund demand transfers are treated as State General Fund expenditures they become subject to the provisions of the ending balance law, requiring an amount equal to 7.5 percent of the demand transfer to be allocated to the ending balance. If the demand transfers are converted to revenue transfers, the expenditure of those resources shifts from a State General Fund expenditure to a special revenue fund expenditure, which is not subject to the ending balance provisions.

In the case of the State Treasurer's budget, the demand transfers for the Local Ad Valorem Tax Reduction Fund and the County and City Revenue Sharing Fund total \$90.4 million under the Senate Subcommittee's recommendation. If these demand transfers were changed to revenue transfers the result would be a reduction in State General Fund expenditures **without any reduction in all funds expenditures**. This reduction in State General Fund expenditures would reduce the required ending balance by \$6,783,286, allowing those resources to be reallocated elsewhere. **These would be one time savings and a similar amount would have to be restored to the ending balance in future years should the transfers be restored to demand transfer status.**

If the resources freed up by this accounting adjustment are then approved for expenditure, 7.5 percent of the funding would be required to be reserved for the State General Fund ending balance.

## House Budget Committee Report

**Agency:** Health Care Stabilization Fund **Bill No. --**

**Bill Sec. --**

**Analyst:** Severn

**Analysis Pg. No.** 1435

**Budget Page No.** 209

<u>Expenditure Summary</u>	<u>Agency Estimate FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Budget Committee Adjustments</u>
State Operations	\$ 3,957,146	\$ 3,957,146	\$ 0
Other Assistance	25,618,475	25,618,475	0
<b>TOTAL</b>	<b><u>\$ 29,575,621</u></b>	<b><u>\$ 29,575,621</u></b>	<b><u>\$ 0</u></b>
FTE Positions	16.0	16.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>16.0</u></b>	<b><u>16.0</u></b>	<b><u>0.0</u></b>

### Agency Estimate/Governor's Recommendation

The Health Care Stabilization Fund Board of Governors is responsible for administering the Health Care Stabilization Fund, which was created in 1976 to stabilize the availability of professional liability insurance coverage by establishing a money pool to pay damages for personal injury or death arising from care by a health provider. The same Act mandates professional liability insurance as a precondition to rendering services.

The agency's estimate for FY 2001 expenditures is \$29,575,621, a decrease of \$488,225 below the approved budget. The decrease is equal to the estimated decrease in claims and associated costs which resulted from the latest actuarial review. Within the administration program, the agency estimated a modest reallocation of expenditures.

The Governor concurs with the agency's estimate. The Governor's recommendation includes \$667,917 for salaries and wages, \$3,251,616 for contractual services, \$17,713 for commodities, \$19,900 for capital outlay, and \$25,618,475 for other assistance.

### House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

### House Committee Recommendation

The House Committee concurs with the recommendation of the Budget Committee.

### House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this agency.

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**Senate Subcommittee Report**

**Agency:** Health Care Stabilization Fund **Bill No. ---**

**Bill Sec. ---**

**Analyst:** Severn

**Analysis Pg. No. 1435**

**Budget Page No. 209**

<u>Expenditure Summary</u>	<u>Agency Estimate FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Senate Subcommittee Adjustments</u>
State Operations	\$ 3,957,146	\$ 3,957,146	\$ 0
Other Assistance	25,618,475	25,618,475	0
<b>TOTAL</b>	<b>\$ 29,575,621</b>	<b>\$ 29,575,621</b>	<b>\$ 0</b>
FTE Positions	16.0	16.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>16.0</b>	<b>16.0</b>	<b>0.0</b>

**Agency Estimate/Governor's Recommendation**

The Health Care Stabilization Fund Board of Governors is responsible for administering the Health Care Stabilization Fund, which was created in 1976 to stabilize the availability of professional liability insurance coverage by establishing a money pool to pay damages for personal injury or death arising from care by a health provider. The same Act mandates professional liability insurance as a precondition to rendering services.

The agency's estimate for FY 2001 expenditures is \$29,575,621, a decrease of \$488,225 below the approved budget. The decrease is equal to the estimated decrease in claims and associated costs which resulted from the latest actuarial review. Within the administration program, the agency estimated a modest reallocation of expenditures.

The Governor concurs with the agency's estimate. The Governor's recommendation includes \$667,917 for salaries and wages, \$3,251,616 for contractual services, \$17,713 for commodities, \$19,900 for capital outlay, and \$25,618,475 for other assistance.

**Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation.

## House Budget Committee Report

**Agency:** Health Care Stabilization Fund

**Bill No. ---**

**Bill Sec. ---**

**Analyst:** Severn

**Analysis Pg. No. 1435**

**Budget Page No. 209**

<u>Expenditure Summary</u>	<u>Agency Request FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Budget Committee Adjustments</u>
State Operations	\$ 3,990,279	\$ 3,989,254	\$ 0
Other Assistance	25,618,475	25,618,475	0
TOTAL	<u>\$ 29,608,754</u>	<u>\$ 29,607,729</u>	<u>\$ 0</u>
FTE Positions	16.0	16.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>

### Agency Request/Governor's Recommendation

The Health Care Stabilization Fund Board of Governors is responsible for administering the Health Care Stabilization Fund, which was created in 1976 to stabilize the availability of professional liability insurance coverage by establishing a money pool to pay damages for personal injury or death arising from care by a health provider. The same Act mandates professional liability insurance as a precondition to rendering services.

The agency's request for FY 2002 expenditures is \$29,608,754, an increase of \$33,133 (3.7 percent above the FY 2001 estimate. The increase is entirely within the administration program, as the claims and associated costs estimate which resulted from the latest actuarial review did not change for FY 2002.

The Governor recommends operating expenditures of \$29,607,729. The Governor's recommendation includes \$693,848 for salaries and wages, \$3,257,195 for contractual services, \$18,211 for commodities, \$20,000 for capital outlay, and \$25,618,475 for other assistance. The Governor adds \$13,005 for his employee pay plan adjustment and subtracts \$10,281 to increase the shrinkage rate and adjust the calculation of fringe benefits.

### House Budget Committee Recommendation

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

1. The Budget Committee notes that the Governor's employee pay plan adjustment did not include an amount for the base salary adjustment and anticipates a Governor's Budget Amendment of approximately \$4,650 for that purpose.



**House Committee Recommendation**

The House Committee concurs with the recommendation of the Budget Committee..

**House Committee of the Whole Recommendation**

The House committee of the Whole has not considered this agency.

**Senate Subcommittee Report**

**Agency:** Health Care Stabilization Fund

**Bill No.** ---

**Bill Sec.** ---

**Analyst:** Severn

**Analysis Pg. No.** 1435

**Budget Page No.** 209

<u>Expenditure Summary</u>	<u>Agency Request FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Subcommittee Adjustments *</u>
State Operations	\$ 3,990,279	\$ 3,989,254	\$ (13,005)
Other Assistance	25,618,475	25,618,475	0
<b>TOTAL</b>	<b><u>\$ 29,608,754</u></b>	<b><u>\$ 29,607,729</u></b>	<b><u>\$ (13,005)</u></b>
FTE Positions	16.0	16.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>16.0</u></b>	<b><u>16.0</u></b>	<b><u>0.0</u></b>

\* The reduction is entirely to remove the Governor's recommended employee pay plan adjustment.

**Agency Request/Governor's Recommendation**

The Health Care Stabilization Fund Board of Governors is responsible for administering the Health Care Stabilization Fund, which was created in 1976 to stabilize the availability of professional liability insurance coverage by establishing a money pool to pay damages for personal injury or death arising from care by a health provider. The same Act mandates professional liability insurance as a precondition to rendering services.

The agency's request for FY 2002 expenditures is \$29,608,754, an increase of \$33,133 (3.7 percent above the FY 2001 estimate. The increase is entirely within the administration program, as the claims and associated costs estimate which resulted from the latest actuarial review did not change for FY 2002.

The Governor recommends operating expenditures of \$29,607,729. The Governor's recommendation includes \$693,848 for salaries and wages, \$3,257,195 for contractual services,

\$18,211 for commodities, \$20,000 for capital outlay, and \$25,618,475 for other assistance. The Governor adds \$13,005 for his employee pay plan adjustment and subtracts \$10,281 to increase the shrinkage rate and adjust the calculation of fringe benefits.

### **Senate Subcommittee Recommendation**

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

1. The Subcommittee notes that the Governor's employee pay plan adjustment did not include an amount for the base salary adjustment and anticipates a Governor's Budget Amendment adding approximately \$4,650 for that purpose.
2. Delete \$13,005 for the Governor's recommended employee pay plan adjustment.

**Irene Cumming**  
**Testimony before the**  
**Kansas Senate Ways and Means Committee**  
**March 2, 2001**

Thank you for the opportunity to speak to you today.

I am Irene Cumming, president and chief executive officer of the University of Kansas Hospital Authority, which operates the hospital known to the public as KU Med. There is much excitement to report to you about our accomplishments in the past year and in what lies ahead. There are also some issues that, as a leader in Kansas medicine, I would like to bring to your attention. But, I want to share the great amount of good news first.

As many of you on this committee will recall, the hospital at the University of Kansas Medical Center was at a crossroads just five years ago. The medical marketplace was changing rapidly. It was difficult for the hospital to respond quickly to the competitive managed care environment. The legislature responded with Senate Bill 373, the University of Kansas Hospital Authority Act, which changed the governance of the hospital. Instead of reporting through the University of Kansas and the Board of Regents, the new law set up a separate University of Kansas Hospital Authority, with its own 14-member board of directors.

Three voting members of the board are from the university. Another university representative is a non-voting member of the board, as is the hospital chief of staff. I am also on the board as a non-voting member in my role as the hospital's president and chief executive officer. These positions assure continuity of our mission, but what the legislation also did was call for eight voting members of the board from the Kansas citizenry. These people were appointed by the governor for their outstanding knowledge and leadership in a variety of fields. What this step has accomplished is to bring to the hospital board members with a statewide Kansas perspective, personal knowledge of private sector business and a commitment to making the hospital succeed. This mix of board members has done more than to help KU Med compete. It has given KU Med an advantage. This board clearly knows our public mission and knows ways we can achieve it in the competitive marketplace.

The flexibility provided by the Act that established the Authority has allowed hospital management to better and more creatively manage hospital operations, while the rigor of the Authority board oversight has demanded a high level of accountability. Bill 373 has worked. On behalf of our board, our executive leadership, our staff and physicians, I am honored to report to you how well it has worked.

We reported last year our great success in receiving the highest accreditation possible from the Joint Commission on the Accreditation of Health Care Organizations. The Hospital was awarded Accreditation with Commendation recognition, which is a

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strong endorsement of our attention to quality care. We are already looking forward to our next accreditation visit next year.

As for this past year, you have all received copies of our Fiscal Year 2000 Annual Report. There are many statistics and highlights in that report. I would like to focus on a few of them.

First, after years of decline, patient usage of KU Med is going up. It is going up in inpatient volume and outpatient volume. We have invested in infrastructure, equipment, training, and marketing. But, most importantly, we have invested and empowered people. As a result, for the fiscal year that ended last June 30<sup>th</sup>, our inpatient volume is up 11 percent compared to where it was two years ago. Outpatient use of our clinics is up 13 percent compared to fiscal year 1998. In that same two year period, surgeries climbed 22 percent. We served patients from 95 Kansas counties in the last fiscal year. About one-fifth of our inpatient population comes from Kansans outside the Kansas City metropolitan area.

Financially, we have been good stewards of the assets given to the Authority. Unlike many community hospitals around the state, we have no financial endowment. However, we have invested to expand the asset base to better serve patients. We acquired a facility in Johnson County...which we have named KU MedWest...to serve outpatient needs in that growing part of the area. We also acquired a network of primary care practices that surround the Kansas City metropolitan area. As a result, our assets have grown by 54 percent over two years.

For that same two-year period our revenues have climbed 31 percent. And net income, which reflects on our ability to manage costs while providing quality medical care, climbed from \$1.6 M in fiscal year 1998 to \$5.3 M in fiscal year 2000. While we are justifiably proud of this trend, the current fiscal year has brought needs for significant investment to fulfill our mission and our strategic plan. Higher utility costs, a soft economy, manpower shortages and the problem of the uninsured are also issues that we are facing this year.

The strategic plan I mentioned is a result of a six-month collaborative planning process, which included board members, University representatives, medical staff representatives, and hospital executives. The plan calls for an immediate focus in three major areas to grow in quality and volume. They are:

- Cancer
- Heart disease, and
- Senior Care

To make the capital investments necessary in our buildings and equipment to grow these programs and secure the future of the hospital, the Authority issued \$57 M of tax-free revenue bonds in fiscal year 2000. Because the Authority was able to obtain bond insurance, the bonds brought a top "AAA" rating and substantially reduced bondholder risk.

Currently, KU Med is in the middle of a \$28 M capital program, primarily brought about by the opening of a new heart program. Renovations are providing new modern space for family medicine, obstetrics and gynecology, as well as cardiology and cardiovascular surgery. Also in the program are new operating rooms, new rooms for a variety of medical procedures, intensive care units, new patient rooms and state of the art equipment.

Why are we doing this? It goes back to our strategic plan and to the mission outlined in the University of Kansas Hospital Authority Act. The act states “the mission of the...hospital is to facilitate and support the education, research and public service activities of the University of Kansas Medical Center and its health science schools [and] to provide patient care and specialized services not widely available elsewhere in the state...” It is a different mission than a community hospital. An academic medical center has an obligation to provide the highest level of expertise in many fields to fulfill the education mission of the University of Kansas Schools of Medicine, Nursing and Allied Health, to perform meaningful research and to provide a level of care that many Kansas hospitals cannot supply.

KU Med had been working with the School of Medicine to rebuild the cardiology program to world class status in patient care, education and research. Then, Dean Powell received a call from a large prominent practice of cardiologists in our metropolitan area who were interested in an academic medical center environment. After much discussion, a group of 22 cardiologists and another group of three prominent cardiovascular and thoracic surgeons became part of KU Med. As with all of our staff physicians, they will be members of the university faculty. They have also been very involved in teaching and clinical research and desire to do more. The university then completed the picture by bringing in an internationally renowned heart researcher, Dr. Patrice Delafontaine, to head the school’s division of cardiovascular diseases.

Together, these physicians see an opportunity to build a unique heart program that sets new standards of patient care, conducts cutting edge research and teaches the next generation of heart doctors for Kansas and the world. Governor Graves said that this new program will...in his words...“greatly advance the level of heart care for all Kansans.” Who am I to disagree with the Governor?

This will be a complete heart program. Because of problems in the past, there has been much speculation...too much...on heart transplants. Let me clarify that KU Med will eventually be offering transplants as part of a total heart program. But, a higher priority will be to create the program that prevents the need for heart transplants. There is no current timetable for heart transplants to be offered, and as Dr. Hagen promised the legislature some seven years ago, there will be no transplant program until we can assure the people of Kansas of its quality.

The structure of this new heart program broke new ground for the hospital and the university. The leadership of both entities and of the heart doctors should be praised for thinking outside the box to develop a way to make this happen.

While we surge forward in heart care, we have maintained our leadership in cancer, working toward becoming part of the National Cancer Institute's network of designated sites. In fiscal year 2000, KU Med regained management control of cancer operations from outside management. With this opportunity, KU Med has been able to capitalize on one of the great strengths of an academic medical center. That strength is a multi-disciplinary approach to care. For example, at KU Med's new Prostate Center, patients are able to consult with a urology oncologist, a radiation oncologist and a medical oncologist in one setting. This approach puts far less of a burden on the patient to seek various opinions and balance their importance all by themselves. Combined with some exciting research from the university, it makes KU Med a regional center for cancer treatment.

Our trauma program has also soared. This past year, KU Med received the designation as a Level One Trauma Center from the American College of Surgeons. This is the only nationally accredited Level One trauma center in Northeast Kansas and in the metropolitan Kansas City area.

With this designation, it is only natural that KU Med becomes the health care provider for the new Kansas Speedway in Wyandotte County. We will be operating an in-field hospital for the drivers and crews, as well as providing first aid for the many fans who will enjoy the racing. We successfully negotiated an agreement to be able to market our role at the speedway, which will bring KU Med's name and quality to thousands of new people throughout the Midwest. We also see this as an opportunity to support a project that the state of Kansas and our entire community is supporting.

We are also in the midst of a comprehensive program to improve patient satisfaction. Every member of management and the hospital staff, from nursing to housekeeping, received intense customer service training. More training, measurement and oversight is on its way this year. As a result of this process, our patient satisfaction results indicate we have taken major leaps forward. But we can and must continue to improve.

As I mentioned as part of our strategic plan, we've renewed our focus on our older patients. We've opened a senior resource center right inside the front door of the hospital to provide older patients an opportunity to access hospital services from a friendly vantage point. We have instructed our staff on ways to become more senior friendly throughout our facility.

Accessing KU Med has never been easier. Not only do we have offices at KU MedWest and primary care practices throughout the Kansas City area, we have a highly-trained call center to link patients and referring physicians with the right doctors. The call center handles about 6,000 requests every month. The call center also registers people for our hundreds of wellness classes every year. It may seem somewhat counter-productive for a hospital to be teaching people how to avoid getting sick, but our mission is the health of the people of Kansas and it is a mission we take very seriously.

As I indicated in reading our mission from the state law forming the hospital authority, a major mission of KU Med is to succeed in the competitive marketplace so that we can serve as the teaching hospital for the University of Kansas schools of medicine, nursing and allied health. We not only share a campus with the university, we operate under a master affiliation agreement. The agreement defines the principles for the collaborative working relationship that is important to the success of the two entities. The agreement preserves important ties with the Schools and their faculties, establishing the Authority as the primary teaching hospital for the schools and the setting where faculty members provide specialized health care services for Kansans. All members of the medical staff of the Authority must have a KU School of Medicine faculty appointment.

Our support goes beyond that. In fiscal year 2000, we provided nearly \$10 M in support of university programs. This was twice the amount of support provided in fiscal year 1996. In addition, we purchase millions of dollars worth of services from KU such as security and landscaping, which helps them defray the costs of many of these services. However, as I indicated, the cost of needing to invest in new modern space for patients, as well as escalating costs of salaries, pharmaceuticals and medical supplies, are creating a crunch for us. I know the University has talked to you about the impact of budget reductions on its operations. I would heartily endorse anything you can do to restore funding to the University. This is more than an education issue. It is more than a health care issue. It is also an economic development issue. Support for research, especially in the life sciences, is a key to attracting new technologies to the state.

Another factor in our finances is uncompensated care. Even though we have a broader, more complex mission than a community hospital, this current fiscal year we expect to provide \$28.5 M in uncompensated care. The vast majority of that is, of course, in care to Kansans. While it is laudable, it is also a concern.

The growth of uncompensated care...a projected jump of \$7 million in the current fiscal year from fiscal year 2000...has been during a period of economic growth. This year, I know the legislature is very knowledgeable about signs of an economic slowdown. The current amount of uncompensated care already makes it a challenge to make the investments in quality health care programs necessary to support our vital mission to the state.

Recently, we have learned of a not-for-profit community hospital removing acute care hospital services from eastern Wyandotte County. The people of that area will still need health care. How it will be provided is a major question. We think that, working with the state and the university, as well as the community, there are some options we can explore.

I don't have the answers. But, I have a responsibility to you to bring this issue to your attention. While a significant amount of demand for uncompensated care comes from Wyandotte County, we provide millions of dollars of uncompensated care for Kansans outside the county. In short, it is an issue that will not go away.

In conclusion, while there are public issues that all of us need to consider, KU Med has successfully fulfilled its mission to the state in its first two years of existence. Our board and executive leadership have taken very seriously the responsibility you gave us.

We are excited about continuing our work and we want to offer our services to all of you. With important health care issues coming to the forefront, we will be happy to assist you in any way we can.

Thank you. I would be happy to respond to questions.