

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:40 a.m. on February 12, 2002 in Room 123-S of the Capitol.

All members were present except: Senator David Adkins - excused
Senator Tim Huelskamp - excused

Committee staff present:

- Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
- Leah Robinson, Kansas Legislative Research Department
- Deb Hollon, Kansas Legislative Research Department
- Martha Dorsey, Kansas Legislative Research Department
- Robert Chapman, Kansas Legislative Research Department
- Audrey Nogle, Kansas Legislative Research Department
- Becky Krahl, Kansas Legislative Research Department
- Carolyn Rampey, Kansas Legislative Research Department
- Michael Corrigan, Assistant Revisor of Statutes\
- Judy Bromich, Assistant to the Chairman
- Mary Shaw, Committee Secretary

Conferees appearing before the committee:

- Janet Chubb, Assistant Secretary of State

Others attending: See attached list

Subcommittee reports on:

Governmental Ethics Commission (Attachment 1)

Subcommittee Chairman Salmans reported that the Subcommittee concurs with the Governor's recommendations for FY 2002.

Subcommittee Chairman Salmans reported that the Subcommittee concurs with the Governor's recommendations for FY 2003.

Senator Salmans moved, with a second by Senator Barone, to adopt the subcommittee budget report on the Governmental Ethics Commission for the FY 2002 and FY 2003 budget. Motion carried on a voice vote.

Citizen's Utility Ratepayer Board (Attachment 2)

Subcommittee Chairman Salmans reported that the Subcommittee concurs with the Governor's recommendations for FY 2002.

Subcommittee Chairman Salmans reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with an added comment as listed in the subcommittee budget report.

Senator Salmans moved, with a second by Senator Barone, to adopt the subcommittee budget report on the Citizens' Utility Ratepayer Board for the FY 2002 and FY 2003 budget. Motion carried on a voice vote.

Kansas Corporation Commission (Attachment 3)

Subcommittee Chairman Salmans reported that the Subcommittee concurs with the Governor's recommendations for FY 2002.

CONTINUATION SHEET

Subcommittee Chairman Salmans reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with an observation as listed in the subcommittee budget report.

Discussion followed regarding the Abandoned Well Plugging Operations (Attachment 4). In response to a question from Chairman Morris regarding the current status of the number of wells that are still pending on the Priority I-A list, Susan Duffy, Kansas Corporation Commission, responded that there are 200 wells left which are also the most severe. Ms. Duffy noted that the problem is that now the wells are in isolated pockets and are more difficult to reach.

Senator Salmans moved, with a second by Senator Barone, to adopt the subcommittee budget report on the Kansas Corporation Commission for the FY 2002 and FY 2003 budget. Motion carried on a voice vote.

Kansas Human Rights Commission (Attachment 5)

Subcommittee Chairman Salmans reported that the Subcommittee concurs with the Governor's recommendations for FY 2002.

Subcommittee Chairman Salmans reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with observations as listed on the subcommittee budget report.

Senator Salmans moved, with a second by Senator Barone, to amend the subcommittee report and strike the name listed on the subcommittee budget report for FY 2003, Kansas Human Rights Commission, Item Number 1, for technical reasons in that names have not been listed before in subcommittee reports. Motion carried on a voice vote.

Senator Salmans moved, with a second by Senator Barone, to adopt the subcommittee budget report on the Kansas Human Rights Commission for the FY 2002 and FY 2003 budget as amended. Motion carried on a voice vote.

Department of Administration, (Including Public Broadcasting) (Attachment 6)

Senator Salmans reported for Subcommittee Chairman Adkins that the Subcommittee concurs with the Governor's recommendations for FY 2002.

Senator Salmans reported for Subcommittee Chairman Adkins that the Subcommittee concurs with the Governor's recommendation for FY 2003 with observations as listed in the subcommittee budget report.

Committee discussion followed on Item Number 1 under observations regarding changing the in-house design fee charged by the Division of Architectural Services from 6 percent to 8 percent. A copy of testimony was distributed from the Subcommittee on the Department of Administration, dated February 6, 2002, by Pat Higgins, Chief Fiscal Officer (Attachment 7).

Senator Salmans moved, with a second by Senator Kerr, to amend the subcommittee report Item Number 3, regarding Public Broadcasting Council, operating grants in FY 2004 at the FY 2003 current services base request level, to change the word "recommends" to "considers". Senator Downey expressed concern that the member of the Subcommittee that made that motion in the subcommittee was not present. Motion carried on a voice vote. Senator Downey requested to be recorded as voting "No" on the amendment.

Senator Salmans moved, with a second by Senator Schodorf, to amend the subcommittee report and strike the name listed on the subcommittee budget report for FY 2003, Department of Administration, Item Number 7, for technical reasons in that names have not been listed before in subcommittee reports. Motion carried on a voice vote.

Senator Salmans moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Department of Administration for the FY 2002 and FY 2003 subcommittee budget report as amended. Motion carried on a voice vote.

CONTINUATION SHEET

Chairman Morris opened the public hearing on:

SB 499 – Establishing the technology communication fee fund

Staff briefed the Committee on the bill.

Janet Chubb, Assistant Secretary of State, testified in favor of **SB 499** (Attachment 8). Ms. Chubb explained that the purpose of the bill was to:

- fund administrative and support responsibilities under the uniform electronic transactions act and the state's contract for digital signature services, and
- maintenance of the technology systems necessary to accomplish electronic filing, including electronic signatures, in their business and government offices.

Committee questions and discussion followed. Senator Barone requested information regarding the Secretary of State's fee funds. Chairman Morris requested information regarding an appropriate cap and information for the technology communication fee fund.

The Chairman thank Ms. Chubb for her appearance before the Committee. There being no further conferees to come before the Committee, the public hearing on **SB 499** was closed.

The meeting was adjourned at 11:45 a.m. The next meeting is scheduled for February 13, 2002.

Senate Subcommittee Report

Agency: Governmental Ethics Commission

Bill No. 457

Bill Sec. 19

Analyst: Hollon

Analysis Pg. No. 513

Budget Page No. 509

<u>Expenditure Summary</u>	<u>Agency Est. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Senate Subcommittee Adjustments</u>
State General Fund	407,766	407,766	0
Special Revenue Funds	162,537	162,537	0
TOTAL	<u>\$ 570,303</u>	<u>\$ 570,303</u>	<u>\$ 0</u>
FTE Positions	9.0	9.0	0.0
Non-FTE Unclass. Perm. Positions	<u>0.5</u>	<u>0.5</u>	<u>0.0</u>
TOTAL	<u>9.5</u>	<u>9.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 funding of \$570,303 (\$407,766 SGF) which is equal to the approved budget. The estimate includes \$444,000 for salaries and wages; \$103,880 for contractual services; \$5,025 for commodities; and \$17,398 for capital outlay.

The Governor concurs with the agency's estimate.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation.



Senator Larry Salmans
Subcommittee Chair



Senator Jim Barone

Senate Subcommittee Report

Agency: Governmental Ethics Commission **Bill No.** 457 **Bill Sec.** 19

Analyst: Hollon **Analysis Pg. No.** 513 **Budget Page No.** 509

Expenditure Summary	Agency Req. FY 03	Gov. Rec. FY 03	Senate Subcommittee Adjustments
State General Fund	458,165	464,056	0
Special Revenue Fund	116,326	117,126	0
TOTAL	<u><u>\$ 574,491</u></u>	<u><u>\$ 581,182</u></u>	<u><u>0</u></u>
FTE Positions	9.0	9.0	0.0
Non-FTE Unclass. Perm. Positions	0.5	0.5	0.0
TOTAL	<u><u>9.5</u></u>	<u><u>9.5</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The agency requests funding for FY 2003 of \$574,491 (\$458,165 SGF) which is equal to the approved budget. The request includes: \$448,384 for salaries and wages; \$100,726 for contractual services; \$5,125 for commodities; and \$20,256 for capital outlay.

The Governor concurs with the agency's request with the following adjustments:

- \$7,717 for group health insurance increases; and
- (\$1,026) for a six-month moratorium on employer contributions to the KPERS Death and Disability Fund.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation.


 Senator Larry Salmans
 Subcommittee Chair


 Senator Jim Barone

Senate Subcommittee Report

Agency: Citizens' Utility Ratepayer Board **Bill No.** **Bill Sec.**

Analyst: Chapman **Analysis Pg. No.** **Budget Page No.** 89

<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	\$ 606,186	\$ 606,186	\$ 0
FTE Positions	4.0	4.0	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>4.0</u></u>	<u><u>4.0</u></u>	<u><u>0.0</u></u>

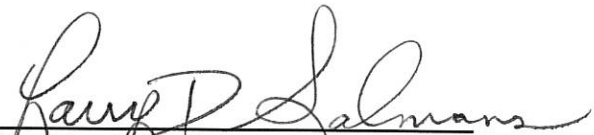
Agency Request/Governor's Recommendation

The agency's estimate for FY 2002 operating expenditures of \$606,186 is the same as the approved budget and is an increase of \$97,274, or 19.1 percent, over FY 2001. The increase is mainly comprised of an increase of 8.3 percent (\$20,043) in salaries and wages over the previous year, an increase of 33.1 percent (\$84,660) in contractual services for consulting fees associated with a number of major rate cases, and a decrease of 83.2 percent (\$7,431) in capital outlay expenditures.

The Governor concurs with the agency's estimate.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.



Senator Larry Salmans, Chairperson



Senator Jim Barone

Senate Subcommittee Report

Agency: Citizens' Utility Ratepayer Board **Bill No.** **Bill Sec.**

Analyst: Chapman **Analysis Pg. No.** **Budget Page No. 89**

<u>Expenditure Summary</u>	<u>Agency Request FY 03</u>	<u>Gov. Rec. FY 03</u>	<u>Subcommittee Adjustments</u>
Special Revenue Funds			
State Operations	\$ 651,587	\$ 581,205	\$ 0
FTE Positions	5.0	4.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>5.0</u>	<u>4.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency's request for FY 2003 operating expenditures of \$651,587 is an increase of \$45,401 above the FY 2002 estimate. The agency requests \$309,048 in salaries and wages for 5.0 FTE positions, or 47.4 percent of the operating budget, and \$342,539, or 52.6 percent of the operating budget, for other operating expenses.

The Governor recommends for FY 2003 operating expenditures totaling \$581,205, a decrease of \$24,981 (4.1 percent) below the FY 2002 estimate, and \$70,382 below the agency's request.

Senate Subcommittee Recommendation

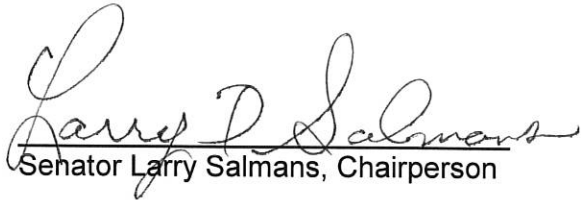
The Subcommittee concurs with the Governor's recommendation and adds the following comment.

1. The Subcommittee commends the agency on the good work demonstrated over the past year.

Fee Fund Analysis

The following table reflects the status of the agency's fee fund under the subcommittee recommendation.

<u>Resource Estimate</u>	<u>Actual FY 2001</u>	<u>Agency Estimate FY 2002</u>	<u>Gov. Rec. FY 2002</u>	<u>Agency Request FY 2003</u>	<u>Gov. Rec. FY 2003</u>	<u>Subcom. Rec. FY 2003</u>
Beginning Balance	\$ 174,067	\$ 194,362	\$ 194,362	\$ 173,176	\$ 173,176	\$ 173,176
Projected Receipts	<u>529,206</u>	<u>585,000</u>	<u>585,000</u>	<u>636,635</u>	<u>590,497</u>	<u>590,497</u>
Total Available	\$ 703,273	\$ 779,362	\$ 779,362	\$ 809,811	\$ 763,673	\$ 763,673
Less: Expenditures	<u>494,856</u>	<u>606,186</u>	<u>606,186</u>	<u>651,587</u>	<u>581,205</u>	<u>581,205</u>
Ending Balance	<u>\$ 194,362</u>	<u>\$ 173,176</u>	<u>\$ 173,176</u>	<u>\$ 158,224</u>	<u>\$ 182,468</u>	<u>\$ 182,468</u>


Senator Larry Salmans, Chairperson


Senator Jim Barone

Senate Subcommittee Report

Agency: State Corporation Commission **Bill No.** **Bill Sec.**

Analyst: Chapman **Analysis Pg. No.** **Budget Page No.** 111

Expenditure Summary	Agency Request FY 02	Gov. Rec. FY 02	Senate Sub. Adjustments
Special Revenue Funds			
State Operations	\$ 16,521,072	\$ 16,362,187	\$ 0
Aid to Local Units	1,684,820	1,684,820	0
Other Assistance	0	0	0
TOTAL	\$ 18,205,892	\$ 18,047,007	\$ 0
FTE Positions			
FTE Positions	210.0	210.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	213.0	213.0	0.0

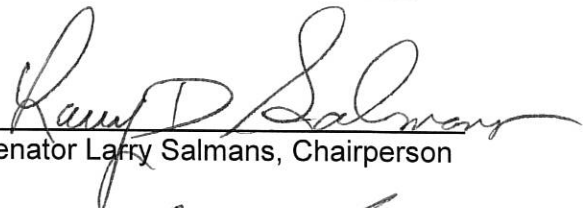
Agency Request/Governor's Recommendation

The State Corporation Commission's estimated expenditures for the current fiscal year of \$18,205,892 are \$912,736 (5.3 percent) over the approved budget. The increase is mainly comprised of \$185,304 in federal funds from energy funds awarded before the end of the federal fiscal year in September, \$538,609 from four federal grants awarded to the Natural Gas Pipeline Safety section of the Utilities Program to improve damage prevention practices within the state, \$300,000 more than was originally approved from the Abandoned Oil and Gas Fund to plug more abandoned oil and gas wells, \$8,603 in KSIP funds (a carryover from FY 2001 expenditures) to fund technology related items, and adjustments of smaller fee funds items.

The Governor concurs, but recommends that shrinkage be increased from 2.5 percent to 3.9 percent, a decrease of \$158,885 to the agency's FY 2002 request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the Governor.


 Senator Larry Salmans, Chairperson


 Senator Jim Barone

Senate Subcommittee Report

Agency: State Corporation Commission **Bill No.** **Bill Sec.**
Analyst: Chapman **Analysis Pg. No.** **Budget Page No. 111**

<u>Expenditure Summary</u>	<u>Agency Request FY 03</u>	<u>Gov. Rec. FY 03</u>	<u>Senate Sub. Adjustments</u>
Special Revenue Funds			
State Operations	\$ 16,890,256	\$ 16,800,167	\$ 0
Aid to Local Units	959,790	959,790	0
Other Assistance	0	0	0
TOTAL	<u>\$ 17,850,046</u>	<u>\$ 17,759,957</u>	<u>\$ 0</u>
FTE Positions	212.0	210.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	<u>215.0</u>	<u>213.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

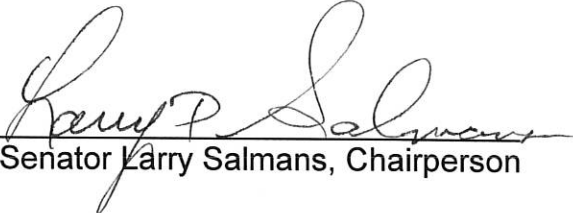
The State Corporation Commission's request for FY 2003 operating expenditures funding is \$17,850,046, which is a decrease of \$355,846 (2.0 percent) from the FY 2002 estimate. The agency requests \$10,761,755 for salaries and wages for 212.0 FTE positions, or 60.3 percent of the total requested for state operations expenditures, \$6,128,501 for other operating expenditures, and \$959,790 for aid to local units.

The Governor recommends operating expenditures of \$17,759,957 for FY 2003, a decrease of \$287,050 (1.6 percent) from the FY 2002 estimate. The Governor recommends \$10,822,826 for salaries and wages for 212.0 FTE positions, and \$5,977,341 for other operating expenditures.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the Governor with the following observation:

1. The Subcommittee is concerned about the rate at which abandoned oil and gas wells are plugged versus discovered. According to the KCC, the rate of wells plugged per year (583) is a little less than the number of wells discovered each year (628). The Subcommittee would like, additional information on the KCC's presentation regarding well plugging efforts.



Senator Larry Salmans, Chairperson



Senator Jim Barone

Well Plugging Operations

FY 2002 was to be the sixth and final year of the Abandoned Well Plugging program, however, the 2001 Kansas Legislature via Senate Bill 321 extended the program for an additional seven years. The continued high level of abandoned well plugging activity is the primary focus of the Conservation Division and identifying, inventorying and plugging Priority I abandoned wells remains the primary strategy.

The current status of the abandoned oil and gas well inventory stands at 13,257 wells and represents an increase of 628 wells over last year. This increase represents the addition of 532 Priority I wells and 96 Priority II wells to the inventory. The accompanying tables provide an overview of the data collected with respect to Priority I severity levels and impacts on both a statewide basis and within individual field areas. It should be emphasized that the well inventory process is ongoing and updated weekly.

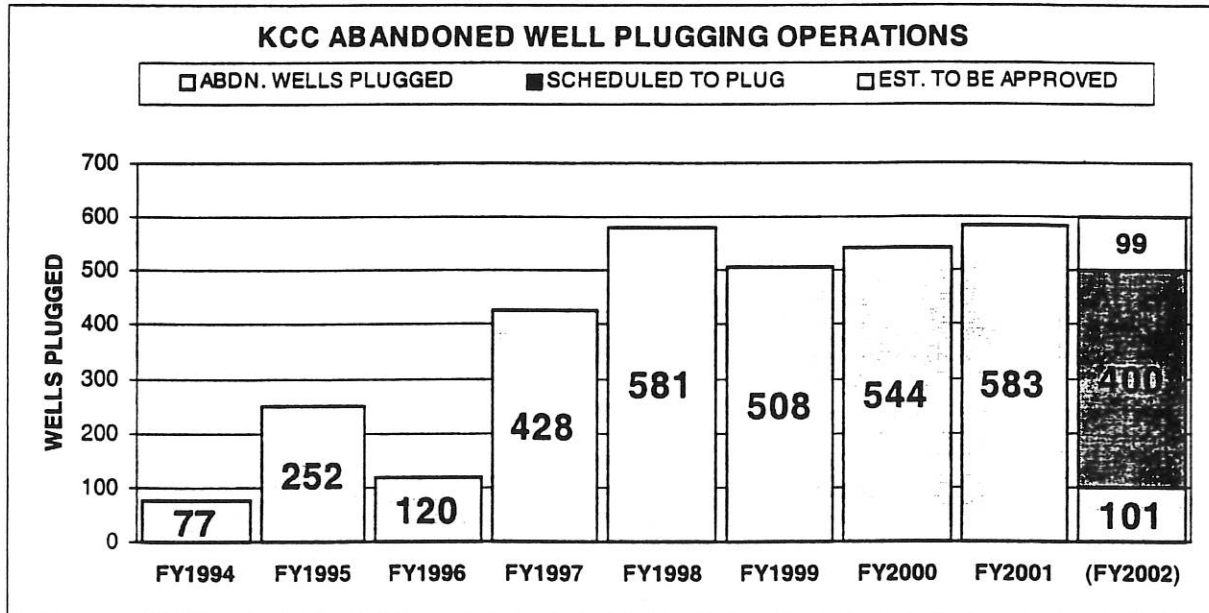
PRIORITY I WELLS – TOTAL NUMBER OF WELLS

District	Level A	Level B	Level C	Total
1 Dodge City	14	7	35	56
2 Wichita	118	41	56	215
3 Chanute	2230	2857	6544	11631
4 Hays	214	133	142	489
Totals	2576	3038	6777	12391

PRIORITY I WELLS – TOTAL NUMBER OF WELLS

District	Surface Water (SW)	Groundwater (GW)	Public Safety (PS)
1 Dodge City	1	55	0
2 Wichita	14	139	62
3 Chanute	1488	9954	189
4 Hays	15	452	22
Totals	1518	10600	273

Last year as the next graph indicates, 583 wells were plugged at an average cost of \$3,116. For both FY 2002 and FY 2003, 600 wells are expected to be plugged at an estimated cost of \$3,200 per well. Currently, the division is considering submitting an EPA federal grant application for approximately \$250,000 to plug two wells in the Arkansas River.



Passage of the Governor's budget recommendations would allow the Commission's work to continue.

Senate Subcommittee Report

Agency: Kansas Human Rights Commission

Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. 347

Budget Page No. 249

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Subcommittee Adjustments
State Operations			
State General Fund	\$ 1,527,054	\$ 1,527,054	\$ 0
Special Revenue Funds	458,500	458,500	0
TOTAL	<u>\$ 1,985,554</u>	<u>\$ 1,985,554</u>	<u>\$ 0</u>
FTE Positions	37.0	37.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>37.0</u>	<u>37.0</u>	<u>0.0</u>

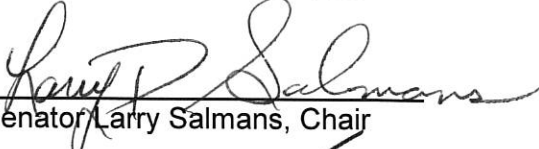
Agency Estimate/Governor's Recommendation

The agency estimates \$1,985,554 for FY 2002, an increase of \$59,187 (3.0 percent) from the FY 2001 Legislature. Of the total request, \$1,527,054 (76.9 percent) is from the State General Fund and \$458,500 (23.1 percent) is from other funds. The increase would be financed entirely from KSIP funds.

The Governor concurs with the agency FY 2002 estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.


 Senator Larry Salmans, Chair


 Senator Jim Barone

Senate Subcommittee Report

Agency: Kansas Human Rights Commission

Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. 347

Budget Page No. 249

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
State Operations			
State General Funds	\$ 1,568,631	\$ 1,439,688	\$ 0
Special Revenue Funds	458,500	459,201	0
TOTAL	<u>\$ 2,027,131</u>	<u>\$ 1,898,889</u>	<u>\$ 0</u>
FTE Positions	38.0	37.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>38.0</u>	<u>37.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests \$2,027,131 for FY 2003, an increase of \$41,577 (2.1 percent) from the agency FY 2002 estimate. Of the total request, \$1,568,631 (77.4 percent) is from the State General Fund and \$458,500 (22.6 percent) is from other funds. The increase is primarily due to enhancements totaling \$88,098 (State General Fund).


The Governor recommends \$1,898,889 for FY 2003, a decrease of \$86,665 (4.4 percent) from the FY 2002 recommendation. Of the total recommendation \$1,439,688 (75.8 percent) is from the State General Fund and \$459,201 (24.2 percent) is from other funds. The Governor does not recommend the enhancements and recommends a reduction package of \$66,541 (State General Fund).

Senate Subcommittee Recommendation

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

1. The Senate Subcommittee congratulates Kansas Human Rights Commission Chairman, James Butler, on being awarded the 2002 Governor's Martin Luther King Jr. "Spirit of Giving Award" at this year's Martin Luther King Day activities at the Statehouse and express their gratitude for his many years of outstanding service to the Commission and the state of Kansas.

2. The Senate Subcommittee commends the Human Rights Commission on lowering the amount of time to process cases from 21.1 months in 1995 to 6.1 months in 2001.
3. The Senate Subcommittee commends the Kansas Human Rights Commission for meeting the Governor's challenge to work within their budget constraints and still provide the excellent service to the people of Kansas.



Senator Larry Salmans, Chair



Senator Jim Barone

Senate Subcommittee Report

Agency: Department of Administration

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. 301

Budget Page No. 13

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Senate Subcom- mittee Adjustments
All Funds:			
State Operations	\$ 21,816,123	\$ 21,590,605	\$ 0
Aid to Local Units	634,945	586,634	0
Other Assistance	3,312,635	3,285,105	0
Subtotal—Operating	\$ 25,763,703	\$ 25,462,344	\$ 0
Capital Improvements	3,932,307	4,002,711	0
TOTAL	<u>\$ 29,696,010</u>	<u>\$ 29,465,055</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 20,810,945	\$ 20,585,427	\$ 0
Aid to Local Units	384,945	336,634	0
Other Assistance	2,278,905	2,251,375	0
Subtotal—Operating	\$ 23,474,795	\$ 23,173,436	\$ 0
Capital Improvements	3,379,449	3,449,853	0
TOTAL	<u>\$ 26,854,244</u>	<u>\$ 26,623,289</u>	<u>\$ 0</u>
Other Funds:			
State Operations	\$ 1,005,178	\$ 1,005,178	\$ 0
Aid to Local Units	250,000	250,000	0
Other Assistance	1,033,730	1,033,730	0
Subtotal—Operating	\$ 2,288,908	\$ 2,288,908	\$ 0
Capital Improvements	552,858	552,858	0
TOTAL	<u>\$ 2,841,766</u>	<u>\$ 2,841,766</u>	<u>\$ 0</u>
Percentage Change:			
All Funds	9.6%	8.3%	0.0%
State General Fund	12.4%	11.0%	0.0%
FTE Positions:			
Reportable Budget	275.0	275.0	0.0
Nonreportable Budget	604.0	604.0	0.0
Subtotal—FTE	<u>879.0</u>	<u>879.0</u>	<u>0.0</u>
Non-FTE Uncl. Perm. Pos.	6.0	6.0	0.0
TOTAL	<u>885.0</u>	<u>885.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's current year estimate of reportable expenditures is \$25.8 million, a net reduction of \$0.8 million from the approved budget. Major changes from the approved budget include:

*Senate Ways and Means
2-12-02
Attachment 6*

- A requested State General Fund **supplemental appropriation** of \$100,266 for to restore funding eliminated from the Division of Personnel Services in FY 2002.
- Debt service interest reductions totaling \$213,721 from the State General Fund.
- A reduction of \$14,149 from the State General Fund for Public Broadcasting Council debt service on the digital conversion project.

The Governor recommends a current year reportable operating budget of \$25.5 million, a net decrease of \$230,955 from the agency's estimate. The Governor does not recommend the State General Fund supplemental for the Division of Personnel Services, and captures additional debt service savings of \$75,841 on the Public Broadcasting Council digital conversion project. In addition, the Governor recommends a reduction of \$125,252 from the State General Fund in Policy Analysis Initiatives (a pool of money to allow the Governor to appoint task forces on areas of interest).

Nonreportable Budget. The current year nonreportable operating budget is estimated to be \$101.3 million, a net reduction of \$3.4 million from the approved budget. The major adjustments from the approved budget include a \$3.0 million reduction in expenditures in the Division of Information Systems and Communications (DISC), largely the result of projects budgeted to be completed in FY 2002 actually being completed in FY 2001.

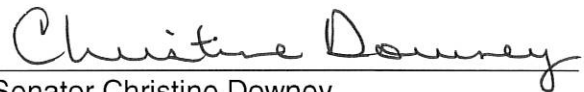
The Governor concurs with the agency's revised FY 2002 nonreportable estimate of expenditures.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.



Senator David Adkins
Subcommittee Chair



Senator Christine Downey



Senator Larry Salmans

Senate Subcommittee Report

Agency: Department of Administration

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. 301

Budget Page No. 13

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 22,432,722	\$ 21,631,811	\$ 0
Aid to Local Units	626,263	585,547	0
Other Assistance	3,631,416	3,257,231	0
Subtotal—Operating	\$ 26,690,401	\$ 25,474,589	\$ 0
Capital Improvements	5,411,315	2,810,315	0
TOTAL	\$ 32,101,716	\$ 28,284,904	\$ 0
State General Fund:			
State Operations	\$ 21,380,999	\$ 20,570,444	\$ 0
Aid to Local Units	376,263	335,547	0
Other Assistance	2,497,686	2,123,501	0
Subtotal—Operating	\$ 24,254,948	\$ 23,029,492	\$ 0
Capital Improvements	5,281,000	2,680,000	0
TOTAL	\$ 29,535,948	\$ 25,709,492	\$ 0
Other Funds:			
State Operations	\$ 1,051,723	\$ 1,061,367	\$ 0
Aid to Local Units	250,000	250,000	0
Other Assistance	1,133,730	1,133,730	0
Subtotal—Operating	\$ 2,435,453	\$ 2,445,097	\$ 0
Capital Improvements	130,315	130,315	0
TOTAL	\$ 2,565,768	\$ 2,575,412	\$ 0
Percentage Change:			
All Funds	3.6%	0.0%	0.0%
State General Fund	3.3%	(0.6)%	0.0%
FTE Positions:			
Reportable Budget	278.0	276.0	0.0
Nonreportable Budget	608.2	605.2	0.0
Subtotal—FTE	886.2	881.2	0.0
Non-FTE Uncl. Perm. Pos.	6.0	6.0	0.0
TOTAL	892.2	887.2	0.0

Agency Request/Governor's Recommendation

The agency requests an FY 2003 **reportable** operating budget of \$26.7 million, an increase of \$926,698 (3.6 percent) from the current year estimate.

- The request includes \$523,454 and 2.0 FTE positions for operating budget **enhancements**.
- **Absent these enhancements**, the agency's request would be \$26.2 million, an increase of \$403,244 (1.6 percent) from the current year.
- The agency submitted a **reduced resources package** of adjustments totaling \$990,087.

The Governor recommends an FY 2003 **reportable** operating budget of \$25.5 million, an increase of \$12,245 (0.0 percent) from the current year.

- The Governor's recommendation includes reductions of \$977,520 in reduced resources packages.
- The recommendation includes a net increase of 1.0 FTE position from the current year.

Nonreportable Budget

The agency requests an FY 2003 **nonreportable** operating budget of \$103.0 million, an increase of \$1.6 million (1.6 percent) from the current year.

- The request includes \$1.0 million and 5.0 FTE positions for enhancements.
- **Absent the requested enhancements**, the agency's request would be an increase of \$0.6 million (0.6 percent) from the current year.

The Governor recommends an FY 2003 **nonreportable** budget of \$102.7 million, an increase of \$1.3 million (1.3 percent) from the current year.

- The recommendation includes the net increase of 1.2 FTE positions.
- The recommendation includes enhancements of \$175,000.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following observations:

1. The Subcommittee notes that during the 2001 Legislative session, the Omnibus bill included a provision increasing the in-house design fee charged by the Division of Architectural Services from 6 percent to 8 percent. SB 374, recommended by the Legislative Budget Committee, and approved by the Senate Ways and Committee on January 29, 2002, included a section which would statutorily establish the fee at 6 percent. The Subcommittee recommends that the bill, which is currently on General Orders, be re-referred to the Senate Ways and Committee to adjust the fee to 8 percent.

In the alternative, the Subcommittee recommends that the Chair offer a floor amendment to the bill to make the adjustment from 6 to 8 percent. This fee should be distinguished from the 1 percent fee charged on all capital improvement projects. This fee is charged to smaller agencies with no in-house design staff for services provided by the Division of Architectural Services. A survey conducted by the Division indicated the average fee in the private sector was approximately 10.5 percent.

2. The Public Broadcasting Council, during its presentation to the Subcommittee, noted two capital equipment projects that it had identified as critical needs. Specifically, \$114,099 is requested as matching funds for the two equipment items. One is \$75,475 for replacement of a transmitter for High Plains Public Radio in Garden City and the other is \$38,624 for replacement of an antenna for Radio Kansas at Hutchinson. These projects are only two on a list of several equipment needs identified by the Council. These projects are at the top of the list, however, because of the critical need for their replacement. The antenna at Radio Kansas actually suffered complete failure in December 2001, and the station is broadcasting at substantially reduced power. The Subcommittee is very supportive of the Council and its need to replace this equipment. The funding requested would match federal funding available for the projects. Given the current constraints on the budget, however, the Subcommittee recognizes that there are simply no funds available to meet these needs. Should additional revenue become available, the Subcommittee recommends that consideration be given to funding these two very worthy projects.
3. The Subcommittee notes that the Governor's recommendation for Public Broadcasting Council operating grants includes a reduction of 4.0 percent from the FY 2002 level. The Council indicated that, in recognition of the State's current fiscal situation, it is willing to accept the reduction. The Subcommittee commends the Council for its acceptance of this reduction, but is concerned about the impact that this will have on the Council's base budget in FY 2004. To insure that this does not occur, the Subcommittee recommends appropriating funding for Public Broadcasting Council operating grants in **FY 2004**, at the FY 2003 current services base request level. This would require the appropriation of \$2,078,009 in FY 2004.
4. The Subcommittee also notes that, according to the Public Broadcasting Council, the state owns a large amount of fiber optic cable resources that are currently not being utilized. The Subcommittee recommends that the issue of usage of this fiber optic network by the Public Broadcasting Council and other entities, such as the KAN-ED network, should be examined further. According to the agency, the Division of Information Systems and Communications will meet with the Council to outline available opportunities.
5. The Subcommittee notes that the legislation recommended by the Governor during the 2001 Legislative Session, which would have abolished the Performance Review Board, was not enacted by the 2001 Legislature, although all funding for operations of the Board was eliminated. No request or recommendation for funding is reflected in the agency's budget for FY 2002 or FY 2003, but the Subcommittee supports the concept of enacting legislation to statutorily eliminate the duties of the Board. The Subcommittee was informed that the Governor is preparing legislation which would accomplish this and expresses its support for the proposed legislation.
6. The Subcommittee was informed of the merger of two divisions within the agency, the Division of Architectural Services and the Division of Facilities Management. The merger

is expected to generate savings in the long term, but no savings have been identified for FY 2002 or FY 2003. The Subcommittee commends the agency for taking steps to streamline the operations of the agency, and recommends that the Subcommittee reviewing the agency's budget during the 2003 Legislative session further examine the savings expected to be generated by this action.

7. The Subcommittee also commends the agency and, in particular, former Chief Information Officer Don Heiman, on the designation of Kansas as the 2001 e-government leader by the 2001 Digital State Survey. Conducted by the Center for Digital Government and the Progress and Freedom Foundation, the fourth annual, four part study measured eight distinct sectors of digital technologies in state government: law enforcement and the courts; social services; e-commerce/business regulation; taxation/revenue; digital democracy; management and administration; education; and GIS/transportation. Scores from all four surveys were combined and tallied and each state received a ranking based on its overall score. The State of Kansas, along with the state of Illinois, tied for first place in the survey. Kansas moved up from a second place rating the year before.
8. The Subcommittee also spent considerable time exploring the issue of Capitol Complex security. While the Subcommittee believes the threat of terrorist activity around the Capitol Complex is fairly remote, the Subcommittee is concerned that the present security measures in place are far from sufficient to address the catastrophic consequences which could result from such an event. The Subcommittee explored numerous issues with the Division of Facilities Management and was informed regarding other potential options and the costs related to those options. The Subcommittee feels strongly that critical security issues should not be overlooked simply because of a tight budget year. The Subcommittee is encouraged by the fact that security issues are being addressed and incorporated into the Statehouse renovation plans, but remains concerned with the nature of current existing measures.
9. The Subcommittee commends the agency on a number of other efforts it has made to streamline the delivery of services it provides to the citizens of Kansas. Among them:
 - a. The Department has been proactive in developing on-line employee self-service applications. According to the Department, these applications are popular with both job applicants and employees because of the ease with which they can access information. They provide administrative cost reductions both at the agency and departmental levels due to elimination of mailing and printing costs and the elimination of duplicative data entry. Current on-line applications include: the Employment Summary, which allows current and prospective employees to apply directly to agencies on-line; Benefits Open Enrollment for group health insurance and flexible spending accounts; the Total Compensation Statement, which communicates not only direct compensation but all of the money the state as an employer pays on behalf of employees for Social Security, retirement, life insurance, etc.; and the Entrance and Exit Survey, designed to obtain feedback from employees. The agency indicates that the next large-scale application will be the employee on-line Payroll Advice. The on-line advice will provide the identical pay related information and messaging capabilities as the current printed advice, again saving printing and mailing costs.
 - b. The Department has not bid out the deferred compensation program since it was initially awarded to Aetna. A Request for Information (RFI) was recently released to determine the most competitive and cost effective administrative and management

fees of variable investment accounts in the state of Kansas deferred compensation plan. These fees are paid by employees and have a direct effect on the earnings potential for the participants in the plan.

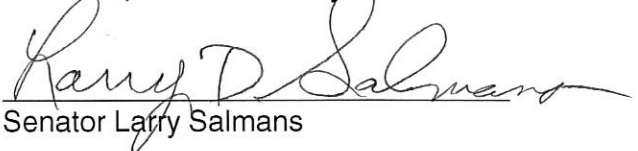
- c. The Department recently completed surveys regarding cellular telephones in state agencies to explore opportunities for cost savings from developing statewide purchasing contracts. The Division of Purchases is coordinating with the Western States Contracting Alliance to establish access to such contracts for Kansas government. Savings should be expected both from lower pricing and from administrative efficiencies.
 - d. A Request for Proposal (RFP) was recently issued seeking professional consulting services to assist in establishing criteria for selecting office and other workspace. Specifically, the RFP includes the following deliverables: criteria for determining when space consolidation with other agencies is appropriate; general criteria for determining when the state should lease, lease-purchase, buy, or build; presentation and assistance in the evaluation of computer models that calculate and compare the costs of lease, lease-purchase, buy, and build options; and implementation and training on the computer model selected to perform those calculations.
10. The Subcommittee was informed that the Division of Facilities Management is planning to put together a template for other agencies to use in reporting information to the Department regarding a number of issues, including cellular telephone policies, and emergency evacuation plans.
11. The Subcommittee met with the Criminal Justice Information System (CJIS) coordinator after noting concerns raised by the Sentencing Commission regarding the lack of a consolidated budget for the project. The Coordinator indicated that he had recently completed a project budget for CJIS, and would work on an operating budget for the project.



Senator David Adkins
Subcommittee Chair



Senator Christine Downey



Senator Larry Salmans

**Testimony Before the
Senate Ways and Means
Subcommittee on the Department of Administration
February 6, 2002
By
Pat Higgins, Chief Fiscal Officer**

On Tuesday, January 29, the Senate Ways and Means Committee held a hearing on Senate Bill 374. The purpose of SB 374 is to make permanent fees that have been, up until now, authorized by appropriations bills in proviso language. When the bill was introduced it incorrectly stated as 6% the fee that the Division of Architectural Services charges for architectural and engineering design services. This was brought to the attention of the revisor, who offered a technical amendment to the bill to change the fee back to the current amount of 8%. However, it was the desire of the Ways and Means Committee to address the issue in this subcommittee.

Last year the proviso language was changed from 6 to 8%. This was done to help the Division of Architectural Services recoup the costs for providing this service. In addition, a study was conducted of approximately 25 different projects to find out what the cost would be if this work was completed by the private sector, instead of the Division of Architectural Services. The study found the average amount charged by the private sector would be 10.5%. The same work can be completed by Architectural Services for 8%, or 2.5% less than the private sector.

If this fee is left at 6 % we will not be able to cover our costs. Instead, the state agencies who currently utilize our service will be forced to pay an average of 10.5% to the private sector. To provide an example, this year Architectural Services estimates they will do in-house design work on approximately \$6,000,000 worth of construction. The State of Kansas would save \$150,000 if this work is completed at 8%, instead of 10.5%.

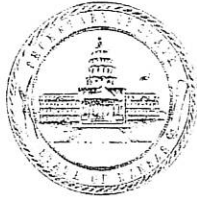
It should also be pointed out, the agencies who we do in-house design work for are the ones who do not have their own architectural and engineering staffs. The increase from 6 to 8% does not really impact the Regent's institutions, because they have their own architectural and engineering staffs who perform design work on Regents' projects.

The Department requests a proviso be attached to our appropriations bill allowing a fee of 8% be charged on these projects.

I stand for questions.

Senate Ways and Means
2-12-02
Attachment 7

Ron Thornburgh
Secretary of State



First Floor, Memorial Hall
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STATE OF KANSAS

Testimony – Secretary of State Senate Ways and Means -- February 12, 2002 SB 499

SB 499 provides for a technology communications fee fund. The purpose of this fund is to fund (1) administrative and support responsibilities under the uniform electronic transactions act and the state's contract for digital signature services and (2) maintenance of the technology systems necessary to accomplish electronic filing, including electronic signatures, in our business and government offices. We have patterned this fund after an existing fund called *the telefacsimile communication fee fund*, a fund established in 1990 to cover the expense of fax services. (KSA 17-6003a, copy attached.)

(1) Under the Kansas uniform electronic transactions act, the secretary of state is charged with registration of the service providers who supply digital signatures to our citizens. Under the ITEC (information technology executive council) policy passed last summer, the secretary of state will own the contract for the service provider who will provide digital signatures to all three branches of state government. For these, we will audit qualifications and compliance of the service providers and provide support services (*e.g. help desk*) for customers. (2) Among specific IT systems we anticipate building and maintaining with these fee funds, in addition to those we currently operate, are a rewrite of our corporations program and development of an integrated and automated centralized voter registration system. The rewrite for corporations will support the Kansas Business Center, a one-stop business registration system we are building with the department of revenue, INK and the department of human resources. An automated and integrated voter registration system is one of the election reform measures contemplated by federal legislation such as the Dodd and Ney-Hoyer bills currently being considered in Washington.

Kansas, with Illinois, recently was honored as number one in digital government by the *Center for Digital Democracy*. One program noted in that survey was electronic filing of UCC records in our office. Since the survey and the effective date of the new article nine of the uniform commercial code July 1, 2001, 70% of our customers are filing UCC records electronically. This performance is a high endorsement of our e-government and e-business initiatives.

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The public's need and desire for e-business and e-government is the reason we now request a fund that will allow us to continue to build and maintain true digital models for government and business transactions. With it, we will support those services contemplated by the new uniform electronic transactions act not only in our business divisions, which are primarily fee-funded, but also in our elections division, which is primarily general funded.

Thank you for consideration of our proposed legislation.

same manner and with the same effect as other deeds. Corporations likewise shall have power to convey by an agent or attorney so authorized under letter of attorney or other instrument containing a power to convey real estate or any interest therein, which power of attorney shall be executed by the corporation in the same manner as herein provided for the execution of deeds or other instruments of conveyance.

History: L. 1972, ch. 52, § 3; L. 1973, ch. 100, § 2; L. 1984, ch. 201, § 12; L. 1987, ch. 89, § 1; July 1.

Source or prior law:

17-2601, 17-2804 and 17-3007; 8 Del. C. § 103.

Cross References to Related Sections:

Evidentiary effect of articles of incorporation and other corporate instruments filed with secretary of state, see 17-6005.

Filing fee for articles of incorporation, see 17-7502.

Fees for issuing or filing and indexing corporate documents, see 17-7506.

Research and Practice Aids:

Corporations ¶ 18.

C.J.S. Corporations § 52 et seq.

Vernon's Kansas General Corporation Code—Treadway and Alderson, 17-6003.

Law Review and Bar Journal References:

Unification of procedure for executing and filing corporate documents, William E. Treadway, 40 J.B.A.K. 301, 305 (1971).

"Liability Of Corporate Officers For Unlawful Sale Of Securities," Caroline Ong, 90 J.K.B.A. No. 2, 25, 27 (1990).

Attorney General's Opinions:

Certificates; execution. 79-1

Register of deeds; recordation of clinical hypnotist certificate. 80-110.

Corporate instruments; execution of deeds or other instruments of conveyance. 81-66.

State banking code; merger of bank with general business corporation. 83-29.

Interlocal agreements and filing of articles of incorporation and other instruments; exceptions. 90-3.

CASE ANNOTATIONS

1. No corporation exists until articles of incorporation filed with both register of deeds and secretary of state. State ex rel. McCain v. Construction Enterprises, Inc., 6 K.A.2d 627, 629, 631 P.2d 1240 (1981).

17-6003a. Filing by telefacsimile communication; procedure. (a) Any instrument filed in accordance with K.S.A. 17-6003, and amendments thereto, may be filed by telefacsimile communication. If such telefacsimile communication is accompanied with the appropriate fees, and meets the statutory requirements, it shall be effective upon its filing date except that the original instrument must be filed in the secretary of state's office within seven days after its telefacsimile filing date. The secretary of state

shall prescribe a telefacsimile communication fee in addition to any filing fees to cover the cost of the services. The fee must be paid prior to acceptance of a telefacsimile communication under this section. The telefacsimile communication fee shall be deposited into the information and copy service fee fund. Failure to file the original instrument with the secretary of state's office within such seven days shall void the telefacsimile filing and such instrument shall not take effect until the original is so filed.

(b) As used in this section, telefacsimile communication means the use of electronic equipment to send or transfer a copy of an original document via telephone lines.

History: L. 1990; ch. 85, § 5; July 1.

Research and Practice Aids:

Vernon's Kansas General Corporation Code—Treadway and Alderson, 17-6003a.

17-6004. Articles of incorporation, defined. The term "articles of incorporation," as used in this act, unless the context requires otherwise, includes not only the original articles of incorporation filed to create a corporation, which includes the charter, articles of association and any other instrument by whatever name known which a corporation has been or may be lawfully formed, but it also includes all other certificates, agreements of merger or consolidation, plans of reorganization or other instruments, howsoever designated, which are filed pursuant to K.S.A. 17-6002, 17-6203 to 17-6206, inclusive, 17-6401, 17-6601 to 17-6605, inclusive, 17-6701 to 17-6708, inclusive, and 17-6913, or any other section of this act, and which have the effect of amending or supplementing in some respect a corporation's original articles of incorporation.

History: L. 1972, ch. 52, § 4; July 1.

Source or prior law:

17-2601; 8 Del. C. § 104.

Cross References to Related Sections:

"Articles of incorporation" defined for purposes of application and recording fees, see 17-7501.

Amendment of articles of incorporation, see 17-6601, 17-6602.

Restated articles of incorporation, see 17-6605.

Research and Practice Aids:

Corporations ¶ 18.

C.J.S. Corporations § 52 et seq.

Vernon's Kansas General Corporation Code—Treadway and Alderson, 17-6004.

Law Review and Bar Journal References:

Compared to prior law in "The Kansas Corporation Code of 1972," William E. Treadway, 40 J.B.A.K. 301, 305 (1971).