

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:35 a.m. on February 7, 2003, in Room 123-S of the Capitol.

All members were present except: Senator Paul Feleciano, Jr. - excused  
Senator Larry Salmans - excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Melissa Calderwood, Kansas Legislative Research Department  
Audrey Nogle, Kansas Legislative Research Department  
Robert Waller, Kansas Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Assistant Revisor of Statutes  
Judy Bromich, Administrative Analyst  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Colonel Don Brownlee, Superintendent, Kansas Highway Patrol

Others attending: See attached list

**Bill Introduction**

Senator Barone moved, with a second by Senator Jackson, to introduce a bill concerning criminal procedure; relating to the Kansas parole board (3rs0456). Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Schodorf, to introduce a bill concerning the state general fund; relating to estimates of revenues (3rs0611). Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Schodorf, to introduce a Senate concurrent resolution, a proposition to amend section 8 of article 2 of the constitution of the State of Kansas, relating to the duration of sessions of the Legislature (3rs0001). Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Bunten, to approve the minutes of the January 22, January 24, January 27, January 28, January 29, January 30 and January 31, 2003 meetings. Motion carried on a voice vote.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2003 and FY 2004 were distributed to the committee.

Subcommittee reports on:

**Legislature (Attachment 1)**

Senator Adkins mentioned that in crafting the budget, the Governor decided to not have the Legislative Agencies nor the Judiciary go through the regular adjustment process but that last year's budget would merely be inserted into this year's budget as a placeholder; therefore, any enhancements such as longevity or pay increases were not included in these agencies and it was up to the subcommittee to determine whether or not those adjustments would be required and that is where it is shown throughout the legislative agencies those adjustments being made to inform those agencies' employees to be treated as if they were working for any other state agency.

## CONTINUATION SHEET

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Senator Bunten moved, with a second by Senator Kerr, to remove Item Number 3 from the subcommittee report in FY 2004 for the Legislature regarding the 1.5 percent salary increase for all Legislative staff agencies so they be treated similarly with the Executive Branch employees, and to flag this item for review at Omnibus or place it in a separate bill to treat it as a systemwide issue Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Legislature for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

### **Legislative Coordinating Council (Attachment 2)**

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Senator Bunten moved, with a second by Senator Kerr, to remove Item Number 2 from the subcommittee report in FY 2004 for the Legislative Coordinating Council regarding the 1.5 percent salary increase for all Legislative staff agencies so they be treated similarly with the Executive Branch employees, and to flag this item for review at Omnibus or place it in a separate bill to treat it as a systemwide issue Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Legislative Coordinating Council for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

### **Kansas Legislative Research Department (Attachment 3)**

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with comments for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Senator Bunten moved, with a second by Senator Kerr, to remove Item Number 3 from the subcommittee report in FY 2004 for the Kansas Legislative Research Department regarding the 1.5 percent salary increase for all Legislative staff agencies so they be treated similarly with the Executive Branch employees, and to flag this item for review at Omnibus or place it in a separate bill to treat it as a systemwide issue Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Kansas Legislative Research Department for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

### **Legislative Division of Post Audit (Attachment 4)**

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with comments for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Chairman Morris explained the 2002 proviso in regard to shrinkage savings and OOE.

## CONTINUATION SHEET

Senator Adkins moved, with a second by Senator Downey, to remove the 2002 proviso in regard to shrinkage savings and OOE as no one knew the significance of what was going to happen with the allotments. Motion carried on a voice vote.

Senator Bunten moved, with a second by Senator Kerr, to remove Item Number 3 from the subcommittee report in FY 2004 for the Legislative Division of Post Audit regarding the 1.5 percent salary increase for all Legislative staff agencies so they be treated similarly with the Executive Branch employees, and to flag this item for review at Omnibus or place it in a separate bill to treat it as a systemwide issue Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Legislative Division of Post Audit for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

### **Revisor of Statutes (Attachment 5)**

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with comments for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Senator Bunten moved, with a second by Senator Kerr, to remove Item Number 2 from the subcommittee report in FY 2004 for the Revisor of Statutes regarding the 1.5 percent salary increase for all Legislative staff agencies so they be treated similarly with the Executive Branch employees, and to flag this item for review at Omnibus or place it in a separate bill to treat it as a systemwide issue Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Revisor of Statutes for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

### **Governor's Department (Attachment 6)**

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with an observation for FY 2004.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Governor's Department for the FY 2003 and FY 2004 budget. Motion carried on a voice vote.

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

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor for FY 2004.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Lieutenant Governor for the FY 2003 and FY 2004 budget. Motion carried on a voice vote.

### **Secretary of State (Attachment 8)**

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

## CONTINUATION SHEET

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with notations for FY 2004.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Secretary of State for the FY 2003 and FY 2004. Motion carried on a voice vote.

### **State Treasurer (Attachment 9)**

Subcommittee Chairman Adkins explained that the State Treasurer's subcommittee report was complicated in trying to get to a totally fee-funded operation in one year.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with comments and observations for FY 2004.

Committee questions and discussion followed regarding Item Number 5 and the proposed supplanting State General Fund dollars with fees on Unclaimed Property Claims in the FY 2004 subcommittee budget report. Chairman Morris mentioned that it may not be possible to completely fee fund the State Treasurer agency. He suggested that the Division of the Budget and the State Treasurer's Office meet at some point during the session to discuss it. Chairman Morris mentioned that the subcommittee budget report will be held until a later date and that the subcommittee continue to work on it.

### **Kansas Insurance Department (Attachment 10)**

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with notation for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2004.

Senator Jackson moved, with a second by Senator Jordan, in FY 2003, Item Number 1, to eliminate the words in the last sentence, "before the end of FY 2005." which removes the date. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Kansas Insurance Department for the FY 2003 and FY 2004 as amended. Motion carried on a voice vote.

### **Health Care Stabilization Fund (Attachment 11)**

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustment for FY 2003.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and notations for FY 2004.

Senator Adkins moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Health Care Stabilization Fund for the FY 2003 and FY 2004. Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Downey, a conceptual resolution on behalf of the hard work of state employees because how hard it has been to go through two years of much pressure and cutting with tough decisions and still maintaining their high quality work in providing services. Motion carried on a voice vote.

Chairman Morris welcomed Colonel Don Brownlee, Superintendent, Kansas Highway Patrol, who presented an overview of the Kansas Highway Patrol. Colonel Brownlee distributed copies of the Kansas Highway Patrol Budget Information (Attachment 12) and Kansas is the "Crossroads of our Nation" (Attachment 13).

CONTINUATION SHEET

He explained that the Kansas Highway Patrol supports the Governor's recommendation on funding their agency, specifically, the recommendation to transfer funding from the State General Fund to the State Highway Fund for the Kansas Highway Patrol. Colonel Brownlee mentioned that Kansas ranks 4<sup>th</sup> nationally in the number of road miles and the Kansas Highway Patrol ranks 38<sup>th</sup> in size of State Law Enforcement Agencies. Committee questions and discussion followed.

The meeting adjourned at 12:05 p.m. The next meeting is scheduled for February 10, 2003.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE February 7, 2003

NAME	REPRESENTING
Julie Thomas	DOB
Lisa Becker	SRS
Elaine Frisbie	Dir. of Budget
Don Brownlee	KHP
TERRY Maple	KHP
Walt Darling	KHP
John Robinson	Ht. Governor's Ofc.
Nancy Bryant	SOS
Kevin Barone	Hem law firm
Andy Shaw	KSTA
BOB HARRIS	HCSF
Marcy Watson	HCSF
Jane Hubb	SOS
Jeff Wagaman	STO
Peggy Nanne	STO
Bill Russell	LAS
Barb Horton	LPA

## FY 2003 and FY 2004 Subcommittee Reports

Legislative Agencies  
Governor  
Lieutenant Governor  
Secretary of State  
State Treasurer  
Insurance Commissioner  
Health Care Stabilization Fund Board of Governors



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Senator David Adkins  
Chair



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Senator Christine Downey

Senate Ways and Means  
2-7-03  
Attachment 1

## Senate Subcommittee Report

**Agency:** Legislature

**Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 317**

<u>Expenditure Summary</u>	<u>Agency Estimate FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 12,074,919	\$ 12,014,919	\$ (623,055)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 12,074,919</u>	<u>\$ 12,014,919</u>	<u>\$ (623,005)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 12,074,919</u></u>	<u><u>\$ 12,014,919</u></u>	<u><u>\$ (623,005)</u></u>
<b>State General Funds:</b>			
State Operations	\$ 11,846,966	\$ 11,846,966	\$ (683,055)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 11,846,966</u>	<u>\$ 11,846,966</u>	<u>\$ (683,055)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 11,846,966</u></u>	<u><u>\$ 11,846,966</u></u>	<u><u>\$ (683,055)</u></u>
<b>Other Funds:</b>			
State Operations	\$ 227,953	\$ 167,953	\$ 60,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 227,953</u>	<u>\$ 167,953</u>	<u>\$ 60,000</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 227,953</u></u>	<u><u>\$ 167,953</u></u>	<u><u>\$ 60,000</u></u>
<b>FTE Positions</b>	<u>33.0</u>	<u>33.0</u>	<u>0.0</u>
<b>Non FTE Uncl. Perm. Pos.</b>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><u>33.0</u></u>	<u><u>33.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate/Governor's Recommendation

The agency estimates \$12,074,919 in operating expenditures for FY 2003. The request is funded 98.1 percent with State General Fund and 1.9 percent with Special Revenue Funds. The 33.0 FTE included in the request is the same as the FY 2003 approved. In FY 2003, the Governor imposed a State General Fund allotment (reduction) against executive branch agencies. As a companion to the Governor's action, a 2.0 percent reduction of available State General Fund resources for the Legislative Branch agencies was taken, all from the Legislature's budget.



The Governor recommends \$12,014,919 in operating expenditures for FY 2003. The recommendation is entirely funded from the State General Fund. The Governor concurs with the 33.0 FTE in the agency estimate.

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the recommendation of the Governor with the following adjustments.

1. The Subcommittee recommends deleting \$683,055 from the State General Fund in FY 2003 and another \$86,851 in FY 2004 for the Legislative Branch's 3.9 percent across the board reduction. This adjustment takes the entire reduction from the Legislature's budget. The Subcommittee was informed that the 2.0 percent (\$426,348) State General Fund reduction for the Legislative Branch, equivalent for the first allotment, was all taken in the Legislature's budget by the Legislative Coordinating Council. The Subcommittee believes that the Legislative branch should continue to reduce its budget to match the reductions made through the Executive branch's allotment process. This reduction will provide for a 5.9 percent State General Fund reduction for the Legislative Branch budget, which is the same general reduction that the Governor allotted on most Executive Branch agencies. The reductions/adjustments include the following:
  - a. The Subcommittee recommends deleting \$150,000 State General Fund and limiting the number of days spent in interim committees. This is based on continuing the current LCC policy where the scope of interim committees was limited to save State General Fund resources.
  - b. The Subcommittee recommends deleting \$172,055 State General Fund in expenditures for out of state. The Subcommittee recommends continuing the current LCC policy of limiting the reimbursement of expenses for members who traveled out of state to \$500.
  - c. The Subcommittee recommends deleting \$300,000 State General Fund by funding the session for only 90 days. This reduction is based on an average cost of \$60,000 per session day.
  - d. The Subcommittee recommends shifting expenditures of \$60,000 from the State General Fund to the Legislature Special Revenue Fund. The Subcommittee was informed there is an ending balance of \$60,000 in the Legislature Special Revenue Fund and recommends increasing expenditures by \$60,000 in the Legislature Special Revenue Fund and deleting \$60,000 State General Fund.

**Senate Subcommittee Report**

**Agency:** Legislature

**Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 317**

<u>Expenditure Summary</u>	<u>Agency Request FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 12,493,419	\$ 12,580,270	\$ 13,179
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 12,493,419</u>	<u>\$ 12,580,270</u>	<u>\$ 13,179</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u><u>\$ 12,493,419</u></u></b>	<b><u><u>\$ 12,580,270</u></u></b>	<b><u><u>\$ 13,179</u></u></b>
<b>State General Funds:</b>			
State Operations	\$ 12,362,419	\$ 12,449,270	\$ 13,179
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 12,362,419</u>	<u>\$ 12,449,270</u>	<u>\$ 13,179</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u><u>\$ 12,362,419</u></u></b>	<b><u><u>\$ 12,449,270</u></u></b>	<b><u><u>\$ 13,179</u></u></b>
<b>Other Funds:</b>			
State Operations	\$ 131,000	\$ 131,000	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 131,000</u>	<u>\$ 131,000</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u><u>\$ 131,000</u></u></b>	<b><u><u>\$ 131,000</u></u></b>	<b><u><u>\$ 0</u></u></b>
FTE Positions	33.0	33.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b><u><u>33.0</u></u></b>	<b><u><u>33.0</u></u></b>	<b><u><u>0.0</u></u></b>

**Agency Estimate/Governor's Recommendation**

**The agency estimates** \$12,493,419 in operating expenditures for FY 2004. This request is funded with 99.0 percent State General Fund and 1.0 percent Special Revenue Funds. The amount requested is an increase of \$418,500 or 3.5 percent from the FY 2003 agency estimate. It includes 33.0 FTE, also the same as the FY 2003 estimate.

**The Governor recommends** \$12,449,270 in operating expenditures for FY 2004 funded with 99.0 percent State General Fund and 1.0 percent Special Revenue Fund. The recommendation is an increase of \$565,351, or 4.7 percent more than the FY 2003 recommendation and is \$86,851 or 0.7 percent more than the FY 2004 agency request. The Governor does concur with the 33.0 FTE

in the agency request. The Governor for all Legislative branch agencies and the Judicial branch recommends for FY 2004 the exact amount originally approved for FY 2003 by the 2002 Legislature. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$2,620,796.

### **Senate Subcommittee Recommendation**

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

1. The Subcommittee recommends deleting the Governor's addition of \$86,851 State General Fund. The amount of \$86,851 was above the agency's request and was a product of the Governor using the exact amount originally approved for FY 2003 by the 2002 Legislature. This is the final component needed to complete the 3.9 percent across the board reduction in FY 2003.
2. The Subcommittee recommends adding \$57,642 from the State General Fund to finance fringe benefit increases. The Subcommittee was informed the Governor's recommendation is the exact amount approved for FY 2003 by the 2002 Legislature and is currently used only as a "place holder". This new recommended process would leave the budget decisions to be made by the Legislature during the session. In reverting to the Legislative FY 2003 approved budget, the funding for increases in employee health insurance and longevity bonus payments were eliminated. The Subcommittee believes that increases for fringe benefits, and longevity bonus payments should be funded whether the employees are in the Executive Branch or the Legislative Branch.
3. The Subcommittee recommends adding \$42,388 for the 1.5 percent salary increase for all legislative staff agencies, including employees within the Legislature's budget. Once again the Subcommittee notes that Legislative Branch employees should receive the same salary increase as the Executive Branch employees. However, the Subcommittee does not recommend the 1.5 percent increase for legislators. The Legislature's budget was built based on the legislator's statutory salary of \$74.98 per day, that is a reduction in legislative salaries from the FY 2003 rate of \$78.75 rate per day. The reduction is \$3.77 per day or a decrease of 4.8 percent. The Subcommittee believes this is the proper course of action and does not recommend any changes.

## Senate Subcommittee Report

**Agency:** Legislative Coordinating Council **Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 311**

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 706,770	\$ 706,770	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 706,770</u>	<u>\$ 706,770</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 706,770</u></u>	<u><u>\$ 706,770</u></u>	<u><u>\$ 0</u></u>
<b>State General Funds:</b>			
State Operations	\$ 706,770	\$ 706,770	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 706,770</u>	<u>\$ 706,770</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 706,770</u></u>	<u><u>\$ 706,770</u></u>	<u><u>\$ 0</u></u>
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><u>13.0</u></u>	<u><u>13.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate/Governor's Recommendation

The agency estimates \$706,770 in operating expenditures for FY 2003. The request is entirely funded from the State General Fund. The amount requested is the same as the FY 2003 approved, adjusted for a reappropriation. It includes 13.0 FTE, also the same as the FY 2003 approved. In FY 2003, the Governor imposed a State General Fund allotment (reduction) against executive branch agencies. As a companion to the Governor's action, a 2.0 percent reduction of available State General Fund resources for the Legislative Branch agencies was taken, all from the Legislature's budget.

The Governor recommends \$706,770 in operating expenditures for FY 2003. The recommendation is entirely funded from the State General Fund. The Governor concurs with the 13.0 FTE in the agency estimate.

*Senate Ways and Means  
2-7-03  
Attachment 2*

## **Senate Subcommittee Recommendation**

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

1. The Subcommittee was informed that the 2.0 percent State General Fund reduction for the Legislative Branch, equivalent to the first allotment was all taken in the Legislature's budget by the Legislative Coordinating Council. It is the Subcommittee recommendation that the remaining 3.9 percent reduction for the Legislative Branch, equivalent to the second allotment, also be taken entirely from the Legislature's budget.

## Senate Subcommittee Report

**Agency:** Legislative Coordinating Council    **Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 311**

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 721,351	\$ 687,365	\$ 19,529
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 721,351</u>	<u>\$ 687,365</u>	<u>\$ 19,529</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 721,351</u></u>	<u><u>\$ 687,365</u></u>	<u><u>\$ 19,529</u></u>
<b>State General Funds:</b>			
State Operations	\$ 721,351	\$ 687,365	\$ 19,529
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 721,351</u>	<u>\$ 687,365</u>	<u>\$ 19,529</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 721,351</u></u>	<u><u>\$ 687,365</u></u>	<u><u>\$ 19,529</u></u>
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>13.0</u></u>	<u><u>13.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate/Governor's Recommendation

**The agency estimates** \$721,351 in operating expenditures for FY 2004. This request is entirely funded from the State General Fund. The amount requested is an increase of \$14,581 or 2.0 percent from the FY 2003 agency estimate. It includes 13.0 FTE, also the same as the FY 2003 estimate.

**The Governor recommends** \$687,365 in operating expenditures for FY 2004 entirely funded from the State General Fund. The recommendation is a reduction of \$19,405, or 2.8 percent less than the FY 2003 recommendation and is \$33,986 or 4.7 percent less than the FY 2004 agency request. The Governor does concur with the 13.0 FTE in the agency request. The Governor for all Legislative branch agencies and the Judicial branch recommends for FY 2004 the exact amount originally approved for FY 2003 by the 2002 Legislature. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$144,703.

## Senate Subcommittee Recommendation

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

1. The Subcommittee recommends adding \$8,546 from the State General Fund to finance fringe benefit increases. The Subcommittee was informed the Governor's recommendation is the exact amount approved for FY 2003 by the 2002 Legislature and is currently used only as a "place holder". This new recommended process would leave the budget decisions to be made by the Legislature during the session. In reverting to the Legislative FY 2003 approved budget, the funding for increases in employee health insurance and longevity bonus payments were eliminated. The Subcommittee believes that increases for fringe benefits, and longevity bonus payments should be funded whether the employees are in the Executive Branch or the Legislative Branch.
2. The Subcommittee recommends adding \$10,983 for the 1.5 percent salary increase for all legislative staff agencies. Once again the Subcommittee notes that Legislative Branch employees should receive the same salary increase as Executive Branch employees.

## Senate Subcommittee Report

**Agency:** Kansas Legislative Research  
Department

**Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 315**

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,605,575	\$ 2,605,575	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 2,605,575	\$ 2,605,575	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,605,575</b>	<b>\$ 2,605,575</b>	<b>\$ 0</b>
<b>State General Funds:</b>			
State Operations	\$ 2,605,575	\$ 2,605,575	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 2,605,575	\$ 2,605,575	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,605,575</b>	<b>\$ 2,605,575</b>	<b>\$ 0</b>
FTE Positions	37.0	37.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>37.0</b>	<b>37.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The agency estimates \$2,605,575 in operating expenditures for FY 2003. The request is entirely funded from the State General Fund. The amount requested is the same as the FY 2003 approved, adjusted for a reappropriation. It includes 37.0 FTE, also the same as the FY 2003 approved. In FY 2003, the Governor imposed a State General Fund allotment (reduction) against executive branch agencies. As a companion to the Governor's action, a 2.0 percent reduction of available State General Fund resources for the Legislative Branch agencies was taken, all from the Legislature's budget

The Governor recommends \$2,605,575 in operating expenditures for FY 2003. The recommendation is entirely funded from the State General Fund. The Governor concurs with the 37.0 FTE in the agency estimate.

*Senate Ways and Means  
2-7-03  
Attachment 3*



## **Senate Subcommittee Recommendation**

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

1. The Subcommittee was informed that the 2.0 percent State General Fund reduction for the Legislative Branch, equivalent to the first allotment was all taken in the Legislature's budget by the Legislative Coordinating Council. It is the Subcommittee recommendation that the remaining 3.9 percent reduction for the Legislative Branch, equivalent to the second allotment, also be taken entirely from the Legislature's budget.

## Senate Subcommittee Report

**Agency:** Kansas Legislative Research  
Department

**Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 315**

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,626,778	\$ 2,440,921	\$ 211,910
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 2,626,778</u>	<u>\$ 2,440,921</u>	<u>\$ 211,910</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u><u>\$ 2,626,778</u></u></b>	<b><u><u>\$ 2,440,921</u></u></b>	<b><u><u>\$ 211,910</u></u></b>
<b>State General Funds:</b>			
State Operations	\$ 2,626,778	\$ 2,440,921	\$ 211,910
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 2,626,778</u>	<u>\$ 2,440,921</u>	<u>\$ 211,910</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<b><u><u>\$ 2,626,778</u></u></b>	<b><u><u>\$ 2,440,921</u></u></b>	<b><u><u>\$ 211,910</u></u></b>
FTE Positions	37.0	37.0	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<b><u><u>37.0</u></u></b>	<b><u><u>37.0</u></u></b>	<b><u><u>0.0</u></u></b>

### Agency Estimate/Governor's Recommendation

**The agency estimates** \$2,626,778 in operating expenditures for FY 2004. This request is entirely funded from the State General Fund. The amount requested is an increase of \$21,203 or 0.8 percent from the FY 2003 agency estimate. It includes 37.0 FTE, also the same as the FY 2003 estimate.

**The Governor recommends** \$2,440,921 in operating expenditures for FY 2004 entirely funded from the State General Fund. The recommendation is a reduction of \$164,654, or 6.3 percent less than the FY 2003 recommendation and is \$185,857 or 7.1 percent less than the FY 2004 agency request. The Governor does concur with the 37.0 FTE in the agency request. The Governor for all Legislative branch agencies and the Judicial branch recommends for FY 2004 the exact amount originally approved for FY 2003 by the 2002 Legislature. Under the Governor's FY 2004 statutory budget recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$513,858.

## Senate Subcommittee Recommendation

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

1. The Subcommittee recommends adding \$43,770 from the State General Fund to finance fringe benefit increases. The Subcommittee was informed the Governor's recommendation is the exact amount approved for FY 2003 by the 2002 Legislature and is currently used only as a "place holder". This new recommended process would leave the budget decisions to be made by the Legislature during the session. In reverting to the Legislative FY 2003 approved budget, the funding for increases in employee health insurance and longevity bonus payments were eliminated. The Subcommittee believes that increases for fringe benefits, and longevity bonus payments should be funded whether the employees are in the Executive Branch or the Legislative Branch.
2. The Subcommittee recommends adding \$133,862 from the State General Fund to reduce salary and wage shrinkage. This agency has responded to the direction of this Committee and the entire Legislature to reduce staff turnover and to maintain a full staff of analysts. The agency is currently fully staffed, and does not anticipate any vacancies in the near future. The Governor's new process to use a "place holder" in FY 2004 reduces salaries from the FY 2003 agency request and Governor's recommendation by \$133,862 or 6.6 percent.
3. The Subcommittee recommends adding \$34,278 for the 1.5 percent salary increase for all legislative staff agencies. Once again the Subcommittee notes that Legislative Branch employees should receive the same salary increase as Executive Branch employees.

## Senate Subcommittee Report

**Agency:** Legislative Division of Post  
Audit

**Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 313**

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 1,821,099	\$ 1,821,099	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 1,821,099</u>	<u>\$ 1,821,099</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,821,099</u></u>	<u><u>\$ 1,821,099</u></u>	<u><u>\$ 0</u></u>
<b>State General Funds:</b>			
State Operations	\$ 1,821,099	\$ 1,821,099	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 1,821,099</u>	<u>\$ 1,821,099</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,821,099</u></u>	<u><u>\$ 1,821,099</u></u>	<u><u>\$ 0</u></u>
FTE Positions	21.0	21.0	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><u>21.0</u></u>	<u><u>21.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate/Governor's Recommendation

The agency estimates \$1,821,099 in operating expenditures for FY 2003. The request is entirely funded from the State General Fund. The amount requested is the same as the FY 2003 approved, adjusted for a reappropriation. It includes 21.0 FTE, also the same as the FY 2003 approved. In FY 2003, the Governor imposed a State General Fund allotment (reduction) against executive branch agencies. As a companion to the Governor's action, a 2.0 percent reduction of available State General Fund resources for the Legislative Branch agencies was taken, all from the Legislature's budget.

The Governor recommends \$1,821,099 in operating expenditures for FY 2003. The recommendation is entirely funded from the State General Fund. The Governor concurs with the 21.0 FTE in the agency estimate.

*Senate Ways and Means  
2-7-03  
Attachment 4*

## **Senate Subcommittee Recommendation**

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

1. The Subcommittee was informed that the 2.0 percent State General Fund reduction for the Legislative Branch, equivalent to the first allotment was all taken in the Legislature's budget by the Legislative Coordinating Council. It is the Subcommittee recommendation that the remaining 3.9 percent reduction for the Legislative Branch , equivalent to the second allotment, also be taken entirely from the Legislature's budget.

## Senate Subcommittee Report

**Agency:** Legislative Division of Post  
Audit

**Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 313**

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 1,815,944	\$ 1,752,139	\$ 62,576
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 1,815,944</u>	<u>\$ 1,752,139</u>	<u>\$ 62,576</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,815,944</u></u>	<u><u>\$ 1,752,139</u></u>	<u><u>\$ 62,576</u></u>
<b>State General Funds:</b>			
State Operations	\$ 1,815,944	\$ 1,752,139	\$ 62,576
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 1,815,944</u>	<u>\$ 1,752,139</u>	<u>\$ 62,576</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,815,944</u></u>	<u><u>\$ 1,752,139</u></u>	<u><u>\$ 62,576</u></u>
FTE Positions	21.0	21.0	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<u><u>21.0</u></u>	<u><u>21.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate/Governor's Recommendation

**The agency estimates** \$1,815,944 in operating expenditures for FY 2004. This request is entirely funded from the State General Fund. The amount requested is a decrease of \$5,155 or 0.3 percent from the FY 2003 agency estimate. It includes 21.0 FTE, also the same as the FY 2003 estimate.

**The Governor recommends** \$1,752,139 in operating expenditures for FY 2004 entirely funded from the State General Fund. The recommendation is a reduction of \$68,960, or 3.8 percent less than the FY 2003 recommendation and is \$63,805 or 3.5 percent less than the FY 2004 agency request. The Governor does concur with the 21.0 FTE in the agency request. The Governor for all Legislative branch agencies and the Judicial branch recommends for FY 2004 the exact amount originally approved for FY 2003 by the 2002 Legislature. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$368,857.

## Senate Subcommittee Recommendation

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

1. The Subcommittee recommends adding \$14,184 from the State General Fund to finance fringe benefit increases. The Subcommittee was informed the Governor's recommendation is the exact amount approved for FY 2003 by the 2002 Legislature and is currently used only as a "place holder". This new recommended process would leave the budget decisions to be made by the Legislature during the session. In reverting to the Legislative FY 2003 approved budget, the funding for increases in employee health insurance and longevity bonus payments were eliminated. The Subcommittee believes that increases for fringe benefits, and longevity bonus payments should be funded whether the employees are in the Executive Branch or the Legislative Branch.
2. The Subcommittee recommends adding \$28,859 from the State General Fund to reduce shrinkage. The Subcommittee believe it is in the best interest of the legislative process to fill any position that becomes vacant. The Governor's new process to use a "place holder" in FY 2004 reduces salaries from the FY 2003 agency request and Governor's recommendation by \$28,859 or 2.5 percent.
3. The Subcommittee recommends adding \$19,533 (State General Fund) for the 1.5 percent salary increase for all legislative staff agencies. Once again the Subcommittee believes that Legislative Branch employees should receive the same salary increase as Executive Branch employees.

## Senate Subcommittee Report

**Agency:** Revisor of Statutes

**Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 363**

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,474,748	\$ 2,474,748	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 2,474,748	\$ 2,474,748	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,474,748</b>	<b>\$ 2,474,748</b>	<b>\$ 0</b>
<b>State General Funds:</b>			
State Operations	\$ 2,474,748	\$ 2,474,748	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 2,474,748	\$ 2,474,748	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,474,748</b>	<b>\$ 2,474,748</b>	<b>\$ 0</b>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>26.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The agency estimates \$2,474,748 in operating expenditures for FY 2003. The request is entirely funded from the State General Fund. The amount requested is the same as the FY 2003 approved, adjusted for a reappropriation. It includes 26.0 FTE, also the same as the FY 2003 approved. In FY 2003, the Governor imposed a State General Fund allotment (reduction) against executive branch agencies. As a companion to the Governor's action, a 2.0 percent reduction of available State General Fund resources for the Legislative Branch agencies was taken, all from the Legislature's budget.

The Governor recommends \$2,474,748 in operating expenditures for FY 2003. The recommendation is entirely funded from the State General Fund. The Governor concurs with the 26.0 FTE in the agency estimate.

*Senate Ways and Means  
2-7-03  
Attachment 5*



## **Senate Subcommittee Recommendation**

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

1. The Subcommittee was informed that the 2.0 percent State General Fund reduction for the Legislative Branch, equivalent to the first allotment was all taken in the Legislature's budget by the Legislative Coordinating Council. It is the Subcommittee recommendation that the remaining 3.9 percent reduction for the Legislative Branch, equivalent to the second allotment, also be taken entirely from the Legislature's budget.

## Senate Subcommittee Report

**Agency:** Revisor of Statutes

**Bill No. -**

**Bill Sec. -**

**Analyst:** Scott

**Analysis Pg. No. ---**

**Budget Page No. 363**

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,448,345	\$ 2,385,856	\$ 38,955
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 2,448,345</u>	<u>\$ 2,385,856</u>	<u>\$ 38,955</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,448,345</u></u>	<u><u>\$ 2,385,856</u></u>	<u><u>\$ 38,955</u></u>
<b>State General Funds:</b>			
State Operations	\$ 2,448,345	\$ 2,385,856	\$ 38,955
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 2,448,345</u>	<u>\$ 2,385,856</u>	<u>\$ 38,955</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,448,345</u></u>	<u><u>\$ 2,385,856</u></u>	<u><u>\$ 38,955</u></u>
FTE Positions	26.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>26.0</u></u>	<u><u>26.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate/Governor's Recommendation

**The agency estimates** \$2,448,345 in operating expenditures for FY 2004. This request is entirely funded from the State General Fund. The amount requested is a decrease of \$5,155 or 0.3 percent from the FY 2003 agency estimate. It includes 26.0 FTE, also the same as the FY 2003 estimate.

**The Governor recommends** \$2,385,856 in operating expenditures for FY 2004 entirely funded from the State General Fund. The recommendation is a reduction of \$88,892, or 3.6 percent less than the FY 2003 recommendation and is \$62,489 or 2.6 percent less than the FY 2004 agency request. The Governor does concur with the 26.0 FTE in the agency request. The Governor for all Legislative branch agencies and the Judicial branch recommends for FY 2004 the exact amount originally approved for FY 2003 by the 2002 Legislature. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$502,266.

## Senate Subcommittee Recommendation

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

1. The Subcommittee recommends adding \$18,029 from the State General Fund to finance fringe benefit increases. The Subcommittee was informed the Governor's recommendation is the exact amount approved for FY 2003 by the 2002 Legislature and is currently used only as a "place holder". This new recommended process would leave the budget decisions to be made by the Legislature during the session. In reverting to the Legislative FY 2003 approved budget, the funding for increases in employee health insurance and longevity bonus payments were eliminated. The Subcommittee believes that increases for fringe benefits, and longevity bonus payments should be funded whether the employees are in the Executive Branch or the Legislative Branch.
2. The Subcommittee recommends adding \$20,926 for the 1.5 percent salary increase for all legislative staff agencies. Once again the Subcommittee believes that Legislative Branch employees should receive the same salary increase as Executive Branch employees.

## Senate Subcommittee Report

**Agency:** Governor's Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. --**

**Budget Page No. 169**

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
State General Fund	\$ 2,123,637	\$ 2,040,477	\$ 0
Special Revenue Funds	0	3,830,548	0
<b>TOTAL</b>	<b>\$ 2,123,637</b>	<b>\$ 5,871,025</b>	<b>\$ 0</b>
FTE Positions	29.0	32.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>29.0</b>	<b>32.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2003 operating expenditures totals \$2,123,637 (all from the State General Fund). The revised estimate is \$83,160 above the approved amount (including reappropriations and the August and November allotments). The agency's budget was submitted prior to the second allotment.

The Governor recommends FY 2003 operating expenditures of \$5,871,025, including \$2,040,477 from the State General Fund. The Governor's State General Fund expenditure recommendation is the same as the approved amount. The Governor's recommendation reflects the August 2002 allotment which reduced State General Fund expenditures for this agency by \$118,141, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$83,160.

The Governor also recommends the transfer of \$3,830,548 from various federal funding sources, to reflect the transfer of a portion of the federal grant programs formerly administered by the Attorney General to the Governor's office. This transfer was authorized by executive directive of the Governor.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with recommendations of the Governor.

## Senate Subcommittee Report

**Agency:** Governor's Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. --**

**Budget Page No. 169**

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Subcommittee Adjustments
State General Fund	\$ 1,685,869	\$ 1,599,031	\$ 0
Special Revenue Funds	0	11,141,973	0
<b>TOTAL</b>	<b>\$ 1,685,869</b>	<b>\$ 12,741,004</b>	<b>\$ 0</b>
FTE Positions	28.0	34.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>28.0</b>	<b>34.0</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

The agency request for FY 2004 totals \$1,685,869 (all from the State General Fund) and is a reduction of \$437,768 or 20.6 percent from the revised FY 2003 estimate. The request includes funding for 28.0 FTE positions in FY 2004, a reduction of 1.0 FTE from the FY 2003 revised current year estimate. The reduction reflects the first full year of closure of the Governor's Wichita satellite office.

The Governor recommends total FY 2004 expenditures of \$12,741,004, including \$1,599,031 from the State General Fund. The Governor's recommended State General Fund expenditures are a reduction of \$441,446 (21.6 percent) from the revised FY 2003 estimate. The Governor's recommendation for all other funding sources in FY 2004 is an increase of \$7,311,425 (190.9 percent). The increase is largely the result of two factors: full year funding for the federally funded Crime Victims programs transferred from the Office of the Attorney General to the Office of the Governor in mid-FY 2003; and the Governor's recommendation to transfer administration of the federal Byrne grant monies from the Kansas Sentencing Commission to the Office of the Governor. The Governor recommends a total of 34.0 FTE positions, an increase of 2.0 from the revised current year recommendation.

Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$336,625.

### Senate Subcommittee Recommendation

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

1. The Subcommittee notes that, while most other agencies were asked to absorb a 2.0 percent State General Fund allotment in August 2002, Governor Graves imposed a 5.0 percent reduction on the budgets of the Governor's office and the Lieutenant Governor. Both agencies also absorbed the 2.9 percent reduction imposed on most other state agencies as part of the November 2002 allotment. The Subcommittee was concerned that these reductions may have left insufficient funding in the Governor's budget to allow Governor Sebelius to adequately address the challenges facing a new administration. In response to the Subcommittee's concerns, Governor Sebelius prepared a letter for the Subcommittee noting that the cuts had required her to cut back on the number of administrative positions to be filled, but noting that while the cuts were difficult, "they represent the tough times that Kansas is facing." The Subcommittee remains concerned about the level of funding reduced from the Governor's office budget, but concurs with the recommendation, commending the Governor on her willingness to lead by example and work with the budget constraints facing all state agencies.

## Senate Subcommittee Report

**Agency:** Lieutenant Governor

**Bill No.** 62

**Bill Sec.** 10

**Analyst:** Robinson

**Analysis Pg. No.** --

**Budget Page No.** 321

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
State General Fund	\$ 138,033	\$ 132,628	\$ 0
Special Revenue Funds	0	0	0
<b>TOTAL</b>	<b>\$ 138,033</b>	<b>\$ 132,628</b>	<b>\$ 0</b>
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2003 operating expenditures totals \$138,033, or \$5,405 higher than the approved amount (including reappropriations and the August and November allotments). The agency's budget was submitted prior to the second allotment.

The Governor recommends FY 2003 operating expenditures of \$132,628, the amount approved by the 2002 Legislature, including reappropriations and the two allotments. The Governor's recommendation reflects the August 2002 which reduced State General Fund expenditures for this agency by \$8,882, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$5,405.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with recommendations of the Governor.

## Senate Subcommittee Report

**Agency:** Lieutenant Governor

**Bill No. --**

**Bill Sec. --**

**Analyst:** Robinson

**Analysis Pg. No. --**

**Budget Page No. 321**

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Subcommittee Adjustments
State General Fund	\$ 118,228	\$ 112,093	\$ 0
Special Revenue Funds	0	0	0
<b>TOTAL</b>	<b>\$ 118,228</b>	<b>\$ 112,093</b>	<b>\$ 0</b>
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

The agency's request for FY 2004 operating expenditures totals \$118,228, a reduction of \$19,805, or 14.3 percent from the revised current year estimate. The request includes salaries and wages totaling \$87,976, which includes a partial salary for the Lieutenant Governor and continued staffing for two support positions.

The Governor recommends operating expenditures of \$112,093, a reduction of \$6,135, or 5.2 percent from the agency's request. The Governor's recommendation imposes a 7.0 percent shrinkage rate on the agency's salaries and wages budget.

Under the Governor's FY 2004 **statutory budget recommendation**, this Governor's recommendation for this agency's budget would have to be reduced an additional \$23,598.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with recommendations of the Governor.



## Senate Subcommittee Report

**Agency:** Secretary of State

**Bill No.**

**Bill Sec.**

**Analyst:** Deckard

**Analysis Pg. No.**

**Budget Page No.** 365

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
State General Fund	\$ 1,697,549	\$ 1,631,075	\$ 0
Special Revenue Funds	1,635,677	1,635,677	0
<b>TOTAL</b>	<b>\$ 3,333,226</b>	<b>\$ 3,266,752</b>	<b>\$ 0</b>
FTE Positions	56.0	56.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>56.0</b>	<b>56.0</b>	<b>0.0</b>

### Agency Est./Governor's Recommendation

The agency estimates \$3,333,226 for FY 2003 operating expenditures. This is an increase of \$66,474 from the approved amount of \$3,266,752. This increase represents the second allotment ordered by the Governor on November 12, 2002. The agency submitted their budget prior to this allotment. The estimate includes: \$2,136,859 for salaries and wages; \$1,000,989 for contractual services; \$140,050 for commodities; and \$30,863 for capital outlay.

The Governor recommends \$3,266,752 for FY 2003 operating expenditures, the approved amount. The Governor's recommendation reflects the August 2002 allotment which reduced State General Fund expenditures for this agency by \$37,984, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$66,474.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Secretary of State

**Bill No.**

**Bill Sec.**

**Analyst:** Deckard

**Analysis Pg. No.**

**Budget Page No. 365**

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
State General Fund	\$ 1,722,743	\$ 834,707	\$ 0
Special Revenue Funds	1,919,988	2,719,988	0
<b>TOTAL</b>	<b>\$ 3,642,731</b>	<b>\$ 3,554,695</b>	<b>\$ 0</b>
FTE Positions	56.0	56.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>56.0</b>	<b>56.0</b>	<b>0.0</b>

### Agency Req./Governor's Recommendation

The agency requests FY 2004 operating expenditures of \$3,642,731 (\$1,722,743 SGF). The request includes: \$2,170,119 for salaries and wages; \$1,090,999 for contractual services; \$11,714 for commodities; and \$174,178 for capital outlay.

The Governor recommends \$3,554,695 for FY 2004 operating expenditures (\$834,707 SGF). The recommendation includes: \$2,070,042 for salaries and wages; \$1,090,999 for contractual services; \$11,714 for commodities; and \$174,178 for capital outlay. The Governor's recommendation includes a \$88,036 reduced resources package in salaries and wages. The Governor recommends that the agency be completely fee funded by FY 2005. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$175,721.

### Senate Subcommittee Recommendation

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

1. The Subcommittee expresses concern with the Governor's recommendation to remove all State General Fund moneys from the budgets of certain statewide elected officials, including the Secretary of State. The recommendation would make the Secretary of State totally fee funded by FY 2005. These officials, as public office holders, owe a duty of service to all Kansans, and not all of the responsibilities of each office are well-suited to collection of fees for services performed. The Subcommittee is concerned that the shift to a fee-funded structure might place undue emphasis on only those services which, in effect, generate revenue to operate the agency at the expense of other activities which

work to the benefit of a broader segment of the population. In spite of these concerns, the Subcommittee recognizes the pressures on the State General Fund and reluctantly concurs with the recommendation.

2. The Subcommittee recommends proposing legislation enacting four separate items on the agency's behalf. These include:
  - a. Rename the agency's Information and Copy Service Fee Fund to the Information and Service Fee Fund. In addition, give the agency the authority to establish an information and services fee via rules and regulations, subject to legislative scrutiny.
  - b. Franchise Fee Recovery Fund- allow the agency to retain \$2 for every annual report that is submitted to the state. The agency currently receives \$1.
  - c. Allow all moneys collected in the Notary Fund to be paid to the Secretary of State directly for services performed for this function.
  - d. Modify the legal publications statutes so that moneys are paid directly to the Secretary of State for the publication and distribution of legal publications. Currently the moneys are deposited in SGF and then are intended to be returned to the Secretary of State for the costs incurred. However, in recent years, the amount allocated from SGF is not sufficient to cover the costs associated with these duties.
3. The Subcommittee strongly recommends the state abandon the readjusted census for legislative reapportionment and the underlying statute be repealed.
4. The Subcommittee notes that while a statutory requirement for the Presidential Preference Primary exists, no funding for this activity is included in the budget. The Subcommittee also notes that the State needs to give counties as much lead time as possible to prepare for this activity. In addition, the agency is commended for trying to draw attention to the primary by collaborating with other mid-western states to hold all the primaries on the same day.
5. The Subcommittee recommends that the Secretary of State be allowed to publish constitutional amendments on their official website in lieu of printing all required copies. In addition, the amendment would be published in the *Kansas Register*.
6. It appears that, due to the budget constraints, the Summer Intern Program will have to be discontinued in FY 2004. This is a loss, as the program provides an excellent opportunity for exposure to public service for young Kansans.

## Senate Subcommittee Report

**Agency:** State Treasurer

**Bill No.** Sub. for HB 2026

**Bill Sec.** 12,13

**Analyst:** Calderwood

**Analysis Pg. No.**

**Budget Page No.** 419

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Subcommittee Report Adjustments
<b>All Funds:</b>			
State Operations	\$ 3,727,466	\$ 3,664,906	\$ 0
Aid to Local Units	109,003,579	66,016,211	0
Other Assistance	9,000,000	9,000,000	0
<b>TOTAL</b>	<b>\$ 121,731,045</b>	<b>\$ 78,681,117</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 1,546,348	\$ 1,483,788	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 1,546,348</b>	<b>\$ 1,483,788</b>	<b>\$ 0</b>
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	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 \$3,727,466, an increase of \$10,504 from the approved budget. State General Fund expenditures total \$1,546,348, an increase of \$11,315 from the approved budget. Net other changes increase all other fund expenditures by \$694,343. The agency requested FTE positions are consistent with the 2002 Legislature approved amount of 55.5 FTE positions.

**The Governor recommends** a current year state operations budget of \$3,664,906 (including \$1,493,788 from State General Fund financing) which is a decrease of \$62,560 from the agency's estimate. The \$62,560 decrease is the second allotment of the State General Fund which was assessed after the agency submitted its budget. Salaries are reduced by \$62,560 from the agency's FY 2003 estimate. The Governor's August 15, 2002 allotment for the Treasurer was \$34,882 (2.0 percent). The Governor concurs with the agency's workforce estimate.

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### **Local Aid**

**The Treasurer's current year** estimate of aid to local units of government expenditures totals \$109,003,579, an increase of \$694,343 in special revenue funds from the approved budget. The Kansas Speedway Bond Financing Fund was not factored into the approved budget, representing an anticipated increase of \$731,443. The Tax Increment Financing Revenue Replacement Fund is anticipated to decrease by \$37,000 from the approved amount of \$995,000.

**The Governor's recommendation** for local aid payments reflects the November 2002 recommendation to withhold the second demand transfer to counties and cities. The LAVTRF payment totaled \$26,246,722, while the CCRSF payment totaled \$16,740,646.

### **Other Assistance**

**Unclaimed Property Payments.** Beginning in FY 2001, the State Treasurer's budget reflects the payment of monies, which are held by the state until their rightful owners are found, as a reportable budget expenditure. Prior to that time, these payments were considered as part of the nonreportable budget. For FY 2003, the State Treasurer estimates that these payments will total \$9,000,000.

**The Governor** concurs with the agency's current year estimate.

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation for FY 2003.

## Senate Subcommittee Report

**Agency:** State Treasurer

**Bill No.**

**Bill Sec.**

**Analyst:** Calderwood

**Analysis Pg. No.**

**Budget Page No. 419**

<u>Expenditure Summary</u>	<u>Agency Req. FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 3,771,794	\$ 3,692,298	\$ 0
Aid to Local Units	134,007,943	23,083,943	0
Other Assistance	9,200,000	9,200,000	0
<b>TOTAL</b>	<b>\$ 146,979,737</b>	<b>\$ 35,976,241</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 1,555,041	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 1,555,041</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>55.5</b>	<b>55.5</b>	<b>0.0</b>

### Agency Req./Governor's Recommendation

#### *State Operations*

**The agency** requests a FY 2004 state operations budget of \$3,771,794, which represents an increase of \$44,328 from the current year estimate. The agency FY 2004 budget estimate totals \$146,979,737. Requested State General Fund financing of \$1,555,041 represents an increase of \$8,693 (0.6 percent) from the current year recommendation.

**The Governor** recommends a FY 2004 state operations budget of \$3,692,298, an increase of \$27,392 from the current year recommendation. The Governor does not recommend any State General Fund support for the agency. The Governor recommends an amount equal to the agency's SGF request to be funded from the Unclaimed Property Expense Fund.

#### *Local Aid*

**The estimate** for payments to local units of government totals \$134,007,943, an increase of \$25,004,364, from the current year. The demand transfers to local units of government are projected by the Consensus Revenue Estimating Group to total \$111.0 million in FY 2004. Local Ad

Valorem Tax Reduction Fund (LAVTRF) payments are estimated to be \$63.1 million under current law, an increase of \$10.6 million (20.1 percent) from the current year estimate. County and City Revenue Sharing Fund (CCRSF) payments are estimated to total \$47.9 million under current law, an increase of \$14.4 million (43.0 percent) from the current year estimate. **The FY 2004 estimates assume no cap on payment growth. Special revenue fund** payments to local units of government are estimated to total \$23,083,943 in FY 2004, an increase of \$55,100 (2.4 percent) from the current year. Increase are associated with the Local Alcoholic Liquor Fund (\$50,000), the Tax Increment Revenue Financing Replacement Fund (\$5,000), and the Racing Admissions Tax (\$100).

**The Governor** recommends \$23,083,943 for payments to local units of government, a decrease of \$42,932,268 from the current year recommendation. The FY 2004 recommendation is a decrease of \$110,924,000 (82.8 percent) from the agency FY 2004 estimate. **The Governor** does not recommend payment of the **LAVTRF** or the **CCRSF** transfers during the budget year. **The Governor** concurs with the agency's estimate for other special revenue fund payments to local units of government in FY 2004.

### ***Other Assistance***

**The agency** estimates that **unclaimed property payments** will total \$9,200,000 in FY 2004, an increase of \$200,000 (2.2 percent) from the current year. **The Governor** concurs.

### **Senate Subcommittee Recommendation**

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

1. The Subcommittee expresses concern with the Governor's FY 2004 recommendation to remove all State General Fund monies from the budgets of a number of statewide elected officials, including the Treasurer. These officials, as public office holders, owe a duty of service to all Kansans, and not all of the responsibilities of each office are well-suited to collection of fees for services performed. The Subcommittee is concerned that the shift to a fee-funded structure might place undue emphasis on only those services which, in effect, generate revenue to operate the agency at the expense of other activities which work to the benefit of a broader segment of the population. In spite of these concerns, the Subcommittee recognizes the pressures on the State General Fund and reluctantly concurs with the recommendation.
2. The Subcommittee also expresses concerns that very few acceptable options are available for the Treasurer to convert to a solely fee-funded agency. Agency testimony provided five alternatives to the Governor's recommended fee-fund replacement, including:
  - a. Enacting legislation to allow the Treasurer's office to bill each agency its pro rata share of the banking services fees incurred monthly by the Treasurer.

- b. Spread the funding of its Administrative and Information Technology services to its other fee-funded programs, Bond Services and Learning Quest.
  - c. Hold several positions open and unfunded for FY 2004.
  - d. Additional dollars would be requested from the Pooled Money Investment Board to more accurately reflect their portion of IT usage.
  - e. Interest earned by KPERS on the Unclaimed Property funds: Seventy-five percent of future earnings would be credited to the State Treasurer's Expense Fund with the remaining 25 percent being credited to the State General Fund. This amount would fund the Administration, Information Technology, Cash Management, and Unclaimed Property programs.
3. Upon the request of the Subcommittee, the Treasurer presented additional information on FY 2004 budget proposals, including the Unclaimed Property Fund interest, estimated at between \$2.0 to \$2.5 million.
  4. **The Subcommittee recommends** that the Treasurer be allowed a portion of the interest from the Unclaimed Property Fund commiserate with the amount required to supplant the SGF monies. The portion that the Treasurer would require was estimated by the agency at 75 percent (approximately \$1.55 million), with the remaining interest (25 percent) paid into the State General Fund. This reduces State General Fund receipts by approximately \$1.55 million. **The Subcommittee recommends** the introduction of legislation to carry out this recommendation.
  5. The SGF replacement recommendation is to be considered on an on-going basis; **the Subcommittee recommends** review of this funding alternative and other proposals presented by the Treasurer at Omnibus. The Subcommittee expresses concern that supplanting SGF with the fees on Unclaimed Property Claims, as recommended by the Governor, and estimated by the agency to be 25 percent per claim, would equate to an exceptionally high fee. The Subcommittee proposes consideration by the Committee at Omnibus of a nominal application fee.



## Senate Subcommittee Report

**Agency:** Kansas Insurance Department    **Bill No.** Sub for HB2026; 62

**Bill Sec.** 2;11

**Analyst:** Deckard

**Analysis Pg. No.**

**Budget Page No.** 235

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
Special Revenue Funds			
State Operations	\$ 10,349,401	\$ 10,349,401	\$ 0
Aid to Local Units	6,068,200	6,068,200	0
Other Assistance	3,500,000	3,000,000	0
Subtotal- Operating	\$ 19,917,601	\$ 19,417,601	\$ 0
Capital Improvements	150,000	150,000	0
TOTAL	<u>\$ 20,067,601</u>	<u>\$ 19,567,601</u>	<u>\$ 0</u>
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	<u>160.5</u>	<u>160.5</u>	<u>0.0</u>

### Agency Est./Governor's Recommendation

The agency estimates \$19,917,601 for FY 2003 operating expenditures which is a reduction of \$389,992 from the approved amount. The changes in this budget from the approved include: Elimination of 1.0 Non-FTE examiner position (\$73,596), increase of \$750,000 in estimated Firefighters Relief Program payments, decrease of \$1,000,000 in estimated Workers' Compensation Payments, decrease in salaries and wages (\$144,395), elimination of temporary unclassified examiner (\$82,008), Increase in Capital Outlay (\$200,007), Federal Grant reduction (\$10,000), and a reduction in the amount of contractual services (\$30,000).

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

1. Additional \$500,000 reduction in estimated Workers' Compensation Payments;
2. Transfer an additional \$100,000 from the Insurance Department Regulation Fee Fund to SGF; and
3. Transfer \$4,000,000 from the Workers' Compensation Fund to SGF.

### Senate Subcommittee Recommendation

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

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1. According to the agency, the assessments against employers would likely increase in FY 2005, unless the agency is reimbursed for the FY 2003 transfer from the Workers' Compensation Fund to the State General Fund in the amount of \$4,000,000. For that reason the Subcommittee recommends that the transfer be considered a "loan" to be repaid before the end of FY 2005.

## Senate Subcommittee Report

**Agency:** Kansas Insurance Department    **Bill No.**

**Bill Sec.**

**Analyst:** Deckard

**Analysis Pg. No.**

**Budget Page No. 235**

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Special Revenue Funds			
State Operations	\$ 10,466,462	\$ 9,852,705	\$ 168,623
Aid to Local Units	6,068,200	6,068,200	0
Other Assistance	3,500,000	2,500,000	0
Subtotal- Operating	\$ 20,034,662	\$ 18,420,905	\$ 168,623
Capital Improvements	160,000	160,000	0
TOTAL	\$ 20,194,662	\$ 18,580,905	\$ 168,623
 FTE Positions	 157.0	 157.0	 0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	160.5	160.5	0.0

### Agency Req./Governor's Recommendation

The agency requests operating expenditures of \$20,034,662 for FY 2004. This is an increase of \$117,061 from the FY 2003 estimate. The request includes: increase of \$175,244 in salaries and wages, a decrease of \$50,000 in capital outlay, and a decrease of \$8,183 in debt service from the FY 2003 estimate.

The Governor recommends \$18,420,905 for FY 2004 operating expenditures. This is a decrease of \$996,696 from the FY 2003 recommendations. The recommendation includes: \$7,382,074 for salaries and wages, \$2,429,669 for contractual services, \$248,604 for commodities, \$361,815 for capital outlay, \$44,300 for debt service, \$6,068,200 for aid to local units, and \$2,500,000 in other assistance. The difference from the agency's request is that the Governor reduces the estimate of Worker's Compensation claims payments by \$500,000. In addition the Governor is recommending a 5.9 percent operating reduction for this agency which amounts to \$613,757.

### Senate Subcommittee Recommendation

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

1. The Senate Subcommittee recommends reducing the amount of the 5.9 percent operating adjustment that the Governor recommended from \$613,757 to \$445,134. The revised figure applies the reduction only to the agency's Regulation Program and not all programs. According to the agency the

Examination Program charges back to the companies the cost of the examinations, so the agency is not able to control the costs incurred as examinations are statutorily required every other year.

2. The Subcommittee notes that the certification fees paid for agents and agencies have been unchanged since 1977, and the fee level for this group may be in line for review in the next fiscal year.

## Senate Subcommittee Report

**Agency:** Health Care Stabilization Fund    **Bill No.** \_\_\_\_\_    **Bill Sec.** \_\_\_\_\_  
**Analyst:** Deckard    **Analysis Pg. No.** \_\_\_\_\_    **Budget Page No.** 185

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
<b>Special Revenue Fund:</b>			
State Operations	\$ 4,005,642	\$ 3,974,788	\$ 23,000
Other Assistance	25,656,317	25,656,317	0
<b>TOTAL</b>	<b>\$ 29,661,959</b>	<b>\$ 29,631,105</b>	<b>\$ 23,000</b>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>16.0</b>	<b>16.0</b>	<b>0.0</b>

### Agency Est./Governor's Recommendation

The agency estimates FY 2003 expenditures at \$29,661,959, this is an increase of \$1,906,521 from the approved amount. The increase is due to the expected claims cost increases. The estimate includes: \$752,619 for salaries and wages; \$3,217,191 for contractual services; \$20,092 for commodities; \$15,740 for capital outlay.

The Governor recommends \$29,631,105 for FY 2004 operating expenditures. This is an increase of \$1,875,667 from the approved amount. The increase is due to the expected claims cost increases. The Governor recommendation includes: \$721,765 for salaries and wages; \$3,217,191 for contractual services; \$20,092 for commodities; and \$15,740 for capital outlay.

### Senate Subcommittee Recommendation

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

1. Add \$23,000 in salaries and wages of the \$30,854 that the Governor recommended eliminating to allow the agency to hire a replacement for the retiring Compliance Section Supervisor. The agency indicates that it is vital that this position be filled.

## Senate Subcommittee Report

**Agency:** Health Care Stabilization Fund    **Bill No.** \_\_\_\_\_    **Bill Sec.** \_\_\_\_\_  
**Analyst:** Deckard    **Analysis Pg. No.** \_\_\_\_\_    **Budget Page No.** 185

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
<b>Special Revenue Fund:</b>			
State Operations	\$ 4,073,350	\$ 3,940,635	\$ 132,715
Other Assistance	25,656,317	25,656,317	0
<b>TOTAL</b>	<b>\$ 29,729,667</b>	<b>\$ 29,596,952</b>	<b>\$ 132,715</b>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>16.0</b>	<b>16.0</b>	<b>0.0</b>

### Agency Req./Governor's Recommendation

The agency requests FY 2004 expenditures of \$29,729,667, an increase of \$67,708 from the FY 2003 estimate. The request includes an enhancement package of \$60,000 to upgrade the agency's database. These costs are in both contractual services and capital outlay. The agency's FY 2004 request includes: \$766,514 for salaries and wages; \$3,265,890 for contractual services; \$20,946 for commodities; and \$20,000 for capital outlay.

The Governor recommends \$29,596,952 for FY 2004 expenditures. The Governor recommends a 2.0 percent shrinkage rate (\$15,330) not included by the agency. In addition, the Governor is recommending a 5.9 percent operating adjustment for all biennial agencies and select other agencies. This agency's operating reduction is \$57,385.

### Senate Subcommittee Recommendation

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

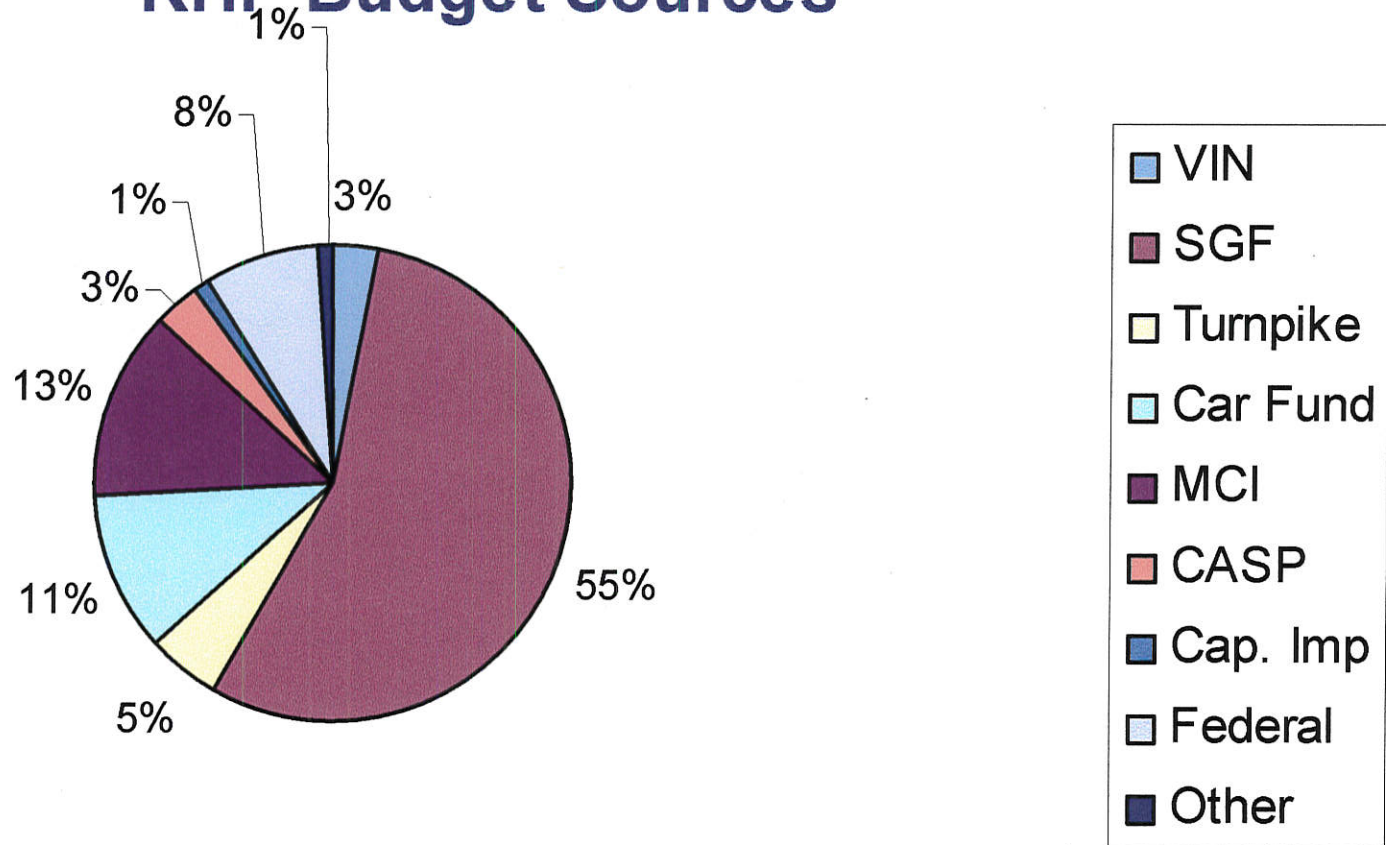
1. Add \$15,330 in salary and wage shrinkage that the Governor removed in FY 2004 to avoid the potential layoff of an employee.
2. Grant the agency's enhancement request of \$60,000 in order to upgrade their database. The upgrade is necessary due to the fact that Microsoft is no longer servicing Windows NT; therefore, an upgrade to Windows 2000 is required.
3. While the Subcommittee recognizes that the Governor was attempting to be uniform while applying the 5.9 percent operating adjustment, to transfer moneys

to SGF from the Healthcare Stabilization Fund violates the trust of the Fund as it was established. The Subcommittee notes that this is a path that should not be taken lightly and while the Subcommittee has strong objections to taking this path, the State is left with few choices in this budget year. Rather than reducing expenditures from the fund, however, the Subcommittee is recommending that \$57,385 be transferred from the existing balances of the Healthcare Stabilization Fund to the State General Fund. This restores expenditures of \$57,385 to the agency's budget. The Subcommittee believes an expenditure reduction would not be commensurate with the agency fulfilling its obligations to its constituents, which fund the agency through the surcharges they pay.



## Budget Information

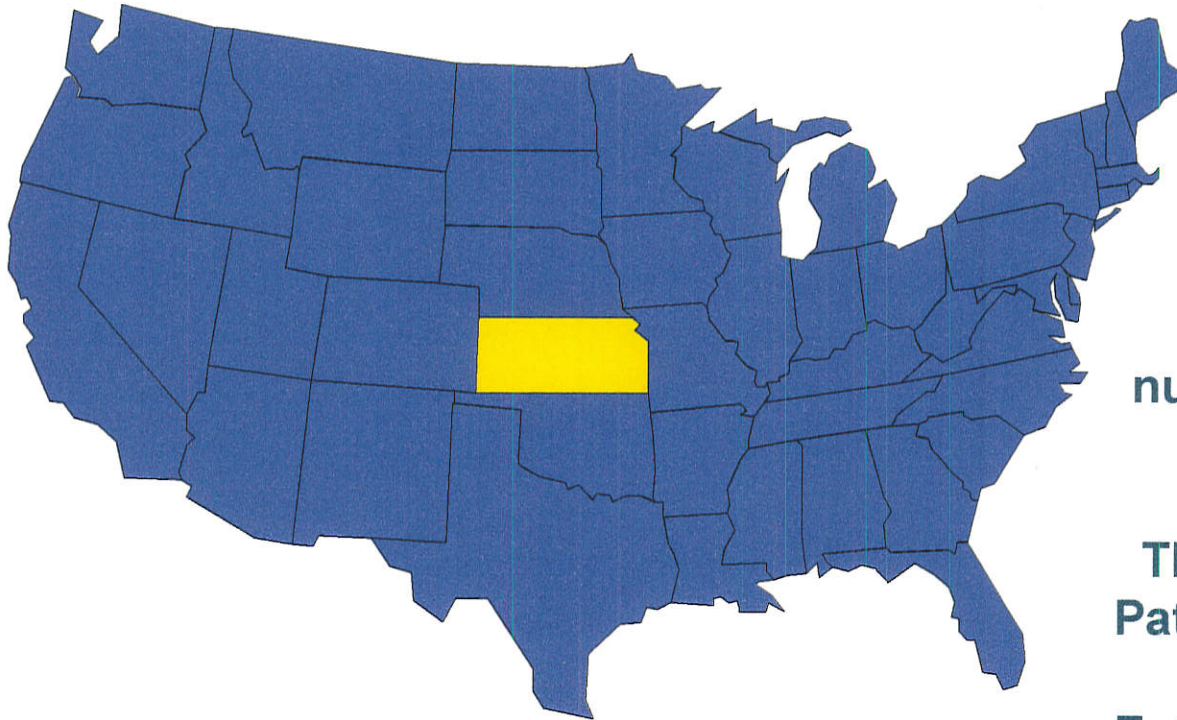
### KHP Budget Sources







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