

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 1:45 p.m. on April 19, 2001, in Room 514-S of the Capitol.

All members were present

Committee staff present: Alan Conroy, Legislative Research  
Rae Anne Davis, Legislative Research  
Julian Efird, Legislative Research  
Amy Kramer, Legislative Research  
Robert Waller, Legislative Research  
Amory Lovin, Legislative Research  
Audrey Nogle, Legislative Research  
Stuart Little, Legislative Research  
Leah Robison, Legislative Research  
Carolyn Rampey, Legislative Research  
Kathe Sparks, Legislative Research  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached

Staff distributed copies of the State General Fund Expenditures FY 2001-FY 2002 (Attachment 1) and Selected Special Revenue Funds (Attachment 2). Chairman Wilk asked that each Budget Committee explain their flagged items on the base budget which would mean they were either being enhanced or reduced. The source of enhancements from the Special Revenue Funds were to be explained.

Education and Legislative Budget Committee:

- State Library: Add \$69,000. Revenue source: Behavioral Sciences Regulatory Board
- Arts Commission: Add \$120,000. Revenue source: Certificate Fee Fund from the Department of Education
- University of Kansas Medical Center: Add \$1,631,931. Revenue source: State Fire Marshal Fee Fund – \$500,000; Behavioral Sciences Regulatory Board – \$31,000; Board of Nursing Fee Fund – \$350,000; Board of Pharmacy Fee Fund – \$250,000; and Securities Commission Fee Fund – \$500,000.

Tax, Judicial and Transportation Budget Committee:

- Judicial Branch: leave in the \$410,753 cut but recommend a 1% reduction in judge's salaries to make up the difference (the proposed increase would be 2% rather than 3%).
- Human Rights Commission: Restore the \$46,574. Source: Department of Revenue and Transportation
- Board of Tax Appeals: Cut \$90,000 from the contractual services line.
- Department of Revenue: (Attachment 3). Add \$350,00 for staffing and cut \$258,555.
- Department of Transportation: Decrease the demand transfer by \$3.2 million. Land sales of \$600,000 per year have not been earmarked for any special needs. It is currently placed in the State Highway Fund.
- State Board of Indigents' Defense Services: Restore \$820,780 for assigned counsel. Bills have been presented and need to be paid.

Social Services Budget Committee:

- Department of Health and Environment: Add \$691,000 for increased rent in Signature Building.
- Department on Social and Rehabilitative Services: Option 1: Have bottom line be \$138,830 million instead of \$130,000 million. The lower of the two items is created by changing the PASAR score which is the qualifications admission level for nursing facilities which affects the FE waiver eligibility. Option 2: If that score is changed from a 26 to a 35 there is an approximate \$4 million savings. There would be a savings of either \$7.9 million (with no change in PASAR score changes) or \$3.6 million (with changing the PASAR score), depending upon the option (Attachment 4). The

Committee is looking at the option of closing Rainbow Mental Health Facility nine months into the year which would result in a savings of \$200,000. However, this would increase the expenditures at Osawatomie State Hospital due to the increased case loads.

- Recommendations for FY 2001 and FY 2002 for Department on Aging (See Attachment 5)

In response to questions regarding the Department on Aging recommendations, with the combination of case loads for SRS and Aging there would be an increase of \$64 million in FY 2002, \$26 million in FY 2001. There has been a shift of \$74.8 million of SGF expenditures to the intergovernmental transfer program for the waivers.

Public Safety Budget Committee:

- Kansas Highway Patrol: Restore \$259,134. Revenue source: State Highway Fund
- Total reduction of \$4,795,242 from the Department of Corrections (Attachment 9).

General Government and Human Resources Budget Committee:

- Attorney General: Cut \$200,000 from the SGF. Increased the expenses of the Court Cost Fund by \$200 to replace the state fund expenditures for the drug abuse program the DARE program, and \$160,954 and \$39,046 from the operating consumer protection division.
- Government Ethics Commission: Shifting \$19,129 SGF to the agency's fee fund.
- State Treasurer: Of the \$400,000 in demand transfers, took \$200,00 for the Eisenhower Center; \$25,000 for the National Teachers Hall of Fame, \$50,000 for the World Trade Center in Wichita; \$50,000 for the KPERS audit.
- Department of Administration: Shift \$70,339 from the Property Contingency Fund to the SGF for Signature Building relocation costs
- Secretary of State : Shift \$30,000 from the State Register Fee Fund to SGF.
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Agriculture and Natural Resources Budget Committee:

- State Conservation Commission: Took 20% of the LIEP program from KDHE
- Department of Wildlife and Parks: (Attachment 6)
- State Water Plan Fund FY 2002 (Attachment 6)

#### **OMNIBUS MEMO (Attachment 7)**

### **RECOMMENDATIONS OF THE TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE**

#### **Kansas Department of Revenue**

**A. Omnibus Review Item – Accounts Receivable (SB 57 Conference Committee).** The House and Senate conferees on SB 57 agreed to review agency proposals to enhance collections of the state's accounts receivable as of February 28, 2001. Accounts receivable totaled \$476,827,453, of which \$282,336,877 was defined as uncollectible due to bankruptcy and other impediments, with a net balance remaining of \$194,490,576 that may be collectable. The agency was directed to present methods of enhancing efforts to collect these net accounts receivable. Among the more significant categories of taxes due and believed to be collectable are \$75.6 million in sales and use, \$52.2 million in individual income, \$17.3 million in corporate, \$16.7 million in withholding, and \$14.8 million in motor carrier.

Currently, the agency has a pilot collections project for which the 2000 Legislature appropriated \$570,000 in FY 2001 to contract for 14 non-state employees who work for GC Services. The projected annual collections per employee was \$600,000, yielding a total of approximately \$8.55 million at a cost of approximately \$40,000 per employee. The success of this project has been measured by collections exceeding \$8.3 million as of January 2001, and the annual estimate has been increased to \$12.7 million, or approximately \$900,000 per employee.

The agency currently collects approximately \$43.0 million in accounts receivable each fiscal year, including the amount added through collections attributed to the GC Services contract. A cost/benefit model may be applied to a new collections effort described by the Secretary of Revenue in a proposed management plan for accounts receivable, and then compared with the GC Services contract cost/benefit ratio. The new plan consists of two phases that are projected to collect \$40.0 million of additional revenue in FY 2002 at a cost of slightly less than \$3.0 million.

**Phase 1** would place emphasis on enhanced collections through improved billing and call campaigns, skip tracing techniques, tax warrants and civil tax enforcement initiatives. A third

party collections contract, primarily for call campaigns and skip tracing, would be secured through a request for proposals. Recovery of an additional \$23.0 million annually would require resources of \$1,635,582 in FY 2002 and staffing of 38.0 FTE positions, of which 12.0 FTE would be contracted employees and 26.0 FTE would be state employees.

**Phase 2** would target collection of older, aged accounts through new tax discovery and non-filer compliance initiatives. Recovery of an additional \$17.0 million annually for each of four fiscal years would require resources of \$1,335,800 in FY 2002 and staffing of 30.0 FTE positions comprised of state employees.

**Proposed Department of Revenue  
Plan for Accounts Receivable**

	<b>Current Project FY 2001</b>	<b>FY 2001 Phase 1</b>	<b>FY 2002 Phase 1</b>	<b>FY 2002 Phase 2</b>	<b>FY 2002 Totals</b>
Staff Level	14		38	30	68
Est'd Collections per Staff	\$592,857		\$605,263	\$566,667	\$585,965
New Revenue Estimated	\$8,300,000		\$23,000,000	\$17,000,000	\$40,000,000
Staff Level	14	10	38	30	68
Cost per Staff	\$40,714	\$12,344	\$43,042	\$44,527	\$43,697
Total Expenses*	\$570,000	\$123,442	\$1,635,582	\$1,335,800	\$2,971,382
Revenue per \$1 expense	\$14.56		\$14.06	\$12.73	\$13.46

\* Includes one-time costs in FY 2001 and FY 2002.

Staffing would be accomplished in the following manner: First, 12.0 of the new positions would be contract workers and not be state employees. Second, 29.0 vacant FTE positions, primarily in the Division of Taxation, would be reallocated to classified staff positions. Third, 27.0 new FTE positions would be requested. A total of 68.0 new dedicated staff would be used to implement phase 1 and phase 2 during FY 2002.

**Recommendation: Adoption (Attachment 7).**

**B. Omnibus Review Item – Project 2000 (SB 57 Conference Committee).** During consideration of the agency's FY 2001 and FY 2002 budgets, the House had recommended not paying any Project 2000 money until FY 2003 due to the revenue situation. The Senate had decided to revisit this issue during Omnibus. The House and Senate conferees on SB 57 agreed to review Project 2000 during the Omnibus period. The Consensus Revenue Estimating Group originally anticipated in November of 2000 that transfers would total \$4.0 million in FY 2001 and \$6.0 million in FY 2002 in order to pay a \$10.0 million amount to American Management Systems. The revised consensus estimate as of April 4, 2001, anticipates that a \$5.0 million payment will be made in FY 2002, but none in FY 2001. This \$5.0 million amount is recognized as a revenue reduction, not as an expenditure in the FY 2002 consensus estimates.

Project 2000 is designed to be paid for from the increased revenues it generates. In accordance with the statute and appropriations acts, the amount of increased revenue is certified by the directors of the Division of the Budget and the Legislative Research Department, then credited to the Automated Tax Systems Fund. These funds are used to pay for the contracted and budgeted costs of the project. The fund also is utilized for ongoing system operations and has been used to finance system modifications required due to changes in the state tax code. A total of \$62.9 million was been transferred to the fund between FY 1996 and FY 1999. Nothing was transferred in FY 2000.

**Recommendation: No action**

**C. Omnibus Review – Other Items.** Two items were flagged for a response from the Secretary of Revenue. First, the Senate Ways and Means Committee inquired about making the agency a fee fund agency. Second, the House Appropriations Committee inquired about accelerated sales tax remittances for filers with annual liabilities of \$32,000 or more. A third item was identified by the House Appropriations Committee

in calling for a review of Division of Alcoholic Beverage Control (ABC) funding and new staff authorized by SB 13 if that bill were a subject for omnibus consideration. (**Staff Note:** SB 13 remains in the Senate Ways and Means Committee following an initial hearing on the bill.)

**Recommendation: Adoption (Attachment 7).** On April 17, 2001, the Secretary of Revenue described a series of items that would accelerate revenues to the SGF. Those items include:

1. Accelerate annual and quarterly withholding accounts to monthly filing. This will cover approximately 11, 900 accounts and is estimated to yield one-time revenue of \$7.0 million in FY 2002. No legislation is required.

2. Accelerate remission of severance tax from 60 to 30 days. This change is estimated to yield one-time revenue of \$6.0 million in FY 2002 if legislation is enacted.

**Introduction of one bill to accelerate the severance tax collections is recommended by the Subcommittee of the House Budget Committee.**

**D. Technical Item – Correction of FY 2001 Transfer.** An FY 2001 transfer that occurred on April 15, 2001, shifted \$500,000 from the VIPS/CAMA Fund to the Division of Vehicles (DOV) Operating Fund. No specific purpose was cited in section 22(g) of Chapter 130 of the 2000 Session Laws of Kansas for making such a shift out of a fund governed by KSA 2000 Supp. 74-2021. Money in that fund is dedicated for the purpose of upgrading the VIPS/CAMA hardware for the state or for the counties. The transfer was approved by the 2000 Legislature for the purpose of financing payment of the postal costs from the DOV Operating Fund for mailing motor vehicle registration renewals. The general source of financing for the DOV Operating Fund is the State Highway Fund (SHF) in support of motor vehicle registration and driver license activities. The FY 2001 transfer in question was **not** reviewed by the 2001 Legislature, except as related to financing of the two funds as recommended by the Governor. The FY 2001 transfer may have been contrary to statute, and no clarifying language to expand the statutory purposes was included in the proviso that shifted the money. Receipts to the VIPS/CAMA Fund will cease on June 30, 2002, unless fees are continued beyond the present expiration date. No bills were considered by the 2001 Legislature that would have modified KSA 2000 Supp. 8-135 or KSA 2000 Supp. 74-2013 that govern fees and the expiration date. The \$500,000 transferred out of the VIPS/CAMA Fund could be used to reduce State General Fund (SGF) expenses in FY 2003 that may be required to finance the continued implementation of a new Computer Assisted Mass Appraisal (CAMA) System. A new system has been approved by the Legislature for financing in FY 2001 and FY 2002 from the VIPS/CAMA Fund. Additional costs for CAMA will occur in FY 2003 and the only source of financing may be the SGF. In order to correct the FY 2001 transfer, money could be transferred to the SGF in FY 2002 from the DOV Operating Fund, and a corresponding increased transfer from the SHF could be authorized to replace the money needed for the support of motor vehicle registration and driver license activities.

**Recommendation: Adoption (Attachment 7).**

### **Kansas Guardianship Program**

**A. Recruiter/Facilitator Positions (House Budget Committee).** The House Budget Committee recommended reviewing the agency's enhancement request at Omnibus. The agency requests two new FTE for recruiter/facilitator positions. The two positions would recruit, train, and provide support to new volunteers. The FY 2002 enhancement totals \$90,097 from the State General Fund including \$63,897 for salaries and wages and \$26,200 for related operating expenditures (travel, office equipment).

**Recommendation: Do Not Adopt**

### **Judicial Branch**

**A. Additional Funding for Salaries and Other Operating Expenditures (House Budget Committee).** The House Budget Committee that considered the Judicial Branch's budget recommends that additional funding for operating expenditures be aggressively pursued for FY 2001 and FY 2002. According to the Judicial Branch, \$300,000 from the State General Fund in FY 2001 for salaries for nonjudicial personnel and \$1,212,197 from the State General Fund in FY 2002 to reduce turnover for judges from 4.25 percent to 1.0 percent (\$887,373) and for other operating expenditures (\$324,824) are the minimum necessary to avert an extension of the existing six-week hiring freeze and a possible layoff of personnel.

**Recommendation: There has been a GBA submitted for the \$300,000 in FY 2001 and the Committee recommends that this be restored in FY 2002. This would prevent the furlough from occurring for the**

## **judicial branch.**

**B. Remove Restrictions on Judicial Branch Nonjudicial Salary Initiative Fund (House Budget Committee).** The House Budget Committee that considered the Judicial Branch's budget recommends that an effort be made in the Omnibus Bill to address constraints imposed on Judicial Branch salary expenditures by KSA 2000 Supp. 20-1a14. That legislation, enacted by the 2000 Legislature, created the Judicial Branch Nonjudicial Salary Initiative Fund and provides that money in the Fund generated by docket fees can be used only for the maintenance of the one-time salary upgrade approved for nonjudicial employees in FY 2001 and not for routine expenditures for salaries. There would be a balance of \$89,895 remaining in the Fund at the end of FY 2002 that could be used to reduce shrinkage, were it not for the constraints imposed by the statute. (This amount has been revised downward from \$411,417 since the budget was reviewed during the Session due to caseload declines.)

### **Recommendation: Do not adopt**

**C. Judicial Branch Enhancements (House Budget Committee).** The House Budget Committee that considered the Judicial Branch's budget recommends that, if additional resources become available, items requested by the Judicial Branch as enhancements be considered for funding. The items total \$3,810,070 for FY 2002, of which \$3,719,472 is from the State General Fund, and are listed below in the Judicial Branch's order of priority:

1. \$120,235 from the State General Fund for 2.0 FTE new district magistrate judges. One is requested for the 8<sup>th</sup> Judicial District (Dickinson, Geary, Marion, and Morris counties), which currently has five district judges and two district magistrate judges. The second position is requested for the 9<sup>th</sup> Judicial District (Harvey and McPherson counties) which currently has three district judges and no district magistrate judges. In both cases, the reasons cited for the request are already heavy and growing caseloads.
2. \$127,358 from the State General Fund for 2.0 FTE Research Attorneys for the Supreme Court (for a total of 13 Research Attorneys.) The Judicial Branch cites several reasons for the need for the new positions, including an increase in the number of cases appealed to the Supreme Court from the Court of Appeals, but the main reason is the additional workload resulting from capital cases. The Supreme Court has been involved in its first death penalty appeal and there are three more appeals pending.
3. \$1,063,000 from the State General Fund for 35.8 FTE nonjudicial personnel, of which the top priority is \$417,004 for 14.0 FTE Court Services Officers I. In addition to the Court Services Officers, the positions consist of 13.3 FTE Trial Court Clerks II, 3.5 FTE Secretaries I, 2.0 FTE Records Clerks II, 2.0 FTE Transcriptionist, and 1.0 Clerk Typist.
4. \$373,790 from the State General Fund is requested for an additional judge for the Court of Appeals (for a total of 11 judges). The additional judge was recommended by the Kansas Citizens Justice Initiative. The request is prompted by the heavy caseload for each judge (currently 184 new cases per year), which grows approximately 3 percent each year. The Court of Appeals often sits in panels of three judges that travel extensively around the state to hear oral arguments. In addition to the judge, the Judicial Branch is requesting 2.0 FTE supporting positions and proposes to renovate a portion of the Judicial Center that was vacated by the Office of the Attorney General to serve as offices for the new judge and staff. The total request consists of \$138,050 for the salary and fringe benefits of an Appellate Court Judge, \$36,309 for the salary and fringe benefits of 1.0 FTE Judicial Executive Assistant, \$50,861 for the salary and fringe benefits of 1.0 FTE Research Attorney, \$34,170 for operating costs associated with the new positions, and \$114,400 to renovate space for one judicial suite.
5. \$4,413 from the State General Fund for per diem compensation and other operating costs of the Judicial Nominating Commission for activities associated with appointing a new Appellate Court Judge. (The Nominating Commission would be required to meet and select three names to submit to the Governor to fill the newly-created position.)
6. \$2,121,274, of which \$2,030,676 would be from the State General Fund, is requested for a 4.0 percent inflationary salary adjustment for nonjudicial employees. The increase is tied to the Employment Cost Index reported by the United States Bureau of Labor Statistics, which increased 4.0 percent in FY 2000. (The Consumer Price Index All Urban Consumers (CPI-U) is the index generally used for state revenue and expenditure profiles prepared by the Legislative Research Department and the Division of the Budget. The CPI-U increased by 2.9 percent in FY 2000 and is

estimated to increase by 3.1 percent in FY 2001 and by 2.6 percent in FY 2002.)

**Recommendation: Do not adopt**

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**RECOMMENDATIONS OF THE EDUCATION AND LEGISLATIVE BUDGET  
COMMITTEE ON OMNIBUS ITEMS**

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**Pittsburg State University**

**B. Armory Building Project (Capital Improvement) (Senate Subcommittee).** The Subcommittee recommends a review of an agency request for \$545,000 (\$410,000 SGF) to access \$135,000 in federal funds for a multipurpose facility to house the Kansas National Guard Unit as well as the PSU departments of health, physical education, recreation, and military sciences. The three-year project would total \$9.0 million (\$4.4 million SGF for 49.0 percent; \$2.2 million federal funds for 24.0 percent; and \$2.4 million or 27.0 percent other funds). The Governor did not recommend the project.

**Recommendation: Use \$410,000 from the Educational Building Fund to access \$135,000 in additional moneys from federal funds to complete the study and prepare for the building of this facility.**

**C. Technical Adjustment. Regents Regional University Operating Grant Proviso. (House Committee).** A proviso recommended by the House was inadvertently omitted from SB 57. The proviso concerns operating grants for the universities and would for five years hold the regional universities harmless by the State General Fund for losses of tuition revenue due to enrollment changes. The regional universities could request State General Fund supplemental appropriations to increase their block grants to offset tuition shortfalls

**Recommendation: Adopt**

**Board of Regents**

**A. SB 11 (Law).** SB 11 transfers the administration of federal Carl Perkins vocational and technical education funds from the State Board of Education to the State Board of Regents, effective July 1, 2004. Prior to that date, under the terms of a memorandum of understanding between the two agencies, the Board of Regents will be responsible for administration of the postsecondary education aspects of the program. To effectuate the memorandum of understanding requires the transfer of 11.0 FTE positions from the State Board of Education to the State Board of Regents in FY 2002. The State Board of Regents also reports the need to create three new special revenue funds to process payments to vocational-technical schools. Program expenditures would still be recorded within the State Board of Education.

**Recommendation: Adopt**

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**RECOMMENDATIONS OF THE SOCIAL SERVICES BUDGET COMMITTEE ON  
OMNIBUS ITEMS**

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**Department of Health and Environment**

**D. Food Inspection Program (House Budget Committee).** The House Budget Committee recommended that State General Fund expenditures for the food inspection program be reviewed at Omnibus to determine if that funding is needed in light of HB 2500 which was introduced by the House Committee. The bill, if implemented, would allow for fees to be charged to grocery stores and food processing plants thus increasing revenues to the Food Inspection Fee Fund and allowing for decreased reliance on State General Fund dollars. Prior to first adjournment, no action had been taken on the bill. FY 2002 budgeted expenditures for the program are \$2,235,126, including \$350,039 from the State General Fund.

**Recommendation: Amend SB 100 to include the language of HB 2500. There is no recommendation for funding.**

**I. HB 2573 (Governor).** HB 2573 amends two statutes related to requirements governing the developer of the Oz Entertainment Company. As a precondition for issuing STAR bonds, the Kansas Development Finance Authority must adopt a redevelopment plan of the proposed Oz Theme Park project. The statutorily-prescribed deadline for adoption is July 1, 2001. The bill extends that deadline to July 1, 2002,

if the developer of the Oz Entertainment Company has reimbursed the Unified Government of Wyandotte County for cash investments in the project within 120 days after July 1, 2001. The developer is required under current law to reimburse the Unified Government within one year of commencement of project construction. The Department indicates that passage would reduce revenues and expenditures by \$129,730 for FY 2002. SB 57 includes these amounts in the Oz Theme Park Fund to carry out the Department's oversight of the remediation activities at the site for the park. The Department indicates the delay in the project would delay the need for expenditures and the collection of revenues to the fund, which are expenditure reimbursements from the project developers.

**Recommendation: Adopt**

**J. HB 2131 (Governor).** HB 2131 modifies the waste tire program. The bill sets an excise tax of \$0.25 on the retail sale of new vehicle tires. Of the amount raised by the tax, \$300,000 or 43 percent, whichever is less, could be used for paying compensation and other expenses of personnel to carry out the duties under the waste tire law. The bill also eliminates the abatement grant program and the enforcement grant program which are contained in current law. The bill requires the Secretary to enter into service contracts with one or more associations of tire retailers to: assist in disseminating information to all tire retailers on state law requirements; establish a point of contact for persons requesting information on solid waste laws and rules and regulations relating to waste tires; assist in planning and implementing conferences, workshops, and other requested training events for persons involved in the generation, transportation, processing, or disposal of waste tires; and assemble and analyze data on waste tire management by tire retailers in Kansas.

The Department estimates that it will require additional net expenditures in FY 2002 of \$450,000 from the Waste Tire Fee Fund and 1.0 additional FTE. This includes \$50,000 for staff and operating costs, \$4,000 additional for administrative overhead, \$75,000 for contractual expenses for education and information, and \$755,000 for cleanup efforts. This is offset by reductions for the grant programs which are eliminated.

**Recommendation: Adopt**

**Department of Aging**

**1. Follow up on plan to increase the Income Eligible Program threshold score to 26 – FY 2002 (House Budget Committee).** The House Budget Committee requested that the Secretary of Aging prepare a plan to increase the minimum threshold score to 26 for the Income Eligible Program in order to conform with the requirement for services under the nursing facilities and waiver programs. In addition, the Committee directs that the new minimum service score apply only to individuals entering the program July 1, 2001 or later. The plan is to be presented prior to the beginning of the Omnibus Session with financial estimates.

**Recommendation: Adopt. This will make the threshold scores consistent. Some area agency's have scores as high 36, some have 15. It is unfair to constituents to have different eligibility standards in different areas of the state.**

**Department of Social and Rehabilitative Services**

**3. Follow up on the federal grant for Traumatic Brain Injury – FY 2002 (Senate Subcommittee).** The Senate Subcommittee heard testimony that the agency has applied for a federal grant to develop a statewide action plan to serve consumers with traumatic brain injury. The first requirement of the grant is a statewide needs assessment and development of an advisory council on traumatic brain injury. The Subcommittee requested that the agency report back prior to the Omnibus Session about the status of the grant award. The agency has advised that the grant if awarded will require a \$35,000 state funds match for \$75,000 of federal funds.

**Recommendation: Adopt. The Department has advised they have found the \$35,000 internally for the \$75,000 available in federal money.**

**13. Follow up on proviso for the Sexually Aggressive Treatment Project – FY 2002 (SB 57 Conference Committee).** The Conference Committee deferred the proviso which would have required the Department to carve out of foster care funding a maximum of \$1,174,988 for a Sexually Aggressive Treatment Program at Youthville for foster care children. The Program would provide intensive residential services for children between the ages of 10 and 13 who have committed a sexually aggressive act.

**Recommendation: Adopt**

**Mental Health and Developmental Disability Institutions**

**D. Teacher Salary Increase.** The Governor’s recommendation and the Legislative approved budget for FY 2002 includes teacher salary increases within the education contracts. The education contracts in the FY 2002 budgets show teacher salary increases or decreases at the following percentages: a 5.5 percent increase at Kansas Neurological Institute, a 5.5 percent increase at Parsons State Hospital and Training Center, and a 0.7 percent decrease at Larned State Hospital. Rainbow Mental Health Facility also has an education contract, but due to the nature of the contract, an adjustment is not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

<u>Percent Increase</u>	<u>Kansas Neurological Institute</u>	<u>Parsons State Hospital and Training Center</u>	<u>Larned State Hospital</u>	<u>Total</u>
0.5%	\$(11,084)	\$(9,246)	\$18,906	\$( 1,424)
1.0%	(9,984)	(8,316)	26,801	8,502
1.5%	(8,884)	(7,385)	34,696	18,427
2.0%	(7,784)	(6,455)	42,591	28,353
2.5%	(6,684)	(5,524)	50,487	38,279
3.0%	(5,584)	(4,593)	58,382	48,205
3.5%	(4,484)	(3,663)	66,277	58,130
4.0%	(3,384)	(2,732)	74,172	68,056
4.5%	(2,284)	(1,802)	82,067	77,982
5.0%	(1,184)	(871)	89,962	87,908
5.5%	(84)	60	97,857	97,833
6.0%	1,016	990	105,752	107,759
6.5%	2,116	1,921	113,647	117,759
7.0%	3,216	2,851	121,543	127,611

**Recommendation: Adjust all teachers salaries at the above mentioned hospitals to the three percent increase.**

**E. Categorical Aid.** For FY 2001, the budgeted school contracts for the institutions include categorical aid based on a rate of \$19,815 for Kansas Neurological Institute, \$19,700 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The current FY 2001 categorical aid rate per eligible teaching unit is estimated to be \$20,300. If this rate is maintained, the school contracts for FY 2001 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required.

<u>Institution</u>	<u>FY 2001 Change</u>
Kansas Neurological Institute	\$ 1,600
Parsons State Hospital and Training Center	1,505
Larned State Hospital	2,853
TOTAL	<u>\$ 5,959</u>

For FY 2002, the categorical aid rate was budgeted at \$19,700 for Kansas Neurological Institute, \$19,000 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The current FY 2002 categorical aid rate is estimated to be \$19,900. The table below identifies the State General Fund adjustments required.



Institution	FY 2002 Change
Kansas Neurological Institute	\$ 660
Parsons State Hospital and Training Center	2,257
Larned State Hospital	(951)
TOTAL	<u>\$ 1,966</u>

**Recommendation: Adopt**

**RECOMMENDATIONS OF THE PUBLIC SAFETY BUDGET COMMITTEE ON OMNIBUS ITEMS**

**Adjutant General**

**A. Utility Costs (House Budget Committee and Senate Subcommittee).** During the 2001 Legislative Session, both the House Budget Committee and Senate Subcommittee were informed that due to an increase in utility costs, additional funds would be needed to finance utility expenses. The Committees were informed that the major expense associated with operating the armories and other facilities were utility costs. The agency budgeted \$1,028,251 (from the State General Fund) to finance utility expenses in FY 2001, and \$1,038,252 in FY 2002. The agency states that an additional \$261,000 (from the State General Fund) in FY 2001, and \$237,000 in FY 2002 are necessary to finance those expenses (see the table below). The House Budget Committee and Senate Subcommittee noted this item for Omnibus consideration to review the increase in utility costs incurred by the agency.

Program	Budgeted Amount FY 2001	Revised Amount FY 2001	Difference	Budgeted Amount FY 2002	Revised Amount FY 2002	Difference
Armories	\$ 700,000	\$ 907,250	\$ (207,250)	\$ 710,000	\$ 900,000	\$ (190,000)
Forbes	101,250	125,000	(23,750)	101,250	123,250	(22,000)
McConnell	225,000	255,000	(30,000)	225,000	250,000	(25,000)
<b>TOTAL</b>	<u>\$ 1,026,250</u>	<u>\$ 1,287,250</u>	<u>\$ (261,000)</u>	<u>\$ 1,036,250</u>	<u>\$ 1,273,250</u>	<u>\$ (237,000)</u>

\* The above amounts are State General Fund expenses only.

**Recommendation: Recommend funding the \$261,000 for FY 2001, \$237,000 for FY 2002 from \$500,000 from the Fire Marshal's Fee Fund.**

**B. Additional Funding for the Educational Assistance Program (House Committee).** The agency informed the House Budget Committee that tuition assistance is an important tool in the recruitment and retention of Kansas National Guard personnel. The agency provided the Committee with data comparing Kansas with surrounding states and how the amount of tuition assistance provided directly relates to the number of enlisted personnel. The House Budget Committee added \$250,000, from the Economic Development Initiatives Fund (EDIF), to provide additional funding for the Educational Assistance Program. With the addition of the funding, this program would total \$497,218. However, the House Committee deleted that funding and deferred consideration of all EDIF funding to Omnibus.

**Recommendation: The Budget Committee is waiting until the full Committee discusses the EDIF before issuing its recommendation for adoption.**

**F. Debt Service Payments for the 58 statewide armories (Conference).** During the 2000 Legislative Session, Senate Bill 592, which authorized the issuance of the bonds, was incorporated within House Substitute for Senate Bill 326. It authorized the issuance of 15-year bonds over a five-year period initiating in FY 2001 and ending in FY 2005. The aggregate total of the bonds was not to exceed \$22,000,000, and the Adjutant General was directed to appear before the State Finance Council before the issuance of each phase of bonds to inform the State Finance Council of any federal funding which has come available that would offset the amount of the subsequent bond issue. During Senate Subcommittee hearings,

the agency informed the Committee that due to reductions incurred during FY 2001, \$195,000 (from the State General Fund) was needed to finance debt service payments associated with the 58 statewide armories. The Senate Subcommittee recommended a Governor's Budget Amendment be issued to restore those funds. Subsequently, in similar testimony to the House Budget Committee, the funding was added in FY 2002. During Conference Committee, the request was deferred for Omnibus consideration pending a Governor's Budget Amendment or in the event that funding became available to finance the request.

**Recommendation: Concur with the Governor's Budget Amendments (Attachment 8)**

**B. Authority to expend monies from the Hazardous Material Emergency Fund (House Committee).** Senate Bill 57 (the 2001 regular session appropriations bill) established the Hazardous Material Emergency Fund, with a proviso that the agency could only access those funds with the approval of the State Finance Council. The House Committee considered granting the agency authority to expend funds up to \$25,000 (for each incident) without State Finance Council approval, and deferred this item for Omnibus consideration to allow more time in evaluating the agency's request.

**Recommendation: Adopt**

**C. Salaries and wages reduction (Senate Subcommittee).** During testimony, under the Governor's revised FY 2001 recommendation to the Senate Subcommittee, the agency informed the Subcommittee that salary and wage expenses were recalculated due to technical errors and reduced by \$102,354. At the time the agency stated that the reduction would cause problems in completing the rest of the current year, and asked that expenditure authority be increased to restore those funds. The Senate Subcommittee recommended Omnibus consideration for this request. However, upon further review and subsequent testimony to the House Budget Committee, the agency feels that the reduction will not adversely affect operations for the remainder of FY 2001.

**Recommendation: Concur with the Governor's Budget Amendments (Attachment 8)**

#### STATE FIRE MARSHAL

**B. Authority to expend monies from the Hazardous Material Emergency Fund (House Committee).** Senate Bill 57 (the 2001 regular session appropriations bill) established the Hazardous Material Emergency Fund, with a proviso that the agency could only access those funds with the approval of the State Finance Council. The House Committee considered granting the agency authority to expend funds up to \$25,000 (for each incident) without State Finance Council approval, and deferred this item for Omnibus consideration to allow more time in evaluating the agency's request.

**Recommendation: Adopt**

**C. Salaries and wages reduction (Senate Subcommittee).** During testimony, under the Governor's revised FY 2001 recommendation to the Senate Subcommittee, the agency informed the Subcommittee that salary and wage expenses were recalculated due to technical errors and reduced by \$102,354. At the time the agency stated that the reduction would cause problems in completing the rest of the current year, and asked that expenditure authority be increased to restore those funds. The Senate Subcommittee recommended Omnibus consideration for this request. However, upon further review and subsequent testimony to the House Budget Committee, the agency feels that the reduction will not adversely affect operations for the remainder of FY 2001.

**Recommendation: Concur with the Governor's Budget Amendments for FY 2001**

#### KANSAS BUREAU OF INVESTIGATION

**G. Technical Adjustment.** With the passage of Senate Bill 57 (the FY 2002 regular session appropriations bill), a Remodel Great Bend Laboratory Fund was established with the expenditure limitation of \$293,329 to be utilized to renovate the 2<sup>nd</sup> floor of the Great Bend Laboratory. Due to a technical error, however, the amount in the bill is incorrect and needs to be corrected to reflect the intent of the 2001 Legislature.

**Recommendation: Adopt**

## **Board of Emergency Medical Services**

**A. Establishment of a Trauma System Development Fund (House Budget Committee and Senate Committee).** During testimony to both the House Budget Committee and Senate Subcommittee, the agency requested the establishment of a Trauma System Development Fund in FY 2002 with a no-limit expenditure authority. The agency stated that the account would receive money from the Kansas Trauma System Plan for system development, communications, and data collection to promote the establishment of a State Trauma Plan with the emphasis on pre-hospital emergency medical services. The House Budget Committee and Senate Committee requested the agency provide additional information during Omnibus regarding receipts deposited to the fund, and how the fund would be utilized. The agency states that money deposited to the fund would come from the “Advisory Committee on Trauma”, established during the 1999 session for the purpose of establishing and implementing a statewide trauma registry process referred to as the Kansas Trauma System Plan. Funding is provided from court docket fees in the amount of \$1.00 on moving violations. The amount of funding to be transferred into the Trauma System Development Fund would be determined by the Advisory Committee, the Board of Emergency Medical Services (EMS), and the Kansas Department of Health and Environment (KDHE). The Board of EMS would serve as a “pass through” agency in distributing the money to local EMS providers. However, the agency indicates that discussions are continuing relating to the amount of funding to be transferred, and the rules and regulations pertaining to how the funds will be distributed.

**Recommendation: Adopt**

## **Juvenile Justice Authority**

### **C. Children’s Initiatives Fund**

(1) **(SB 57 Conference Committee).** The Conference Committee on SB 57 deleted all funding from the Children’s Initiatives Fund for consideration at Omnibus. The House recommendation in FY 2002 for the Juvenile Justice Authority included \$6,000,000 for Prevention Program Grants and \$2,000,000 for Intervention/Graduated Sanctions Program Grants.

**Recommendation: Adopt**

## **RECOMMENDATIONS OF THE GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE**

## **Kansas Technology Enterprise Corporation**

**A. Economic Development Initiatives Fund (SB 57 Conference Committee).** The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction in FY 2002 totals \$13,043,143, including \$1,431,781 for agency operations.

**Recommendation: Adoption**

## **Kansas, Inc.**

**A. Economic Development Initiatives Fund (SB 57 Conference Committee).** The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction totals \$343,267, the entire FY 2002 operating budget of Kansas, Inc.

**Recommendation: Adopt**

## **Department of Commerce and Housing**

**A. Economic Development Initiatives Fund (SB 57 Conference Committee).** The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction in FY 2002 totals \$20,253,336, including \$8,729,936 for agency operations.

**Recommendation: Adopt**

**B. HB 2129 (Governor).** HB 2129 authorizes members appointed to the Kansas Film Service Commission and the Information Technology Executive Council to receive mileage, tolls and parking. The bill authorizes legislative members of the Kansas Film Service Commission to receive compensation and travel and subsistence the same as for any other meeting authorized by law. The Department estimates a total cost in FY 2002 of \$7,798 from the State General Fund or the Economic Development Initiatives Fund for mileage, parking, and tolls only for non-legislative members; parking only for Topeka-based members; subsistence for the four legislative members plus lodging for two of the four legislative members. Additionally, there is a fiscal impact to the Legislature.

**Recommendation: Adoption. Not funded**

**C. HB 2505 (Conference).** HB 2505 would enact the Kansas Certified Capital Formation Company Act to enhance the development of seed and venture capital in Kansas and support the modernization and expansion of the state's economy. The Department of Commerce and Housing projects total first-year expenditures of \$170,528. This includes \$52,128 for 1.5 FTE positions and \$118,400 for operating costs for investigations. The Department projects FY 2002 expenditures of \$69,690 from the State General Fund and \$100,838 from fees. The Department projects that the \$69,690 from the State General Fund could be repaid once sufficient fee revenue exists, most probably in FY 2003. The Senate Committee amendments to the bill which are being considered by the Conference Committee do not change the fiscal impact.

**Recommendation: Adoption. Adding \$170,528 including \$69,690 in Publication Fee Fund and \$100,838 from the program fees for HB 2505, the venture capital bill. The program fees will repay the Publication Fee Fund in FY 2003.**

#### **State Treasurer**

**A. Sen. Sub. for HB 2017 (Conference).** Senate Substitute for HB 2017 creates the Kansas Postsecondary Education Savings Expense Fund to receive reimbursements from the manager of Kansas Postsecondary Education Savings Program for the State Treasurer's administrative expenses for the Learning Quest program. The approved FY 2002 budget for the State Treasurer includes \$237,500 from the program manager for administrative expenses.

**Recommendation: Adoption**

**D. Technical Adjustment.** In authorizing projects of statewide as well local importance, the 1998 Legislature created the Redevelopment Bond Fund to receive revenues to finance debt service on bonds issued for the project (KSA 2000 Supp. 74-8927). The fund, however, has never been included in an appropriation bill. A recent Attorney General's opinion (2001-12) opined that the fund cannot be utilized absent this appropriation. The Kansas Development Finance Authority requests that the fund be appropriated in the State Treasurer's budget with no limit on FY 2001 or FY 2002 expenditures.

**Recommendation: Adoption**

#### **Department of Administration**

**A. Report on Plan to Upgrade or Replace Executive Aircraft (House Budget Committee).** The House Budget Committee requested the Department of Administration report during Omnibus on a plan to either upgrade or replace the current executive aircraft. The plane, a 1985 twin-engine Beechcraft King Air 300, was purchased following authorization by the 1986 Legislature. Purchase of the plane was financed over a ten-year period, using a certificate of participation. The total cost of the plane, including interest over the ten-year period, was just under \$2.5 million. The executive aircraft debt was paid off in FY 1995. The aircraft engines are overhauled every 3,600 hours, with both engines scheduled for overhaul in FY 2003 at a total cost of \$600,000. The Budget Committee was informed that the Department had held many internal discussions about the executive aircraft, but, largely due to budget constraints, did not put forth a plan for upgrade of the existing plane or acquisition of a replacement aircraft.

**Recommendation: Report due by July 1, 2001. Results of the report to determine recommendation by the State Finance Council.**

**B. Report on Hours of Operation of the Central Motor Pool Dispatch Office (House**

**Appropriations Committee).** The House Budget Committee reviewing the Department of Administration budget was informed that some state employees had expressed concern about the hours of operation of the motor pool dispatch office. The Budget Committee noted that the office is open between the hours of 7:30 a.m. and 4:30 p.m. and most state employees, to obtain a state vehicle, must take time out of their regular work days to make the arrangements. The Budget Committee recommended that the agency consider lengthening the hours of operation of the dispatch office to allow employees to make arrangements and pick up their vehicles outside of the regular work day. The full Committee amended the recommendation to request the Department report on a plan to provide longer hours of operation of the office at Omnibus.

**Recommendation: Department of Administration is sending out a survey the end of April 2001 to other agencies which will address this as well as other issues.**

**C. Funding for Performance Review Board.** For FY 2002, the Governor recommended the elimination of \$281,000 from the State General Fund and 3.0 FTE positions for the Performance Review Board. The Legislature concurred with the Governor’s recommendation. SB 180, which was introduced to statutorily eliminate the Board, passed the Senate, but the House substituted another bill into SB 180. As a result, it appears that the Board will continue to exist in statute.

**Recommendation: Adding a proviso that the State Performance Review Board not be funded.**

**Kansas Public Employees Retirement System (KPERs)**

**A. Omnibus Review Item – Death and Disability Benefits Moratorium.** Among the methods used by the Legislature in FY 2001 to enhance the State General Fund (SGF) balance was a moratorium on the employer contributions for insurance payments that finance the KPERs death and long-term disability benefits program. The Legislature approved a five quarter holiday covering the last quarter of FY 2000 and four quarters of FY 2001. Extending the moratorium for another four quarters in FY 2002 would yield estimated savings of \$26.51 million in state and local governmental employer contributions. As of June 30, 2000, the Group Insurance Reserve Fund had a balance of \$192.92 million based on the market value of assets at the conclusion of the fiscal year. During FY 2000, disbursements totaled \$38.13 million. State law does not require program funding to be on an actuarial basis, and the reserves may be used to pay future expenses if contributions are insufficient to cover current costs.

The FY 2002 estimate of state savings would be \$21.65 million, of which \$18.40 million would be from the SGF. Local units would save \$6.03 million. (**Staff Note:** Based on the Governor’s Budget Report for FY 2002, the KPERs school estimate of \$13.20 million for death and disability in FY 2002 is lower than the FY 2001 estimate of \$13.34, suggesting a potential under funding of the KPERs school amount recommended by the Governor for next fiscal year. The calculated KPERs school salary base upon which the Governor estimates FY 2002 KPERs payments is \$24.24 million less than the FY 2001 salary base. The State Department of Education had forecast a growth of 3.0 percent in the FY 2002 KPERs school salary base over the current fiscal year’s base, not a decrease as suggested in the Governor’s recommended financing.)

**Financial Impact**  
**KPERs Employer Contributions for Death and Disability**  
**(In Millions)**

Estimated Payments	Estimated a) FY 2001	Estimated FY 2002
State/School/TIAA/Other	\$ 20.52	\$ 21.65
Local Units	5.54	6.03
Totals	\$ 26.06	\$ 27.68
State General Fund	\$ 17.45	\$ 18.40
School Only SGF	\$ 13.34	\$ 13.20

**Source:** KPERs FY 2002 budget; Governor’s Budget Report FY 2002.  
a) FY 2001 reflects estimated savings due a four quarter moratorium.

**Recommendation: Adopt**

**B. Technical Item – Actuarial Audit.** The 2001 Legislature passed HB 2056 and SB 57 that

appropriated \$150,000 in FY 2001 and \$50,000 in FY 2002 for the purpose of performing an actuarial audit of the KPERs actuary and for other actuarial work. Information to be considered by the KPERs Board of Trustees at its meeting of April 20, 2001, includes a recommendation from the KPERs actuary to shift the valuation date from June 30 to December 31. No time table for the change was suggested by the actuary. The Legislature may wish to take note of any developments regarding a change in date for the valuation since a shift during FY 2002 could impact the timing of the actuarial audit work and subsequent legislative review. The Legislature also may wish to pursue an actuarial audit of the June 30, 2000, valuation, and then have a subsequent actuarial audit performed after the shift in valuation date occurs, regardless of whether the change in valuation date occurs in FY 2002. The potential for reducing the appropriations for an actuarial audit would be left to the discretion of the Legislature in this case, but a duplicate valuation of the June 30, 2000, report should cost less than \$100,000. Any additional actuarial work might result in other charges beyond the basic actuarial audit. A subsequent actuarial audit after a shift in valuation date would require additional funding, especially since a three-year experience study also would be available for review at that time.

**Recommendation: Adopt. Will be adding \$50,000 ion FY 2001 with a proviso that it would be reapropriated to FY 2002, defer the spending of \$150,000 to FY 2003 to complete the audit review.**

**Kansas Lottery**

**A. Omnibus Review Item – Projected Lottery Sales (House and Senate Committee).** Both House and Senate Committees recommended review of lottery sales for the Omnibus period because of the direct impact on the SGF in FY 2001 and FY 2002. The first \$50 million transferred to the State Gaming Revenues Fund (SGRF) is allocated for statutory purposes, the next \$80,000 is transferred to the Problem Gambling Grant Fund, and then any amounts in excess of \$50.08 million are transferred to the State General Fund (SGF) in June. The SGRF transfer rate is set at 30.0 percent in both fiscal years and sales are estimated at \$200 million for both fiscal years in the budgets previously approved by the Legislature. The 2000 Legislature approved a 13th SGRF transfer to be credited on June 30, 2001, in order to achieve a one-time net gain for the SGF in FY 2001. A total of 12 transfers will be made for FY 2002.

Transfers from the State Racing Fund are in addition to transfers from the Lottery Operating Fund in calculating net amounts transferred to the different funds. The legislative-approved Governor’s estimates in FY 2001 and FY 2002 are summarized below:

**Approved SGRF Transfers  
Based on \$200 Million in Lottery Sales  
(In Millions)**

	<b>Approved FY 2001</b>	<b>Approved FY 2002</b>
Lottery	\$ 64.460	\$ 60.000
State Racing	0.326	0.327
Totals	\$ 64.786	\$ 60.327
State Gaming Revenues Fund	50.000	50.000
Problem Gamblers Grant Fund	0.080	0.080
State General Fund	14.706	10.247

**Source:** Governor’s Budget Report FY 2002; SB 57.

Lottery sales through March 31, 2001, lagged behind the projected sales with \$143.8 million recorded through the end of the month. Transfers for ten months totaled \$47.6 million, with the April 15 SGRF transfer adding another \$5.5 million in FY 2001. Based on Kansas Lottery estimates, sales are projected at \$193.5 million in FY 2001, or a decrease of \$6.5 million from the approved amount. Corresponding reductions in SGRF transfers would be 30 percent of \$6.5 million, or a loss of \$1.95 million for the SGF in FY 2001.

**State Gaming Revenues Fund Transfers and Lottery Sales (In Millions)**

FY 2001	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Transfers SGRF	\$4.5	\$4.8	\$4.1	\$4.5	\$4.2	\$5.4	\$4.6	\$4.8	\$5.1	\$5.5
Monthly Sales*	\$16.1	\$13.8	\$15.0	\$14.0	\$18.2	\$15.5	\$16.0	\$17.1	\$18.2	--

\* Determine the 30.00 percent transfer about the 10<sup>th</sup> of the following month.

Any additional changes in sales of \$5.0 million or \$10.0 million increments would increase or decrease transfers to the SGF by \$1.5 million and \$3.0 million respectively. Conversely, if lottery sales are projected at \$193.5 million as currently estimated by the Kansas Lottery, the impact on the SGF can be portrayed in the following table.

**Revised SGRF Transfers  
Based on \$193.5 Million in Lottery Sales  
(In Millions)**

	<u>Estimated FY 2001</u>	<u>Estimated FY 2002</u>
Lottery	\$ 62.510	\$ 58.050
State Racing	0.326	0.327
Totals	\$ 62.836	\$ 58.377
State Gaming Revenues Fund	50.000	50.000
Problem Gamblers Grant Fund	0.080	0.080
State General Fund	12.756	8.297
<b>SGF difference from approved</b>	<b>(1.950)</b>	<b>(1.950)</b>

Source: Governor’s Budget Report; Kansas Lottery.

**Recommendation: Adopt**

**B. Technical Item – Correction of Transfer Rate.** The 2001 Legislature approved the Governor’s recommended FY 2002 transfers to the SGRF at 30.00 percent of net lottery sales. A proviso in SB 57 sets that rate for all lottery games, both online and instant, including what are called pull-tab lottery tickets. A statutory provision would be superceded by the proviso for one year, much the same as a proviso set the FY 2001 rate at 30.00 percent for all sales. The proviso differs from the statutory provision, and that different is the problem that the Kansas Lottery requests to be corrected. KSA 2000 Supp. 74-8711 requires an annual transfer of not less than 30.00 percent, except that the 2000 Legislature reduced the statutory SGRF transfer rate for pull-tab lottery tickets to 20.00 percent. Both the FY 2001 and FY 2002 proviso language in appropriations bills would negate the 20.00 percent statutory rate for pull- tabs and sets that rate at 30.00 percent. The Kansas Lottery has requested a Governor’s Budget Amendment to correct this transfer rate and reestablish the statutory rate of 20.00 percent for pull-tabs.

**Recommendation: Addressed in Governor's Budget Amendment. The Committee recommends introduction of a bill to abolish the Lottery Commission.**

**Board of Pharmacy**

**A. Review House Committee Recommendation to suspend Intern Registration fee (Special Revenue Funds) (House Budget Committee).** The House Budget Committee recommended suspending the \$25 Intern Registration fee for FY 2002 and FY 2003. The Board registers approximately 150 interns yearly and the registration is good for five years. Suspending this fee will reduce the Board’s revenue by approximately \$3,750 per year. This item should have been considered in Conference Committee but due to staff oversight was left out of the report.

**Recommendation: Suspend the \$25 Intern Registration fee for FY 2002 and FY 2003.**

**Secretary of State**

**A. SB 127 (Governor).** SB 127 amends the state election laws. In addition to other changes, the bill adds information from the Social Security Administration to those sources of listings of deceased individuals by which a voter's name is to be removed from the registration books. The agency indicates that the cost of purchasing the list from the Social Security Administration for verification would be \$1,750 SGF annually beginning in FY 2002.

**Recommendation: Adoption. Cost to be absorbed by Secretary of State's budget.**

### **Legislature**

**B. Sub. for SB 192 (Conference).** Substitute for SB 192 creates a Legislative and Executive Officer Compensation Commission to set the pay for state legislators and to recommend the amount of pay for statewide elected officials (State Treasurer, Commissioner of Insurance, Secretary of State, and Attorney General). The Commission also may provide for retirement benefits for state officers. The bill also amends the state ethics law.

Sub. for SB 192 authorizes the Commission to fix the amount of compensation of legislators which would become effective on July 1, 2001. The bill requires the Commission to submit a report to the Legislative Coordinating Council and the Governor by June 15, 2001. The report would have to specify the amount of compensation fixed for members of the Legislature and recommendations for the amount of compensation for the executive officers by June 15, 2001. The bill allows any state officer to decline any increase in compensation fixed by the Commission.

The Commission would consist of nine members appointed on or before May 1, 2001, by the President of the Senate, Minority Leader of the Senate, Speaker of the House of Representatives, Minority Leader of the House of Representatives, Governor, Attorney General, State Treasurer, and Commissioner of Insurance. The bill updates the legislative compensation statute to reflect the current compensation for legislators and makes legislators' pay subject to a difference amount set by the Commission. Under the bill, increases in compensation for members of the Legislature also would be tied to increases in compensation for persons in the classified service, which is the total of the average of step movement increases under current law and the average percentage increases of cost-of-living adjustments to the pay plan.

Based on an estimated three two-day meetings of the Commission, per diem (\$35 per day) for members, lodging, mileage and clerical assistance for FY 2002 would total \$8,037 (State General Fund).

**Recommendation: Adopt. Cost to be absorbed out of Legislative budget.**

### **Legislative Coordinating Council**

**A. HB 2497 (Conference).** HB 2497, among other things (see section on Legislature), would expand the membership on the Legislative Coordinating Council from seven to eight members, by adding the Vice-President of the Senate. The estimated cost in FY 2002 for adding another member to the Council is \$2,832 (State General Fund) for legislator compensation, subsistence, and mileage to attend Council meetings based on the estimated number of meetings in FY 2001.

**Recommendation: Vice-President of the Senate become a member of the LCC.**

## **RECOMMENDATIONS OF THE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE**

### **State Corporation Commission**

**A. HB 2200 (Conference).** HB 2200 would establish the Well Plugging Assurance Fund and enact new legislation regulating the underground storage of hydrocarbons, including natural gas and liquid petroleum gas, and establish authority for the State Corporation Commission (KCC) to regulate the storage of natural gas in depleted oil and gas formations.

The Well Plugging Assurance Fund would receive all moneys collected from current producers in connection with financial assurance requirements, as well as all such moneys collected in the past. The fund would be segregated for the purpose of plugging wells which were commenced after July 1, 1996. The fund would be credited with interest, estimated to be approximately \$25,000, on its balances, rather than the SGF.



Authority would be established for the KCC to regulate the underground storage of natural gas in depleted oil or gas formations. The KCC would be required to adopt rules and regulations for such storage, including the permitting, monitoring, and inspecting of underground natural gas storage wells, swell systems, and operations, including the closure and abandonment of these facilities. The Natural Gas Underground Storage Fee Fund would be established for fee moneys related to this regulatory activity. The KCC estimates that in FY 2002 it will require 6.0 FTE and \$414,012 to administer the regulation of underground natural gas storage in depleted oil or gas formations.

The positions required would be an Environmental Geologist III, an Environmental Geologist II, two Petroleum Industry Regulation Tech II, an Office Assistant III, and an Attorney II. Estimated expenditures are shown below:

<u>Object of Expenditure</u>	<u>Estimated Expenditures FY 2002</u>
Salaries and Wages	\$ 271,055
O.O.E. (Partial)	75,394
Professional Fees for Developing Regulations	45,000
Capital Outlay	22,563
TOTAL	<u>\$ 414,012</u>

Other provisions of the bill relate to the regulation by the Kansas Department of Health and Environment of salt solution mining and the underground storage of hydrocarbons and liquid petroleum gas.

**Recommendation: If the bill passes, the Conservation Fee Fund is the designated the revenue source.**

**Office of the Securities Commissioner**

**A. HB 2563 (Second House).** HB 2563 creates a new Investor Education Fund to be administered by the Securities Commissioner for the purpose of providing for the education of consumers in securities regulation and investment matters. Moneys collected by the Securities Commissioner as fines and civil penalties would be credited to the new fund.

Approximately \$25,000 per year would be deposited to the newly created Investor Education Fund. Under current law, such fines are credited to the Securities Act Fee Fund and at the end of the fiscal year all balances in that fund in excess of \$50,000 are transferred to the SGF.

**Recommendation: Adopt.**

**TAX, JUDICIAL AND TRANSPORTATION BUDGET COMMITTEE RECOMMENDATIONS ON GOVERNOR'S BUDGET AMENDMENTS (Attachment 8)**

**Department of Revenue**

- 10. Increase Compliance Activities -- Concur**

**Judiciary**

- 13. Salary Costs -- Concur**

**EDUCATION AND LEGISLATIVE BUDGET COMMITTEE RECOMMENDATIONS ON GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)**

**University of Kansas Medical Center**

- 27. Authority to Raze Two Buildings -- Concur**

**SOCIAL SERVICES BUDGET COMMITTEE RECOMMENDATIONS ON  
GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)**

**Department of Social & Rehabilitation Services**

- \_\_\_\_\_ 16.            FTE Conversion -- Concur
- 18.            Off Budget FTE Omitted -- Concur

**PUBLIC SAFETY BUDGET COMMITTEE RECOMMENDATIONS ON  
GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)**

**Department of Corrections**

- \_\_\_\_\_ 33.            Debt Service Adjustment – Concur

**Ellsworth Correctional Facility**

- 34.            Reappropriation Authority for Construction Funds – Concur

**Juvenile Justice Authority**

- 35.            JJIS FTE Position -- Concur
- 36.            Lapse funds for Management Information System -- Concur

**Larned Juvenile Correctional Facility**

- 37.            Physical Plant FTE Position --Concur

**Fire Marshal**

- 38.            Hutchinson Gas Problem --Concur
- 39.            Proviso for HAZMAT Emergency Fund --Concur

**Highway Patrol**

- 40.            Motor Vehicle Fund Transfer -- Concur
- 41.            Debt Finance Fleet Operations Center --Concur

**Adjutant General's Department**

- 42.            New Federal Grant -- Concur
- 43.            Debt Service Payment on Armory Bonds --Concur

**GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE  
RECOMMENDATIONS ON GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)**

**Department of Commerce and Housing**

- 2.            Section 8 Housing Contracts --Concur

**Kansas Lottery**

- 3.            Transfer Language on Gaming Revenues Fund -- Concur

**Health Care Stabilization Fund**

5. **Salary Correction -- Concur**

**Legislative Division of Post audit**

7. **Statewide Financial Compliance Audit -- Concur**
8. **KPERS Financial Audit -- Non-concur**

**Secretary of State**

9. **Census Contract Payment -- Non-concur**

**Department of Administration**

11. **Architectural Services Operating Expenditures -- Concur**
12. **Bonding Authority for Improvements to State Facilities -- Concur with provision that a report be returned to the Budget Committee concerning the expenses of those persons being transferred to the Landon Building and the Joint Committee on State Building to be updated on those particular moves into that building.**

**Commission on Veteran's Affairs**

20. **"No Limit" Budget Authority for Two Funds -- Concur**

**Department of Education**

22. **KPERS School Costs --Concur**

**AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE  
RECOMMENDATIONS ON GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)**

1. **Correct EDIF Overspending --Concur with reservations.**

**Banking Department**

6. **Shrinkage Correction -- Concur**

**Department of Agriculture**

44. **BSE Training -- Concur**

**Water Office**

45. **FTE Correction -- Concur**

**Department of Wildlife & Parks**

46. **New Federal Grant -- Concur with reservations regarding switching this from EDIF to this area for funding. There is concern that these grants may not be available to smaller communities.**

The meeting adjourned at 4:30 p.m. The next meeting is scheduled for April 20, 2001.