

Approved: March 1, 1993  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on February 23, 1993 in Room 123-S of the Capitol.

All members were present except: Senator Morris, who was excused

Committee staff present: Leah Robinson, Legislative Research Department  
Scott Rothe, Legislative Research Department  
Norm Furse, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

**SB 41 - APPROPRIATIONS FOR FY94, KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM, COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT, HUMAN RIGHTS COMMISSION, CORPORATION COMMISSION, CITIZENS' UTILITY RATEPAYER BOARD AND DEPARTMENT OF ADMINISTRATION**

**KANSAS PUBLIC RETIREMENT SYSTEM (Attachment 1)**

Chairman Bogina reviewed the FY93 subcommittee report. Senator Kerr moved, Senator Salisbury seconded, that the FY93 report be amended by deleting the \$346,333 recommended to finance the revised estimates of KPERS--School and by requesting a Governor's Budget Amendment for this item. The motion carried on a voice vote.

It was moved by Senator Rock and seconded by Senator Kerr that the amended subcommittee report for FY93 be adopted. The motion carried on a voice vote.

The FY94 report was presented by Chairman Bogina. In discussing recommendation 8, he stated that there is a potential savings of \$3.3 million if the actuarial rate rather than the statutory rate is used. It was moved by Senator Lawrence and seconded by Senator Rock that the FY94 subcommittee report be adopted. The motion carried on a voice vote.

**SB 57 - APPROPRIATIONS FOR FY94, DEPARTMENT OF HEALTH AND ENVIRONMENT**

**DEPARTMENT OF HEALTH AND ENVIRONMENT (Attachment 2)**

Senator Vancrum continued the hearing on **SB 57** by reading the FY93 subcommittee report for the Department of Health and Environment. It was moved by Senator Rock and seconded by Senator Vancrum that the FY93 report be adopted. The motion carried on a voice vote.

The FY94 subcommittee report was presented by Senator Vancrum. There was some discussion regarding the options of establishing and adequately funding model programs versus providing services for all Kansas children. Senator Kerr stated that he would find areas to make budget cuts in order to fund the early identification and intervention program for infants and toddlers because he viewed the program as a priority.

In answer to a question, Secretary Harder, Department of Health & Environment, stated that it is the Department's intent to utilize a special projects person for two years in order to develop the immunization

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 23, 1993.

tracking system .

Senator Vancrum reviewed the increase in receipts of the Sponsored Projects Overhead Fund (Attachment 3).

It was moved by Senator Vancrum and seconded by Senator Rock that the FY94 subcommittee report be adopted. The motion carried on a voice vote.

Senator Rock moved, Senator Salisbury seconded, that SB 57 as amended be recommended favorable for passage. The motion carried on a roll call vote.

### **SB 41 - APPROPRIATIONS FOR FY94, KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM, COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT, HUMAN RIGHTS COMMISSION, CORPORATION COMMISSION, CITIZENS' UTILITY RATEPAYER BOARD AND DEPARTMENT OF ADMINISTRATION**

#### **COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT (Attachment 4)**

Senator Brady reviewed the subcommittee reports for FY93 and FY94. Senator Brady moved and Senator Rock seconded that the reports be adopted. The motion carried on a voice vote.

#### **KANSAS HUMAN RIGHTS COMMISSION (Attachment 5)**

The FY93 and FY94 subcommittee reports were presented by Senator Brady, who explained that the subcommittee requested a performance audit of the Commission because of the changing nature and increasing number of the complaints. He stated that the Governor's recommendation for positions will keep the backlog of cases from growing, but will not reduce the backlog.

It was moved by Senator Brady and seconded by Senator Rock that the FY93 and FY94 subcommittee reports be adopted. The motion carried on a voice vote.

#### **KANSAS CORPORATION COMMISSION (Attachment 6)**

Senator Kerr presented the FY93 and FY94 subcommittee reports. Senator Kerr moved and Senator Petty seconded the adoption of the reports. The motion carried on a voice vote.

The Chairman noted that the remaining portions of **SB 41** would be presented at the next meeting.

### **CONFIRMATIONS**

It was moved by Senator Karr and seconded by Senator Rock that the Committee recommend that the Senate approve and consent to the appointment of Mr. William Jones to the State Civil Service Board. The motion carried on roll call vote.

It was moved by Senator Kerr and seconded by Senator Salisbury that the Committee make no recommendation concerning the appointment of Ruth A. Schrum to the Kansas Public Employees' Retirement System Board of Trustees.

Senator Brady offered a substitute motion which was seconded by Senator Karr to recommend that the Senate approve and consent to the appointment of Ruth A. Schrum to the KPERS Board of Trustees. In answer to a question, Chairman Bogina stated his opinion that the Governor should appoint someone who can succeed herself. The substitute motion failed on a roll call vote.

The primary motion carried on a roll call vote.

The Chairman adjourned the meeting at 12:20 P.M.

The next meeting is scheduled for February 24, 1993.



## GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: Feb. 23, 1993

[illegible]

**SUBCOMMITTEE REPORTS**

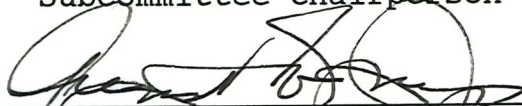
**Kansas Public Retirement System  
(KPERS)**

**S.B. 62 (FY 1993) and S.B. 41 (FY 1994)**



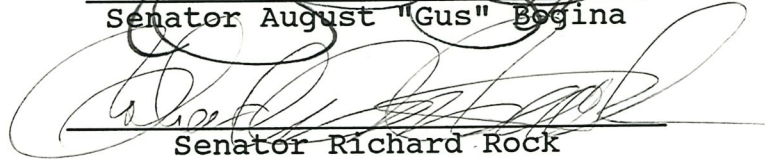
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Senator Jerry Moran  
Subcommittee Chairperson



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Senator August "Gus" Begina



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Senator Richard Rock

SWAM  
February 23, 1993  
Attachment 1

## SUBCOMMITTEE REPORT

**Agency:** Kansas Public Employees Retirement System (KPERs) **Bill No. 62**

**Bill Sec. 9**

**Analyst:** Efird

**Analysis Pg. No. 792**

**Budget Page No. 384**

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 22,432,833	\$ 22,233,301	\$ (2,006,279)
State Aid	52,941,200	52,941,200	346,333
Other Assistance	<u>222,622,502</u>	<u>222,622,502</u>	<u>--</u>
Total--Operating	<u>\$ 297,996,535</u>	<u>\$ 297,797,003</u>	<u>\$ (1,659,946)</u>
 FTE Positions	 73.0	 74.0	 (1.0)
 State General Fund:			
KPERs--School	\$ 52,941,200	\$ 52,941,200	\$ 346,333

### Agency Request/Governor's Recommendation

The revised budget for the current fiscal year is almost \$13.0 million higher than the approved expenditures for the Kansas Public Retirement System (KPERs). For state operations, the KPERs Board requests an expenditure limitation increase of \$238,528 to pay the administrative expenses associated with agency operations. No additional positions are requested in FY 1993. For state aid, the agency requests a supplemental State General Fund (SGF) appropriation of over \$3.4 million to pay the state's obligation for public school teacher retirement costs. For other assistance, the current estimate for retirement benefits and other payments is \$9.3 million higher than estimated for the 1992 Legislature.

The Governor's recommendations would allow an increase of almost \$12.8 million higher than approved expenditures. For state operations, the Governor recommends an increase of \$38,996 in the expenditure limitation for agency operations. One new full-time attorney is included in the Governor's recommendations for agency staffing. For state aid and other assistance, the Governor concurs with the agency's estimates, including a supplemental appropriation of \$3.4 million from the State General Fund for KPERs -- School.

### Senate Subcommittee Recommendation

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

1. Add \$346,333 from the State General Fund to the Governor's recommended supplemental in order to finance the revised estimate for KPERS--School, based on projections as of February 17, 1993, made by staff from the Legislative Research Department, KPERS, and State Department of Education. The Governor's supplemental appropriation of \$3,432,626 is included in S.B. 62, and the Subcommittee recommendation would provide a total of \$3,778,959 in FY 1993 to meet the state's obligation.
2. Delete 1.0 FTE position for a new attorney in FY 1993, but allow funding of \$22,547 to be used to pay part of the estimated \$50,000 cost of a contract with general counsel. The 1992 Legislature approved the \$50,000 for outside legal counsel fees.
3. Shift \$50,000 in expenditures for general counsel from the agency operations line item account to the investment related litigation expenses line item account in order to more appropriately reflect the category of expenditures.
4. Concur with the KPERS proposed internal shifts of funding for agency operations which result in a net savings of \$45,453 in FY 1993, which is reflected as a reduction in the Governor's recommended expenditures.
5. Adjust the estimated fees, based on information provided by the KPERS staff, for contracts with the System's financial managers as indicated below:

	Gov. Rec. FY 93	Subcommittee Adjustment FY 93	Recommended FY 93
Direct Placement Management Fees	\$ 3,250,000	\$ (370,000)	\$ 2,880,000
Real Estate Management Fees	2,345,560	(629,488)	1,716,072
Publicly Traded Securities Management Fees	8,768,693	474,505	9,243,198
Direct Placement Management Expenses	400,000	200,000	600,000
Custodial Bank Fees--Expenses	1,500,000	(805,000)	695,000
Investment Consultant Fees	318,000	(66,833)	251,167
Investment Related Litigation Expenses	<u>1,764,010</u>	<u>(764,010)</u>	<u>1,000,000</u>
Subtotal--Investment Related Expenses	<u>\$ 18,346,263</u>	<u>\$ (1,960,826)</u>	<u>\$ 16,385,437</u>

6. Delete the provision in S.B. 62 authorizing a transfer in FY 1993 from the State General Fund to KPERS. The Governor concurs with transferring \$329,430 in FY 1993 from the State General Fund to the KPERS Fund as requested by the KPERS Board. The 1992 Legislature transferred \$329,429 from the KPERS Fund to the State General Fund for reimbursement of expenses associated with the Legislature's Joint Committee on KPERS Investment Practices. The KPERS Board believes that the transfer was an inappropriate use of KPERS money and seeks to have the money transferred back from the State General Fund to the KPERS Fund.

## SUBCOMMITTEE REPORT

Agency: Kansas Public Employees Retirement System (KPERS) Bill No. 41

Bill Sec. 2

Analyst: Efird

Analysis Pg. No. 792

Budget Page No. 384

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 21,319,571	\$ 21,110,782	\$ (963,356)
State Aid	56,585,755	54,833,041	--
Other Assistance	<u>233,109,678</u>	<u>233,109,678</u>	<u>--</u>
Total--Operating	<u>\$ 311,015,004</u>	<u>\$ 309,053,501</u>	<u>\$ (963,356)</u>
FTE Positions	73.0	74.0	--
State General Fund:			
KPERS--School	\$ 56,585,755	\$ 54,833,041	\$ --

### Agency Request/Governor's Recommendation

The agency estimates a net increase of \$13.0 million in FY 1994 expenditures. For state operations, a reduction of \$1.1 million is estimated for administrative expenses and investment related expenses, primarily due to reduced contract fees for consultants and advisors. For state aid, an increase of over \$3.6 million is estimated for paying the state's obligation for public school teacher retirement costs. For other assistance, the FY 1994 estimate for retirement benefits and other payments is an increase of almost \$10.5 million over the current fiscal year.

The Governor's recommendations would allow an increase of almost \$11.3 million in operating expenditures next fiscal year. For state operations, a reduction of \$1.1 million is recommended for administrative expenses and other investment related expenses, primarily consultant and advisor fees. Included in the Governor's recommendations is 1.0 FTE position for a new attorney added in FY 1993. For state aid, the Governor recommends an increase of almost \$1.9 million in FY 1994 for KPERS -- School, to be financed from the State General Fund. The Governor concurs with estimated benefits payments next fiscal year.

### Senate Subcommittee Recommendations

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

1. Appropriate the line item accounts identified in the 1992 appropriations bill in order to provide for continuity in the appropriations format established last year by the Legislature.
2. Add \$28,000 for a new copy machine which the Subcommittee concludes will help agency personnel work more efficiently by avoiding delays waiting for copier output.
3. Adjust the estimated costs for contracts with the System's financial managers as indicated below to reflect savings of \$991,356 as reported by the KPERS staff:

	Gov. Rec. FY 94	Subcommittee Adjustment FY 94	Recommended FY 94
Direct Placement Management Fees	\$ 2,880,000	\$ (288,000)	\$ 2,592,000
Real Estate Management Fees	1,765,000	(801,365)	963,635
Publicly Traded Securities Management Fees	9,470,189	793,009	1,0263,198
Direct Placement Management Expenses	400,000	200,000	600,000
Custodial Bank Fees—Expenses	645,000	110,000	755,000
Investment Consultant Fees	192,000	(55,000)	137,000
Investment Related Litigation Expenses	2,000,000	(950,000)	1,050,000
Subtotal—Investment Related Expenses	<u>\$ 17,352,189</u>	<u>\$ (991,356)</u>	<u>\$ 16,360,833</u>

4. Note that, in addition to the consultant fees noted above, the KPERS budget includes information about off-budget expenses which are never recorded in the State Treasury as expenditures, but which represent other fees or commissions paid to financial consultants. The Subcommittee points out that two firms, Lehndorff & Babson and Provident Investment Counsel, were identified in the budget. The former was paid \$667,941 in FY 1992 as non-cash expenses. In FY 1992, the other firm, Provident Investment Counsel, was paid \$814,076 as non-cash expenses for its management of the PIC-Stellar Fund. The Subcommittee directs that KPERS staff report to the House Subcommittee, in writing, any other fees (such as those paid to the O'Conner Group) which are paid as non-cash expenses. KPERS staff also should report in writing the names of firms and the amounts of commissions which are paid as off-budget expenses for the financial consultants.
5. Delay any action on the KPERS needs analysis for computerization enhancements pending a Governor's Budget Amendment which will be requested at the direction of the Board of Trustees. The Subcommittee also directs that the KPERS needs analysis be submitted to the Joint Committee on Computers and Telecommunications for its review in order that this matter may be revisited during the Omnibus period. The budget information relative to the costs associated with the enhancements, which was provided by KPERS staff, indicates that expenses in FY 1993 are estimated at \$83,978 and in FY 1994 are estimated at \$297,341. An additional \$86,256 is estimated in FY 1995, for a three year total of \$467,691 for implementing the needs analysis recommendations.



6. Note a problem about indemnification which needs to be addressed by the House Subcommittee or during Omnibus, if necessary. KPERS is working with legal counsel to determine a means of handling through appropriations language, possibly by proviso, that situation. A report by the KPERS staff on this problem will be made later this session as the information is developed.
7. Recommend that the Division of the Budget and KPERS discontinue using the functional administrative categories of KPERS--School and KPERS, KP&F, and Judges as budgeted programs since the prorations no longer seem to serve any useful purposes. The State Department of Education was consulted and concurred that the administrative categories are not need since costs are no longer allocated.
8. Recommend that a bill be introduced to repeal the statutory rates for KPERS contributions in order that each rate may be set annually, based on actuarial estimates. The Subcommittee's main concern is that the rate for KPERS--School is fixed by law at 3.3 percent for FY 1994 and subsequent fiscal years. However, the actuarial rate, which has been adopted by the KPERS Board of Trustees, based on reports of its actuarial consultant, is 3.1 percent in FY 1994 and FY 1995. The Governor's FY 1994 recommendation of \$54,833,041 for KPERS--School is based upon 3.3 percent and upon the assumption that there will be no increase in teachers' salaries for the 1993-94 school year. The Subcommittee reviewed a revised estimate as of February 17, 1993, which projects that the Governor's recommended amount in FY 1994 would be \$1,676,504 underfunded. The revised projection indicates that \$56,509,545 will be required in FY 1994, based on the current statutory contribution rate of 3.3 percent and average teachers' salary increases of 5.0 percent for 1993-94.

If the same assumptions are applied and a contribution rate of 3.1 percent were used, then the projected FY 1994 expenditures for the KPERS--School contribution would be \$53,084,725. Because of the potential savings in the FY 1994 amount required, the Subcommittee defers recommending any additional State General Fund financing at this time, and recommends reviewing the situation during Omnibus.

9. Note litigation revenues and expenses as reported by KPERS and shown below:

	<u>FY 1991</u> <u>Actual</u>	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Estimate</u>
<b>Revenues:</b>			
Commerce Bank	\$ --	\$ 2,001,376	\$ --
<b>Expenses:</b>			
Kansas Litigation	\$ --	\$ 883,447	\$ 750,000
Group			
Reproduction Systems	171,273	825,597	2,707
Inc.			
Xerox Corporation	--	662	247,293
Other	2,557	5,503	--
Total Expenses	<u>\$ 173,830</u>	<u>\$ 1,715,209</u>	<u>\$ 1,000,000</u>

# SUBCOMMITTEE REPORT

Agency: Department of Health  
and Environment

Bill No. 62

Bill Sec. 8

Analyst: Mah

Analysis Pg. No. 963

Budget Page No. 234

Expenditure Summary	Agency Est. FY 93	Gov. Rec. FY 93	Subcommittee Adjustments
All Funds:			
State Operations	\$ 73,702,162	\$ 73,350,625	\$ 178,148
Aid to Local Units	20,401,829	20,139,916	(87,180)
Other Assistance	23,320,000	23,320,000	--
Total	<u>\$ 117,423,991</u>	<u>\$ 116,810,541</u>	<u>\$ 90,968</u>
State General Fund:			
State Operations	\$ 19,940,088	\$ 19,940,088	\$ 74,883
Aid to Local Units	5,953,310	5,953,310	(90,000)
Other Assistance	0	0	--
Total	<u>\$ 25,893,398</u>	<u>\$ 25,893,398</u>	<u>\$ (15,117)</u>
FTE Positions	761.0	761.0	(3.0)
Special Projects Positions	125.0	126.5	1.0

## Agency Estimate/Governor's Recommendation

After adjustments to include federal funds approved by the State Finance Council for three items, the Department's total estimated budget for the current year is \$117.4 million. The Water Plan Special Revenue Fund is one of eleven different funds included in the Department's request for additional expenditure authority. The request includes a supplemental appropriation from the State General Fund of \$105,037 to provide for a technical adjustment and expenditure authority of \$375,000 from a requested new fund for federal moneys. The federal moneys would be distributed to local health departments to begin increasing the immunization rates for children 0 to 2 years of age. Included in the Department's revised current year estimate are four new special projects positions, three for remediation and one for vital statistics activities.

The Governor recommends total expenditures of \$116.8 million for the current year, a reduction of \$613,450 from the Department's revised estimate. The Governor approves expenditure authority for the requested new federal funds to begin increasing immunization rates for infants and for the supplemental appropriation from the State General Fund. In addition to approving the four requested special projects positions, the Governor recommends another two and one-half special projects positions. Two positions are added by Executive Directive for only the current year and the other part-time position is funded for continued employment in FY 1994. All of these positions are federally funded. One major change from the agency's revised estimate is a reduction in expenditures from the Water Plan Special Revenue Fund. The Governor recommends \$3.7 million instead of the

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proposed \$5.2 million for remediation activities. An additional \$1,162,441 is recommended above the Department's revised estimate for vaccines and professional supplies. Funding for this is from the Department's Sponsored Project Overhead Fund. This Fund is credited with receipts collected by the state for overhead costs associated with administering federal grant programs (indirect costs).


### Senate Subcommittee Recommendations

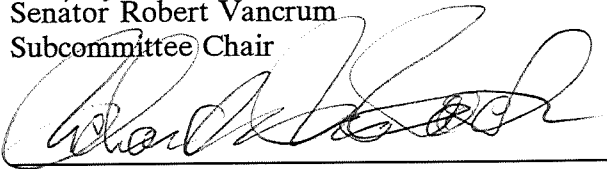
The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Delete language in the bill that would create a new fund (Infant Immunization Initiative--Federal Fund) for federal receipts. The Department reports that this new fund is not necessary because of action taken by the State Finance Council. (Expenditure authority on an existing fund for federal receipts of \$306,000 was approved by the State Finance Council at a November, 1992 meeting to begin an initiative to increase the immunization rates for children 0 to 2 years of age.) Also, the Subcommittee recommends that adjustments be made to reflect the intent of the State Finance Council by shifting \$18,180 from aid to operating expenditures to pay for a special projects position that was approved but not reflected in the Governor's recommendation. The Department reports that the position has been recently filled. In addition, the Subcommittee's recommendation deletes \$69,000 from the Governor's recommendation for federal aid. The recommendation was based on anticipated receipts of \$69,000 above that approved by the State Finance Council. The agency reports that it will not be receiving the additional federal receipts.
2. Increase the expenditure authority on the federal Women, Infants, and Children Health Program Fund for state operations by \$11,939 instead of the \$98,422 recommended by the Governor. The Governor's recommendation was based on the Department's original budget request. The agency reports that the difference of \$86,483 now will be expended from another federal fund which has an expenditure limitation of "no limit" (Commodity Supplemental Food Fund).
3. Shift federal grant fund expenditures of \$209,400 from FY 1994 to the current year for purchasing capital outlay equipment (\$207,900 for breath alcohol instruments for local law enforcement units) and for travel expenses to send staff to a training seminar to learn how to properly use the equipment (\$1,500). The Department reports that these expenditures will be made in the current year because federal grant funds will be received this year rather than in FY 1994 as originally anticipated.
4. Delete language in the bill which was inadvertently included for the federal Rural Primary Health Care Fund.
5. Increase the expenditure limitation on the Sponsored Project Overhead Fund by \$18,845 for rent expenditures. This expenditure was already recommended by the Governor, along with \$1,162,441 for vaccine purchases, in the emergency supplemental appropriations bill (S.B. 38). The Senate deleted the \$18,845 from the emergency supplemental appropriations bill because the rent expense was not

considered to be of an emergency nature. Also, add a proviso that limits expenditures for state operations except for vaccine purchases from this Fund to \$929,016. The purpose of the proviso is to ensure that the recommended additional funding for vaccines for local health departments is used only for the purpose of vaccine purchases. The proviso also makes transfers from the Fund subject to approval from the State Finance Council. (Currently the Department has unlimited authority to transfer moneys in this Fund to any other special revenue fund.)

6. Transfer \$90,000 from the State General Fund account for aid to local communities for the Adolescent Health Promotion program to the State General Fund operating account. The Department reports that the transfer is necessary because of a grant condition which requires that equal federal dollars (along with state matching funds) be spent on services for children and adolescents as compared to services for children with special health care needs. The Department further reports that the transfer will reflect no change in the amount of dollars being granted in aid to local communities because the Department will be using \$90,000 of federal moneys to fund the aid rather than the State General Fund dollars. The State General Fund dollars will be shifted to pay for operating expenditures that the federal dollars would have originally been used for. The only difference will be the funding source of the aid grant. The Subcommittee assumes that \$90,000 of federal funds will be shifted from state operations to pay for the aid.
7. Delete \$49,432 (\$15,117 from the State General Fund and \$34,315 from other funds) for salary expenses of 3.0 classified FTE positions that were identified by the Department as being vacant (one position has been vacant since the beginning of October, 1992 and the other two since the middle of November, 1992). Also, adjust the position limitation established by the 1992 Legislature for the Department to reflect the Subcommittee's recommendation. The Subcommittee reviewed information in the budget with regard to the number of Environmental Engineers and Environmental Technicians IV positions. Currently the Department has within its Environment Division, for both FTE and special projects positions, approximately 62.0 Environmental Engineer positions and 53.0 Environmental Technicians IV positions. The Subcommittee believes that enough positions exist to make filling of the vacant positions unnecessary.

  
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Senator Robert Vancrum  
Subcommittee Chair

  
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Senator Richard Rock

# SUBCOMMITTEE REPORT

**Agency:** Department of Health  
and Environment

**Bill No.** 57

**Bill Sec.** 5

**Analyst:** Mah

**Analysis Pg. No.** 963

**Budget Page No.** 234

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 86,728,270	\$ 81,060,449	\$ (205,456)
Aid to Local Units	23,566,699	21,239,641	7,669
Other Assistance	23,320,000	23,320,000	--
Total	<u>\$ 133,614,969</u>	<u>\$ 125,620,090</u>	<u>\$ (197,787)</u>
State General Fund:			
State Operations	\$ 25,048,384	\$ 20,049,097	\$ 67,913
Aid to Local Units	8,034,367	5,991,449	--
Other Assistance	0	0	--
Total	<u>\$ 33,082,751</u>	<u>\$ 26,040,546</u>	<u>\$ 67,913</u>
FTE Positions	827.5	766.0	(4.0)
Special Projects Positions	114.5	127.0	0.5

## Agency Request/Governor's Recommendation

The Department requests a total budget of \$133.6 million in FY 1994, an increase of \$16.2 million over the current year revised estimate. Of the increase, \$13.0 million (\$5.1 million from the State General Fund) would be for state operations, including \$4.4 million for salary expenses and \$6.2 million for professional fees relating to environmental cleanup activities. The remaining increase of \$3.2 million is requested to provide for additional aid to local governments (\$2.1 million from the State General Fund). The additional aid would be used by several of the Department's aid programs, including the General Public Health program, the Primary Health Projects program, and the Solid Waste Management program. The Department requests a total of 827.5 FTE positions and 114.5 special projects positions in FY 1994 as compared to 761.0 FTE positions and 125.0 special projects positions in the current year. The drop in special projects positions reflects a proposed shift of 13 approved positions to FTE positions. In addition to salary and associated other operating expenditures for the requested new staff positions, the Department requests several initiatives for FY 1994.

The Governor recommends a total budget of \$125.6 million in FY 1994, a reduction of \$8.0 million from the agency's request. Of the \$8.0 million, the recommendation reduces \$7.0 million from the State General Fund. In some cases, expenditures from the Department's Sponsored Project Overhead Fund are recommended in place of the Department's proposed State General Fund financing. Recommended expenditures from the Overhead Fund are \$4.4 million instead of the



proposed \$1.2 million. According to the Department, a total of \$4.5 million is available for both FY 1994 and the current year from accrued federal indirect allowances to the state. The Governor continues to recommend for FY 1994 additional funding above the Department's request for vaccines and professional supplies (an increase of \$1,690,617). Included in the recommendation are 5.0 FTE positions for the federal Clean Air initiative (13.0 FTE positions were requested) and 3.5 of the other requested FTE and special projects positions (1.0 FTE position and 2.5 special projects positions). Also, a turnover savings rate of 5.0 percent is recommended instead of the Department's suggested 3.0 percent. Requested salary expenditures are reduced by \$2.2 million. The Governor recommends a reduction of \$3.3 million in expenditures for professional services relating to remediation activities. This is reflected in the Governor's recommendation for expenditures from the Water Plan Special Revenue Fund, from the requested \$8.9 million to the recommended \$4.9 million. The Governor concurs with the Department's request for increasing aid by \$1.5 million for the Solid Waste Management program and for beginning aid to local health departments for efforts to improve air quality. Funding also is recommended by the Governor for additional office space; relocation of the agency's database files; state participation in the oversight of Wolf Creek Nuclear Generating Station; and continued support to increase immunization rates for the 0 to 2 year old population.

### Senate Subcommittee Recommendations

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

1. Add \$252,500 for a total of \$500,000 from state funds (\$400,000 from the State General Fund and \$100,000 from the Sponsored Project Overhead Fund) for the program that provides early identification and intervention for infants and toddlers. The Subcommittee recommends the additional state funds because of the cost effectiveness of the program. Kansas has been participating in the phased-in implementation of the Infant-Toddler federal grant pilot program (Part H of P.L. 99-457) since 1986. Once fully implemented, the community-based program is intended to make available early identification and intervention screenings for all children under two years of age (approximately 115,800 in Kansas) to discover developmental delays and disabilities. Screenings are provided for physical and psychosocial development and for cognitive, communication, and self-help skills. These early intervention services can save children from having to receive special education and major medical services in the future. By providing early intervention services, significant savings can be obtained for Kansas taxpayers through reducing the need for these special or major services. The Subcommittee notes that, although it was told that the additional state dollars in the program do not guarantee more federal funding for the program, the estimated \$1,947,053 of federal funding for this program in FY 1994 will benefit the children of Kansas greatly.
2. Add \$46,033 from the Sponsored Project Overhead Fund for one special projects positions to provide for two initiatives requested by the Department, a electronic immunization tracking system and a tuberculosis elimination plan. The special projects position is to be responsible for developing a database software program and materials for a voluntary statewide immunization tracking system in order to monitor and update immunization records of Kansas children. In addition, the position is to be responsible for computerizing the state's record keeping system

for tuberculosis cases occurring in Kansas. Although the Governor did not recommend funding for development of the requested tracking system, the Subcommittee believes that it is an important part of the Department's initiative for increasing immunization rates for children from 0 to 2 years of age. The Subcommittee encourages the Department to continue to pursue private funding sources, especially those that already have expressed financial backing for the immunization tracking system.

The Subcommittee also is supportive of the Department's initiative for eliminating tuberculosis cases in the state. The number of cases is increasing because conventional therapy is ineffective due to the emergence of a form of the disease that is multi-drug resistant. The Subcommittee concurs with the Governor's recommendation of \$20,000 to provide for an additional supply of tuberculosis drugs (totaling to \$86,000 of state funding in FY 1994). In addition, the Subcommittee was told by the Department that an additional \$25,000 recommended by the Governor will be used to support this initiative by providing for tuberculosis laboratory supplies (totaling to \$78,690 of both state and federal funding in FY 1994).

3. While completing recommendations on the Department's budget, the Subcommittee received information relating to one Executive Directive (No. 93-195) issued on February 4, 1993 and one upcoming Executive Directive. The Executive Directives relate to the receipt of new federal grant awards. The Subcommittee requests that the second house review these Executive Directives and consider taking action to appropriately reflect all potential expenditures with regard to these new federal receipts in the Department's budget.
4. Delete \$163,277 from the Sponsored Project Overhead Fund for moving the Department's water database files and vital statistics database system from the mainframe computer of the Division of Information Systems and Communications (DISC), Department of Administration, to the agency's AS 400 Computer. The Department says that it now accesses the files through a database management system on the DISC mainframe computer called SUPRA and that DISC will discontinue support of SUPRA in January, 1995. According to information from DISC, state agencies using SUPRA were told three years ago that SUPRA was becoming obsolete and that two other database management systems (DB2 and ADABAS) could be used to provide the same services. The Subcommittee is concerned about state agencies migrating from DISC services to their own computers because it perpetuates paying high costs to purchase and upgrade computer systems for each state agency when such purchases or upgrading are unnecessary because the same services being sought are obtainable through DISC. Further, when state agencies migrate from DISC services, DISC is forced to increase its service rates for other customers in order to recover costs. To assure low DISC service rates for all state agencies, the Legislature should not fund unnecessary moves by state agencies away from DISC services. The Subcommittee also notes that a total of \$2.5 million will be necessary to purchase a replacement computer processing unit (CPU) for DISC to ensure the continuation of current services. It is not reasonable to pay for moving database file services away from DISC when at the same time funding is being recom-

mended to purchase an additional CPU for DISC to ensure continuation of the current services. (The Subcommittee's recommendation deletes the 1.5 new special projects positions that were part of this item.)

5. Delete \$64,513 from the Power Generating Facility Fee Fund for all costs associated with a new recommended 1.0 FTE position. The Department reports that the purpose of the new FTE position is to expand the state's regulatory oversight of the Wolf Creek Generating Station through a Memorandum of Understanding (MOU) between the Department and the federal Nuclear Regulatory Commission. The MOU will permit a state inspector to participate in inspections and other regulatory activities of the Station. Since the state has no real jurisdiction over the Station, the Subcommittee is unclear as to the benefits that the state will receive when compared to the costs that will be incurred.
6. Shift funding of \$43,885 in FY 1994 from the State General Fund to the Sponsored Project Fund for a special projects position that was added in the current year. The position, a vital statistics field representative, is not one that was subject to any review by the Legislature. The Subcommittee is concerned about executive action to add special projects positions within the Department or other state agencies when they are financed from the State General Fund. The Subcommittee requests that the second house review this issue and consider taking action to limit the use of State General Fund dollars to finance new special projects positions that have not been approved by the Legislature.
7. Delete \$41,455 from federal funds for a new special projects position who would serve as field staff for HIV/AIDS case surveillance. The Department reports that federal funding for this position is no longer anticipated. (The position was not part of the Governor's recommendations, but the reduction from the Department's request was made to the State General Fund instead of to federal funds.) The Subcommittee encourages the Department to continue to pursue federal funding for this position and supports adding the position if federal financing is received.
8. Delete \$12,000 from the State General Fund for moving and rewiring services for computer installations. The request for funding was based on a plan to move the Department's AS 400 computer located at Forbes Field to a downtown location. The Department has revised its plan and the AS 400 now will not be moved.
9. Delete \$103,337 (\$31,448 from the State General Fund and \$71,889 from other funds) for salary expenses of the 3.0 classified FTE positions that the Subcommittee recommends be abolished in the current year. Also, adjust the appropriations bill to reflect the recommendation.
10. Delete \$34,905 from the federal Preventive and Health Block Grant Fund that was inadvertently added to the recommended total for state operations. (In this case, the funds are pass-through moneys and not a state operating expenditure.)
11. Add \$50,000 from the Water Plan Special Revenue Fund for the aid program for the Rural Water Association. The recommendation will provide for total funding

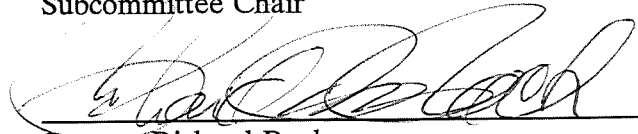
of \$200,000 (all from the Water Plan Fund) in FY 1994. This will be the third year for this on-site technical assistance program for public water supplies. Financing for the program has not changed since it began in FY 1992 (\$150,000 from the Water Plan Fund for actual FY 1992 as well as for the current year.) The funds are used by the Kansas Rural Water Association for salaries and services such as leak detection, water supply protection and development, water conservation and drought planning, and energy costs reduction planning.

12. Add \$55,338 from the Sponsored Project Overhead Fund and federal funds to provide in FY 1994 for full-year salary costs of special projects positions added in the current year. (This was part of item No. 13 in Budget Amendment No. 1 for technical adjustments by the Division of the Budget.)
13. Add \$27,229 to provide for health insurance costs for existing staff, of which \$2,746 is from the State General Fund and \$24,483 is from other funds. (This was item No. 12 and part of item No. 13 in Budget Amendment No. 1 for technical adjustments by the Division of the Budget.)
14. Shift \$42,331 from federal funds for aid to operating expenditures in order to continue to pay in FY 1994 for the salary (\$37,331) and operating costs (\$5,000 for travel expenses) of a special projects position added in the current year. The position is responsible for the oversight of the Department's new federal grant for an initiative to increase the immunization rate of children from ages 0 to 2 years. As previously discussed in the FY 1993 Subcommittee Report, the position was approved by action of the State Finance Council in November, 1992. The Department reports that the position has been filled and will be needed for FY 1994. Further, the Subcommittee notes that, if additional federal receipts above those anticipated by the Department are received, placement of the receipts in a "no limit" fund as recommended by the Governor does allow the Department to expend all additional funds for aid to local health departments.
15. Continue current policy by removing expenditure limitations in the FY 1994 appropriations bill for three federal funds that are now "no limit" funds. (The FY 1994 appropriations bill places expenditure limitations on the three funds: the Cooperative Agreement Primary Care in Rural Areas Fund, the Highway Safety Fund, and the Clean Lakes Grant Fund.) The Subcommittee finds no reason to make a change in policy for these funds. Also, the Subcommittee concurs with the Governor's recommendation which establishes six existing federal funds as "no limit" funds beginning in FY 1994.
16. Place a proviso on the Sponsored Project Overhead Fund like the one being recommended by the Subcommittee for the current year. Again, the reason for the proviso is to ensure that the recommended additional funding for vaccines for local health departments is used only for the purpose of vaccine purchases. Also, the Subcommittee understands that, based on news media reports, President Clinton may recommend that additional federal funds be used for vaccine purchases. The Subcommittee asked that the Department take aggressive action to continually stay informed so that state funds are not expended prior to making use of all available federal funds.

17. Make technical changes to the bill to make the names of some existing funds more explicitly correspond to those used by the Division of Accounts and Reports, Department of Administration.
18. Reflect a reduction of \$209,400 in the FY 1994 operating expenditures as was previously discussed in the current year Subcommittee Report because of a shift of operating expenditures from FY 1994 to the current year (federal grant moneys for breath alcohol instruments).



Senator Robert Vancrum  
Subcommittee Chair



Senator Richard Rock



SWAM  
February 23, 1993  
Attachment 3

### Sponsored Project Overhead Fund

	<u>Actual FY 1988</u>	<u>Actual FY 1989</u>	<u>Actual FY 1990</u>	<u>Actual FY 1991</u>	<u>Actual FY 1992</u>	<u>Gov. Rec. FY 1993</u>	<u>Gov. Rec. FY 1994</u>
Total New Receipts	\$422,366	\$498,535	\$652,341	(\$1)	\$457,000	\$2,064,064	\$4,496,033
Total Expenditures	195,481	417,869	571,401	496,324	520,544	2,097,457	4,378,895
End of Year Unencumbered Balance	\$433,949	\$514,935	\$595,442	\$99,117	\$33,393	\$0	\$117,138

# SUBCOMMITTEE REPORT

**Agency:** Commission on Governmental Standards and Conduct

**Bill No. --**

**Bill Sec. --**

**Analyst:** Mah

**Analysis Pg. No. 882**

**Budget Page No. 216**

<u>Expenditure Summary</u>	<u>Agency Est. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 230,748	\$ 230,738	\$ --
Special Revenue Fund	123,561	123,571	--
Total	<u>\$ 354,309</u>	<u>\$ 354,309</u>	<u>\$ --</u>
FTE Positions	6.0	6.0	--

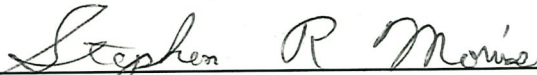
## Agency Estimate/Governor's Recommendation

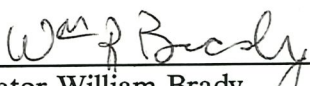
The Commission estimates current year expenditures of \$354,309, a reduction of \$1,057 from the authorized budget of \$355,366. Financing for the budget includes \$230,748 from the State General Fund and \$123,561 from a fee fund established by 1991 H.B. 2454 (Kansas Commission on Governmental Standards and Conduct Fee Fund). The Commission reallocated four of its FTE staff positions to different jobs classes and approved salary upgrades in the current year. K.S.A. 25-4119a authorizes the Commission to set the salaries of its staff, which are not subject to approval by the Governor except for the Executive Director. The Commission says that the staff positions were reallocated because of employees' expanding job responsibilities. The Commission's current year estimate includes \$292,970 for salaries and wages and \$61,339 for other operating expenditures.

The Governor concurs with the Commission's revised current year estimate of \$354,309 for operating expenditures.

## Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

  
 Senator Stephen Morris  
 Subcommittee Chairperson

  
 Senator William Brady

## SUBCOMMITTEE REPORT

**Agency:** Commission on Governmental  
Standards and Conduct

**Bill No. 41**

**Bill Sec. 3**

**Analyst:** Mah

**Analysis Pg. No. 882**

**Budget Page No. 216**

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 333,438	\$ 257,511	\$ 15,000
Special Revenue Fund	65,356	60,445	12,000
Total	<u>\$ 398,794</u>	<u>\$ 317,956</u>	<u>\$ 27,000</u>
FTE Positions	6.0	6.0	--

### Agency Request/Governor's Recommendation

The Commission requests an FY 1994 budget of \$398,794. The request includes an increase of \$44,485 over the current year estimate. The additional funds would provide for salary increases for existing FTE staff positions; capital outlay purchases for two microcomputers with monitors and two laser printers; and anticipated increases in various other operating expenses. Included in the FY 1994 request is \$61,210 (\$60,220 for salaries and \$990 for new phone lines) to continue the employment of three special project positions that were added by the 1992 Legislature for a one-year period. The positions were added for the current year because of 1989 legislation which impacts the agency, especially in election years. The legislation brought certain local candidates and their treasurers under the Campaign Finance Act. Continued employment of the special project positions is requested to allow for completion of campaign finance report audits. The FY 1994 request also includes an annual base pay increase of \$5,000 plus a 2.5 percent merit increase of \$1,188 for the unclassified Executive Director. A 2.5 percent unclassified merit pool of \$3,713 also is requested to provide for salary increases for the remaining 5.0 FTE unclassified staff members in FY 1994. Financing for the budget includes \$333,438 from the State General Fund and \$65,356 from the Kansas Commission on Governmental Standards and Conduct Fee Fund, of which \$311,296 is for salaries and wages and \$87,498 is for other operating expenditures. The Commission also requests that a "no limit" be placed on expenditures from the Kansas Commission on Governmental Standards and Conduct Fee Fund in FY 1994.

The Governor's FY 1994 recommendation of \$317,956 reduces the Commission's request by \$80,838. Adjustments were made to salary and wage expenditures to delete funding for continuing the employment of three special project positions and for providing an annual base salary increase of \$5,000 for the Executive Director. Included in the recommendation is an unclassified merit pool of 2.5 percent for the Commission's 6.0 FTE unclassified employees. The Governor's recommendation of \$72,688 for all other operating expenditures reduces the Commission's request by \$14,810, including \$2,918 for communications, \$2,512 for travel and subsistence, and \$9,380 for computer equipment. The Governor does not approve the request to make the Commission's fee fund a "no limit" fund beginning in FY 1994.

### Senate Subcommittee Recommendation

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

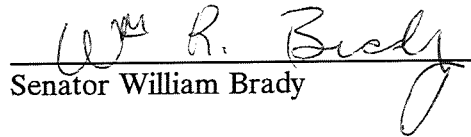
1. Add \$1,000 from the Governmental Standards and Conduct Fee Fund to provide for travel costs to send the Commission's Executive Director to the Annual Council on Governmental Ethics Laws Conference. The Subcommittee believes that it is important for the Commission to maintain contact with persons from other states whose work responsibilities are in the area of administering ethics laws. Such contact provides the Commission with the opportunity to bring new ideas to the Legislature for review and consideration.
2. Add \$26,000 to continue the employment of one of three special projects positions. Financing for the position would be from the State General Fund (\$15,000) and the Commission's Fee Fund (\$11,000). The 1992 Legislature provided for three special projects positions in the current year because of 1989 legislation which significantly impacts the Commission. This legislation brought certain local candidates and their treasurers under the Campaign Finance Act. The Subcommittee was told that the Commission provided oversight over 2,150 candidates in the 1992 election as compared to 736 in the 1990 election. In addition, the Subcommittee was told that reports of lobbyists to the Commission have significantly increased because of 1991 legislation. To provide for this vast change in workload, the Subcommittee believes that additional staff for the Commission is necessary. The Subcommittee understands that the recommended special projects position will work as a report auditor on local campaign finance reports.
3. Make a technical adjustment to make the FY 1994 appropriations bill (S.B. 41) conform to the Governor's intent. (The reappropriation in the bill includes moneys that have been lapsed by the Division of Accounts and Reports, Department of Administration, because of a 1.0 percent reduction approved by the 1992 Legislature.)

The status of the Commission's Fee Fund, based on the recommendations of the Senate Subcommittee, is shown below:

Governmental Standards and Conduct Fee Fund			
Resource Estimate	Actual FY 92	Senate Subcom. Rec. FY 93	Senate Subcom. Rec. FY 94
Beginning Balance	\$ 0	\$ 50,697	\$ 7,721
Net Receipts	59,415	80,595	65,990
Total Funds Available	\$ 59,415	\$ 131,292	\$ 73,711
Less: Expenditures	8,618	123,571	72,445
Nonreportable Exp.	100	--	--
Ending Balance	\$ 50,697	\$ 7,721	\$ 1,266



Senator Stephen Morris  
Subcommittee Chairperson



Senator William Brady



## SUBCOMMITTEE REPORT

Agency: Kansas Human Rights Commission Bill No. 62

Bill Sec. New

Analyst: Robinson

Analysis Pg. No. 896

Budget Page No. 324

<u>Expenditure Summary</u>	<u>Agency Est. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,118,004	\$ 1,111,120	\$ --
Special Revenue Funds	564,711	564,711	21,562
	<u>\$ 1,682,715</u>	<u>\$ 1,675,831</u>	<u>\$ 21,562</u>
FTE Positions	40.0	40.0	--

### Agency Estimate/Governor's Recommendation

The Commission estimates FY 1993 operating expenditures of \$1,682,715, an increase of \$57,003 above the currently approved budget. The net increase consists of a reduction of \$41 in approved State General Fund expenditures and an increase of \$57,044 in expenditures from federal funds. The budget provides funding for 40.0 FTE positions, the currently authorized number. The FY 1993 estimate of expenditures includes \$63,544 from HUD Incentive Funds, a special federal program to promote education about fair housing.

The Governor recommends FY 1993 expenditures of \$1,675,831, a reduction of \$6,884 (all from the State General Fund) from the amount estimated by the agency. The reductions are in travel and subsistence and fees--professional services.


### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments.

1. Increase the expenditure limitation on the Conversion of Materials and Equipment Fund from \$0 to \$629. This will provide funding for the agency to pay higher than anticipated utility bills in the Wichita office.
2. Increase the expenditure limitation on the agency's federal funds by \$20,933 from \$501,167 to \$522, 100. The Governor recommended reductions of \$6,884 from the State General Fund appropriation. These reductions were in travel and subsistence (\$5,610), and fees--professional services (\$1,274). The agency requested that the \$6,884 reduction in State General Fund financing be replaced by available federal funds. According to the agency, the travel funding is essential for on-site investigations. The reduction recommended by the Governor for fees-professional services represents the approximate cost of

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transcripts for two public hearings. In addition, the agency indicates that, to date, it has not experienced the turnover it anticipated for FY 1993. With no additional turnover in FY 1993, the agency projects that it will be short \$14,049 for salaries and wages. The Subcommittee recommends that the agency have the authority to expend federal funds to meet this potential shortfall.

  
\_\_\_\_\_  
Senator Stephen Morris  
Subcommittee Chairperson

  
\_\_\_\_\_  
Senator William R. Brady

## SUBCOMMITTEE REPORT

**Agency:** Kansas Human Rights Commission **Bill No.** 41

**Bill Sec.** 4

**Analyst:** Robinson

**Analysis Pg. No.** 896

**Budget Page No.** 324

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,836,915	\$ 1,204,204	\$ --
Special Revenue Funds	607,239	587,730	--
	<u>\$ 2,444,154</u>	<u>\$ 1,791,934</u>	<u>\$ --</u>
FTE Positions	60.0	40.0	--

### Agency Request/Governor's Recommendation

The agency requests a total of \$2,444,154 for FY 1994, an increase of \$761,439 over the revised FY 1993 estimate. The budget includes funding of \$1,836,915 from the State General Fund and \$607,239 from federal funds. The request includes funding for 60.0 FTE positions, an increase of 20.0 over the currently approved number. The request would convert 2.0 Special Projects positions approved for FY 1993 to FTE, and add an additional 18.0 FTE. The 20.0 FTE requested include 4.0 Office Assistant II positions, 1.0 Office Assistant III position, 11.0 Civil Rights Investigators I (\$300,960), 1.0 Intergroup Activities Specialist, 2.0 Civil Rights Supervisor positions, and 1.0 Staff Attorney.

The Governor recommends FY 1994 expenditures of \$1,791,934 for the Commission, a reduction of \$652,220 from the amount requested. The reductions are in salaries and wages (\$497,349), contractual services (\$87,335), commodities (\$3,342), and capital outlay (\$64,194). The Governor does not recommend the addition of 20.0 FTE positions, but does recommend the continuation of the 2.0 Special Projects positions from FY 1993 to FY 1994, and an additional 3.0 Special Projects (Investigator I) positions for FY 1994.

### Senate Subcommittee Recommendation

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


1. The Subcommittee shares the serious concerns of the agency in addressing the backlog of cases currently pending before the Commission. In its testimony to the Subcommittee, the Commission noted that if an individual filed a complaint this month, it would be approximately 15 months before the Commission could begin a full investigation. The agency requested that the Subcommittee recommend 3.0 Special Projects Investigator I positions in addition to the three recommended by the Governor. The agency indicated that even with 6.0 new

Investigators, the Commission would expect to completely eliminate the case backlog by the year 2014.


The Subcommittee recognizes the severity of the problems outlined by the agency and believes that there are essentially two alternatives available to address the concerns of the Commission. The first would be a large addition of staff with a corresponding large addition of State General Fund moneys. The other alternative would be an attempt to modify or redefine the duties of the Commission or its investigation methods.

The Subcommittee recommends, however, that neither of these alternatives be undertaken without a great deal of further information. For that reason, the Subcommittee recommends that the Legislative Division of Post Audit be requested to conduct a performance audit of the functions and duties of the Commission and report to the 1994 Legislature. With that report, the 1994 Legislature could explore a better solution to the problems faced by the agency and determine the resources necessary for the Commission to accomplish its objectives.

2. The Subcommittee notes, that according to information provided by the agency, that the nature of complaints being received by the agency has changed dramatically. In FY 1991, for example, 337, or 31.2 percent, of all cases filed were based on race discrimination, and 336, or 31.1 percent, of cases filed were sex discrimination cases. Physical handicap/disability cases constituted only 6.6 percent of all case filings. In FY 1992, by contrast, 526, or 36.1 percent, were sex discrimination cases, and 276, or 18.9 percent, were disability cases. Race discrimination cases constituted 29.4 percent of the FY 1992 filings. The increases in disability and sex discrimination case filings may well be the result of increased awareness stemming from passage of the Americans with Disabilities Act (ADA) and the media coverage surrounding the Clarence Thomas hearings, and the Subcommittee believes that those complaints may, at some point, reach a plateau and begin to level off. If that is in fact the case, the backlog facing the agency might not continue to grow at such a rapid pace.



Senator Stephen Morris  
Subcommittee Chairperson



Senator William R. Brady



# SUBCOMMITTEE REPORT

Agency: Kansas Corporation Commission Bill No. -- Bill Sec. --  
 Analyst: Rampey Analysis Pg. No. 889 Budget Page No. 134

Expenditure Summary	Agency Est. FY 93	Governor's Rec. FY 93	Subcommittee Adjustments
All Special Revenue Funds:			
State Operations	\$ 11,269,978	\$ 11,008,165	\$ --
Other Assistance	882,365	882,365	--
Total	<u>\$ 12,152,343</u>	<u>\$ 11,890,530</u>	<u>\$ --</u>
FTE Positions	224.0	224.0	--

## Agency Estimate/Governor's Recommendation

The Kansas Corporation Commission (KCC) estimates expenditures of \$12,152,343, which include requests for expenditure limitation increases on the Motor Carrier License Fee Fund of \$17,492 for authorized salary plan adjustments and approval to spend a total of \$151,000 from the Conservation Fee Fund for expenditures in two areas that were not approved by the 1992 Legislature: First, the conservation division is holding hearings that concern the Hugoton natural gas field. Those hearings are being held in Wichita, which means that Commission members and Topeka-based staff have travel-related expenditures. Extra expenses are being incurred for the rent of meeting rooms, court reporter services, and fees for expert consultants. The total increase requested for the Hugoton hearings is \$91,000 and consists of \$16,000 for travel and subsistence, \$15,000 for rent, \$50,000 for a consulting engineer, and \$10,000 for court reporter services. The second component of the request totals \$60,000 and is for money to pay a consultant to do a needs analysis of the KCC in connection with a proposal to microfilm and convert to electronic images many of the Commission's records, particularly those maintained in Wichita by the conservation division.

The Governor recommends expenditures of \$11,890,530, a reduction of \$261,813 from the Commission's estimate. The reduction involves deleting a salary contingency pool of \$201,723 that the 1992 Legislature added for special projects and temporary employees. In addition, the Governor does not approve the request for a \$60,000 expenditure limitation increase for a consultant to help the Commission develop an electronic imaging project. The Governor approves an expenditure limitation increase of \$91,000 for additional costs associated with the Hugoton natural gas field hearings. In addition, the Governor approves the requested expenditure limitation increase of \$17,492 on the Motor Carrier License Fee Fund. (The adjustment corrects an error and accurately reflects legislative intent.)

## Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor, with the following exception:

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1. The Commission asked for and the Governor approved an expenditure limitation increase of \$91,000 for expenses associated with hearings being held in Wichita that concern the Hugoton natural gas field. Applications filed on behalf of operators in the Hugoton field request that the Commission make fundamental changes in how the field is regulated. Because the field is the largest in Kansas and one of the largest in the country, the economic impact of changes in how the field is regulated could be immense.

The hearings, which began in August, 1992, were expected to last six weeks. It now appears they could run through May and perhaps longer. The expenditure limitation approved by the Governor covers expenses only through January.

The Commission informed the Subcommittee it needs additional expenditure authority, but needs more time to develop its estimate. Because of the importance of the hearings, the Subcommittee recommends that the Commission's request be fully funded and included in the Omnibus Bill. (All costs associated with the hearing will be assessed back to the parties involved.)



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Senator Dave Kerr  
Subcommittee Chair



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Senator Marge Petty

## SUBCOMMITTEE REPORT

Agency: Kansas Corporation Commission Bill No. 41 Bill Sec. 5

Analyst: Rampey Analysis Pg. No. 889 Budget Page No. 134

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Governor's Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Special Revenue Funds:			
State Operations	\$ 14,283,634	\$ 11,635,299	\$ --
Other Assistance	890,000	700,000	--
Total	<u>\$ 15,173,634</u>	<u>\$ 12,335,299</u>	<u>\$ --</u>
FTE Positions	248.0	224.0	--

### Agency Request/Governor's Recommendation

For FY 1994, the Kansas Corporation Commission (KCC) requests expenditures of \$15,173,634. Of that amount, \$9,705,113 is estimated for salaries, of which \$562,068 (plus fringe benefits) is for 24.0 new FTE positions. An additional amount of \$1,274,221 is for capital outlay, a large part of which (\$1,073,071) is related to various new and ongoing information management projects. Also included is \$890,000 for KCC projects funded from the Energy Grants Management Fund (oil overcharge money).

The Governor recommends expenditures of \$12,335,299 in FY 1994, a reduction of \$2,838,335 from the request. The Governor does not approve the addition of any new positions (for which \$562,068, plus fringe benefits, was requested) and does not recommend \$381,810 (plus fringe benefits) for a salary contingency pool. The Governor recommends \$316,787 for capital outlay, not \$1,274,221 as requested, and reduces the Commission's request for projects funded from oil overcharge money from \$890,000 to \$700,000.

### Senate Subcommittee Recommendations

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

1. Retain the current total expenditure limitations on the Commission's three main special revenue funds that support agency operations, but place an aggregate limit on the funds to give the Commission the flexibility to shift among them. Currently, it is common for the Commission to ask the Legislature to adjust expenditure limitations on the Public Service Regulation Fund, the Motor Carrier License Fees Fund, and the Conservation Fee Fund in the Omnibus Bill to reflect the most recent estimates of receipts to each fund. When the Legislature is not in session, the only adjustments that can be made are by the State Finance Council, which can increase an expenditure limitation but not decrease it.

The Subcommittee recommends that an aggregate limitation of \$11,012,246 be placed on the three funds. (That amount is the sum of the individual expenditure limitations approved by the Governor.) The Commission then would be able to shift expenditures among the three funds, subject to the aggregate limitation and subject to any other restrictions that exist on purposes for which dedicated revenues may be spent.

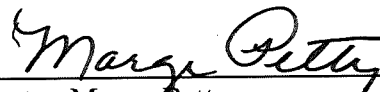
2. Encourage the Commission to continue to explore ways to share with other states the cost of Washington-based counsel that monitors regulatory activity at the federal level. (There is \$75,000 in the Commission's FY 1994 budget to pay the contract for the counsel.) It is the Subcommittee's opinion that, in those cases when Kansas' interests coincide with the interests of other states, a cost-sharing arrangement could be possible.
3. Recommend the introduction of legislation to statutorily authorize two existing positions in the unclassified service. (During the Commission's 1991 sunset review, it was discovered that specific authorization for two existing positions to be unclassified is lacking.) The positions are an Interagency Coordinator and a Petroleum Engineer in the conservation division.
4. Recommend the introduction of legislation to authorize the Commission to assess the utilities directly involved when the Commission intervenes in a matter before a federal regulatory body. At the present time, the Commission is able to recover its costs when it intervenes at the federal level by spreading an assessment among all the utilities it regulates. The proposed legislation would enable the Commission to assess only those utilities directly involved in the intervention.

Because the statute that would be amended also relates to the Citizens' Utility Ratepayer Board (CURB), the Subcommittee recommends an amendment to explicitly state CURB's authority to assess utilities for the cost of its operations. Legislation enacted in 1991 makes it clear that CURB has the authority to set its own budget (subject to legislative approval) and that its funding source is assessments against public utilities (the same as the Corporation Commission). The Subcommittee's proposed amendment would not change existing practice, but would clarify legislative intent.



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Senator Dave Kerr  
Subcommittee Chair



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Senator Marge Petty