

Approved: March 2, 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 24, 1993 in Room 123-S of the Capitol.

All members were present except:

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

CITIZENS' UTILITY RATEPAYER BOARD(Attachment 1)

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

DEPARTMENT OF ADMINISTRATION

The FY93 subcommittee report (Attachment 2) was reviewed by Senator Vancrum. In discussing recommendation 1 of the reportable budget, concern was expressed regarding the four positions that were reallocated within the agency. Senator Vancrum moved, Senator Brady seconded, the adoption of the FY 93 report. The motion carried on a voice vote.

Senator Vancrum presented the FY94 subcommittee report (Attachment 3). Senator Karr reiterated the subcommittee's request that the Joint Committee on Computers and Technology make the computer issue a top priority and report to the House subcommittee. Senator Vancrum noted that the purpose of the chart (Attachment 3-4) was to illustrate the \$15 million cost of the project over the next five years.

Secretary Seltsam explained to the Committee that the \$500,000 for video conferencing was a result of an application submitted to the Department of Energy for oil overcharge funds and that the grant proposal is for a video conferencing site in the Capitol Area Complex and for one in Wichita. She stated that video conferencing is an effective means of providing education without travel.

Members expressed concern regarding the 106 new vehicles which were authorized for FY94 because of the creation of new positions within the agency. In answer to a question, Senator Vancrum stated that the number of new vehicles for FY94, including the 18 recommended by the subcommittee, totals 345. Secretary Seltsam stated that the mileout for motor pool cars is 90,000. Attachment 4 was distributed to members in answer to questions regarding the automobiles. In answer to Senator Kerr, she stated that the reimbursement rate for private car mileage is 26 cents per mile whereas 21 cents per mile is billed back to the agencies to cover mileage, maintenance and replacement costs for motor pool vehicles. She stated that the federal government pays the mileage for environmental positions. Senator Salisbury suggested that the Department take advantage of savings available at certain times of the year when purchasing vehicles.

It was moved by Senator Petty and seconded by Senator Brady that the FY94 subcommittee report be

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 24, 1993.

amended by including a request for a Post Audit study of the central motor pool, including a examination of motor pool purchasing practices and procedures, and a review of motor pool utilization by state agencies to determine if current practices promote the most cost effective means of travel by state agencies. The motion carried on a voice vote.

Senator Vancrum moved that the FY94 report as amended be adopted. The motion was seconded by Senator Salisbury and carried on a voice vote.

Senator Karr moved, Senator Lawrence seconded, that **SB 41** as amended be recommended favorable for passage. The motion carried on a roll call vote.

Senator Moran moved that bill draft 3 RS 0284 be introduced at his own request. The motion was seconded by Senator Salisbury and carried on a voice vote.

The Chairman adjourned the meeting at 12:00 noon.

The next meeting is scheduled for March 1, 1993.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: Feb. 24, 1993

[illegible]

SUBCOMMITTEE REPORT

Agency: Citizens' Utility Ratepayer Board Bill No. -- Bill Sec. --
Analyst: Rampey Analysis Pg. No. 902 Budget Page No. 110


<u>Expenditure Summary</u>	<u>Agency Est. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
State Operations: Special Revenue Fund	\$ 312,876	\$ 312,222	\$ --
FTE Positions	3.0	3.0	--

Agency Estimate/Governor's Recommendation

The Citizens' Utility Ratepayer Board (CURB) estimates expenditures of \$312,876 in FY 1993, which is the amount approved by the 1992 Legislature. The Governor recommends expenditures of \$312,222, a reduction of \$654 from the approved amount.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor.



Senator Dave Kerr
Subcommittee Chair



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Citizens' Utility Ratepayer Board **Bill No.** 41 **Bill Sec.** 6
Analyst: Rampey **Analysis Pg. No.** 902 **Budget Page No.** 110

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 442,598	\$ 353,190	\$ --
FTE Positions	4.0	4.0	--

Agency Request/Governor's Recommendation

The Citizens' Utility Ratepayer Board (CURB) requests authority to spend \$442,598 in FY 1994. The increase is accounted for primarily by a renewed request for a new position and by a request to increase the amount available for contracts with economists, accountants, and other professionals who assist the Board in rate cases.

The Governor recommends expenditures of \$353,190, a reduction of \$89,408 from the Board's request. The most significant reduction is in fees for consultants, for which \$235,000 was requested and \$150,000 is recommended. The Governor approves the request for a new position.

Senate Subcommittee Recommendations

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

1. Change the new position recommended by the Governor from an attorney to an economist. CURB has made three requests for an additional professional position: during the 1991 Session an attorney was requested, during the 1992 Session an economist was requested, and during the current session an attorney is requested. (The 1991 and 1992 requests were not approved.) In reviewing the Board's expenditures in FY 1992, the Subcommittee notes that more than \$25,000 was paid to economists who were hired under contract to the Board. In the Subcommittee's opinion, giving the Board the ability it needs to analyze the economic aspect of issues before it is a higher priority than adding another attorney. This is particularly true because the Kansas Corporation Commission plans to implement Integrated Resource Planning (IRP) which will require a more extensive analysis of utility proposals in order to evaluate the extent to which utilities are meeting consumer needs by promoting more efficient uses of energy. It is the Subcommittee's intention that the economist be hired at the salary level approved by the Governor for the attorney (\$29,328, plus fringe benefits).

2. Recommend the introduction of legislation relating to procedures CURB should follow in contracting for professional services. As long as CURB was part of the State Corporation Commission, it fell under the same procedure as the Commission with regard to entering into contracts for consultants (K.S.A. 66-1513). When CURB became a separate agency for budgetary purposes in FY 1993, the Attorney General ruled that it must follow procedures that apply to all other agencies. Because CURB is subject to some of the same circumstances as the Commission with respect to its involvement in rate cases and its use of consultants, the Subcommittee recommends that the statutes be amended so that, once again, CURB would be subject to the same guidelines as the Commission.



Senator Dave Kerr
Subcommittee Chair



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Department of Administration

Bill No. 62

Bill Sec. 10

Analyst: Porter

Analysis Pg. No. 927

Budget Page No. 22

<u>Expenditure</u>	<u>Agency Est. FY 93</u>	<u>Governor's Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 20,838,868	\$ 21,035,269	\$ --
Aid to Local Units	6,603,113	5,527,524	--
Other Assistance	<u>37,000</u>	<u>37,000</u>	--
Subtotal -- Operating	\$ 27,478,981	\$ 26,599,793	\$ --
Capital Improvements	<u>1,633,480</u>	<u>1,633,480</u>	--
Total	<u>\$ 29,112,461</u>	<u>\$ 28,233,273</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 19,624,579	\$ 19,775,115	\$ --
Capital Improvements	<u>1,302,680</u>	<u>1,302,680</u>	--
Total	<u>\$ 20,927,259</u>	<u>\$ 21,077,795</u>	<u>\$ --</u>
FTE Positions			
Reportable	371.2	373.7	--
Nonreportable	<u>540.8</u>	<u>538.3</u>	--
TOTAL	<u>912.0</u>	<u>912.0</u>	--

Note: In addition to the reportable budget summarized above, the Department of Administration submits a nonreportable budget. Nonreportable expenditures are expenditures of funds which have been received by the Department of Administration as fees or services funds collected from other agencies. These amounts are included as reportable operating expenditures in the budgets of the state agencies using Department of Administration services. If these amounts were to be included as reportable expenditures within the Department of Administration budget, it would constitute a double reporting of the expenditures.

SWAM
February 24, 1993
Attachment 2

Nonreportable Budget

<u>Expenditure</u>	<u>Agency Est. FY 93</u>	<u>Governor's Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 60,972,340	\$ 61,053,472	\$ --
Other Assistance	<u>15,850,780</u>	<u>14,850,780</u>	<u>--</u>
Subtotal -- Operating	\$ 76,823,120	\$ 75,904,252	\$ --
Capital Improvements	<u>2,359,561</u>	<u>2,359,561</u>	<u>--</u>
TOTAL	<u>\$ 79,182,681</u>	<u>\$ 78,263,813</u>	<u>\$ --</u>

Agency Estimate/Governor's Recommendation

FY 1993 Reportable Expenditure Summary. The Department estimates FY 1993 reportable operating expenditures of \$27,478,981, an increase of \$2,482,049 above the amount approved by the 1992 Legislature, as adjusted for Finance Council action (\$24,996,932). The majority of the increase reflects an increase of \$2,226,047 in the amount distributed as aid to local units of government, most of which is federal funding distributed as grants for anti-drug and criminal justice initiatives. State General Fund financing of \$19,624,579 included in the estimate reflects a reduction of \$961,997 from the \$20,586,576 approved by the 1992 Legislature. The FY 1993 estimate includes a total of 371.2 FTE positions, an increase of 1.4 positions above the 369.8 reportable positions approved by the 1992 Legislature. However, the agency estimate includes a total (reportable and nonreportable) of 912.0 FTE positions, as approved by the 1992 Legislature. The FY 1993 estimate includes funding of \$1,302,680 for capital improvements, an increase of \$62,630 above the FY 1993 approved amount of \$1,240,050. The increase reflects a shift to FY 1993 of funding approved in previous years.

Governor's Recommendation. The Governor recommends FY 1993 reportable operating expenditures of \$26,599,793, a reduction of \$879,188 from the agency estimate. The recommendation includes financing of \$19,775,115 from the State General Fund, an increase of \$150,542 above the agency estimate. The increase reflects a variety of adjustments from the agency estimate, including an increase of \$168,725 from the amount requested for an engine overhaul to the executive aircraft. The recommendation would provide funding to overhaul both engines of the aircraft in FY 1993, rather than overhauling one engine in FY 1993 and one in FY 1994, as the agency estimate and request reflect. The recommendation also includes a reduction of \$1,075,589 from the amount requested for grants to local units of government for anti-crime and criminal justice initiatives, which was made to avoid double counting expenditures. Some of the grant money is included as expenditures in the budgets of other state agencies. The recommended reportable FTE limitation of 373.7 is an increase of 2.5 above the agency estimate; however, the recommended total reportable and nonreportable FTE limitation remains at 912.0, the number approved by the 1992 Legislature. The recommendation reflects shifts between divisions and between the reportable and nonreportable budgets. The Governor concurs with the agency estimate for capital improvement expenditures of \$1,302,680.

FY 1993 Nonreportable Budget Summary. The agency estimates FY 1993 nonreportable operating expenditures of \$75,904,252, an increase of \$5,743,850 above the amount of \$71,079,270

approved by the 1992 Legislature. Funding estimated for state operations (\$60,972,340) is an increase of \$1,059,070 above the amount approved by the 1992 Legislature. Funding of \$15,850,780 estimated for other assistance (Workers Compensation claims and funding to allow payments to the federal government under provisions of the Federal Cash Management Act of 1990 for interest earned on federal funds by the State) is an increase of \$4,684,780 above the amount approved by the 1992 Legislature. The estimate includes funding for 540.8 FTE positions, a reduction of 1.4 FTE positions from the approved level of 542.2. However, the agency estimate includes a total (reportable and nonreportable) of 912.0 FTE positions, as approved by the 1992 Legislature. The FY 1993 estimate includes funding of \$2,359,561 for capital improvements, an increase of \$1,179,691 above the \$1,179,870 approved by the 1992 Legislature. The increase reflects a shift to FY 1993 of funding approved in previous years.

Governor's Recommendation. The Governor recommends FY 1993 nonreportable operating expenditure authority of \$75,904,252, a reduction of \$918,868. The recommendation does not include the \$1,000,000 expenditure authority requested to allow payments to the federal government for interest earned on federal funds by the State, and includes a net increase of \$81,132 for all other expenditures. The recommended nonreportable FTE limitation of 538.3 is a reduction of 2.5 from the agency estimate; however, as noted previously, the recommended total reportable and nonreportable FTE limitation remains at 912.0, the number approved by the 1992 Legislature. The Governor concurs with the agency estimate for nonreportable capital improvement expenditures of \$2,359,561.

Senate Subcommittee Recommendation

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

Reportable Budget

1. The Subcommittee notes that, as a result of consolidating its Unisys and MVS data centers, the Division of Information Systems and Communications (DISC) identified four positions which could be eliminated from the DISC budget. These positions were reallocated to other divisions within the Department during FY 1993, including 1.0 FTE Building Construction Inspector position for the Division of Architectural Services. The Subcommittee recommends that the 1.0 FTE Building Construction Inspector position reallocated to Architectural Services in FY 1993 be designated as a limited term position.

The Subcommittee notes that the limited term Building Construction Inspector positions are recommended to accommodate an increase in inspection activities related to building construction projects approved by the 1992 Legislature. The Subcommittee notes that this increased demand appears to be temporary in nature and that the positions should be eliminated when the demand for inspection of construction projects declines.

2. The Subcommittee concurs with Budget Amendment No. 1, Item 19, which would amend the appropriations bill to reflect the Governor's recommendation regarding executive aircraft operations. Although the Governor recommends a

total of \$303,725 (including \$215,622 appropriated in previous years and a supplemental appropriation of \$88,103) to overhaul both engines of the aircraft in FY 1993, the appropriations bill authorizes a supplemental appropriation of \$85,925, or \$2,178 less than the amount recommended by the Governor.

3. The Subcommittee was informed that the agency proposes to replace the Legal Services subprogram's Wang computer system with a personal computer-based local area network costing approximately \$36,000. The proposed purchase would occur in FY 1993 and would be financed with FY 1994 funding budgeted for maintenance and repairs for the Wang system. The Subcommittee notes that this proposal is under review by the Joint Committee on Computers and Telecommunications, and makes no specific recommendation regarding this proposal pending review by the Joint Committee.
4. The Subcommittee received information regarding the cost of insuring state buildings. State General Fund financing of \$247,500 is included in the FY 1993 budget for this purpose and \$250,000 is included in the FY 1994 budget. After assessing the value and condition of all state-owned buildings, the Department sought bids for the cost of insuring all state buildings with a value greater than \$100,000, assuming a \$500,000 deductible per occurrence. The agency received only one bid, which would have provided coverage for all state-owned buildings at a cost of \$580,000. The Department determined that the bid it received did not meet specifications and that the best alternative is to rebid the project. The Secretary of Administration is exploring several alternatives, including the possibility of a higher per occurrence deductible and insuring only those buildings with a value of greater than \$500,000 or a value of greater than \$1,000,000. It is anticipated that the Department will receive bids on or around May 1 and that some type of insurance coverage for state-owned buildings will be in place by the end of FY 1993.

Nonreportable Budget

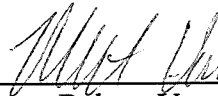
1. The Subcommittee notes that the agency estimate and Governor's recommendation for FY 1993 for the Division of Information Systems and Communications (DISC) include authorization for the purchase of a used computer processing unit (CPU) to replace the Amdahl 5890 processor currently used by DISC. DISC states that, although the Amdahl has had its memory upgraded to the maximum capacity of 512 megabytes, the Amdahl is expected to be at full capacity by May 1993. The used CPU is expected to cost approximately \$2.5 million, to be financed with a cash payment of \$1,226,093 and financing of the remaining balance over a five year period. The \$1,226,093 cash payment would be made within approved FY 1993 funding. This funding is available within the DISC budget because of one-time savings resulting from renegotiation of the agency's telecommunications budget.

The Subcommittee concurs with the proposed purchase of the used CPU, subject to the following recommendations. The Subcommittee was informed that the Amdahl unit is composed of several computers linked together into a single unit


and that it would be possible to sell half of the Amdahl unit for an estimated sale price of \$360,000. The remaining half of the Amdahl would be used to replace the department's IBM 3084 processor, which currently provides electronic mail to DISC network customers. The Subcommittee recommends that DISC attempt to sell half of the Amdahl unit and apply the sale proceeds to the remaining cost of the CPU purchase. To allow the agency to expend the anticipated proceeds from the sale of half of the Amdahl unit to reduce the principal due on the used CPU, the Subcommittee recommends that the expenditure limitation on the Information Technology Reserve Fund be increased by \$360,000 in FY 1994.

The Subcommittee's approval also is based on the expectation that state agencies will continue to utilize DISC services and that the increased utilization of DISC services which agencies have projected will result in lower DISC rates for all users. The Subcommittee was informed that, for the past three years, DISC has been working with those state agencies using SUPRA, which is the oldest of the three data bases used by DISC. DISC announced that it would move away from using SUPRA because vendor support is no longer available for the system. DISC notified users that it would continue to provide as much support as possible to users who could not migrate from SUPRA, but that migration to its other data bases (DB2 and ADABAS) was the preferable alternative. The Subcommittee was informed that, rather than migrating to the other data bases available from DISC, some agencies are utilizing another data base on their own mini computers. The Subcommittee does not agree in general with movement away from the centralized services provided by DISC. The Subcommittee recommends that DISC provide as much support as possible within existing resources to those agencies migrating from the SUPRA data base.

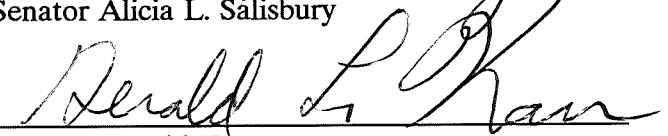
The Subcommittee further notes that this recommendation is subject to review by the Joint Committee on Computers and Telecommunications (JCCT).



Senator Robert Vancrum
Subcommittee Chair



Senator Alicia L. Salisbury



Senator Gerald Karr

SUBCOMMITTEE REPORT

Agency: Department of Administration

Bill No. 41

Bill Sec. 7

Analyst: Porter

Analysis Pg. No. 927

Budget Page No. 22

<u>Expenditure</u>	<u>Agency Req. FY 94</u>	<u>Governor's Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 22,085,981	\$ 21,128,318	\$ (539,286)
Aid to Local Units	6,595,964	5,456,627	--
Other Assistance	37,740	37,740	--
Subtotal -- Operating	\$ 28,719,685	\$ 26,622,685	\$ (539,286)
Capital Improvements	1,004,000	940,574	--
Total	<u>\$ 29,723,685</u>	<u>\$ 27,563,259</u>	<u>\$ (539,286)</u>
State General Fund:			
State Operations	\$ 20,605,966	\$ 19,310,710	\$ (539,286)
Capital Improvements	946,000	400,000	--
Total	<u>\$ 21,551,966</u>	<u>\$ 19,710,710</u>	<u>\$ (539,286)</u>
FTE Positions			
Reportable	383.7	371.2	--
Nonreportable	<u>550.8</u>	<u>543.8</u>	--
TOTAL	<u>934.5</u>	<u>915.0</u>	--

Note: In addition to the reportable budget summarized above, the Department of Administration submits a nonreportable budget. Nonreportable expenditures are expenditures of funds which have been received by the Department of Administration as fees or services funds collected from other agencies. These amounts are included as reportable operating expenditures in the budgets of the state agencies using Department of Administration services. If these amounts were to be included as reportable expenditures within the Department of Administration budget, it would constitute a double reporting of the expenditures.

Nonreportable Budget

<u>Expenditure</u>	<u>Agency Req. FY 94</u>	<u>Governor's Rec. FY 94*</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 63,638,325	\$ 62,516,091	\$ 313,170
Other Assistance	17,300,000	15,800,000	--
Subtotal -- Operating	\$ 80,938,325	\$ 78,316,091	\$ 313,170
Capital Improvements	2,347,057	2,276,752	--
TOTAL	<u>\$ 83,285,382</u>	<u>\$ 80,592,843</u>	<u>\$ 313,170</u>

* Includes adjustment for Budget Amendment No. 1, Item 18, which adds \$221,809 for motor pool expenditures.

SWAM
February 24, 1993
Attachment 3

Agency Request/Governor's Recommendation

FY 1994 Reportable Budget Summary. The agency requests a total of \$28,719,685 for operating expenditures in FY 1994, an increase of \$1,240,704 above the FY 1993 estimate. The majority of the increase (\$1,100,592) is for salaries and wages. The request includes \$22,605,966 from the State General Fund. A total of 17.0 new FTE positions are requested for the reportable budget, including 1.0 for the General Administration Program, 9.0 for the Division of Accounts and Reports, 3.0 for the Division of Personnel Services, and 4.0 for Architectural Services. The FY 1994 request also includes \$1,004,000 for capital improvement projects, to be funded from the State General Fund (\$946,000) and the Buildings and Grounds Fund (\$58,000).

Governor's Recommendation. The Governor recommends FY 1994 reportable operating expenditures funding of \$26,622,685, a reduction of \$2,097,000 from the agency request. Of the reduction, \$1,139,337 is from federal drug funds and \$504,817 is from the agency request for salaries and wages. The recommendation includes \$19,310,710 from the State General Fund, a reduction of \$1,295,256 from the agency request for State General Fund financing. Although the budget requests of the majority of the Department's divisions included separate State General Fund accounts for salaries and wages and other operating expenses, the appropriations bill for the agency includes one State General Fund line item appropriation for each of the divisions. Of the requested new positions, the Governor recommends funding for the 1.0 position requested for the General Administration Program (one of four positions reallocated to other divisions from DISC in FY 1993), 3.0 of the 4.0 positions requested for Architectural Services (1.0 beginning in FY 1993 as one of four positions transferred to other divisions from DISC in FY 1993, and 2.0 additional limited term positions in FY 1994). As in FY 1993, shifting between the reportable and nonreportable budget has occurred, resulting in a recommended reportable FTE limitation of 371.2 FTE positions. The Governor recommends \$940,574 for capital improvement projects in FY 1994, a reduction of \$63,426 from the agency request. The Governor recommends the creation of a new fund, the General Facilities Building Fund, to be financed from the dedication of 15 percent of gaming revenue receipts. Of the recommendation, \$482,574 is financed from the General Facilities Building Fund, \$400,000 is financed from the State General Fund, and \$58,000 is financed from the Buildings and Grounds Fund.

FY 1994 Nonreportable Budget Summary. The agency requests FY 1994 nonreportable operating expenditure authority of \$80,938,325, an increase of \$4,115,205 above the FY 1993 estimate. Of the increase, \$2,665,985 is requested for state operations and \$1,449,220 is requested for other assistance. The agency request for 550.8 nonreportable FTE positions reflects the shifts noted above and the addition of 5.5 new FTE positions, including 4.5 new FTE positions for the Division of Personnel Services (4.0 positions for the Workers Compensation subprogram and a 0.5 FTE position for the Employee Management Services subprogram), and an Office Assistant III position for the Legal Services subprogram. The agency requests nonreportable funding of \$2,347,057 for capital improvements in FY 1994.

Governor's Recommendation. The Governor recommends FY 1994 nonreportable expenditure authority of \$78,094,282, a reduction of \$2,844,043. Of the reduction, \$1,500,000 is from the agency request for expenditure authority to allow payments to the federal government for interest earned on federal funds by the State. Nonreportable expenditures totaling \$1,179,492 requested for the Wichita State Office Building are not recommended. Other recommended adjustments total a net amount of \$164,551. The Governor recommends that \$463,379 of the State's allotted second stage oil overcharge fund be used to establish video conferencing facilities in the Wichita State Office Building and the Landon State Office Building for use by all state agencies. The intent of the project

is to reduce travel to meetings by state employees. The State's application for the project was approved by the U.S. Department of Energy subsequent to the agency's budget submission. The Governor recommends a total of 543.8 nonreportable positions for FY 1994. As noted above, the recommendation reflects shifts between the reportable and nonreportable budgets. The recommendation includes the 1.0 new Office Assistant III position requested for the Legal Services subprogram. One of 4.0 FTE positions transferred from DISC in FY 1993 was transferred to the Workers Compensation subprogram for an Insurance Claims Investigator II position. The Governor does not recommend the additional 3.5 positions requested for FY 1994. The Governor recommends nonreportable funding of \$2,276,752 for capital improvements in FY 1994, a reduction of \$70,305 from the agency request.

Senate Subcommittee Recommendation

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

Reportable Budget

1. Increase the agency-wide reportable budget turnover rate from the 2.9 percent recommended by the Governor to 3.9 percent and delete \$139,286 from the State General Fund. This would impose the same turnover rate included in the FY 1993 recommendation. Reductions of the following amounts are recommended from the agency's divisions: Accounts and Reports, \$32,590; Architectural Services, \$16,922; Central Management Systems Operations, \$19,987; Division of the Budget, \$9,214; Facilities Management, \$18,005; General Administration, \$3,812; Personnel Services, \$26,158; and Purchases, \$12,598.
2. The Subcommittee concurs with Budget Amendment No. 1, Item 17, which would add a proviso to the appropriations bill authorizing an unclassified position for the Director of Facilities Management. This proviso must be included annually in the appropriations bill because the position is not authorized by statute. However, the proviso was inadvertently omitted from the FY 1994 appropriations bill.
3. The Subcommittee received testimony regarding the ongoing personnel/payroll needs study and consultant's report. The FY 1993 budget includes \$100,000 to fund a consultant's needs analysis study for the personnel/payroll project. FY 1994 funding of \$500,000 (\$100,000 nonreportable Accounting Services Recovery Fund and \$400,000 State General Fund) is included in the agency budget to begin implementation of the second phase of the project, which was expected to include some initial costs of implementing the recommendations of the study.

The Subcommittee notes that the consultant's study, which was dated January, 1993, evaluated the following five alternatives for the state's personnel/payroll system: continuing with the present KIPPS system (with no "hard dollar," or actual additional cost to the state); enhancing the KIPPS (Kansas Integrated Personnel and Payroll System) system on the current Unisys environment (with a five year hard dollar cost of \$17,811,432); developing a custom system on a new environment (with a five year hard dollar cost of \$24,701,800); developing a new

system with a mainframe type of package (with a five year hard dollar cost of \$15,276,400); and developing a new system with a client/server type of package (with a five year hard dollar cost of \$15,586,296).

The fifth alternative was recommended by the consultants as the alternative which would offer the ability to move the State from 1970s technology (the KIPPS system) to 1990s technology, would reduce the long term reliance on mainframe computing, would reduce the long term user training costs, and would improve user flexibility. The five year costs of implementing the project are noted below.

<u>Cost Component</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Hardware/Shared Resources	\$ 189,900	\$ 464,250	\$ 1,114,113	\$ 1,187,575	\$ 1,192,659
Software	701,200	115,600	119,300	123,000	126,900
Systems Support and Indirect Cost	38,000	0	0	0	0
System Development and Installation	<u>4,096,800</u>	<u>4,674,100</u>	<u>1,442,900</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 5,025,900</u>	<u>\$ 5,253,950</u>	<u>\$ 2,676,313</u>	<u>\$ 1,310,575</u>	<u>\$ 1,319,559</u>

TOTAL FIVE YEAR HARD COST: \$15,586,296

The Subcommittee notes that the \$500,000 included in the FY 1994 budget for beginning implementation of the project does not approach the estimated first year cost of \$5,025,900. In the absence of a funding source for the remainder of the implementation costs, the Subcommittee recommends that the \$400,000 recommended from the State General Fund be deleted from the agency budget. The Subcommittee notes that this action does not indicate a lack of support for a phase-out of the KIPPS system and movement toward 1990s technology for the personnel/payroll system. The Subcommittee further notes that this project will be reviewed by the Joint Committee on Computers and Technology, and the Joint Committee's recommendation would be referred to the House Subcommittee.

Nonreportable Budget

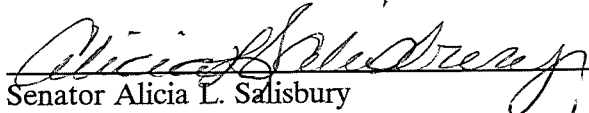
1. Increase the agency-wide nonreportable budget turnover rate from the rate of 3.2 percent recommended by the Governor to 3.5 percent and delete a total of \$46,830. This would impose the same turnover rate included in the FY 1993 recommendation. Reductions are recommended from the following funds: Information Technology Fund, \$26,988; State Building Operating Fund, \$7,662; Accounting Service Recovery Fund, \$8,961; and Intragovernmental Printing Service Fund, \$3,219.
2. As noted in the FY 1993 report, increase the expenditure limitation on the Information Technology Reserve Fund by \$360,000 in FY 1994 to allow the

agency to expend the anticipated proceeds from the sale of half of the Amdahl unit to reduce the principal due on the used CPU.

3. The Subcommittee concurs with Budget Amendment No. 1, Item 18, which would increase the expenditure limitation on the Motor Pool Service Fund by \$221,809, from \$2,393,663 to \$2,615,472. The amendment would allow the purchase of 18 new vehicles for the central motor pool so that travel previously authorized as private car mileage for the Board of Agriculture and the Kansas Public Employees Retirement System (KPERs) could be converted to motor pool mileage. Also included in the amount recommended is funding for motor vehicle parts and accessories, travel, and repairs and servicing. According to the amendment, these vehicles were inadvertently omitted from the recommendation.



Senator Robert Vancrum
Subcommittee Chair



Senator Alicia L. Salisbury



Senator Gerald Karr

DIVISION OF FACILITIES MANAGEMENT
CENTRAL MOTOR POOL SUBPROGRAM

(Revised – Revisions in FY 1994 Column Noted in Bold)

2nd meeting

<u>Expenditure</u>	<u>FY 1991 Actual</u>	<u>FY 1992 Actual</u>	<u>FY 1993 Gov. Rec.</u>	<u>FY 1994 Gov. Rec.</u>
Salaries and Wages	\$ 375,590	\$ 401,009	\$ 425,688	\$ 440,732
Contractual Services	608,201	596,488	656,054	674,016
Commodities	1,094,199	1,057,092	1,097,916	1,215,633
Capital Outlay	<u>2,575,009</u>	<u>1,800,292</u>	<u>3,297,904</u>	<u>3,178,611</u>
Total	<u>\$ 4,652,999</u>	<u>\$ 3,854,881</u>	<u>\$ 5,477,562</u>	<u>\$ 5,508,992</u>
% Increase		(17.2)%	42.1%	0.6% ₋
FTE	16.0	15.0	15.0	15.0

Added employees in SRS

At the beginning of FY 1992, Central Motor Pool revised the attained mileage at which a vehicle is retired from 80,000 miles to 90,000 miles. As a result, virtually no new vehicles were purchased for approximately the first six months of FY 1992. In FY 1992, a total of 191 vehicles (145 replacement fleet vehicles and 46 vehicles associated with new positions or existing positions for which vehicles had not been previously authorized) were purchased, as compared with FY 1993 purchases of 346 vehicles.

Although motor pool vehicles include several types of cars, trucks, vans, and other vehicles, the most commonly purchased vehicle is a compact car. The FY 1992 contract cost of a compact car was \$8,002.

FY 1992 capital outlay expenditures were \$1,497,612 less than the amount included in the FY 1993 Governor's recommendation. If, in FY 1992, an additional 155 vehicles (the difference between FY 1992 purchases of 191 vehicles and FY 1993 purchases of 346 vehicles) had been purchased at a cost of \$8,002, the additional capital outlay expenditures would have been \$1,240,310.

Also accounting for a portion of increased capital outlay expenditures in FY 1993 is the increase in cost of vehicles from FY 1992 to FY 1993. For example, the contract cost of a compact car increased from the FY 1992 cost of \$8,002 to an FY 1993 cost of \$8,289.

The Division of Facilities Management is continuing with its practice of replacing fleet vehicles at 90,000 miles. Several factors associated with this practice are being evaluated. These include, among others, the cost of repairs, interruption of service (both the time required for repairs to vehicles and the work time state employees might lose due to vehicle breakdown), the difference in resale value, and the value of the fleet.

Kansas Legislative Research Department
February 16, 1993

93-4924/KP

*SWAM
February 24, 1993
Attachment 4*