

Approved: 02/24/94
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 1:30 p.m. on February 14, 1994 in Room 514-S of the Capitol.

All members were present except: none

Committee staff present: Paul West, Legislative Research Department
Julian Efird, Legislative Research Department
Diane Duffey, Legislative Research Department
Jim Wilson, Revisor of Statutes
Jerry Cole, Committee Secretary
Sharon Schwartz, Administrative Assistant

Conferees appearing before the committee: none

Others attending: See attached list

At the request of Chairman Chronister, Rep. Pottorff made a motion for introduction of a bill for the Summer Youth Employment Act, under the Department of Commerce. She had received the request for introduction from Rep. Walker Hendrix. Rep. Kline seconded the motion and it carried. Likewise, at the request of Rep. Duane Goosen, Rep. Heinemann moved for the introduction of a bill dealing with special education. Rep. Pottorff seconded the motion and it carried.

Chairman Chronister told the committee a handout had been prepared specifying goals for the House Appropriations Committee which she said had been previously discussed. She said the second page of the handout was information for the benefit of the committee prepared by her staff on expenditures by agencies from the State General Fund, Economic Development Initiatives Fund and Budget Stabilization Fund. (See Attachment 1).

The Chairman then opened the floor for subcommittee reports on agency budgets under consideration as a part of HB 2731. Rep. Lowther gave the subcommittee recommendations for the FY94/95 Kansas Lottery budgets. (See Attachment 2). Rep. Glasscock made a motion adding to the report by requesting a renegotiation of the G-Tech contract for FY 95. Rep. Mead seconded the motion and it carried. Rep. Lowther moved adoption of the subcommittee report as amended; Rep. Heinemann seconded and it carried.

Rep. Heinemann read the subcommittee report for the Kansas Racing Commission FY 94 and FY 95 budgets. (See Attachment 3). Rep. Heinemann made a motion for adoption of the report. His motion was seconded by Rep. Dean and carried by the committee.

Rep. Lowther presented the subcommittee recommendations for the Kansas Technology and Enterprise Corporation (KTEC) FY 94 and FY 95 budgets. (See Attachment 4). Rep. Lowther moved adoption of the reports. The motion was seconded by Rep. Reinhardt and carried by the committee.

Rep. Dean read the subcommittee report for the FY 94 and FY 95 Kansas, Inc. budgets. (See Attachment 5). Rep. Helgeson moved that the subcommittee's provision calling for \$100,000 in the agency's budget upon passage of HB 2557 in item 2 of the report be removed. Rep. Gatlin seconded the motion and it failed. Rep. Dean moved adoption of the reports and the motion was seconded by Rep. Reinhardt. The motion carried.

Rep. Lowther presented the committee with the subcommittee recommendations for the Department of Commerce & Housing's FY 94 and FY 95 budgets. (See Attachment 6 and 6a). Paul West, Legislative Research Department also gave the committee an update of the Economic Development Initiatives Fund (EDIF) assuming adoption of House subcommittee reports for agency budgets under consideration to date. (See

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S of the Capitol, at 1:30 p.m. on February 14, 1994.

Attachment 6b). Rep. Gatlin made a motion to strike item 7 in the FY 95 report. Rep. Helgersen seconded the motion and it failed. Rep. Lowther moved adoption of the subcommittee report. His motion was seconded by Rep. Heinemann and then carried by the committee.

Rep. Gatlin gave the subcommittee report for the Kansas Board of Tax Appeals FY 94 and FY 95 budgets. (See Attachment 7). He then made a motion for adoption of the reports, seconded by Rep. Hochhauser and carried.

Rep. Hochhauser presented the committee with the subcommittee recommendations for the FY 94 and FY 95 Department of Revenue budgets. (See Attachment 8). Rep. Gatlin made a motion to adopt the reports. Rep. Edlund seconded his motion and it carried.

Rep. Kline made a motion to include the Governor's recommendation included in HB 2731 for the Kansas Basic Enterprise Loan Guarantee Fund as a no-limit fund under the Kansas Development Finance Authority (KDFA). (See Page 9 Section 7 of the bill). KDFA was the only agency in the bill not addressed by a subcommittee. Rep. Helgersen seconded the motion and it was carried.

Rep. Pottorff made a motion to favorably recommend HB 2731 as amended by the committee. Rep. Gatlin seconded the motion for and it was then passed by the committee.

Rep. Gross addressed the committee as to his motion on 02/03/94 combining the Consumer Credit Commissioner, Banking Commissioner and Department of Credit Unions. He made a motion to amend his earlier motion by excluding the Department of Credit Unions from the motion. Rep. Helgersen seconded his motion and it was carried.

Chairman Chronister asked for a motion approving the minutes of February 7, 8, 10 and 11 barring any recommendations for changes. Rep. Gatlin made the motion, seconded by Rep. Mead and carried.

The meeting was adjourned at 3:15 p.m. The next meeting is scheduled for February 16, 1994.

1994 Appropriation Committee Guest List

1	NAME	ORGANIZATION
2	Sherry Brown	KDOCSH
3	WALT DARLING	Dir. of Budget
4	Gareth L Saville	Ks Lottery
5	Wes Fow	Blue Valley
6	Al Greenmak	KA Lottery
7	Carl Anderson	Ks Lottery
8	Kenn L Scott	Ks Lottery
9	David Dillam	Dir of Budget
10	Rita Marchel	Bd of Tax Appeals
11	Roberta White	Bd of Tax Appeals
12	Cindy Diehl	KTEC
13	Richard Boudis	KTEC
14	Chris Cooper	KTEC
15	Summ Wyff	Dept of Revenue
16	Janah Kessinger	Grand City Telegram
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Tue, Feb 15, 1994

HOUSE APPROPRIATIONS COMMITTEE

GOAL 1: REDUCE RELIANCE ON BUDGET STABILIZATION FUND (BSF) FOR BASE BUDGET SPENDING BY \$25 MILLION.

- 1) Use BSF for one-time expenses only.
- 2) Reduce BSF in SRS by \$20 million.
- 3) Reduce SGF in Regents budget by \$9 - \$10 million.
- 4) After temporarily removing step movement and longevity bonus, examine SGF for increase/decrease over FY'94. If increase is present, reduce by half.
- 5) Recognize serious needs and try to help by reducing lower priority items or shifting of funds before adding money.

GOAL 2: REDUCE RELIANCE ON EDIF FOR ON-GOING NON-ECO-DEVO PROGRAMS.

- 1) Postsecondary AVTS Aid;
Governor's Rec. FY'95 \$11.8M, \$5.0M in FY'94.

GOAL 3: USE STATE WATER PLAN FUND MONEY FOR APPROVED WATER PROJECTS, AS DESIGNATED BY STATUTE.

Examine budget to see if fees are covering regulatory expenses. If not, propose fee increases where possible. If agency expenses can logically be helped by new fee, suggest it, i.e. historical museum.

STATE GENERAL FUND EXPENDITURES by Agency


Agency	<u>Gov Rec FY 95</u>		<u>Leg Rec FY 95</u>		<u>B S F Use</u>		<u>EDIF Use</u>		Where
	Increase/decrease over FY 94		Increase/decrease over FY 94		Amount	One time	Amount		
	minus step & bonus		minus step & bonus						
	\$	%	\$	%	\$	Y or N	\$		
Judicial Branch	+112,000	.2	+143,000	.24					
Judicial Council	-11,000	-4.8	-11,000	-4.8					
Indigents' Defense	+35,000	.4	+35,000	.4					

HOUSE SUBCOMMITTEE RECOMMENDATIONS


Kansas Lottery

Kansas Racing Commission


H.B. 2752; H.B. 2731



Representative James Lowther, Chairperson



Representative George Dean



Representative David Heinemann



Representative Richard Reinhardt

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 2752

Bill Sec. 7

Analyst: Efird

Analysis Pg. No. 121

Budget Page No. 454

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 15,372,841	\$ 15,865,195	\$ 581,250
Prizes & Retailer Commissions	<u>67,126,268</u>	<u>70,022,730</u>	<u>7,216,966</u>
Total -- Operating	<u>\$ 82,499,109</u>	<u>\$ 85,887,925</u>	<u>\$ 7,798,216</u>
FTE Positions	98.0	98.0	--
Gaming Revenue Fund Transfers	\$ 37,868,047	\$ 40,563,238	\$ 3,499,762

Agency Estimate/Governor's Recommendation

The agency's revised estimate for the current fiscal year maintains projected sales at \$119.6 million. The current approved sales estimate for FY 1994 is \$119.2. The agency's revised budget reflects a net increase in state operations expenditures of \$36,720 above the approved amount. An increase of over \$7.1 million for prizes is included in the Lottery estimates, reflecting a larger proportion of prizes to be paid by the Lottery. The Lottery's projected transfers of \$37.9 million to the State Gaming Revenues Fund (SGRF) are based on 30.0 percent of sales as provided by statute, plus an additional \$2.0 million approved by the 1993 Legislature. The approved estimate for FY 1994 transfers to the SGRF is \$37,537,778, including the extra \$2.0 million.

The Governor's recommendations for FY 1994 assume \$125.4 million in net lottery sales. An increase in sales is attributed primarily to the Club Keno and Powerball on-line games. The Governor's recommendations for state operations reflect an increase in expenditures of \$529,074 from the approved amount. A reduction of \$123,562 in salaries and benefits is offset by an increase of \$140,000 for other operating expenses, each of which is subject to a line item expenditure limitation. In addition, the Governor estimates prizes will increase \$10.0 million over the approved amount, due to a larger proportion of prizes being paid by the Lottery and increased sales. Transfers to the SGRF are estimated at \$40,563,238 in FY 1994, or \$3,025,460 more than the approved estimate for this fiscal year.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations and makes the following additional recommendation and comments:

1. Estimate FY 1994 sales at \$136.768 million and increase the estimated 30.0 percent statutory transfer to the SGRF by \$3,499,762 more than the Governor's estimate. In addition, allow an FY 1994 ending balance of \$3.0 million in the Lottery Operating

Fund and shift an estimated \$961,096 to prizes for instant tickets in order to enhance the payouts.

SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 2731

Bill Sec. 4

Analyst: Efird

Analysis Pg. No. 121

Budget Page No. 454

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 17,481,886	\$ 16,740,467	\$ --
Prizes & Retailer Commissions	<u>74,439,820</u>	<u>70,560,000</u>	<u>818,130</u>
Total -- Operating	<u>\$ 91,921,816</u>	<u>\$ 87,300,467</u>	<u>\$ 818,130</u>
FTE Positions	98.0	98.0	--
Gaming Revenue Fund Transfers	\$ 39,000,000	\$ 37,746,153	\$ 1,000,000

Agency Overview

The Governor's Budget Report (Volume 1, page 48) states that "the purpose of this agency is to generate revenues for the State of Kansas. These revenues finance economic development initiatives and capital improvement projects for state correctional institutions. Therefore, the performance of the Lottery can best be measured by the dollar value of the lottery tickets it sells and the funds it is able to transfer to the State Gaming Revenues Fund for use by the state."

Materials provided by the Lottery concerning its goals and objectives are attached to this report. The Subcommittee approached the Lottery's budget from a performance-based perspective, but believes that work in refining the means and objectives of measuring performance must be undertaken by the agency. For this initial review, the Subcommittee sought to maximize sales and thereby increase transfers to the State Gaming Revenues Fund by its recommendations.

Agency Request/Governor's Recommendation

The agency estimates net lottery sales of \$130.0 million next fiscal year. Expenditures for state operations would increase \$2.1 million over the revised FY 1994 estimate. Some of the increase for state operations is attributed to paying additional fees for on-line communications and on-line vendors due to increased sales of Club Keno and other lotto games. Prizes are anticipated to increase \$7.3 million over FY 1994. Transfers to the SGRF in FY 1995 are estimated at \$39.0 million, based on 30.0 percent of retail sales.

The Governor estimates net lottery sales of \$126.0 million next fiscal year, with the increase attributed to additional instant ticket and Club Keno sales. Expenditures for state operations would increase less than \$1.0 million over the revised FY 1994 recommendation. Prize payments would increase slightly

more than \$0.5 million above FY 1994 since there is no significant increase projected for sales. Transfers to the SGRF in FY 1995 are estimated at \$37.7 million, based on 30.0 percent of retail sales.

House Subcommittee Recommendation

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

1. Revise FY 1995 beginning balance to \$3.0 million, and based on the Governor's projected cash flow assuming \$126.0 million in sales, estimate an FY 1995 ending balance of \$4,818,130 in the Lottery Operating Fund. Reduce the ending balance to \$3.0 million, transfer an additional \$1,000,000 to the SGRF (half the amount on October 31, 1994 and the other half on March 31, 1995), and shift \$818,130 to prizes for instant tickets in order to enhance the payouts.
2. Add language to the proviso in the FY 1995 appropriations bill to include transfers, along with refunds, as being in addition to any expenditure limits. Concur with the new appropriations bill format in FY 1995 to allow a single line item limitation for agency operations (salaries and wages plus other operative costs, exclusive of on-line communications and contractually obligated payments to G-Tech, the service bureau providing on-line operations for the Lottery). The Subcommittee would like to express concern about the terms of the contract which extends through 1997, due to an escalator provision that raises the G-Tech commission from 6.25 percent in FY 1994 to 6.5 percent in FY 1995 (and for the remainder of the contract). Last year the Subcommittee was told that states with greater on-line sales than Kansas had negotiated lower vendor payment rates: Colorado was 4.7 percent, Iowa was 4.8 percent, and Missouri was 4.8 percent. With the increased on-line sales, and the addition of Club Keno, the Kansas sales have increased significantly, and the Subcommittee was disappointed to learn that the vendor's commission will increase under the present contractual terms, rather than for the rate to decrease as sales increase to higher level than the neighboring states.
3. Encourage the Lottery to develop information for review during the 1994 Omnibus period in order to justify acquisition of an alternative system for paying lower tier instant ticket prizes at places other than where originally purchased. The Subcommittee believes that this may enhance sales.
4. Recommend that the House Subcommittee reviewing the Kansas Bureau of Investigation (KBI) budget later this Session (after the bill passes the Senate where it originates) examine the transfer from the Lottery which helps finance the KBI Gaming Unit and determine if the transfer is justified by work performed relative to lottery activities.

Lottery Operating Fund Analysis

The following table summarizes the status of the Lottery Operating Fund as recommended by the Governor and adjusted by the House Subcommittee. In FY 1994, the Legislature authorized an additional transfer of \$2.0 million to the SGRF in order to reduce previous unexpended cash balances.

Resource Estimate	Actual FY 93	Gov. Rec. Est. FY 94	Sub. Rec. FY 94	Gov. Rec. Est. FY 95	Sub. Rec. FY 95
Beginning Balance	\$ 2,796,363	\$ 3,145,164	\$ 3,145,164	\$ 2,873,549	\$ 3,000,000
Net Receipts	68,037,851	77,332,402	83,399,798	77,802,400	76,984,270
Total Funds Available	<u>\$ 70,834,214</u>	<u>\$ 80,477,566</u>	<u>\$ 86,544,962</u>	<u>\$ 80,675,949</u>	<u>\$ 79,984,270</u>
Less:					
Expenditures	15,820,957	15,865,195	16,446,445	16,740,467	16,740,467
Transfers to Prize Fund	19,220,000	21,006,900	22,916,149	21,357,630	21,357,630
Transfers to SGRF	32,479,372	38,563,238	42,063,000	37,746,153	37,746,153
Add. Transfers to SGRF	--	2,000,000	2,000,000	--	1,000,000
Transfers to KBI	150,000	150,000	100,684	121,336	121,336
Nonreportable	18,350	18,684	18,684	18,684	18,684
Ending Balance	<u>\$ 3,145,164</u>	<u>\$ 2,873,549</u>	<u>\$ 3,000,000</u>	<u>\$ 4,691,679</u>	<u>\$ 3,000,000</u>



Joan Finney
Governor

Gregory P. Ziemak
Executive Director

K A N S A S L O T T E R Y

* MISSION STATEMENT *

As a self-funding and self-sustaining state agency, the mission of the Kansas Lottery is to produce the maximum amount of revenue possible for the State Gaming Revenues Fund while ensuring the integrity of all Lottery games and the public confidence in these games.

The Lottery provides a variety of on-line and instant ticket products that are entertaining for the players while continually reviewing programs to minimize operational costs.

KANSAS LOTTERY
To Date Activity 01/31/94

Net Sales **\$547,846,752**

FY 88	\$65,804,532
FY 89	68,188,022
FY 90	64,530,640
FY 91	70,206,003
FY 92	77,039,764
FY 93	114,499,165
FY 94	87,578,626

Retailer Commissions **\$28,447,365**

FY 88	\$3,618,110
FY 89	3,602,985
FY 90	3,318,244
FY 91	3,657,131
FY 92	4,065,060
FY 93	5,819,600
FY 94	4,366,235

Game Prizes **\$266,900,349**

FY 88	\$30,123,006
FY 89	33,755,427
FY 90	28,941,942
FY 91	32,800,224
FY 92	37,063,757
FY 93	58,865,299
FY 94	45,350,694

Transfers To State **\$164,272,252**

FY 88 *	\$11,343,321
FY 89	24,500,950
FY 90	19,259,917
FY 91	19,453,470
FY 92	27,147,019
FY 93	32,629,372
FY 94	29,938,203

* Includes \$2,843,321 Loan & Interest Payback
FY94 UNAUDITED

KANSAS LOTTERY
CALENDAR YEAR 1993
SALES BY COUNTY

COUNTY	INSTANT	PULL-TAB	POWERBALL	CASH LOTTO	PICK 3	CLUB KENO	TOTAL ON-LINE	TOTAL	PERCENT OF TOTAL	\$ PER CAPITA	# RET
ALLEN COUNTY	264,300.00	.00	222,450.00	78,503.00	15,870.50	76,400.00	393,223.50	657,523.50	.47	44.92	13
ANDERSON COUNTY	126,853.00	2,400.00	116,684.00	37,939.00	5,460.50	148,299.00	308,382.50	437,635.50	.31	56.09	7
ATCHINSON COUNTY	161,700.00	.00	177,375.00	40,767.00	13,157.00	179,358.00	410,657.00	572,357.00	.41	33.80	13
BARBER COUNTY	162,600.00	14,160.00	138,795.00	62,414.00	11,006.50	173,314.00	385,529.50	562,289.50	.40	95.73	8
BARTON COUNTY	718,055.00	17,796.00	778,518.00	325,707.00	67,166.50	1,089,411.00	2,260,802.50	2,996,653.50	2.13	101.99	43
BOURBON COUNTY	184,800.00	1,392.00	162,551.00	57,192.00	9,943.50	177,142.00	406,828.50	593,020.50	.42	39.62	9
BROWN COUNTY	159,900.00	6,312.00	158,258.00	52,692.00	8,367.00	78,905.00	298,222.00	464,434.00	.33	41.74	13
BUTLER COUNTY	720,802.00	26,214.00	895,205.00	398,029.00	76,102.50	351,775.00	1,721,111.50	2,468,127.50	1.75	48.80	38
CHASE COUNTY	61,500.00	.00	39,778.00	17,980.00	10,575.00	97,111.00	165,444.00	226,944.00	.16	75.12	2
CHAUTAUQUA COUNTY	57,600.00	13,734.00	34,723.00	13,701.00	2,610.00	18,890.00	69,924.00	141,258.00	.10	32.05	2
CHEROKEE COUNTY	506,100.00	12,432.00	246,569.00	89,752.00	21,829.50	451,821.00	809,971.50	1,328,503.50	.94	62.16	24
CHEYENNE COUNTY	36,900.00	1,500.00	58,612.00	10,868.00	181.50	14,793.00	84,454.50	122,854.50	.09	37.88	4
CLARK COUNTY	42,300.00	.00	25,233.00	7,551.00	473.50	3,070.00	36,327.50	78,627.50	.06	32.52	3
CLAY COUNTY	215,100.00	2,724.00	126,994.00	51,877.00	27,710.00	120,685.00	327,266.00	545,090.00	.39	59.52	1
CLOUD COUNTY	157,655.00	5,796.00	171,564.00	60,662.00	13,174.00	136,057.00	381,457.00	544,908.00	.39	49.43	0
COFFEY COUNTY	231,000.00	.00	152,738.00	50,612.00	7,594.00	48,653.00	259,597.00	490,597.00	.35	58.38	10
COMANCHE COUNTY	39,000.00	.00	25,480.00	10,471.00	224.00	3,715.00	39,890.00	78,890.00	.06	34.11	2
COWLEY COUNTY	816,725.00	6,006.00	694,310.00	272,279.00	68,093.00	848,001.00	1,882,683.00	2,705,414.00	1.92	73.29	32
CRAWFORD COUNTY	498,628.00	8,916.00	315,541.00	89,418.00	22,099.00	564,439.00	991,497.00	1,499,041.00	1.06	42.15	28
DECATUR COUNTY	61,200.00	.00	126,456.00	38,614.00	5,100.00	65,561.00	235,731.00	296,931.00	.21	73.85	7
DICKINSON COUNTY	427,610.00	5,556.00	325,808.00	131,253.00	31,820.00	363,696.00	852,577.00	1,285,743.00	.91	67.82	24
DONIPHAN COUNTY	239,400.00	4,128.00	95,158.00	22,024.00	7,792.50	46,421.00	171,395.50	414,923.50	.29	51.01	12
DOUGLAS COUNTY	767,081.00	264.00	1,343,349.00	299,294.00	74,289.50	338,067.00	2,054,999.50	2,822,344.50	2.00	34.50	46
EDWARDS COUNTY	55,607.00	16,272.00	72,913.00	34,335.00	5,749.50	78,322.00	191,319.50	263,198.50	.19	69.50	4
ELK COUNTY	36,000.00	.00	26,109.00	12,789.00	698.50	11,073.00	50,669.50	86,669.50	.06	26.05	3
ELLIS COUNTY	494,100.00	26,334.00	565,842.00	202,981.00	57,927.00	630,341.00	1,477,091.00	1,977,525.00	1.40	76.05	25
ELLSWORTH COUNTY	119,700.00	.00	154,577.00	46,417.00	6,201.50	142,844.00	350,039.50	469,739.50	.33	71.32	10
FINNEY COUNTY	498,900.00	492.00	673,507.00	259,829.00	28,415.50	626,514.00	1,588,265.50	2,087,657.50	1.48	63.13	30
FORD COUNTY	597,166.00	14,226.00	652,338.00	244,768.00	40,569.50	554,355.00	1,492,030.50	2,103,422.50	1.49	76.59	30
FRANKLIN COUNTY	332,908.00	15,804.00	305,679.00	90,437.00	13,132.00	228,722.00	637,970.00	986,682.00	.70	44.86	14
GEARY COUNTY	925,236.00	77,898.00	733,570.00	255,302.00	252,024.00	580,606.00	1,821,502.00	2,824,636.00	2.00	92.75	28
GOVE COUNTY	33,000.00	.00	49,593.00	15,399.00	1,158.00	45,227.00	111,377.00	144,377.00	.10	44.68	3
GRAHAM COUNTY	36,900.00	.00	37,039.00	10,581.00	488.00	56,505.00	104,513.00	141,513.00	.10	39.94	2
GRANT COUNTY	149,596.00	5,394.00	187,680.00	78,098.00	17,657.00	226,207.00	509,642.00	664,632.00	.47	92.84	6
GRAY COUNTY	34,200.00	.00	68,274.00	23,749.00	1,284.00	77,052.00	170,359.00	204,559.00	.15	37.91	4
GREELEY COUNTY	29,700.00	.00	58,126.00	23,465.00	2,134.00	59,021.00	142,746.00	172,446.00	.12	97.21	4
GREENWOOD COUNTY	147,906.00	8,892.00	90,663.00	38,382.00	3,862.50	50,464.00	183,371.50	340,169.50	.24	43.35	12
HAMILTON COUNTY	76,200.00	.00	83,395.00	27,456.00	13,302.00	95,100.00	219,253.00	295,453.00	.21	123.72	5
HARPER COUNTY	149,784.00	1,158.00	123,562.00	59,692.00	5,803.00	163,030.00	352,087.00	503,029.00	.36	70.61	10
HARVEY COUNTY	411,600.00	29,784.00	405,076.00	174,293.00	33,390.00	271,140.00	883,899.00	1,325,283.00	.94	42.71	22
HASKELL COUNTY	60,725.00	.00	86,049.00	35,530.00	7,298.00	65,859.00	194,736.00	255,461.00	.18	65.74	2
HODGEMAN COUNTY	21,000.00	3,528.00	31,627.00	13,230.00	896.00	6,727.00	52,480.00	77,008.00	.05	35.37	2
JACKSON COUNTY	132,000.00	4,950.00	146,960.00	68,654.00	7,962.00	45,212.00	268,788.00	405,738.00	.29	35.21	8
JEFFERSON COUNTY	155,105.00	.00	157,713.00	65,090.00	6,276.00	47,626.00	276,705.00	431,810.00	.31	28.61	11
JEWELL COUNTY	68,400.00	.00	66,005.00	17,557.00	2,170.50	12,057.00	97,789.50	166,189.50	.12	39.09	5
JOHNSON COUNTY	2,981,977.00	94,092.00	6,888,000.00	1,436,647.00	469,515.50	3,677,967.00	12,472,129.50	15,548,198.50	11.03	43.79	202
KEARNY COUNTY	104,100.00	1,200.00	77,332.00	34,417.00	9,978.00	9,667.00	216,394.00	321,694.00	.23	79.88	4
KINGMAN COUNTY	142,425.00	2,280.00	117,011.00	51,235.00	7,780.00	121,545.00	297,571.00	442,276.00	.31	53.34	7
KIOWA COUNTY	59,700.00	.00	51,305.00	20,807.00	810.00	47,068.00	119,990.00	179,690.00	.13	49.10	4
LABETTE COUNTY	408,000.00	5,400.00	344,420.00	107,129.00	17,619.00	194,388.00	663,556.00	1,076,956.00	.76	45.45	24
LANE COUNTY	25,200.00	.00	46,036.00	20,086.00	1,594.50	21,482.00	89,198.50	114,398.50	.08	48.17	3
LEAVENWORTH COUNTY	738,868.00	7,962.00	980,530.00	227,896.00	151,129.00	520,616.00	1,880,171.00	2,627,001.00	1.86	40.81	39
LINCOLN COUNTY	33,900.00	.00	34,729.00	12,445.00	811.00	19,836.00	67,821.00	101,721.00	.07	27.85	3
LINN COUNTY	137,400.00	.00	85,548.00	25,249.00	3,650.50	23,594.00	138,041.50	275,441.50	.20	33.37	

SORTED PER COUNTY NAME

KANSAS LOTTERY
CALENDAR YEAR 1993
SALES BY COUNTY

COUNTY	INSTANT	PULL-TAB	POWERBALL	CASH LOTTO	PICK 3	CLUB KENO	TOTAL ON-LINE	TOTAL	PERCENT OF TOTAL	\$ PER CAPITA	# RET
LOGAN COUNTY	60,356.00	.00	52,014.00	20,271.00	2,884.00	18,643.00	93,812.00	154,168.00	.11	50.04	6
LYON COUNTY	487,800.00	24,870.00	588,029.00	218,516.00	60,333.00	176,351.00	1,043,229.00	1,555,899.00	1.10	44.80	27
MARION COUNTY	112,500.00	258.00	115,466.00	45,558.00	5,672.50	83,029.00	249,725.50	362,483.50	.26	28.13	8
MARSHALL COUNTY	258,000.00	42,576.00	271,289.00	97,426.00	10,061.00	226,608.00	605,384.00	905,960.00	.64	77.40	14
MCPHERSON COUNTY	422,114.00	25,206.00	434,182.00	177,065.00	39,387.50	416,155.00	1,066,789.50	1,514,109.50	1.07	55.53	24
MEADE COUNTY	74,700.00	5,916.00	71,009.00	29,864.00	2,044.00	118,711.00	221,628.00	302,244.00	.21	71.17	5
MIAMI COUNTY	341,402.00	.00	401,043.00	90,512.00	20,491.00	235,058.00	747,104.00	1,088,506.00	.77	46.39	20
MITCHELL COUNTY	103,500.00	32,076.00	93,140.00	31,218.00	4,814.00	85,255.00	214,427.00	350,003.00	.25	48.59	9
MONTGOMERY COUNTY	1,158,300.00	19,194.00	747,218.00	268,774.00	66,408.00	423,273.00	1,505,673.00	2,683,167.00	1.90	69.13	35
MORRIS COUNTY	104,937.00	12,624.00	69,831.00	33,877.00	3,445.50	30,994.00	138,147.50	255,708.50	.18	41.26	8
MORTON COUNTY	90,900.00	14,118.00	92,416.00	41,479.00	6,255.00	15,431.00	155,581.00	260,599.00	.18	74.88	5
NEMAH COUNTY	188,185.00	16,380.00	168,083.00	71,492.00	9,115.50	142,176.00	390,866.50	595,431.50	.42	56.89	16
NEOSHO COUNTY	295,800.00	16,506.00	216,467.00	76,136.00	24,899.50	233,858.00	551,360.50	863,666.50	.61	50.70	21
NESS COUNTY	49,500.00	20,886.00	74,833.00	32,514.00	7,244.50	40,966.00	155,557.50	225,943.50	.16	56.02	6
NORTON COUNTY	100,200.00	.00	126,323.00	37,608.00	3,175.50	39,075.00	206,181.50	306,381.50	.22	51.52	5
OSAGE COUNTY	261,900.00	2,184.00	180,858.00	82,128.00	19,866.50	92,118.00	374,970.50	639,054.50	.45	41.91	18
OSBORNE COUNTY	88,800.00	4,908.00	59,792.00	18,090.00	9,655.00	18,057.00	105,594.00	199,302.00	.14	40.95	6
OTTAWA COUNTY	79,500.00	21,564.00	58,635.00	20,948.00	852.00	51,042.00	131,477.00	232,541.00	.17	41.27	4
PAWNEE COUNTY	166,200.00	3,936.00	140,924.00	65,683.00	8,311.00	308,117.00	523,035.00	693,171.00	.49	91.75	7
PHILLIPS COUNTY	84,000.00	.00	103,973.00	30,820.00	3,277.50	65,868.00	203,938.50	287,938.50	.20	43.69	5
POTTAWATOMIE COUNTY	282,900.00	8,346.00	265,207.00	116,011.00	15,002.00	143,482.00	539,702.00	830,948.00	.59	51.52	18
PRATT COUNTY	217,200.00	26,982.00	199,029.00	93,126.00	13,251.50	308,634.00	614,040.50	858,222.50	.61	88.46	11
RAWLINS COUNTY	37,500.00	.00	72,504.00	20,864.00	1,439.00	36,963.00	131,770.00	169,270.00	.12	49.73	4
RENO COUNTY	1,312,037.00	92,652.00	1,212,622.00	518,379.00	72,930.00	1,128,743.00	2,932,674.00	4,337,363.00	3.08	69.52	55
REPUBLIC COUNTY	96,900.00	3,336.00	71,760.00	31,762.00	8,462.00	67,871.00	179,855.00	280,091.00	.20	43.21	8
RICE COUNTY	185,400.00	1,476.00	156,154.00	66,365.00	18,744.50	76,066.00	317,329.50	504,205.50	.36	47.52	11
RILEY COUNTY	617,384.00	1,272.00	788,474.00	274,418.00	78,053.00	465,181.00	1,606,126.00	2,224,782.00	1.58	33.14	28
ROOKS COUNTY	135,000.00	.00	94,771.00	36,576.00	4,167.50	34,739.00	170,253.50	305,253.50	.22	50.55	6
RUSH COUNTY	66,600.00	2,886.00	69,279.00	31,686.00	6,997.50	205,605.00	313,567.50	383,053.50	.27	99.70	9
RUSSELL COUNTY	164,100.00	24,978.00	162,809.00	66,921.00	5,597.50	37,101.00	272,428.50	461,506.50	.33	58.90	10
SALINE COUNTY	1,024,373.00	346,974.00	1,226,989.00	405,008.00	92,425.00	1,007,348.00	2,731,770.00	4,103,117.00	2.91	83.23	53
SCOTT COUNTY	102,300.00	6,654.00	117,206.00	46,930.00	9,623.50	93,371.00	267,130.50	376,084.50	.27	71.11	8
SEDGWICK COUNTY	5,538,883.00	525,342.00	8,980,657.00	3,673,565.00	772,531.00	7,455,094.00	20,881,847.00	26,946,072.00	19.12	66.75	296
SEWARD COUNTY	607,800.00	24,912.00	518,676.00	224,587.00	40,961.50	361,369.00	1,145,593.50	1,778,305.50	1.26	94.88	26
SHAWNEE COUNTY	2,827,197.00	88,218.00	4,337,701.00	1,763,879.00	567,323.50	4,064,212.00	10,733,115.50	13,648,530.50	9.69	84.79	135
SHERIDAN COUNTY	39,900.00	.00	106,767.00	26,535.00	3,064.50	46,133.00	182,499.50	222,399.50	.16	73.09	3
SHERMAN COUNTY	134,100.00	8,196.00	111,541.00	31,458.00	5,115.50	71,585.00	219,699.50	361,995.50	.26	52.27	10
SMITH COUNTY	48,600.00	3,126.00	69,768.00	17,418.00	5,135.50	50,587.00	142,908.50	194,634.50	.14	38.33	5
STAFFORD COUNTY	37,500.00	.00	45,855.00	21,431.00	2,968.50	26,164.00	96,418.50	133,918.50	.10	24.96	5
STANTON COUNTY	30,300.00	.00	40,548.00	13,562.00	197.00	8,721.00	63,028.00	93,328.00	.07	40.00	2
STEVENS COUNTY	55,500.00	.00	86,593.00	31,450.00	2,764.50	27,613.00	148,420.50	203,920.50	.14	40.40	4
SUMNER COUNTY	590,556.00	1,092.00	430,975.00	182,160.00	24,726.50	264,295.00	902,156.50	1,493,804.50	1.06	57.81	18
THOMAS COUNTY	146,100.00	.00	145,186.00	46,513.00	8,275.50	305,473.00	505,447.50	651,547.50	.46	78.90	12
TREGO COUNTY	39,600.00	8,256.00	37,796.00	14,082.00	468.00	17,872.00	70,218.00	118,074.00	.08	31.96	4
WABAUNSEE COUNTY	73,200.00	2,376.00	41,147.00	20,044.00	2,035.00	49,565.00	112,791.00	188,367.00	.13	28.53	7
WALLACE COUNTY	32,100.00	1,044.00	30,101.00	10,703.00	4,249.00	2,185.00	47,238.00	80,382.00	.06	44.14	3
WASHINGTON COUNTY	114,000.00	12,000.00	92,230.00	36,335.00	3,684.50	109,613.00	241,862.50	367,862.50	.26	52.01	12
WICHITA COUNTY	43,509.00	492.00	48,382.00	20,008.00	1,672.00	26,437.00	96,499.00	140,500.00	.10	50.94	4
WILSON COUNTY	179,400.00	.00	100,337.00	41,300.00	8,452.00	105,115.00	255,204.00	434,604.00	.31	42.24	6
WOODSON COUNTY	67,800.00	.00	54,151.00	23,538.00	9,592.00	110,067.00	197,348.00	265,148.00	.19	64.42	6
WYANDOTTE COUNTY	1,916,113.00	18,774.00	2,761,357.00	713,450.00	568,368.50	1,353,542.00	5,396,717.50	7,331,604.50	5.20	45.26	95
CY93 TOTAL	37,146,558.00	1,917,582.00	46,375,454.00	16,063,587.00	4,338,395.50	35,072,282.00	101,849,718.50	140,913,858.50			3

SORTED PER COUNTY NAME

2-10

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission

Bill No. 2752

Bill Sec. 8

Analyst: Efird

Analysis Pg. No. 126

Budget Page No. 478

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,060,834	\$ 2,990,187	\$ --
Other Assistance	1,394,557	1,394,557	--
Total -- Operating	<u>\$ 4,455,391</u>	<u>\$ 4,384,744</u>	<u>\$ --</u>
FTE Positions	43.5	41.5	--
Gaming Revenue Fund Transfers	\$ 6,373,312	\$ 5,851,668	\$ 191,105

Agency Estimate/Governor's Recommendation

The Racing Commission estimates a reduction in approved expenditures for state operations. The revised FY 1994 expenditures for state operations are \$335,114 less than the approved funding. A reduction of 5.0 FTE positions also is included in the estimates. Transfers to the State Gaming Revenues Fund (SGRF) are revised, increasing from \$5.2 million to almost \$6.4 million, or \$1,128,863 higher than the approved estimate.

The Governor recommends a reduction of \$405,761 in approved expenditures for state operations and a reduction of 7.0 FTE positions. The Governor's estimates include an increase of \$607,109 in the FY 1994 transfers to the SGRF, compared to the FY 1994 approved estimate. Total SGRF transfers are estimated at \$5.85 million in FY 1994.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, and makes the following comments and additional recommendations:

1. Based on parimutuel handle to date this fiscal year and additional receipts to the State Racing Fund above the Governor's estimates, the Subcommittee increases the revenue estimate to \$7,718,000 and adds \$191,105 to the SGRF transfers (for a total of \$6,042,773 estimated) in FY 1993, while maintaining an estimated ending balance of \$200,000 in the State Racing Fund.

SUBCOMMITTEE REPORT

Agency: Kansas Racing Commission

Bill No. 2731

Bill Sec. 5

Analyst: Efird

Analysis Pg. No. 126

Budget Page No. 478

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,767,322	\$ 3,093,891	\$ --
Other Assistance	1,503,019	1,503,019	--
Total -- Operating	<u>\$ 5,270,341</u>	<u>\$ 4,596,910</u>	<u>\$ --</u>
FTE Positions	51.5	40.5	--
Gaming Revenue Fund Transfers	\$ 6,179,596	\$ 5,400,000	\$ (431,148)

Agency Overview

The Kansas Racing Commission administers provisions of the Parimutuel Racing Act and serves as the regulatory entity for horse and greyhound racing. The primary charge of the Commission is to regulate the racing industry and the parimutuel wagering associated with the racing industry. The Commission lists as its primary objectives to: (1) regulate racing; (2) issue licenses and conduct hearings involving licensees; (3) monitor parimutuel wagering; (4) collect tax payments; (5) administer the Kansas bred and whelped programs; and (6) safeguard the health and safety of racing horses and greyhounds.

The Subcommittee has included materials submitted by the Commission which identify its mission and objectives, as well as some performance indicators. The Subcommittee believes that further refinement of these objectives and measurements will need to be undertaken before the Subcommittee can use them effectively next Session.

Agency Request/Governor's Recommendation

For state operations, the Racing Commission requests an increase of \$706,488 and 8.0 new FTE positions associated with a new race track in Southeast Kansas at Frontenac. Increased financing is divided between the State Racing Fund and the Racing Reimbursable Expense Fund, with a net increase anticipated from all other funds. The Commission estimates almost \$6.2 million for SGRF transfers, a decrease of almost \$500,000 from FY 1994 estimates.

For state operations, the Governor recommends an increase of \$103,704 and a decrease of 1.0 FTE position. Increased financing is divided between the State Racing Fund and the Reimbursable Fund, with a net decrease anticipated from all other funds. The Governor estimates \$5.4 million in transfers to the SGRF, a decrease of about \$500,000 from this fiscal year's recommended amount. No revenue from a new track at Frontenac is included in the Governor's estimates.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's FY 1995 recommendations and makes the following adjustments as well as other comments and recommendations:

1. Reduce the estimated transfer to the SGRF by \$431,148 in order to fund a recommended transfer of \$364,000 to the KBI and in order to maintain an estimated \$200,000 ending balance for the State Racing Fund.
2. Recommend that the House Subcommittee reviewing the Kansas Bureau of Investigation (KBI) budget later this Session (after the bill passes the Senate where it originates) examine the transfer from the Racing Commission which helps finance the KBI Gaming Unit and determine if the transfer is justified by work performed relative to parimutuel activities.
3. Request the Senate Subcommittee to obtain additional information about the status of the Racing Reimbursable Expenses Fund and to include those findings in its subcommittee report for consideration during the Omnibus period. The House Subcommittee heard a brief report about end of year cashflow problems in past years and would like to have the agency provide more detailed information about this matter and its proposed resolution for the Senate to consider. The House Subcommittee ran out of time to consider this matter.

Special Revenue Funds. Two funds provide most of the financing for the State Racing Commission. The State Racing Fund receives receipts from the parimutuel tax, admissions tax, licenses, and fines. The Racing Reimbursable Expense Fund revenue comes from fingerprint fees and from assessments paid by the tracks for services rendered by certain state personnel, such as judges, stewards and animal health officers.

1. State Racing Fund Analysis. Based on anticipated revenues and expenditures, the Governor's recommendations reflect a decreased transfer to the State Gaming Revenues Fund (SGRF) in FY 1995. The Governor does not appear to include transfers to the KBI in FY 1995 in the recommended cash flow for the State Racing Fund. The projected ending balance for FY 1995 is less than the required \$200,000 amount.

Resource Estimate	Actual FY 93	Gov. Rec. FY 94	Sub. Rec. FY 94	Gov. Rec. FY 95	Sub. Rec. FY 95
Beginning Balance	\$ 912,531	\$ 686,633	\$ 686,633	\$ 177,738	\$ 200,000
Net Receipts	7,617,706	7,504,633	7,718,000	7,238,633	7,238,633
Total Funds Available	<u>\$ 8,530,237</u>	<u>\$ 8,191,266</u>	<u>\$ 8,404,633</u>	<u>\$ 7,416,371</u>	<u>\$ 7,438,633</u>
Less:					
Expenditures	1,731,576	1,839,280	1,839,280	1,905,781	\$ 1,905,781
Transfers to KBI	289,984	322,580	322,580	(a)	364,000
Transfers to SGRF	5,822,000	5,851,668	6,042,773	5,400,000	4,968,852
Ending Balance	<u><u>\$ 686,677</u></u>	<u><u>\$ 177,738</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 110,590</u></u>	<u><u>\$ 200,000</u></u>

a) **KBI Transfer.** Any transfer would decrease the amount available for transfer to the SGRF. The Governor includes \$364,000 in the FY 1995 appropriations bill for transfer to the KBI.

2. Racing Reimbursable Expense Fund Analysis. The Governor's recommendations anticipate that net receipts will be received on a timely basis and will pay current expenditures. The FY 1993 ending balance shows a significant reduction from the beginning balance of last fiscal year since expenditures exceeded net receipts.

Resource Estimate	Actual FY 93	Gov. Rec. FY 94	Gov. Rec. FY 95
Beginning Balance	\$ 229,094	\$ 93,954	\$ 93,954
Net Receipts	570,701	679,920	717,392
Total Funds Available	\$ 799,795	\$ 773,874	\$ 811,346
Less: Expenditures	705,841	679,920	717,392
Ending Balance	<u>\$ 93,954</u>	<u>\$ 93,954</u>	<u>\$ 93,954</u>

Kansas Racing Commission
Budget Subcommittee
February 8, 1994

Performance-Based Budget Outline

A. MISSION STATEMENT. The Kansas Racing Commission is a five-member board appointed by the governor. The commission appoints an executive director who serves at the pleasure of the commission administering its policies and enforcing its regulations. Among other duties, the Kansas parimutuel racing act, K.S.A. 74-8801 et seq., charges the five-member commission with:

- implementing and enforcing regulations to ensure the integrity of racing and wagering and to provide for the humane treatment of racing animals;
- granting organization, facility owner and facility manager licenses for the construction and operation of Kansas racetracks;
- granting concessionaire, totalisator and occupation licenses for the conduct of such businesses at Kansas racetracks;
- granting simulcasting licenses for the displaying of simulcast horse and greyhound races at Kansas racetracks;
- auditing revenue and procedures for the state racing fund, county fair horse racing benefit fund, Kansas horse breeding development fund, racing investigative expense fund, Kansas greyhound breeding development fund, racing reimbursable expense fund and racing applicant deposit fund;
- granting race meeting dates, racing days and hours to organization licensees to minimize conflicting dates and establish an equitable racing program for Kansas;
- to the extent consistent with these duties, encouraging economic development for all racing interests in Kansas, including tourism and the distribution of charitable funds by organization licensees to qualified non-profit groups.

B. PERFORMANCE MEASURES.

1. Regulation.

- 550 cases investigated in 1993, conducted administrative hearings for 256;

- granted Wichita Greyhound park 310 greyhound racing dates with 410 performances;
- granted the Woodlands 63 horse racing dates and 240 greyhound racing dates with 357 performances;
- granted Anthony Downs eight mixed horse and greyhound fair racing dates;
- submitted 1,448 sets of fingerprints to the Kansas bureau of investigation for criminal history reports;
- collected fines in the amount of \$14,505;
- reviewed and approved for organization licensees all qualifying contracts executed by organization, facility owner and facility manager licensees and applicants;
- for horses, tested 1,289 samples, and 15 were positive;
- for greyhounds, tested 12,518 samples, and 110 were positive;
- conducted annual reviews in accordance with K.S.A. 74-8813 and 74-8815 for the organization and facility owner/facility manager licensees at Wichita Greyhound Park and the Woodlands to determine licensee compliance with the racing act and commission regulations.

2. Licensing:

- for calendar year 1993, granted 5,938 occupation licenses;
- registered 667 corporations, partnerships, syndicates or other associations or entities who are legal owners of horses or greyhounds;
- approved 11 concessionaire licenses for the sale of goods at a racetrack facility;
- granted organization licenses for the conduct of fair meetings at Anthony Downs and Eureka Downs;

- continued to monitor the financing plan for Camptown Greyhound Racing, Inc., which awaits final approval;
- though the application at the Wichita track was limited, granted simulcasting licenses for Wichita Greyhound Park, the Woodlands and Eureka Downs for the display of simulcast races.

3. Financing/audit:

- State racing fund:

parimutuel tax -	\$6,413,717
simulcast tax -	774,784
admission tax -	228,314
license fees -	46,950
finest -	14,505
daily license fees -	123,600
miscellaneous revenue -	<u>2,475</u>
TOTAL:	<u>\$7,604,345</u>

- County fair horse racing benefit fund: \$387,392
- Kansas horse breeding development fund: \$412,558
- Racing investigative expense fund: \$5,005
- Kansas greyhound breeding development fund: \$929,313
- Racing reimbursable expense fund: \$570,701
- Racing applicant deposit fund: \$18,336

4. Economic development/charitable contributions:

- in fiscal year 1993, transferred \$5,822,044 to the economic development initiatives fund;
- paid horse breeding development funds in the amount of \$312,874 to purse supplements, stakes supplements and research grants for the horse industry;
- paid greyhound breeding development funds in the amount of \$901,395 to Kansas bred stakes awards, research grants and greyhound tourism for the greyhound industry;

- reviewed 14 grant applications or renewals for equine research and research relating to the prevention of disease and injury in greyhounds;
- in calendar year 1993, TRAK East, organization licensee at the Woodlands, distributed \$355,442 to 49 non-profit organizations;
- in calendar year 1993, Wichita Greyhound Charities, Inc, organization licensee at Wichita Greyhound Park, distributed \$600,000 to 135 non-profit organizations;
- granted \$175,000 from the county fair horse racing fund to pay statutorily-authorized expenses for the Anthony Downs fair race meeting.

94JAC3-dpb

SUBCOMMITTEE REPORT

Agency: Kansas Technology Enterprise Corp. Bill No. 2731

Bill Sec. 9

Analyst: Duffy

Analysis Pg. No. 161

Budget Page No. 412

Expenditure	Agency Est./ Gov. Rec. FY 94	Agency Req. FY 95	Governor's Rec. FY 95	Subc. Adjustments
All Funds:				
State Operations	\$ 2,791,498	\$ 3,780,101	\$ 3,695,823	\$ 379,782
Other Assistance	12,922,199	15,832,844	10,463,891	--
TOTAL	<u>\$ 15,713,697</u>	<u>\$ 19,612,945</u>	<u>\$ 14,159,714</u>	<u>\$ 379,782</u>
EDIF:				
State Operations	\$ 2,141,498	\$ 2,280,101	\$ 2,195,823	\$ 379,782
Other Assistance	8,963,232	14,311,564	8,942,611	--
TOTAL	<u>\$ 11,104,730</u>	<u>\$ 16,591,665</u>	<u>\$ 11,138,434</u>	<u>\$ 379,782</u>
FTE Positions	11.0	11.0	11.0	--

Agency Request/Governor's Recommendation

KTEC's FY 1995 budget request totals \$19.6 million, of which \$14,362,683 is for KTEC's administrative operations, special projects, and grants; \$1,228,982 is for the KVAC program; and \$4,021,280 is for the Mid-America Manufacturing Technology Center (MAMTC). The request for financing includes \$16.6 million from EDIF and \$3.0 million from federal MAMTC funds. The Governor's FY 1995 recommendation totals \$14.2 million, of which \$9,258,153 is for KTEC's administrative operations, special projects, and grants; \$880,281 is for KVAC; and \$4,021,280 for MAMTC, as requested. The Governor's recommendation includes funding from the EDIF of \$11,138,434 and \$3,021,280 from federal MAMTC funds (as requested).

FY 1994. The House Subcommittee concurs with the Governor's recommendations for FY 1994.

FY 1995. The House Subcommittee concurs with the Governor's recommendations for FY 1995, with the following adjustments:

1. Add \$379,782 from the EDIF for the innovations and commercialization corporations for a total of \$900,000. This would provide approximately \$300,000 to each of the three commercialization centers in FY 1995: Lawrence Innovation Center; Mid-America Commercialization Corporation (Manhattan); and Wichita Innovation Center.
2. Add \$25,000 from the EDIF to the Small Business Innovation Research (SBIR) Grants program for a total of \$50,000. The agency requests \$100,000 and the


ATTACHMENT 4

Governor recommends \$25,000. This was an early KTEC program, begun in FY 1988, with the purpose of assisting small Kansas companies in submitting SBIR grant proposals to various federal agencies. For the last three fiscal years, grant funding has totaled \$25,000, annually. In the current year, in addition to the \$25,000 for grants, KTEC used \$25,000 from the KTEC special revenue fund to contract with the Institute for Public Policy and Business Research (IPPBR) to recommend strategies to improve Kansas' record in obtaining SBIR awards. The formal report is due to KTEC on March 11; however, based on preliminary comments the Subcommittee believes that the IPPBR recommendations will result in increased demands in this program.

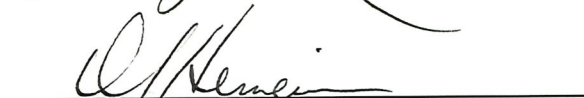
3. Delete \$25,000 from the EDIF for ITEC (Intellectual Technology Enterprise Corporation) for total funding of \$95,000 for this program in FY 1995. The agency requests and the Governor recommends \$120,000. ITEC, a KTEC subsidiary, assists Kansas inventors. ITEC has received the following funding: FY 1990 (\$75,910); FY 1991 (\$115,955); FY 1992 (\$50,000); FY 1993 (\$80,000); and FY 1994 (\$50,000). Also, the Subcommittee directs KTEC and ITEC to examine the idea of dissolving ITEC as a separate corporation and placing it under KTEC as a separate program. The Subcommittee believes that the KTEC Board needs to provide closer scrutiny of ITEC operations and this organizational change would result in better management of the ITEC program.
4. The Subcommittee is of the opinion that the Experimental Program to Stimulate Competitive Research (EPSCoR) fits the mission of KTEC better than the mission of Kansas, Inc. Due to the contractual arrangements for administering the current EPSCoR grant, however, the Subcommittee recommends that the transfer of the program to KTEC not occur until FY 1996. The Subcommittee recommends that the staff of Kansas, Inc. and KTEC work together and present the 1995 Legislature with a plan which would facilitate the seamless transfer of the program between the two agencies.
5. The Subcommittee notes that KTEC has invested \$150,000 (\$50,000 from special project funds in FY 1993, 1994, 1995) to contract with the Institute for Public Policy and Business Research to develop a methodology which would allow the State to calculate the return it receives from its investments through KTEC. It appears that the Return on Public Investment (ROPI) project is coming along quite well, and, there may be opportunities to market the ROPI software to other economic development agencies.

The following table summarizes the Subcommittee's recommendations by program:

Expenditures by Program	Estimate FY 94	Request FY 95	Gov. Rec. FY 95	Subc. Rec. FY 95
KTEC -- Administration ¹	\$ 764,736	\$ 889,683	\$ 887,936	\$ 887,936
Industrial Liaison Offices	300,000	300,000	300,000	300,000
Centers of Excellence	4,392,333	4,500,000	4,267,386	4,267,386
Applied Research Matching Grant Fund	1,259,613	1,800,000	1,259,613	1,259,613
Ad Astra I and II	1,500,000	4,000,000	1,500,000	1,500,000
Commercialization Centers	500,000	1,000,000	520,218	900,000
Research Equipment Grants	0	1,000,000	0	0
Training Equipment Grants	150,000	150,000	150,000	150,000
Innovation Research Grants	50,000	100,000	25,000	50,000
Telecommunications	125,000	250,000	125,000	125,000
ITEC	50,000	120,000	120,000	95,000
Special Projects	173,000	253,000	103,000	103,000
KVAC	875,048	1,228,982	880,281	880,281
MAMTC	5,573,967	4,021,280	4,021,280	4,021,280
TOTAL	\$ 15,713,697	\$ 19,612,945	\$ 14,159,714	\$ 14,539,496
Financing:				
EDIF	\$ 11,104,730	\$ 16,591,665	\$ 11,138,434	\$ 11,518,216
State General Fund	0	0	0	0
Federal MAMTC	4,583,967	3,021,280	3,021,280	3,021,280
KTEC Special Revenue Fund	25,000	0	0	0
TOTAL	\$ 15,713,697	\$ 19,612,945	\$ 14,159,714	\$ 14,539,496


 Representative Jim Lowther
 Chair


 Representative George Dean


 Representative David Heinemann


 Representative Richard Reinhardt

KTEC's Mission:

Foster technological innovation and the creation, growth and expansion of Kansas enterprises.

KTEC's Ultimate Goal: Technology Economic Development

- Goal 1: Stimulate technological innovation**
- Goal 2: Develop a formal process to commercialize technologies**
- Goal 3: Generate new and/or improved career and job
 opportunities in technical fields**
- Goal 4: Establish measurement systems for return on investment**
- Goal 5: Enhance effective communication among the private
 sector, academia and government**
- Goal 6: Promote technical education and training**

KTEC's Goals

KTEC has set clear goals with specific and measurable objectives. These goals and objectives match and reinforce KTEC's programs, lending direction for new activities. They also provide a means to evaluate KTEC's performance and results.

Goal #1: Stimulate technological innovation

Objectives:

- Attract more scientists and engineers to Kansas and retain them in the state
- Generate new ideas for products and processes
- Create "investment grade" technologies
- Encourage greater use of technology by Kansas enterprises

Goal # 2: Develop a formal process to commercialize technologies

Objectives:

- Design a commercialization program
- Develop a commercialization leadership group
- Identify and develop appropriate extended enterprises for commercialization
- Define and implement a system for licensing technologies
- Facilitate joint ventures

Goal #3: Generate new and/or improved career and job opportunities in technical fields

Objectives:

- Enhance employment opportunities for new and existing workforce
- Attract and retain more technology-based businesses and industries
- Identify significant opportunities for job enhancements

Goal #4: Establish measurement systems for return on investment

Objectives:

- Forecast economic impact of projects
- Improve existing methods of accountability
- Expand and enhance management tracking systems
- Determine economic impact of programs and projects
- Establish special criteria for future investments and programs

Goal #5: Enhance effective communication among the private sector, academia and government

Objectives:

- Lead in establishing partnerships with academia and the private sector
- Facilitate development of common goals
- Stimulate the private sector to take a more active role in economic development

Goal #6: Promote technical education and training

Objectives:

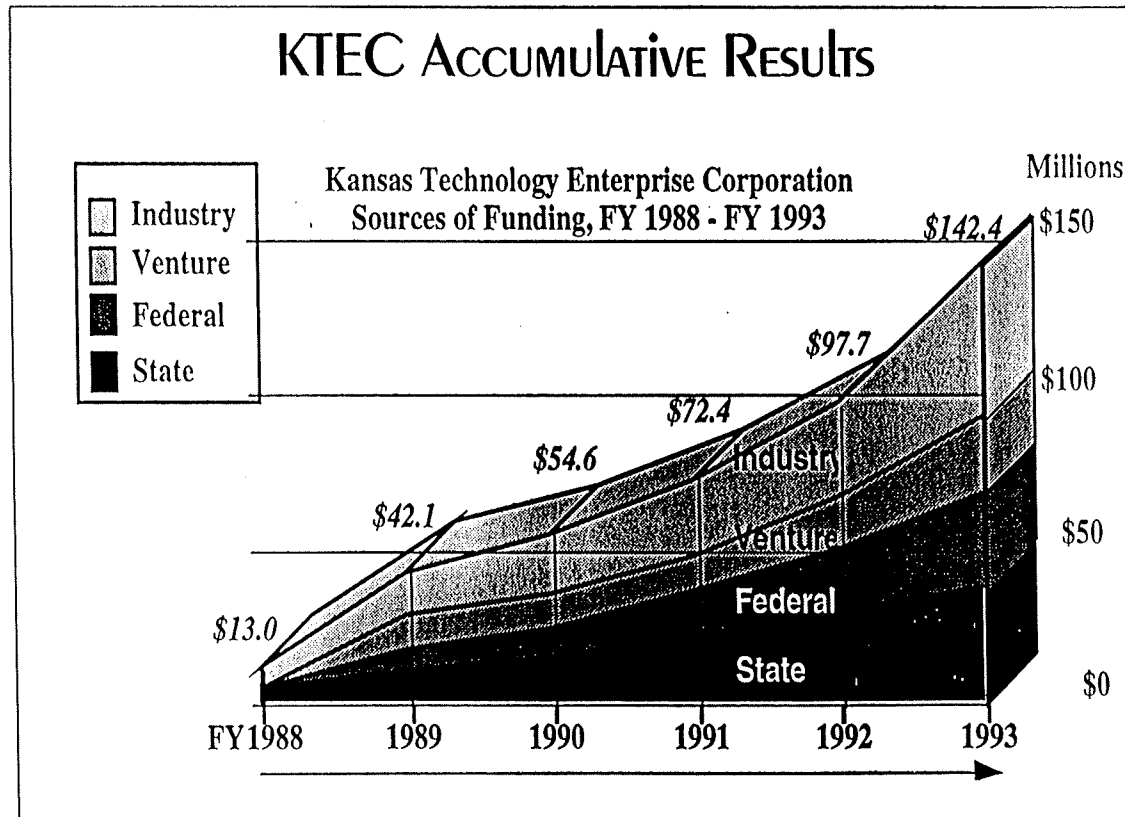
- Identify business training needs
- Assist the educational community in training/retraining to meet needs of specific Kansas industries
- Enhance the technology training environment at the advanced/graduate level
- Create an interest in science and engineering fields among Kansas students (K-12)
- Develop a mentor program of successful entrepreneurs/inventors

KTEC's strategy offers great opportunity for success. But success will be influenced by variables outside of KTEC's control. These include:

- dedicated, long-term funding
- improved support by the public
- the general economy
- continued bipartisan support by the Kansas Legislature
- development and maintenance of good basic education (K-12)
- continued strong state support of higher education

In addition, KTEC's success will depend upon its acceptance by the private sector. KTEC must firmly establish its viability in the business community.

KTEC ACCUMULATIVE RESULTS



Investments

\$39.0 million in state funding
\$48.9 million in industry funding
\$29.5 million in federal funding
\$25 million venture capital
\$.5 million institutional funding

Results

\$50.4 million in increased sales
97 company start-ups
25 company expansions
3,722 jobs created
2,447 industry employees trained
1,228 manufacturing plant visits
192 technologies
83 patents issued
282 inventors assisted

By program:

KTEC Centers of Excellence

\$15.6 million in state funding
\$18.0 million in industry funding
\$23.5 million in federal funding

Applied Research Matching Fund

\$9.6 million in state funding
\$16.9 million in industry funding
284 grants awarded
149 projects completed

Seed Capital Investments

\$1.8 million state funding
\$11 million industry funding
10 companies held in portfolio
150 jobs created

Mid-America Manufacturing Technology Center

\$2 million in state funding
\$392,155 in industry funding
\$2.9 million in federal funding
1,228 manufacturing plant visits
222 technical assistance projects
62 seminars and workshops

KTEC Centers of Excellence	FY 1992 Actual	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Number of participating businesses	202	532	593	679
Industry funds invested	\$3,157,507	\$4,240,751	\$5,212,706	\$5,810,716
Federal funding attracted	\$5,671,876	\$5,177,994	\$6,991,568	\$10,005,396
Number of center employees and researchers (FTE)	148	113	127	137
Number of grad students & visiting scientists	195	159	181	203
Number of papers published	275	247	294	345
New technologies developed	12	57	59	72
Patents filed and issued	10	13	18	25
Licenses awarded	2	2	7	14
Conferences, workshops and seminars held	138	170	176	180
Attendance at conferences, workshops and seminars	3,631	4,644	4,698	4,948
New companies formed	5	8	11	

Applied Research Matching Fund	FY 1992 Actual	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Number of projects funded	42	32	35	35
Existing companies assisted	23	18	21	21
Start-up companies	12	13	12	12
Industry match	\$2,904,929	\$1,957,964	\$2,200,000	\$2,200,000
Follow-on Venture Capital attracted	\$3,889,000	\$9,399,000	\$12,000,000	\$15,000,000
New jobs	71	94	125	350
<i>Sales Revenues</i>	\$14,700,000	\$17,800,000	\$37,500,000	\$60,000,000

Small Business Innovation Research Grants	FY 1992 Actual	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Federal proposals supported	8	9	14	9
Industry match - proposal preparation	\$42,193	\$27,877	\$88,257	\$70,000
Federal proposals awarded	3	3	4	4
Federal funds awarded	\$149,981	\$1,270,111	\$350,000	\$600,000

Training Equipment Grants	FY 1992 Actual	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Number of industry employees upgrading skills	700	1,284	1,200	1,200
Students trained	610	1065	1000	1000
Companies benefitted	91	56	60	60
Match: industry, federal, institutional	\$935,497	\$1,440,634	\$700,000	\$700,000

8-7

SUBCOMMITTEE REPORT

Agency: Kansas Inc.

Bill No. 2752

Bill Sec. 10

Analyst: West

Analysis Pg. No. 157

Budget Page No. 382

Expenditure Summary	Agency Est. FY 94	Gov. Rec. FY 94	Subcommittee Adjustments
State Operations:			
All Funds	\$ 437,202	\$ 436,200	\$ --
State General Fund	187,319	187,319	--
Eco. Development Initiatives Fund	105,994	104,935	--
EPSCoR:			
Eco. Development Initiatives Fund	\$ 1,500,000	\$ 1,500,000	\$ --
FTE Positions*	--	--	--

* Kansas Inc. is not subject to a position limitation. For FY 1994, the agency's request and the Governor's recommendation assumes funding for 4.5 positions.


Agency Estimate/Governor's Recommendation

The agency's current year estimate is an increase of \$16,047 from the Economic Development Initiatives Fund (EDIF) compared to the approved budget. Restoration of the 1.0 percent reduction in EDIF transfers mandated by the 1993 Legislature would be required to support the agency's estimate.

The Governor's current year recommendation is a slight decrease from the agency's estimate of other operating expenses. The Governor recommends the transfer of \$15,000 from the EDIF to provide full funding for the Experimental Program to Stimulate Competitive Research (EPSCoR) program.

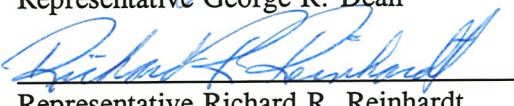
House Subcommittee Recommendation

The House Subcommittee concurs with the Governor recommendations for FY 1994.


Representative James E. Lowther
Subcommittee Chair


Representative David J. Heinemann


Representative George R. Dean


Representative Richard R. Reinhardt

SUBCOMMITTEE REPORT

Agency: Kansas Inc.

Bill No. 2731

Bill Sec. 8

Analyst: West

Analysis Pg. No. 157

Budget Page No. 382

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 455,986	\$ 439,455	\$ 97,812
State General Fund	198,511	176,080	--
Economic Development Initiatives Fund	107,000	116,889	100,000
EPSCoR:			
Economic Development Initiatives Fund	\$ 1,500,000	\$ 2,000,000	\$ --
FTE Positions*	--	--	--

* Kansas Inc. is not subject to a position limitation. For FY 1995, the agency requests and the Governor recommends increased funding to support 5.0 positions, an increase of 0.5 FTE from the current year.

Agency Request/Governor's Recommendation

1. State Operations. The agency's request for FY 1995 operating expenses is a net increase of \$18,784 or 4.3 percent from the current year. Included in the FY 1995 request is \$13,748 for the net cost of converting the existing part-time clerical staff to a full-time position. The request also includes \$130,000 for contractual research, a \$4,295 increase from the current year. In FY 1995 Kansas Inc. proposes to contract for studies in support of the six action planning committees created to develop implementation plans to meet the goals outlined in *A Kansas Vision*. Other topics cited by the agency include an examination of Kansas service sector exports and an update of the tax impact and relative costs of doing business in Kansas.

The Governor's FY 1995 recommendation for state operations is a decrease of \$16,531 from the agency's request. Recommended salaries of \$239,158 reflects the addition of 0.5 FTE clerical position as requested by the agency and recalculated merit pool and fringe benefit costs. Other operating expenses are recommended at \$200,297, a reduction of \$16,223 from the agency's request.

2. EPSCoR. Kansas Inc. requests \$1,500,000 in FY 1995 from the EDIF to match federal funding in support of basic scientific research at the state's public research universities, which is the same amount as in the current year. FY 1995 is anticipated to be the final year of funding for this EPSCoR grant.

The Governor's FY 1995 recommendation of \$2,000,000 from the EDIF for the EPSCoR program includes \$500,000 to provide a matching pool for subsequent EPSCoR projects pending before the federal government.


3. Private Sector Partnership. During FY 1995, Kansas Inc. expects to raise \$150,475 from the private sector, necessary for meeting the mandated private sector match of 33.0 percent.

The Governor's recommendation includes \$146,486 from private funds, or 33.3 percent of the recommended state operations budget.


House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's FY 1995 recommendations, with the following adjustments:

1. As a technical adjustment, reduce private sector funding by \$2,188 to maintain the statutory ratio of 33.0 percent of state operations expenditures.
2. Due to the passage by the House of H.B. 2557, which requires Kansas Inc. to adopt a uniform cost-benefit model for evaluation of industrial revenue bonds and economic development property tax exemptions, add \$100,000 from the EDIF for model development and the provision of technical assistance to local units of government. Expenditures of this appropriation would be exempted from the 33.0 percent private sector matching requirements.
3. The Subcommittee is of the opinion that the Experimental Program to Stimulate Competitive Research (EPSCoR) fits the mission of the Kansas Technology Enterprise Corporation (KTEC) better than the mission of Kansas Inc. Due to the contractual arrangements for administering the current EPSCoR grant, however, the Subcommittee recommends that the transfer of the program to KTEC not occur until FY 1996. The Subcommittee recommends that the staff of Kansas Inc. and KTEC work together and present the 1995 Legislature with a plan which would facilitate the seamless transfer of the program between the two agencies.




Representative James E. Lowther
Subcommittee Chair



Representative David J. Heinemann



Representative George R. Dean



Representative Richard R. Reinhardt

SUBCOMMITTEE REPORT

Agency: Department of Commerce
and Housing

Bill No. 2752

Bill Sec. 9

Analyst: West

Analysis Pg. No. 135

Budget Page No. 114

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
All Funds:			
State Operations	\$ 11,208,073	\$ 11,210,267	\$ --
Aid and Other Assistance	49,597,956	67,490,500	300,000
Capital Improvements	267,300	267,300	--
TOTAL	<u>\$ 61,073,329</u>	<u>\$ 78,968,067</u>	<u>\$ 300,000</u>
State General Fund:			
State Operations	\$ 2,265,910	\$ 2,109,961	\$ --
Aid and Other Assistance	543,200	683,744	--
TOTAL	<u>\$ 2,809,110</u>	<u>\$ 2,793,705</u>	<u>\$ --</u>
Economic Development Initiatives Fund:			
State Operations	\$ 5,057,890	\$ 5,057,890	\$ --
Aid and Other Assistance	7,306,370	7,306,370	300,000
Capital Improvements	267,300	267,300	--
TOTAL	<u>\$ 12,631,560</u>	<u>\$ 12,631,560</u>	<u>\$ 300,000</u>
FTE Positions	115.5	115.5	--

Agency Estimate/Governor's Recommendation

The agency's current year estimate is an increase of \$5,974,895 from federal and special revenue funds compared to the approved budget. The agency requests an expenditure limitation increase of \$569,102, from \$5,132,649 to \$5,701,751, on the HOME-Federal Fund in order to expend federal funds reappropriated from FY 1993.

The Governor's current year recommendation is a net increase of \$17,894,738 from the agency's estimate. Recommended State General Fund expenditures are a net reduction of \$15,405 from the agency's estimate to reflect additional expenditures authorized by the State Finance Council subsequent to the submission of the agency's budget, fringe benefit recalculations, and errors in the agency's detailed estimate. The Governor recommends an expenditure limitation increase from \$5,132,649 to no limit on the HOME-Federal Fund. The Governor's current year recommendation also includes federal funds of

ATTACHMENT 6

\$17,752,000 for flood disaster assistance which were received subsequent to the submission of the agency's budget.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's FY 1994 recommendation, with the following adjustment:

1. The Subcommittee has been informed that the agency has committed all of the current year funding available for the Kansas Industrial Training (KIT) and the Kansas Industrial Retraining (KIR) programs. The Subcommittee recommends a supplemental appropriation of \$300,000 from the EDIF to provide a total of \$2,527,500 for the programs. The Subcommittee further recommends that the House Economic Development Committee review the KIT and KIR programs to determine if more targeted qualifications for the program should be adopted.



Representative James E. Lowther
Subcommittee Chair



Representative David J. Heinemann



Representative George R. Dean



Representative Richard R. Reinhardt

SUBCOMMITTEE REPORT

Agency: Department of Commerce
and Housing

Bill No. 2731

Bill Sec. 6

Analyst: West

Analysis Pg. No. 135

Budget Page No. 114

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95	Subcommittee Adjustments
All Funds:			
State Operations	\$ 14,740,798	\$ 11,869,715	\$ 75,000
Aid and Other Assistance	63,364,164	44,923,716	5,042,100
Capital Improvements	774,000	774,000	--
TOTAL	<u>\$ 78,878,962</u>	<u>\$ 57,567,431</u>	<u>\$ 5,117,100</u>
State General Fund:			
State Operations	\$ 2,548,706	\$ 2,048,633	\$ (294,100)
Aid and Other Assistance	1,473,000	794,807	--
TOTAL	<u>\$ 4,021,706</u>	<u>\$ 2,843,440</u>	<u>\$ (294,100)</u>
Economic Development Initiatives Fund:			
State Operations	\$ 6,712,383	\$ 5,167,072	\$ 369,100
Aid and Other Assistance	20,525,470	4,060,070	5,042,000
Capital Improvements	774,000	774,000	--
TOTAL	<u>\$ 28,011,853</u>	<u>\$ 10,001,142</u>	<u>\$ 5,411,100</u>
FTE Positions	124.5	116.5	--

Agency Request/Governor's Recommendation

1. New Positions. The Kansas Department of Commerce and Housing for FY 1995 requests \$251,431 (\$219,676 State General Fund and \$31,775 federal funds) for 8.5 FTE new positions.

The Governor concurs with the addition of one new federally financed Community Program Consultant II in the Housing Division.

2. Other Operating Expenditures. KDCH requests \$9,706,605 for other operating expenses in FY 1995, an increase of \$3,101,074 from the current year. Of the requested increase, \$1,242,827 is associated with payments through the State of Kansas Investments in Lifelong Learning (SKILL) program and \$102,031 is associated with federally financed programs. Requested financing from the EDIF totals \$5,333,288, an increase of \$1,639,648 from the current year. Major increases are

requested for tourism marketing and promotion (\$1,384,557), industrial marketing and recruitment (\$110,000), and promotion of the state as a film location (\$101,921).

The Governor's FY 1995 recommendation for other operating expenses totals \$7,138,110, a reduction of \$2,388,495 from the agency's request. A lower level of activity in the SKILL program is associated with \$950,000 of this reduction. Recommended financing from the EDIF totals \$3,755,737, a reduction of \$1,577,551 from the agency's request and an increase of \$82,097 from the current year recommendation.

3. Local Aid/Other Assistance. The agency requests \$63,364,164 for local aid and other assistance payments, financed by \$1,473,000 from the State General Fund, \$20,525,470 from the EDIF, and \$41,365,694 from federal and special revenue funds. The request represents increases of \$929,800 from the State General Fund and \$13,219,100 from the EDIF, and a decrease of \$382,692 from other funding sources compared to the current year. The State General Fund request is associated with the HOME program, with the requested increase due in part to revenue shortfalls and federal limitations on the use of the State Housing Trust Fund. Major increases from the EDIF are requested for new State Community Development Block Grant (\$10,000,000), High Performance Incentive (\$75,000), and Incubator (\$50,000) programs and expansions of the Kansas Economic Initiative Opportunity Fund (from \$1,485,000 to \$5,000,000), KIT/KIR (from \$2,227,500 to \$2,727,500), and Tourism Grants (from \$1,029,600 to \$1,120,000) programs.

The Governor's FY 1995 recommendation for local aid and other assistance payments is a reduction of \$18,440,448 from the agency's request. Recommended State General Fund financing for HOME grants is \$794,807, a reduction of \$678,193 from the agency's request. No funding is recommended for the three new EDIF financed programs requested by the agency nor the Kansas Economic Initiative Opportunity Fund. Recommended funding for KIT/KIR remains level at \$2,227,500 and Tourism Grants are reduced from the current year amount of \$1,029,600 to \$279,600.

4. Capital Improvements. The agency requests \$774,000 from the EDIF in FY 1995 for rehabilitation and repairs to the state's traveler information centers (TIC) (\$24,000) and construction of a new TIC in Olathe. The 1993 Legislature authorized \$267,300 in the current year for land acquisition and planning of the Olathe TIC.

The Governor concurs with the agency's request for capital improvements.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's FY 1995 recommendations, with the following adjustments:

1. Shift \$294,100 of State General Fund financed salaries to the EDIF. This would provide for equal financing for salaries between the State General Fund and the EDIF, excluding the Division of Housing.
2. As a technical adjustment, strike a duplicative reference to the Kansas Partnership Fund from the bill.
3. Add \$500,000 from the EDIF to provide a total of \$2,727,500 for KIT/KIR.

4. The Subcommittee notes that ten years ago, K.S.A. 74-5040 was passed which mandates that the agency establish one or more small business incubators in the state, but that no funding has been approved for the agency to carry out this directive. Since that time, several local groups and the Kansas Technology Enterprise Corporation have become involved with incubators. The Subcommittee recommends that legislation be introduced repealing K.S.A. 74-5040.
5. Add \$75,000 from the EDIF for the first year of a three-year program promoting the 175th anniversary of the Santa Fe Trail. In addition, the Subcommittee suggests that the agency consider some type of program, perhaps in conjunction with the Linger Longer program, which would provide a gift or recognition to people to stop at a certain number of sites along the trail.
6. Add \$75,000 from the EDIF for the High Performance Incentive Grants program authorized under K.S.A. 1993 Supp. 74-50,133.
7. The Subcommittee notes that the Governor's FY 1995 recommendation provides no new funding for the Kansas Economic Initiative Opportunity Fund (KEIOF) account of the EDIF, although any uncommitted amount of the current year funding would be available for FY 1995. This amount, assuming the passage of S.B. 456 and no other current year projects, is estimated to be \$533,000. The Subcommittee recommends the addition of \$4,467,000 from the EDIF for the KEIOF account. It is the intent of the Subcommittee that should H.B. 2576 (which statutorily creates KEIOF) become law, that this amount plus any uncommitted current year funding from the KEIOF account be transferred to the fund created by the bill.
8. The Subcommittee notes that the K-GOAL audit of the agency was completed too late for review by this Subcommittee and recommends that the Senate consider the K-GOAL audit in its deliberations.
9. The Subcommittee believes *Kansas!* is a fantastic magazine and recommends that the agency explore the expansion of nonsubscription sales opportunities for the magazine, which celebrates its 50th anniversary next year.
10. In reviewing the performance indicators of the agency as included in the agency's budget submission, the Subcommittee notes that many were activity indicators with no difference between the A, B, and C levels of funding. The agency has often collected data on its activities, not its outcomes. While the Subcommittee realizes that the current performance indicators were included in response to budget allocations and for a different purpose than the current effort toward performance based budgeting, the Subcommittee recommends that the agency concentrate on developing performance indicators which look prospectively. These indicators should also reflect prioritization between agency programs and the quality of service received by the agency's customers.



Representative James E. Lowther
Subcommittee Chair



Representative David J. Heinemann



Representative George R. Dean



Representative Richard R. Reinhardt

Department of Commerce & Housing

PROGRAM: Administration

MISSION: To serve as a source of service and support for all divisions within the Department of Commerce & Housing

OBJECTIVE:

- 1) To provide research and economic analysis services in support of program activities and in response to public inquiries.

Performance Measures

- * research and analyze projects completed
- * up-to-date status of data bases maintained.

Strategies

- * To coordinate with State Data Center, Kansas Inc., Ks. Dept. of Human Resources, Ks. Dept. of Revenue to maintain up to date information and analyze consistency.
- * Maintain library of current literature and data sources for major function areas of department.

Nonfinancial Barriers

- * Occasionally, restrictions on access to state maintained data bases.

OBJECTIVE:

- 2) To provide fiscal management, oversight, and accounting services.

Performance Measures

- * no audit exceptions
- * no accounts payable exceeding 30 days

Strategies

- * To coordinate with related federal and state fiscal oversight offices to assure knowledge and understanding of rules and regulations.

Non-Financial Barriers

- * complex and voluminous state and federal regulations

OBJECTIVE:

- 3) To provide personnel and human resource management services for the department

Performance Measures

- * positions filled within 30 days
- * number employee payroll errors
- * 100% achievement of affirmative action goals

Strategies

- * Widespread advertising of vacancies
- * Emphasize accuracy and review of employee payroll
- * Emphasize service to other divisions

OBJECTIVE:

- 4) To maintain effective computer hardware and software services in support of department activities.

Performance Measures

- * user satisfaction level
- * achievement of deadlines in database implementation
- * number of training and technical assistance provided

Strategies

- * Monitoring and upgrade of hardware and software to balance efficiency and cost effectiveness
- * Implementation of department data base
- * Provide continual user training
- * Coordinate with GIS Policy Board, Information Network of Kansas and other data network sources for usefulness to department

Non-Financial Barriers

- * rapidly changing technology is a continuing challenge

KANSAS DEPARTMENT OF COMMERCE & HOUSING
DIVISION OF EXISTING INDUSTRY DEVELOPMENT

MISSION: To provide technical assistance and outreach to develop, diversify and strengthen business throughout Kansas.

OBJECTIVE #1: Provide information, education and assistance to new and existing businesses to enhance their vitality and growth.

PERFORMANCE MEASURES - FY 95

- * 1000 companies enlisted/participating in Kansas Match
- * Number of successful matches (Kansas Match)
- * Dollar magnitude of the matches consummated (Kansas Match)
- * Number of Kansas jobs created/retained as a result of matches (Kansas Match)

- * 1800 individual/businesses contacting First Stop Clearinghouse to obtain assistance/information (documents necessary to establish or operate a business in Kansas; 700 "Steps to Success" distributed.)
- * Percent of clients satisfied with timeliness/quality of response (First Stop Clearinghouse)(New measure)
- * Percent satisfied with information provided in "Steps to Success" (First Stop Clearinghouse)(New measure)

- * 300 attendees at Minority and Women Business Enterprise, seminars; percent rating information as helpful (New measure)
- * 1000 Minority/Women directories distributed, percent rating information as helpful (New measure)

- * 1600 clients assisted through one-on-one Small Business Development Center consultation; percent satisfied with service provided. (New measure)
- * Number of attendees at Small Business Development Center sponsored seminars/workshops - percent of attendees rating seminars helpful. (New measure)

STRATEGIES

- * Disseminate information to business through one-on-one assistance and through seminars/workshops (First Stop Clearinghouse and Minority and Women Business Development)
- * Promote additional sales by Kansas suppliers through Kansas Match which provides buyer/supplier match opportunities for Kansas firms.
- * Assist Small Business Development Centers to provide additional services to small business clients through their statewide network, leveraging our resources.
- * Six field office representatives provide outreach and on-site contact with businesses throughout the state.

NON-FINANCIAL BARRIERS

- * Several of these operations involve staff with multiple responsibilities, ability to reach expected level of results may be impacted by demands in other areas.
- * Economic conditions/climate may impact demand for services and perceived value of services provided.
- * Small Business Development Centers are not solely funded through KDOC&H - directives by other involved entities may impact performance.

OBJECTIVE #2: To provide information, education and assistance to communities seeking to enhance local business development and opportunities.

PERFORMANCE MEASURES

- * Seven communities completing the business retention and expansion program, percentage of communities satisfied with information obtained through program. (New measure)
- * Number of attendees at Operation Strongest Link sessions, percentage of attendees surveyed, who felt sessions were informative and helpful. (New measure)

STRATEGIES

- * Assist communities to recognize strengths/weaknesses of local business climate through Retention and Expansion program
- * Provide information/contacts to community and business leaders through Operation Strongest Link.
- * Recognize business community achievements via Kansas Business Appreciation Week activities.
- * Provide assistance to communities through outreach and contact by the regional field office representatives.

NON-FINANCIAL BARRIERS

- * True success of programs dependent on action of community/community leaders.
- * Poor local organization or lack of commitment can seriously impact program effectiveness.

OBJECTIVE #3: Increase opportunities for business success through increased availability of capital for business growth and expansion.

PERFORMANCE MEASURES

- * \$31 million of cumulative private investment in certified venture and seed capital companies.
- * \$25 million of cumulative investment in Kansas companies by certified funds.
- * 1100 Kansas jobs created/retained through investment by certified funds.
- * 2800 jobs created/retained in companies receiving financing with Certified Development Company assistance.
- * \$60 million from various funding sources flowing into projects receiving certified development companies packaging assistance.
- * 100 communities/counties impacted by certified development companies packaged financing.
- * Degree of compliance with statutory guidelines for private activity bond allocation.
- * 100% of state annual PAB volume cap utilized.
- * Number of firms claiming tax credits under High Performance Incentives Program. (new)
- * Number of requests made for matching funds by consulting firms doing HPIP consulting. (new)
- * The number of claims for particular HPIP benefits establishing trends in activity. (new)
- * Level of satisfaction with program operation and process.

STRATEGIES

- * Encourage private investment in companies unable to obtain financing from conventional sources through network of venture and seed capital funds and related activities.
- * Support CDCs to provide regionalized resources to assist in financial packaging for Kansas businesses.
- * Provide access and information to Kansas communities and businesses seeking to utilize bonds as a method of financing.
- * Provide incentives to Kansas firms paying high wages which make capital investments and invest in workforce training.

NON-FINANCIAL BARRIERS

- * Activity levels and investments made by venture funds are to some extent beyond agency control.
- * CDCs are not entirely governed by agency policy - CDC focus may not always be in agreement with agency focus.
- * CDC leadership not determined by agency, aggressive, effective leadership is key to performance.
- * PAB utilization determined by demand and administration policy. Administration emphasis may vary over time.
- * HPIP demand subject to economic conditions and availability of workforce training assistance

PROGRAM: Industrial Development

MISSION: To identify, pursue and locate out-of-state business facilities to Kansas which will add quality jobs and capital investment to the economic base of the state and its communities.

OBJECTIVES:

- 1.) **NATIONAL MARKETING** -- Establish and implement programs which effectively market Kansas and its communities to domestic manufacturing, distribution and service-oriented companies.

Performance Measures

- * New jobs created as a result of direct site location assistance. FY 95 goal -- 2,500 jobs.
- * % of client companies rating our assistance as helpful. FY 95 Goal -- 90%
- * % of communities rating our site location project management skills as professional and competent. FY 95 goal -- 90%.

Strategies

- * Direct personal contact with companies through Kansas Cavalry missions, in-state industrial tours and out-of-state business recruitment offices.
- * Incorporate target industry analysis into Cavalry missions and industrial tours.
- * Provide high quality service to site location prospects and local development groups to ensure successful site location projects.
- * Design marketing programs with Kansas Technology Enterprise Corporation (KTEC) to identify clients for the innovation centers at KU, KSU and WSU.

Nonfinancial Barriers

- * Condition of the national economy.
- * Relative competitiveness of the state and its communities versus other states and communities.

- 2.) **WORKFORCE TRAINING** -- Provide companies with the resources which will assist in the creation and retention of quality jobs. Efficient management of the Kansas Industrial Training (KIT), Kansas Industrial Retraining (KIR) and State of Kansas Investment in Lifelong Learning (SKILL) Programs.

Performance Measures

- * Number of trainees. FY 95 goal -- KIT -- 1,000; KIR -- 3,500; and SKILL -- 2,000.
- * Percentage that the average trainee wage exceeds the average Kansas employee wage of either new or existing jobs. FY 95 goal -- KIT -- 15%; KIR -- 20%; and SKILL -- 50%.

Strategies

- * Market and promote workforce training programs to new, expanding and restructuring businesses through seminars, speeches, presentations and brochures.
- * Coordinate services with community colleges, area vocational technical schools, universities, KTEC, MAMTC, JTPA, Job Service, KanWork, KDFA and state departments of Human Resources, SRS, Aging, Education, Administration and Revenue.
- * Write workforce training agreements which are responsive to the needs of business and industry and meet state objectives.
- * Monitor existing training projects and conduct surveys of completed projects to ensure program integrity and promote program improvement.

Nonfinancial Barriers

- * Unclear or conflicting direction from legislators, Kansas, Inc., local economic developers and others regarding program criteria. The issues are size of firms, wages as a factor, type of eligible training and geographic distribution.
- * Federal and local requirements of JTPA make coordination with KIT and SKILL difficult.

- 3.) WASTE REDUCTION, RECYCLING AND MARKET DEVELOPMENT -- Promote the development of markets for recycled products; serve as a statewide clearinghouse of information; provide technical assistance to public and private entities operating waste reduction and recycling centers; and work with Federal and state agencies to ensure a workable regulatory environment.

Performance Measures

- * Coordinate the annual Governor's Conference on Recycling and Waste Reduction. FY 95 goal -- conduct one conference.
- * Provide technical assistance to city and county officials, schools and universities, extension councils, environmental groups and other miscellaneous individuals and organizations. FY 95 goal -- handle 500 contacts and inquiries.

- * Provide technical assistance to existing recycling and post-consumer waste businesses. FY goal -- handle 50 contacts and inquiries.
- * Provide technical assistance to out-of-state businesses considering Kansas as a location. FY 95 goal -- handle 100 contacts and inquiries.
- * Quantities of waste materials recycled as a result of the recycling program. FY 95 -- new measure, quantity has not been established.

Strategies

- * Keep the importance of recycling in the public eye through the annual Governor's Conference.
- * Update and expand a data base to document the availability and amounts of recyclable items and provide information to industry. The initial data base will be established in FY 94 as a result of a grant from EPA.
- * Assist new and expanding recycling businesses when projects are economically feasible.
- * Create an active chapter of the Solid Waste Association of North America (SWANA).

Nonfinancial Barriers

- * The economic feasibility of specific recyclable materials will impact the success of establishing or expanding markets for these materials.

Department of Commerce & Housing

PROGRAM: Community Development

MISSION: To provide grants, loans, and technical assistance to Kansas communities to stimulate and support economic development activity.

OBJECTIVES:

- 1.) Designate all eligible counties as enterprise zones and support local economic development efforts through the use of state incentives. (Enterprise Zones)

Performance Measures

*Number of counties designated as Enterprise Zones

NOTE: A true measure of the impact of the Enterprise Zone legislation might be to assess the degree to which the tax credits and exemptions are used and/or influence a business decision to relocate or expand. (Data compiled by the Department of Revenue.)

Strategies

*Ensure compliance with enabling legislation

*Efficient handling of Enterprise Zone designations

*Enhance public awareness through newspapers, Kansas Bar Association, Kansas Society of CPA's, Kansas Bankers Association, Kansas Association of Realtors, County Extension representatives, and the Kansas Association of County Clerks.

Nonfinancial Barriers

*None

- 2.) Encourage and assist non-metropolitan counties to develop and implement countywide economic development based strategic plans. (Strategic Planning Grants)

Performance Measures

*Number of non-metropolitan counties participating in program

*(To be determined by Strategic Planning Selection Committee)

Strategies

- *Administer grants to support strategic planning efforts
- *Provide technical assistance to interested communities through consultation and workshops

Nonfinancial Barriers

- *Lack of interest by some counties

- 3.) Encourage and assist communities in business expansion or relocation and in job creation through low interest loans to cities and counties for infrastructure projects. (Kansas Partnership Fund)

Performance Measures

- *Number of new jobs created and measure of cost per job

NOTE: We do not anticipate repayments to the fund to accumulate to the level sufficient to fund a new project until FY97.

Strategies

- *Prompt handling of applications (when funds are available)
- *Promote maximum job creation in funding of applications

- 4.) Promote downtown revitalization and historical preservation through operation of the Kansas Main Street Program.

Performance Measures

- *Number of designated Main Street Cities
- *Number of jobs created
- *Level of investment in downtown program areas
- *Satisfaction level of participation community leaders

Strategies

- *Offer technical assistance and design proposals to designated cities
- *Provide continued affiliation with National Main Street Center

Nonfinancial Barriers

- *Degree of on-going commitment on the part of participating communities

- 5.) Assist community improvement efforts through operation of the Kansas PRIDE Program.

Performance Measures

- *Number of enrolled city participants
- *Number of community betterment projects completed
- *Amount(\$) leveraged by volunteer service

Strategies

- *Promotion and recognition of topical areas for special emphasis
- *Technical assistance and training to participating communities
- *Maintain flexibility in adapting procedures to each community
- *Coordination with private sector for continued program support

Nonfinancial Barriers

- *Lack of local leadership
- *Failure to recognize value of community development activities to economic development

- 6.) Provide direct financial assistance to communities and counties to support provision of a decent and suitable living environment and expansion of economic opportunities, principally for low-and-moderate income persons. (Community Development Block Grants: Community Improvement, Urgent Need, Housing, and Economic Development)

Performance Measures

- *Achievement of satisfactory semi-annual program audits by HUD
- *Distribution of grant funds in a timely fashion

*Adherence to HUD guidelines and requirements

NOTE: Program effectiveness and efficiency determination is the responsibility of HUD; actual performance is the responsibility of the local community. The Department's role is primarily one of grant administration, fund distribution and record-keeping.

Strategies

- *Provide intensive training to employees on HUD rules, regulations and program requirements
- *Provide training and technical assistance to local government staff
- *Monitor grantee compliance with federal requirements
- *Maintain state program to maximize state objectives

Nonfinancial Barriers

- *Burdening rules and regulations for small communities
- *Complexity of the program for new employees
- *Federal regulations and objectives that conflict with goals of local communities

PERFORMANCE INDICATORS:

	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>		
			<u>A</u>	<u>B</u>	<u>C</u>
<u>Kansas Enterprise Zone Program</u>					
Total active zones	282	32	20	20	20
Original and renewed designations	34	12	4	4	4
Amended/rescinded/approved	50	0	12	12	12
<u>Kansas Main Street Program</u>					
Kansas National Main Street Cities	20	21	22	22	22
Year 1	3	1	1	1	1
Years 2-5	14	15	15	15	15
Post Year 5	3	5	5	5	5
Downtown Development Partnership Cities	10	16	21	21	21
Design Assistance (# of Projects)	30	35	40	40	40
Conferences and workshops held	6	7	7	8	10
Economic Impact Data in Downtown Cities:					
Private Investment	4,494,038	5,243,000	5,960,000	5,960,000	5,960,000
Net Gain Business/Jobs	95/50	100/200	150/300	150/300	150/300

	FY93			FY94			FY95			
	#	-Amount	#	-Amount	#	A	#	B	#	C
<u>PRIDE Program</u>										
PRIDE Community Enrollments	100		105		114		114		114	
Community Achievement Program	88		90		92		92		92	
Blue Ribbon Program	80		85		87		87		87	
Pacemaker Awards Completed	1		4		3		3		3	
Community Projects Undertaken	3,000		3,200		3,250		3,250		3,250	
Community Volunteers Participating	70,000		70,821		71,000		71,000		71,000	
Community Volunteer Hours Contributed	294,312		297,515		290,500		290,500		290,500	
Dollars Reinvested in PRIDE Communities	2,011,000		2,089,000		2,005,000		2,005,000		2,005,000	

<u>Kansas Partnership Fund</u>										
Infrastructure Loans	1	388,000	1	201,585	1	201,585	1	201,585	1	201,585
Number of Jobs Created	55		30		30		30		30	
Number of Program Inquiries	50		50		50		50		50	
Number of Applications Received	1		3		2		2		2	

<u>Strategic Planning Program</u>										
Planning Grant Award	20	323,369	15	300,000	15	300,000	15	300,000	15	300,000
Action Grant Awards	3	76,631	5	100,000	5	97,545	8	145,000	8	145,000
Univ. Assist. Grant Awards	3	45,000	3	45,000		0		0		0
Conferences and Workshops	7		7		7		7		7	

44 cities since start

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PERFORMANCE INDICATORS:

	#	<u>FY93</u>	-Amount	#	<u>FY94</u>	-Amount	#	<u>FY95</u> <u>A, B & C</u>	-Amount
Award Community Improvement Grant	48		9,242,393	57		10,465,536	55		9,000,000
Award Economic Development Grants	17		6,601,200	15		4,783,500	16		5,257,000
Award Planning Grants	6		164,000	0		0	10		200,000
Award Urgent Need Grants	7		1,600,000	21		6,040,000	10		2,000,000
Housing Assistance Grants	11		3,270,000	21		0 2,100,000	12		3,600,000

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PROGRAM: Division of Housing

DATE: January 31, 1994

MISSION: The Division of Housing's mission is to provide all Kansans the opportunity to secure decent, safe, affordable, energy efficient housing; to offer appropriate technical assistance and supportive services; and to promote economic development through public/private partnerships.

OBJECTIVES:

1. To provide all Kansans the opportunity to secure affordable housing

Performance Measures

- * 140 homes acquired by low-income individuals and families
- * 640 rental units subsidized
- * 240 housing units rehabilitated to meet minimum housing quality standards
- * 1,750 housing units weatherized for energy efficiency
- * Approximately 1,200 rental units constructed or rehabilitated for low-income people

Strategies

- * Subsidies provided to eligible low-income families through local lenders. Homes inspected to assure they meet housing quality standards.
- * HOME staff to operate a rental assistance office providing rent subsidy payment to very low income individuals and families. Grants awarded on a competitive basis to nonprofit organizations to own, sponsor or develop rental housing. Section 8 program will provide project based rental assistance to families/persons who are handicapped, disabled and/or elderly and very low-income. Section 8/Operation Homeless and Rural Operation program will provide rental assistance to homeless individual who are very low-income families/persons who are handicapped, disabled and/or elderly. All units inspected to assure they meet housing quality standards.
- * Funds provided through public and private nonprofit organizations to contract housing rehabilitation that meets housing quality standards for eligible low-income households.

- * Grants awarded to public or private nonprofit agencies to contract or install measures that lower utility costs for low-income households. Staff of subgrantee agencies trained to meet quality inspection standards.
- * LIHTC Program marketed to developers. Applications reviewed for financial feasibility and state selection criteria. Projects monitored to assure compliance with IRS regulations and housing quality standards.

2. To offer supportive services

Performance Measures

- * 45,000 homeless and low-income persons served
- * Approximately 950 emergency shelter beds provided to homeless people

Strategies

- * Grants awarded to local private or public nonprofit agencies to provide services to eligible individuals and families.
- * Grants will provide funding for Homeless prevention, operation of homeless shelters, essential services, and shelter rehabilitation, working to combine other funds from different programs for achieving our goal

3. To promote capacity building of housing provider, and thereby, to expand the ability of Kansans to acquire affordable housing

Performance Measures

- * 26 training sessions provided
- * Approximately 800 units monitored or inspected to assure the units meet housing quality standards of meet workmanship standards
- * Public/private partnerships established to promote or support economic development

Strategies

- * Sessions provided to market access to HOME and LIHTC Programs; skills or peer training sessions provided to enhance quality of local workmanship.
- * Grants or contracts awarded to provide training to state and local inspectors to assure they have the skills to inspect and monitor quality housing standards; funds budgeted for state staff to perform onsite technical assistance and inspections.
- * Staff to encourage participation by for-profit and nonprofit organizations through marketing workshops to produce proposed acquisition and rental housing projects.

NONFINANCIAL BARRIERS:

- * Lack of a state housing finance authority will limit the division's ability to carry out its mission.
- * Ability to meet state goals depends on performance of subgrantee agencies
- * Federal program and data requirements are conflicting and inconsistent making state administration difficult, (e.g. different eligibility criteria, different rules, different data systems - all required to be meshed together in one comprehensive plan)

STATUS OF THE ECONOMIC DEVELOPMENT INITIATIVES FUND

Bill No.	Agency/Program	Governor's Rec. FY 94	Governor's Rec. FY 95	House Rec. FY 95	Senate Rec. FY 95
H.B.2731	Department of Commerce and Housing				
	Salaries and Wages	\$ 1,364,250	\$ 1,411,335	\$ 1,705,435	\$
	Other Operating Expenditures	3,693,640	3,755,737	3,830,737	
	Small Business Development Centers	321,750	325,000	325,000	
	Certified Development Companies	470,250	475,000	475,000	
	Kansas Industrial Training/Retraining	2,227,500	2,227,500	2,727,500	
	Trade Show Promotion Grants	272,420	247,420	247,420	
	Strategic Planning/Action Grants	440,550	440,550	440,550	
	Kansas Quality Improvement Network	64,300	65,000	65,000	
	Capital Resource Network	5,000	--	--	
	Travel Information Center Repairs	--	24,000	24,000	
	Olathe Travel Center	267,300	750,000	750,000	
	Economic Initiative Opportunity Fund	1,485,000	--	4,467,000	
	Kansas Partnership Fund	990,000	--	--	
	High Performance Incentive Grants	--	--	75,000	
	Tourism Grants	1,029,600	279,600	279,600	
	Subtotal - KDCH	\$ 12,631,560	\$ 10,001,142	\$ 15,412,242	\$ --
H.B.2731	Kansas Technology Enterprise Corporation				
	Agency Operations	\$ 764,736	\$ 830,681	\$ 830,681	\$
	Centers of Excellence	4,392,333	4,267,386	4,267,386	
	Research Matching Grants	1,259,613	1,259,613	1,259,613	
	Business Innovative Research Grants	25,000	25,000	50,000	
	Training Equipment Grants	150,000	150,000	150,000	
	Industrial Liaison Program	300,000	300,000	300,000	
	Seed Capital	1,500,000	1,500,000	1,500,000	
	Special Projects	173,000	103,000	103,000	
	Commercialization	500,000	520,218	900,000	
	Innovative Technology Program (ITEC)	50,000	120,000	95,000	
	Agricultural Value Added Center	875,048	880,281	880,281	
	Mid-America Manufact. Tech. Center	990,000	1,000,000	1,000,000	
	Telecommunications Grants	125,000	125,000	125,000	
	Subtotal - KTEC	\$ 11,104,730	\$ 11,081,179	\$ 11,460,961	\$ --
H.B.2731	Kansas, Inc.				
	Agency Operations	\$ 104,935	\$ 116,889	\$ 116,889	\$
	EPSCoR	1,500,000	2,000,000	2,000,000	
	Economic Impact Model	--	--	100,000	
	Subtotal - Kansas, Inc.	\$ 1,604,935	\$ 2,116,889	\$ 2,216,889	\$ --
H.B.2731	Department of Revenue - Appraisal Aid	\$ 2,970,000	\$ 3,000,000	\$ 3,000,000	\$
H.B.2753	Board of Agriculture - Market Promotion				
	Market Promotion and Development	\$ 321,744	\$ 321,707	\$	\$
	Hog Marketing	24,750	--	--	--
	Subtotal - Agriculture	\$ 346,494	\$ 321,707	\$ --	\$ --
H.B.2753	State Fair - Agency Operations	\$ 99,000	\$ 99,000	\$	\$
H.B.2753	Dept. of Wildlife and Parks - Cap. Improv.	\$ 1,393,511	\$ 402,337	\$	\$
H.B.2701	Department of Education				
	At-Risk/Innovative Program Assist.	\$ 1,485,000	\$ 1,485,000	\$	\$
	Matching Grants - AVTS	495,000	495,000		
	Postsecondary Aid - AVTS	4,962,870	11,850,000		
	Capital Outlay Aid - AVTS	990,000	1,500,000		
	Cultural Arts Center	24,750	--		
	Foundation for Agriculture	24,750	--		
	Subtotal - Education	\$ 7,982,370	\$ 15,330,000	\$ --	\$ --
H.B.2640	School for the Blind - Accessible Arts	\$ 148,500	\$ 150,000	\$	\$
H.B.2640	Kansas Arts Commission - Prog. Grants	\$ 1,024,650	\$ 1,024,650	\$	\$
H.B.2640	Historical Society				
	Agency Operations	\$ 29,700	\$ 19,700	\$	\$
	Capital Improvements	682,959	--	--	--
	Subtotal - Historical	\$ 712,659	\$ 19,700	\$ --	\$ --
H.B.2640	State Library				
	Literacy Grants	\$ 277,200	\$ 277,200	\$	\$
	Library Grants	973,077	--	--	--
	Talking Book Equipment Grant	105,668	--	--	--
	Operating Grant	3,663	--	--	--
	Kansas Library Catalog Grant	--	429,965	--	--
	Subtotal - State Library	\$ 1,359,608	\$ 707,165	\$ --	\$ --
79-4804	State Water Plan Fund	\$ 1,980,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
	Other State Agencies (details on back)	\$ 1,448,805	\$ --	\$ --	\$ --

TOTAL TRANSFERS AND EXPENDITURES

\$ 50,806,822	\$ 46,253,769	\$ 34,090,092	\$ 2,000,000
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EDIF Resource Estimate

	Governor's Rec. FY 94	Governor's Rec. FY 95	House Rec. FY 95	Senate Rec. FY 95
Beginning Balance	\$ 12,571,409	\$ 4,183,795	\$ 7,110,380	\$ 4,183,795
Lottery Transfers	36,506,914	33,971,538	34,871,538	33,971,538
Racing Transfers	5,266,501	4,860,000	4,471,967	4,860,000
Other Income	645,793	125,000	125,000	125,000
Total Available	\$ 54,990,617	\$ 43,140,333	\$ 46,578,884	\$ 43,140,333
Less: Expenditures and Transfers	50,806,822	46,253,769	34,090,092	2,000,000
ENDING BALANCE	\$ 4,183,795	\$ (3,113,436)	\$ 12,488,792	\$ 41,140,333

OTHER STATE AGENCIES (NO FY 1995 EDIF FINANCING)

<u>Agency/Program</u>	<u>Governor's Rec. FY 94</u>
Dept. of Social and Rehab. Services – KanWork	\$ 2,475,000
KDFA – Enterprise Loan Guarantee Fund	\$ 990,000
Dept. of Administration – Public Broadcasting Grants	\$ 420,327
Board of Regents and Regents Institutions	
Council on Economic Education	\$ 39,600
Study of KUMC	49,500
Centers of Excellence	642,391
KSU – ESARP	1,355,200
University General Research	942,187
KUMC Integrated Computer System	346,500
KSU – Forest Survey	188,100
Subtotal – Regents Institutions	\$ 3,563,478
TOTAL – OTHER STATE AGENCIES	\$ 7,448,805

FY 1994 SUPPLEMENTAL APPROPRIATIONS

	<u>Governor's Rec. FY 94</u>	<u>House Rec. FY 94</u>	<u>Senate Rec. FY 94</u>
Department of Commerce and Housing			
Kansas Industrial Training/Retraining	\$ --	\$ 300,000	
Kansas, Inc.			
EPSCoR	\$ 15,000	\$ 15,000	

SUBCOMMITTEE REPORT

Agency: Board of Tax Appeals

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 132

Budget Page No. 564

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,660,999	\$ 1,664,001	\$ --
Other Funds	20,000	20,000	--
TOTAL	<u>\$ 1,680,999</u>	<u>\$ 1,684,001</u>	<u>\$ --</u>
FTE Positions	36.0	36.0	--

Agency Estimate/Governor's Recommendation

The agency's current year estimate reflects the approved FY 1994 budget. The Governor's current year recommendation reflects additional salary plan funds added by the State Finance Council subsequent to the submission of the agency's budget.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's FY 1994 recommendation.



Representative Fred Gatlin
Subcommittee Chair



Representative Sheila Hochhauser



Representative Richard J. Edlund

SUBCOMMITTEE REPORT

Agency: Board of Tax Appeals

Bill No. 2731

Bill Sec. 2

Analyst: West

Analysis Pg. No. 132

Budget Page No. 564

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,727,224	\$ 1,700,904	\$ --
Other Funds	17,000	17,000	--
TOTAL	<u>\$ 1,744,224</u>	<u>\$ 1,717,904</u>	<u>\$ --</u>
FTE Positions	36.0	36.0	--

Agency Estimate/Governor's Recommendation

The agency's FY 1995 request continues the current level of staffing and activity with 36.0 FTE positions. The Governor's FY 1995 recommendation is a net decrease of \$26,320 from the agency's request. Salaries are increased from the agency's request by \$9,258 to reflect annualization of current year pay plan actions and revised fringe benefit calculations. Recommended other operating expenses of \$289,414 reflect a reduction of \$35,578 from the agency's request.

House Subcommittee Recommendation

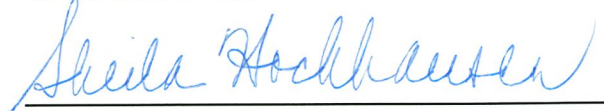
The House Subcommittee concurs with the Governor's FY 1995 recommendation, with the following observations:

1. The Subcommittee appreciates the fiscal responsibility shown by the agency in these times of continuing limited resources, as exemplified by the agency's returning \$134,600 from the authorized FY 1993 budget.
2. The Subcommittee has been informed that the agency has been receiving an increasing number of requests for information which may be useful to other agencies for research and analysis purposes, but which the agency does not maintain as the information has no relation to the agency's function. One example cited was industrial revenue bonds and economic development property tax exemptions by school districts. The Subcommittee notes that if it is the desire of the Legislature that the agency maintain such data then the agency may need additional resources, including a new or upgraded computer system.
3. The Subcommittee notes that it received and discussed with the agency a mission statement and possible performance measures and appreciates the response of the agency on such short notice. The Subcommittee recommends that the agency continue the effort in refining the mission statement and developing meaningful

performance measures, while noting that some measures are sensitive to influences outside the control of the agency. By way of example, the Subcommittee has been informed that the number of hearings are down for the first half of the fiscal year due to the number of vacant county appraiser positions.



Representative Fred Gatlin
Subcommittee Chair



Representative Sheila Hochhauser



Representative Richard P. Edlund

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 2752

Bill Sec. 6

Analyst: West

Analysis Pg. No. 105

Budget Page No. 496

Expenditure Summary	Agency Est. FY 94	Amended Gov. Rec. FY 94	Subcommittee Adjustments
All Funds:			
State Operations	\$ 55,405,772	\$ 55,001,806	\$ --
Aid and Assistance	12,720,000	12,720,000	--
Total	<u>\$ 68,125,772</u>	<u>\$ 67,721,806</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 28,165,229	\$ 28,046,625	\$ --
Aid and Assistance	--	--	--
Total	<u>\$ 28,165,229</u>	<u>\$ 28,046,625</u>	<u>\$ --</u>
FTE Positions	1,263.5	1,256.5	--

Agency Estimate/Governor's Recommendation

1. State Operations. The agency's estimate of current year state operation expenditures of \$55,405,772 is a net increase of \$240,517 from the approved budget. State General fund expenditures are estimated to be \$28,165,229, a reduction of \$69 from the approved amount. Expenditures from federal and special revenue funds are increased by \$240,586, with the major increases associated with the State Bingo Regulation Fund (\$129,453) and the Central Stores Fund (\$79,880). The agency requests an expenditure limitation increase of \$303,822 (from \$15,710,390 to \$16,014,212) on the Salaries and Wages account of the Division of Vehicles (DOV) Operating Fund.

The Governor's current year recommendation of \$55,001,806 is a reduction of \$403,966 from the agency's estimate. Recommended State General Fund financing of \$28,046,625 reflects decreases totaling \$118,604 from the agency's estimates for salaries (\$97,854) and other operating expenses (\$20,750). Recommended expenditures from the DOV Operating Fund total \$25,840,373, a reduction of \$208,368 from the agency's estimate. The Governor recommends no expenditures from the Central Stores Fund. The Governor recommends expenditure elimination increases of \$7,000 (from \$96,505 to \$103,505) on the Setoff Services Revenue Fund and of \$194,012 (from \$15,710,390 to \$15,901,402) on the Salaries and Wages account of the DOV Operating Fund.

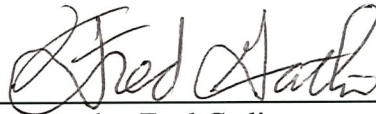
2. Local Aid/Other Assistance. The agency's estimate of local aid and other assistance payments of \$12,720,000 is an increase of \$954,000 from the approved budget, with the increase attributable to funds which just pass through the agency to local units of government. The Governor concurs with the agency's estimate of local aid and other assistance payments.

3. FTE Positions. The agency's current year estimate of 1,263.5 FTE positions is a decrease of 7.5 from the approved level of 1,271.0. The Governor's current year recommendation of 1,256.5 is a further reduction of 7.0 from the agency's estimate.

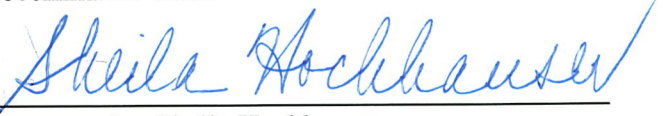
House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's FY 1994 recommendation, with the following adjustment:

1. Concur with GBA No. 1, which adds \$126,628 from the Division of Vehicles (DOV) Operating Fund for salaries to reduce the shrinkage rate in the Division of Vehicles to 5.2 percent. This change is reflected in the Governor's recommendation column.



Representative Fred Gatlin
Subcommittee Chair



Representative Sheila Hochhauser



Representative Richard J. Edlund

SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 2731

Bill Sec. 3

Analyst: West

Analysis Pg. No. 105

Budget Page No. 496

Expenditure Summary	Agency Req. FY 95	Amended Gov. Rec. FY 95	Subcommittee Adjustments
All Funds:			
State Operations	\$ 60,453,844	\$ 57,271,949	\$ --
Aid and Assistance	22,000,000	13,000,000	--
Total	<u>\$ 82,453,844</u>	<u>\$ 70,271,949</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 30,626,958	\$ 29,035,361	\$ (385,881)
Aid and Assistance	--	--	--
Total	<u>\$ 30,626,958</u>	<u>\$ 29,035,361</u>	<u>\$ (385,881)</u>
FTE Positions	1,273.0	1,259.0	--

Agency Request/Governor's Recommendation

1. Salaries and Wages. The agency requests \$40,830,836, financed by \$23,849,135 from the State General Fund, \$16,525,000 from the DOV Operating fund, and \$456,701 from other funding sources, to support 1,273.0 FTE positions. The request is a net increase of 9.5 FTE positions and \$1,709,783 (4.4 percent) from the current year estimate. The agency proposes the elimination of 1.5 FTE from the Motor Vehicle (1.0) and Property Valuation (0.5) Divisions and requests \$292,715 (\$271,043 State General Fund) for an additional 5.0 FTE positions for the Collections Division (\$109,598) and an additional 6.0 FTE positions for the Taxation Division (\$183,117).

The Governor recommends \$40,199,688, financed by \$23,881,413 from the State General Fund, \$15,869,208 from the DOV Operating Fund, and \$449,067 from other funding sources, to support 1,259.0 FTE positions. The recommendation is a net increase of 2.5 FTE positions and \$1,284,053 (3.3 percent) from the current year recommendation. The Governor recommends the elimination of an FTE position from the Administrative Services Division, concurs with the reduction of an FTE position from the Motor Vehicles Division, restores an FTE position eliminated in the current year in the Property Valuation Division and recommends \$126,412 (including fringe benefits) from the State General Fund for 4.0 additional FTE positions for the Collections Division.

2. Other Operating Expenses. The agency requests \$19,623,018, including \$6,777,823 from the State General Fund, for FY 1995 other operating expenses, an increase of \$3,338,289, including \$1,291,528 from the State General Fund, from the current year estimate. Major increases are requested from the current year estimate for communications (\$404,361), travel (\$178,317), DISC fees (\$627,220), implementation of an autodialer system for the Collections Division (\$636,000), and equipment acquisition (\$420,904).

The Governor recommends \$17,072,261, including \$5,153,948 from the State General Fund, for FY 1995 other operating expenses. The recommendation is an increase of \$986,090 from all funding sources and a decrease of \$312,227 from the State General fund compared to the current year recommendation. The FY 1995 recommendation reflects increases of \$936,725 for contractual services and \$155,977 for supplies and a decrease of \$106,612 for equipment from the current year.

3. Local Aid/Other Assistance. The agency's FY 1995 request for local aid and other assistance is an increase of \$9,280,000 from the current year. The agency requests an increase of \$9,030,000 from the EDIF (from \$2,970,000 to \$12,000,000) for county appraisal aid.

The Governor concurs with the agency's request for aid and assistance payments in FY 1995, with the exception of county appraisal aid. The Governor's FY 1995 includes \$3,000,000 from the EDIF to county appraisal aid, an increase of \$30,000 from the current year.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1995, with the following adjustments:

1. Concur with GBA No. 1, which adds \$119,916 from the Division of Vehicles (DOV) Operating Fund for salaries to reduce the shrinkage rate in the Division of Vehicles to 5.2 percent. This change is reflected in the Governor's recommendations column.
2. Shift salary financing of \$385,881 in the Property Valuation Division (PVD) from the State General Fund to the DOV Operating Fund and transfer an additional \$385,881 from the State Highway Fund to the DOV Operating Fund. This equals the recommended amount of DOV Operating Fund financing for salaries in PVD for the current year.
3. The Subcommittee has been informed that the agency has begun a pilot program from existing resources called the Discovery Project. With a preliminary focus on contractors and subcontractors in northeast Kansas, the program has identified 150 firms which were not properly registered for either income withholding, corporate income, or sales taxes. On October 1, the agency expanded the program to include a less formal field-based component designed to give contractors an opportunity to come into compliance without the formal audit procedure. The Subcommittee understands that the agency intends to review the program at the end of February, with the possible expansion of the program statewide using the agency's existing field agents. The Subcommittee applauds the agency's innovative use of existing resources to maximize the revenues available to the state.
4. The Subcommittee has reviewed the military retirement issue with the agency and has been informed that if refunds are ordered by the court or by the passage of one of the several pieces of legislation currently pending, the agency may be faced with severe demands on its resources in order to timely process those refunds. The Subcommittee recommends that the Senate Subcommittee for the agency explore this issue in greater detail.

5. The Subcommittee has received and reviewed with the agency its strategic plan (attached) and several inches of program descriptions and performance indicators (not attached). The Subcommittee commends the agency's wholehearted adoption of strategic planning, quality management, and outcomes based program evaluation and recommends the agency as an example to other state agencies which are not as far along on the learning curve.

The following summarizes the status of the DOV Operating Fund under the House Subcommittee recommendations:

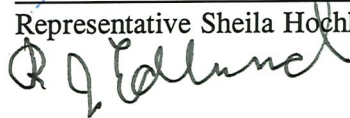
Resource Estimate	Actual FY 93	House Rec. FY 94	House Rec. FY 95
Beginning Balance	\$ 588,625	\$ 278,980	\$ 782,627
Net Receipts	1,930,287	1,900,405	1,900,400
Transfers	28,402,936	24,443,615	25,085,881
Total Funds Available	\$ 30,921,848	\$ 26,623,000	\$ 27,768,908
Less: Expenditures	30,642,868	25,840,373	27,568,850
Ending Balance	\$ 278,980	\$ 782,627	\$ 200,058



Representative Fred Gatlin
Subcommittee Chair



Representative Sheila Hochhauser



Representative Richard J. Edlund



KANSAS Department of Revenue

STRATEGIC BUSINESS PLAN

January 1994

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PURPOSE OF THE PLAN

The Strategic Business Plan (SBP) communicates the direction of the Kansas Department of Revenue to its key stakeholders — its associates, other units of government, the Legislature and the citizens of Kansas. It presents our commitment to improve the quality of our services.

The SBP provides a framework for how we conduct our business. We will use the SBP:

- As a foundation for budget formulation, information system planning, operating plans, program evaluation and performance assessments.
- To align decisions and priority setting with strategic objectives.
- As a tool to help enlist stakeholders who will assist us in achieving our goals.

MESSAGE
FROM THE
SECRETARY

It is my pleasure to present the first Kansas Department of Revenue Strategic Business Plan.

In the same way a business presents an annual report to its stockholders, we who serve in the public sector have a responsibility to report to the citizens of Kansas. This document conveys our plans and direction for operating this important function of your state government.

If I had to choose one word to express the theme of our first plan, it would be service. Like many businesses, the products of our work are the many services we provide to our customers.

Our Vision, *"Providing service for Kansans - fair, firm, responsive and professional,"* reinforces our service commitment. We provide service for Kansans directly and indirectly. Many services such as driver licensing, taxpayer assistance, automobile registration, and training for county appraisers are provided directly to our

customers. We also provide service indirectly. The taxes and fees we collect help fund other services that Kansans use such as public health and assistance, highways, education and law enforcement.

Nancy Parrish,
Secretary of
Revenue.



We view taxpayers as customers. While no one particularly enjoys paying taxes, we believe most citizens will comply with tax laws if the laws are understandable and consistently applied. In this regard, we recently have increased our emphasis on assisting taxpayers and training our associates.

We are committed to improving our performance. To foster this commitment, we encourage the participation of our associates in improving the quality of our operations. We value the contributions they make on the public's behalf.

However, we also need the participation of our customers, the Kansas citizens. We will emphasize listening to our customers, through advisory groups, feedback forms, and surveys. This will enable us to monitor our performance and target areas for improvement.

As you read our Strategic Business Plan, you will note an emphasis on change - changing our attitudes and aptitudes, our processes, our equipment, and our environment. While we anticipate many changes in the future, one thing will not change: our commitment to effective administration of the responsibilities entrusted to us by the people of Kansas.

After you have read our Plan, we invite you to contact us with your ideas, comments and suggestions of how we can better serve you.

We look forward to reporting our progress in next year's plan.

Nancy Parrish,
Secretary of Revenue

MISSION

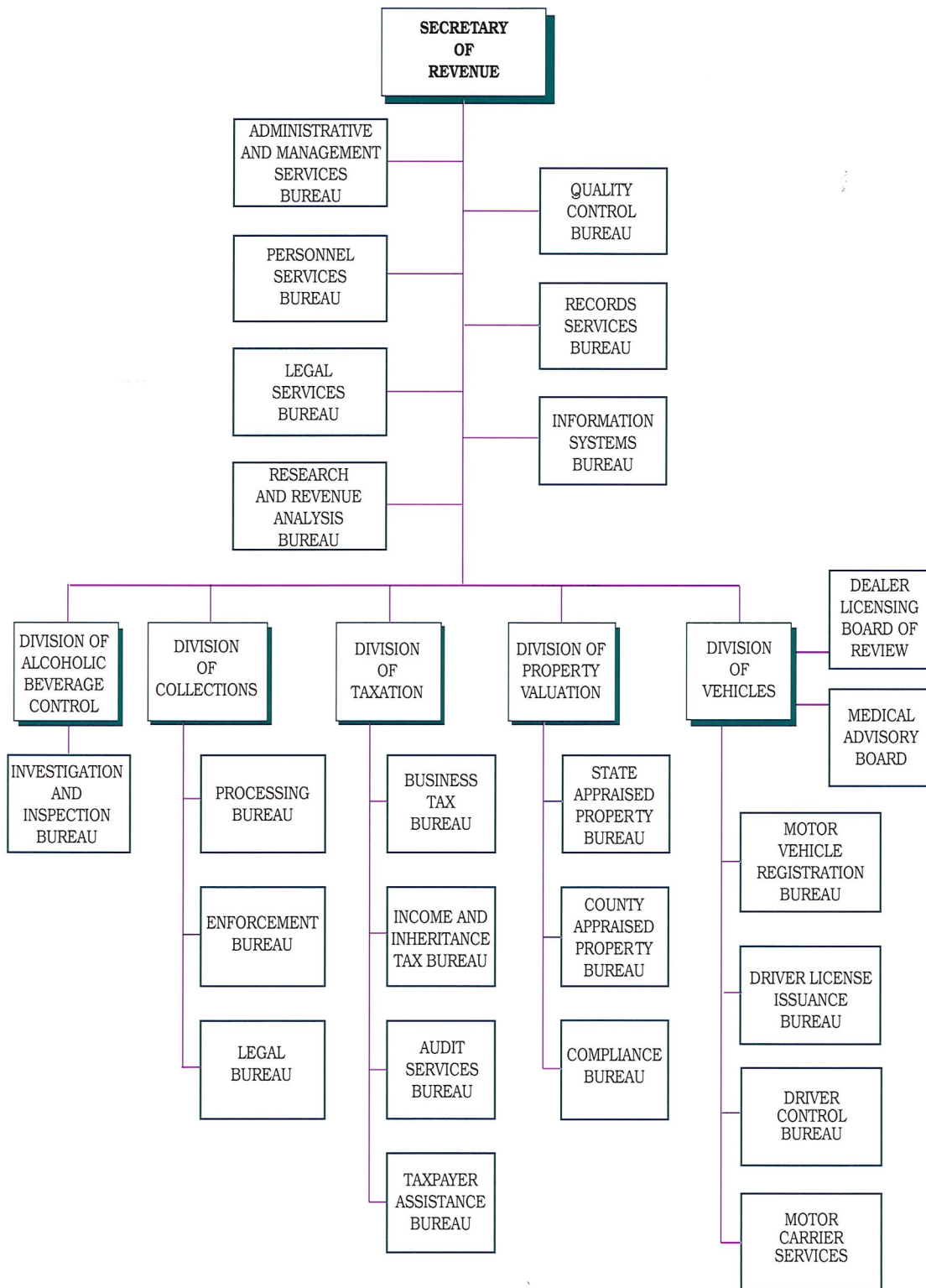


➤ Collect Taxes and Fees

➤ Administer Kansas Law

➤ Provide Key Services to Kansans

ORGANIZATION



MISSION
STATEMENT

The Mission of the Kansas Department of Revenue is to collect taxes and fees, administer Kansas law and provide key services to Kansans. To achieve this purpose, the Department will:

- Encourage and achieve the highest degree of voluntary compliance with Kansas laws.
- Provide assistance to Kansas citizens and other units of government in an efficient and courteous manner.
- Improve quality customer service and organizational performance.
- Enforce Kansas laws in a fair and firm manner.
- Foster the personal and professional growth of our associates, the employees of the Kansas Department of Revenue.
- Utilize progressive technology to improve productivity and efficiency.

STRUCTURE OF THE PLAN



STRUCTURE OF THE PLAN

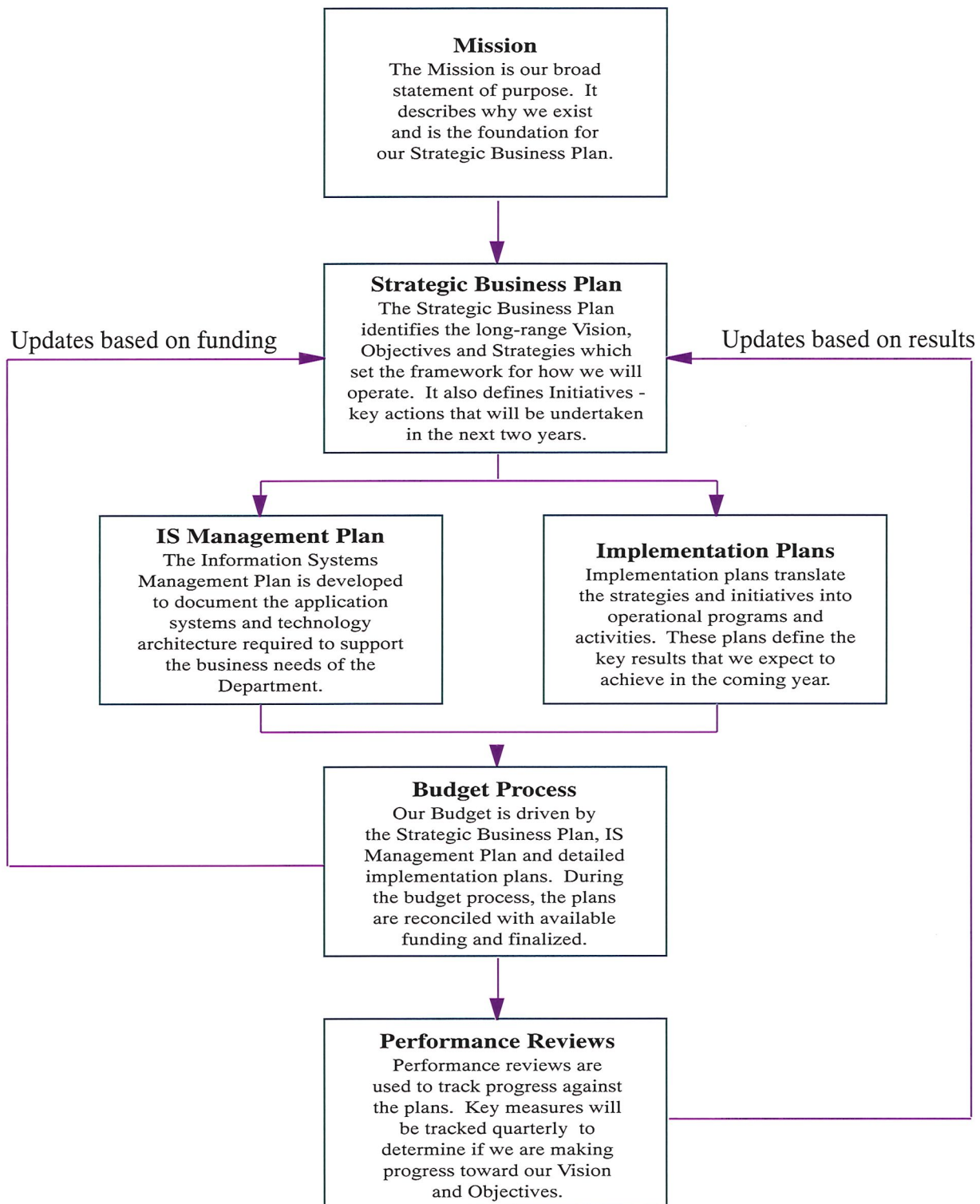
The Strategic Business Plan begins with our Mission: to collect taxes and fees, administer Kansas law and provide key services to Kansans. The Mission statement articulates what the Department is assigned to do; in other words, our reason for existence.

Our Vision, providing service for Kansans - fair, firm, responsive and professional - describes the values we hold and the type of organization we will strive to be.

In turn, the plan's Objectives are our long-range goals for achieving our Vision. The Strategies explain how we will meet our Objectives.

Finally our Initiatives identify the critical actions necessary to make progress toward accomplishing our Objectives and Strategies. Initiatives will be assigned to KDOR teams or individuals, who will be responsible for seeing that they are completed.

STRATEGIC MANAGEMENT PROCESS



Timing and scope of
the strategic
planning process

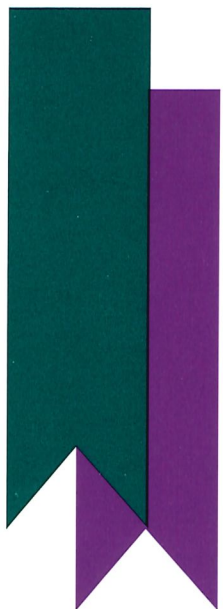
This Strategic Business Plan was completed prior to the 1994 Legislative Session. It focuses primarily on the period of January 1, 1994, through June 30, 1995, although some of our Initiatives will require up to five years to complete.

Each year's Strategic Business Plan will build and report on the previous year's. Near the close of the legislative session, we will begin the planning process for the upcoming year. We will conduct planning sessions in the spring and early summer months to ensure planning precedes budgeting. Concurrently, we will initiate planning for the effective use of our information systems, and formulate our other detailed plans.

The Strategic Management Process, shown on the facing page, is our overall planning framework.

KDOR managers
met during the
fall of 1993 to
prepare the
agency's first
Strategic
Business Plan.





➤ Providing Service for Kansans

➤ Fair

➤ Firm

➤ Responsive

➤ Professional

VISION



VISION

Providing service for Kansans

Providing service for Kansans - fair, firm, responsive and professional.

To understand our Vision, it is important to consider the meaning behind the words.

We provide service for Kansans in two ways. The first is through direct contact with various customers - taxpayers, motor carriers, tax practitioners, liquor licensees, drivers, legislators, county officials and automobile registrants. The second is an indirect service to all Kansans. The revenues we collect help to fund many of the state-supported services and institutions that Kansans use, such as highways, public health and assistance, education and law enforcement.

Fair

It is very important that we treat all customers fairly. Specifically, we will provide clear explanations of the revenue laws and apply them in a consistent and reasonable manner.

Firm

We have the responsibility to effectively administer the laws enacted by the Kansas Legislature. To do this, we issue rules and regulations and develop operating procedures necessary to properly enforce Kansas laws. We will provide this administration in a clear, decisive manner.

Responsive

We will respond to our customers' questions, concerns and needs in a timely manner. Our goal is to have efficient, effective and understandable systems, without placing unnecessary bureaucratic burdens on the public.

Professional

Our goal is to be a professional organization with a well trained workforce, motivated and empowered to respond to the needs of Kansans. We encourage our workforce to be innovative. We will support our workforce with modern technologies and equipment which enable us to do the job right.

OBJECTIVES



- Improve customer service
- Develop quality business processes
- Maximize voluntary compliance
- Sustain a skilled and motivated workforce

OBJECTIVES

The Department has established four primary Objectives, listed below. We believe that accomplishing these Objectives is essential to achieving our Vision of providing service for Kansans in a fair, firm, responsive and professional manner.

Improve customer service

Our customers deserve the finest service that can be provided. We also recognize that the needs of our customers are constantly changing. We will put processes in place that will enable us to understand and respond to the needs of our customers and stakeholders.

Maximize voluntary compliance

We will promote maximum voluntary compliance. Simplification, uniformity, education, assistance and enforcement are the key components to achieving the highest rate of voluntary compliance.

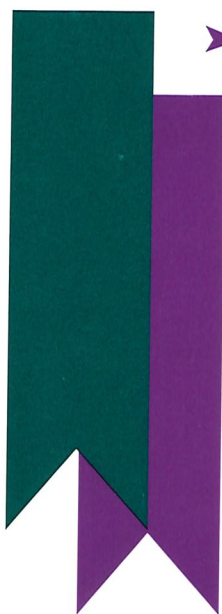
Develop quality business processes

We will fundamentally change the way we manage and operate our business. We will seek ways to continually improve the quality of our products and services, increase the satisfaction of our internal and external customers and reduce processing costs.

Sustain a skilled and motivated workforce

We will achieve quality service through a skilled, motivated and proactive workforce. Management will foster an environment where associates can develop their skills and participate in decision making activities. Each associate must have the proper tools, training and techniques to deliver quality customer service.

STRATEGIES

- 
- Identify and meet the needs, values and expectations of our customers
 - Improve communication both internally and externally
 - Respond to customer requests in a timely manner
 - Re-engineer department processes to meet customer expectations and statutory mandates
 - Take advantage of new technologies
 - Treat information as an asset
 - Embrace the Kansas Quality Management (KQM) Philosophy
 - Make it as simple as possible to comply with the law
 - Establish uniform policies and procedures
 - Provide education and assistance to customers
 - Increase enforcement efforts
 - Promote policies which are fair, responsive and consistent
 - Provide resources for superior workforce performance
 - Instill ownership in the workplace

STRATEGIES

Identify and meet the needs, values and expectations of our customers

This section of the Strategic Business Plan defines the Strategies the Department of Revenue will employ to achieve its Objectives.

Improve communication both internally and externally

The Department has many different customers. To be successful, we will work with our customers to identify and respond to the varied issues which concern them.

Respond to customer requests in a timely manner

We will anticipate and address topics that may be confusing or unclear. Effective methods of communication will be pursued and implemented. We must establish strong lines of communication internally so we can be effective externally. Effective communication promotes understanding.

Re-engineer department processes to meet customer expectations and statutory mandates

When a customer contacts the Department, our goal is to provide information or service as quickly as possible. This contact will leave a lasting impression and in a large part will define quality service. Our associates need to be able to respond accurately and timely to as many of these requests as possible.

To provide our customers with the highest level of service, we will critically examine our operations. We will re-engineer our processes to ensure that they are focused on meeting and exceeding the needs and expectations of our stakeholders.

Take advantage of new technologies

We will explore and harness new technologies which will help deliver better service while reducing the overall cost of government. Properly implemented technologies will help eliminate inefficient paper-processing tasks, allowing our associates to focus on essential duties.

Treat information as an asset

Information is a tremendous resource. By collecting the correct information at the source and processing it as efficiently as possible, we will increase productivity and responsiveness. To help us make better business decisions, we will transform data into accessible and usable information.

Embrace the Kansas Quality Management (KQM) philosophy

The Department is one of the pilot agencies for implementing Kansas Quality Management (KQM). This quality improvement process provides for the improvement of goods and services delivered by the State. We will continue to implement KQM to ensure a lasting transformation of our culture and management system based on the principles of quality management.

Providing service for Kansans is the goal that is driving a quality revolution at the Kansas Department of Revenue.



STRATEGIES

Make it as simple as possible to comply with the law	Simplifying laws, regulations and forms will increase the level of compliance. We will make processes simple and understandable to the customer.
Establish uniform policies and procedures	It is imperative for the Department to be perceived as fair by the taxpayers. We believe if citizens are being treated in a fair and consistent manner, voluntary compliance will increase. We will ensure consistency by establishing uniform policies and procedures to govern the handling of each customer's concerns and by communicating these rules to all Department associates.
Provide education and assistance to customers	Delivering quality service to the citizens of Kansas means anticipating their requirements and providing necessary education and assistance. This strategy focuses on their need to know how to comply, why we require the things we do and who to talk to when they need assistance.
Increase enforcement efforts	We will direct our enforcement efforts toward businesses and individuals who fail to comply with the law. Because the perceived risk of being caught influences the level of voluntary compliance, we will actively pursue remedial actions called for by State law.
Promote policies which are fair, responsive and consistent	Treatment of associates in a fair and responsive manner is a prerequisite to providing quality customer service. We will involve associates in improving personnel policies and procedures.
Provide resources for superior workforce performance	We will provide associates with the tools, training and leadership to deliver quality customer service.
Instill ownership in the workplace	To instill confidence and pride in the workforce, we will create an environment where associates are committed to delivering quality service.

INITIATIVES



- Service
 - Compliance
 - Communication
 - Education
- Commitment
 - Re-engineering
- Information
 - Technology
 - Quality
 - Enforcement
- Resources
 - Consistency
- Planning
 - Streamlining
 - Budgeting
- Benchmarking
 - Performance Measurement
- Training
 - Best Practices
- Proactive
 - Solutions
- Effectiveness
 - Resources
- Legislation
 - Collections
 - Cooperation
 - Ownership



INITIATIVES

Identify and meet the needs, values and expectations of our customers

Improve communication both internally and externally

The following is a compilation of Initiatives which support the Objectives and Strategies of the Strategic Plan. All Initiatives are listed under the Strategy which they relate to best.

We will improve our services to meet or exceed customer expectations by establishing feedback mechanisms such as customer surveys and advisory groups.

We will look for new ways to provide effective services to other state agencies in collecting, processing and information sharing.

We will provide to customers informative brochures and notices, industry bulletins and annual reports.

By April 1, 1994, the Secretary of Revenue will establish a public information office, responsible for coordinating and improving our communication activities. This office will develop a communication plan to ensure information is communicated to associates in a consistent and timely manner and to improve our communication links with other State agencies and the public.

We will use modern forms of communication, such as voice response systems, toll-free 800 numbers, video conferencing and computer communication linkages.

By June 30, 1994, we will purchase equipment to accommodate customers with disabilities to comply with the Americans with Disabilities Act (ADA) requirements.

We will establish improved communication links with the Legislature to further a partnership which supports performance of vital government functions.

Respond to
customer requests
in a timely manner

We will streamline correspondence processing to ensure prompt replies to customer inquiries.

We are cross-training our "customer contact" associates to improve their ability to answer a wide range of questions and minimize the number of call transfers.

By July 1, 1994, the Director of Vehicles will expand the use of the county treasurers for driver license examining of Kansas drivers.

Taxpayer
assistance
personnel are
available to
provide filing
assistance or
answer questions
about tax law.



INITIATIVES

Re-engineer business processes to meet customer expectations and statutory mandates

We will eliminate duplication and increase efficiency and effectiveness through analysis and redesign of Department processes. Where appropriate, we will change our organizational structure to support cross-functional processing and introduce progressive technologies and business concepts.

- As provided by K.S.A. 75-5147, we will implement a new automated tax system.
- The Director of Alcoholic Beverage Control will re-engineer the alcoholic beverage licensing process to better align the Department's basic processes with unique aspects of the liquor industry.
- We will consolidate the registration process so that taxpayers can register for different taxes and licenses at the same location and time.



We have upgraded many Driver License Examining Stations to provide "over the counter" service for our customers' convenience.

- The Director of Collections will improve the tools for collection efforts. We will enhance the automated systems to improve the process for collecting delinquent accounts.

We will comply with all federal mandates for Motor Vehicle and driver license applications:

- We will comply with the Anti-Theft Act of 1992 which requires states to issue salvage titles and participate in a national database by January 1, 1996.
- We will implement the Problem Drivers Pointer System (PDPS) by April 30, 1995. This system makes it mandatory for states to submit pointer records for problem drivers to the National Driver Registry.
- The Director of Vehicles will comply with the requirements of the federal "Motor Voter" legislation. Voter registration will be made available to customers obtaining or renewing driver licenses.

During the 1994 legislative session, the Director of Vehicles will propose legislation to allow fax copies to be accepted as certified driving records for court proceedings.

We will continue our participation in the Reinventing Kansas Government initiative directed by the Governor's Office. For example, the Budget/Purchasing section will assist the Department of Administration with rewriting the budget instructions and forms by August 1, 1994.

We will consider opportunities for capturing data electronically at its source, for example, gathering sales tax data at the point of sale.

We will consider outsourcing as a viable alternative or as a supplement to existing business practices.

Take advantage of
new technologies

One of the Department's primary challenges is to process a tremendous volume of paper documents, from registration forms to tax returns. For more efficient processing, we will expand the use of technological advances, such as:

- Optical imaging as an efficient storage, retrieval and work management system.
- Bar coding of vehicle registrations, renewals and related documents by December 1994.



A uniform statewide mapping system helps cartographers in the Division of Property Valuation ensure the accuracy of county appraisals.

Using Electronic Data Interchange (EDI), some paper forms can be eliminated entirely. Data is fed directly to computer systems, avoiding delays inherent in paper processing. We will promote new EDI efforts, including:

- Expand the use of electronic funds transfers.
- Expand the use of electronic, on-line technologies for purchase orders and payment transfers.
- Increase the use of electronic linkages with other units of government in such areas as property tax, driving violations and vehicle information.
- Expand the use of the electronic tax filing pilot project on two fronts: 1) participate in a joint venture with other states, the Federation of Tax Administrators and TaxNet Governmental Communications (TGCC) and 2) initiate a project for Kansas businesses to transmit tax return data electronically to the Department. These initiatives will enable us to accept electronic payments with returns.

We will evaluate new technologies for enhancing information systems and computer user functions. Initiatives include using the Rapid Application Development (RAD) methodology, improving the user test environment and expanding the use of Computer Assisted Software Engineering (CASE) technology for application development.

INITIATIVES

Treat information as an asset

We will make information, which is necessary for effective performance more readily available to all Department associates. One way is to improve our on-line access systems.

We will increase information sharing with federal, state and local agencies. For example, we will expand computer matching programs with the IRS.

We will improve computer modeling for use in revenue estimating.

We will explore the feasibility of developing Decision Support Systems (DSS). These computer-based systems are designed to help managers make decisions by providing relevant data in a timely and easily understandable form.

A new Optical Imaging system has been implemented to reduce paperwork and improve customer service in our Driver Control Section.



We will examine the need for establishing a department-wide data administration function. If established, the Data Administrator will coordinate policies for data sharing, data security and data integrity.

We will improve data integrity by correcting inconsistencies and redundancies in our data files.

Embrace the
Kansas Quality
Management
(KQM) Philosophy

The Department has been designated as a pilot agency for implementation of KQM. The purpose of KQM is to enhance productivity and effectiveness of operations through the use of quality management principles. To obtain the optimum benefit of KQM, the Department is committed to the following:

- We will continue implementing and refining KQM emphasizing the need for each associate's involvement in decision making activities. We will employ problem solving teams to involve associates at all levels. We will train all associates in KQM and other work improvement doctrines that enhance productivity and promote working effectively with others.
- We will manage cultural change by developing an infrastructure of KQM champions, Quality Management Boards and Steering Committees. We will internalize KQM within our business processes by establishing networks of facilitators and internal consultants.
- We will evaluate our implementation of KQM by establishing procedures to measure and communicate results throughout the Department.

- KDOR desires to be a world class revenue department. In order to attain this level we must benchmark against “best practices” in other revenue departments and measure the outcomes. We will measure these outcomes or key performance indicators by developing performance measurements of our business processes.

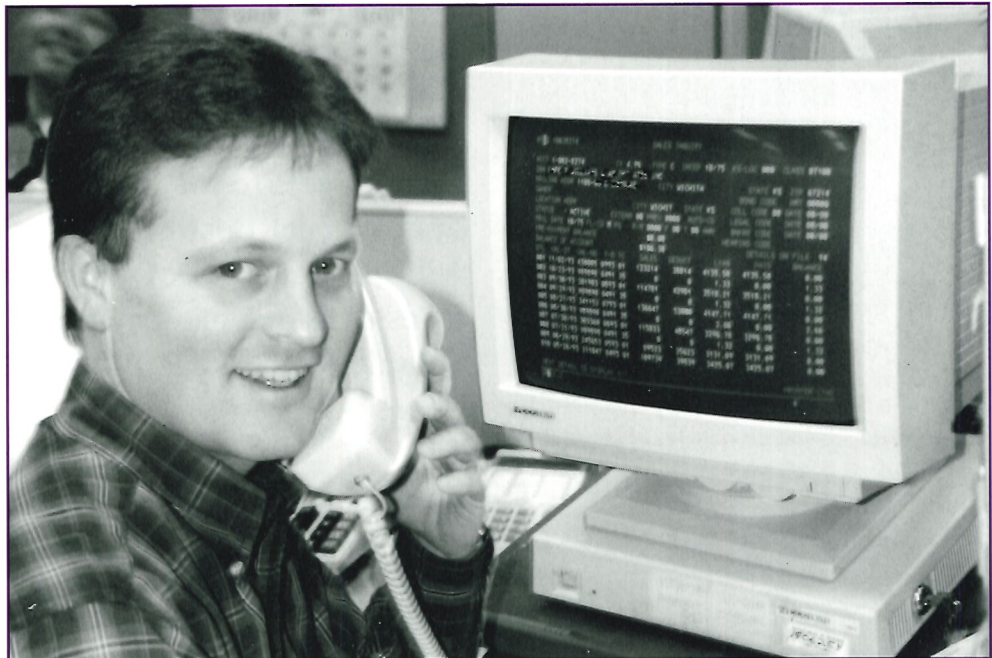
Make it as simple as possible to comply with the law

We will continue to support legislative proposals for alternative payment methods such as credit and debit cards for payment of taxes and fees.

We will continue to improve and simplify:

- Sales tax regulations.
- Tax forms.
- Instruction guides.
- Public notices and other information distributed by the Department.

The Taxpayer Assistance Bureau provides answers to questions on 19 different taxes.



Establish uniform policies and procedures

The Department will establish standard policies and procedures for property valuation. This will include:

- Developing minimum education standards for state and county property appraisal staff by June 1, 1994.
- Establishing benchmarks for appraising commercial and industrial property.
- Developing a consistent reporting system of information for courts, counties and the Legislature.

We will review and revise operational policies and procedures to ensure consistency with rules and regulations.



We will promote establishing uniform standards and forms through cooperative efforts with other states.

The Director of Taxation will study the taxation of alternate fuels and propose legislation if necessary.

Liquor Control Agents of the Division of Alcoholic Beverage Control routinely work with local law enforcement personnel to ensure effective enforcement of liquor laws.

INITIATIVES

Provide education and assistance to customers

By June 30, 1994, the Director of Alcoholic Beverage Control will improve the screening process for new alcoholic beverage licensees by implementing an informational hearing process.

The Director of Property Valuation will increase educational and training opportunities for state and local officials and Kansas property owners by pursuing:

- Implementation of an associate degree program in valuation sciences by August 31, 1994.
- Development of public education workshops.
- Expansion of existing educational programs to include county clerks, treasurers, registers of deeds and commissioners by January 1, 1995.

The Director of Property Valuation will explore long-term Kansas Computer Assisted Mass Appraisal (KSCAMA) education solutions.



The Division of Vehicles provides workshops for motor carriers to make registration as easy as possible.

The Director of Taxation will improve taxpayer education by exploring and implementing new programs such as:

- Conducting workshops specific to industries.
- Establishing tax practitioner programs.
- Piloting outreach programs.
- Developing training aids on videocassette.
- Expanding income tax schools to include other taxes.

The Department will explore joint efforts with the IRS to enhance communication with taxpayers. Projects such as joint newsletters, publications, training and on-site assistance may be included.

We will develop a list of the top 10 common errors for each tax type. This may be included with forms and instructions.

We will initiate a marketing effort by March 31, 1994, to publicize and promote electronic filing of tax returns. A public information plan will be developed in FY 94.

Increase
enforcement
efforts

We will develop a public information strategy to communicate the enforcement accomplishments of the Department.

During FY 1994, we will complete a pilot program designed to utilize existing Department resources to increase compliance monitoring in all areas of the State. This study will determine strategic placement of field resources and establish a program for cross-training revenue agents and field representatives.

INITIATIVES

The Director of Property Valuation will develop a more effective monitoring of county appraiser performance, establish corrective plans and propose legislation to refine the monitoring process.

The Business Tax Bureau and the Fair Share Unit will improve tax compliance through increased external matching efforts.

The Department will coordinate enforcement efforts related to the motor carrier industry. Projects include:

- The Commercial Vehicle Information System (CVIS), which will enhance motor carrier safety by allowing states to check the safety fitness rating of a carrier prior to issuing a registration.
- Implementing a total fuel tracking system.

The Fair Share Unit conducts computer matching programs to identify non-filers in cooperation with the Internal Revenue Service.



The Director of Vehicles will support habitual violator legislation to improve enforcement in the vehicles industry.

The Director of Taxation will implement the NETASK program, a cooperative effort with the IRS and regional states developed for the deterrence and detection of motor fuel fraud.

The Director of Alcoholic Beverage Control will initiate enforcement efforts aimed at reducing underage access to cigarettes and other tobacco products.

We will pursue detailed wage reporting to a central repository which will enable us to obtain the information on-line.

The Division of Collections will work to increase collections of overdue taxes by implementing or expanding several programs, such as:

- Implementing a pilot project designed to increase collections by upgrading individual collector performance standards.
- Increasing the use of “face to face” collection efforts.
- Developing an exchange program with the IRS.

INITIATIVES

Promote policies which are fair, responsive and consistent

We will review, revise and consistently apply personnel policies across the agency. We will educate the workforce on existing or changed policies.

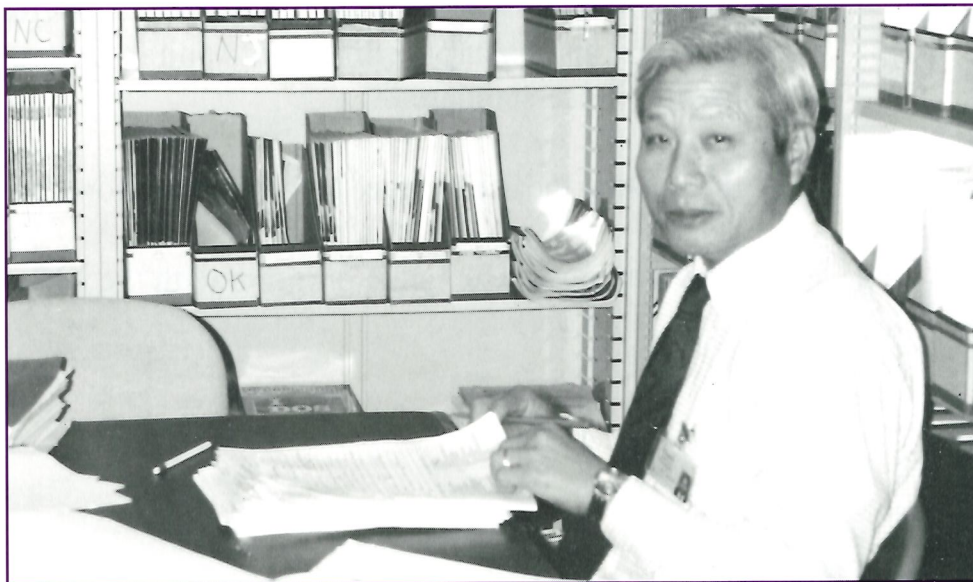
We will improve the employee evaluation system and develop clear performance measures.

We will survey the workforce to measure job satisfaction.

Provide resources for superior workforce performance

We will improve the coordination of training by developing formalized training programs for all associates, focusing on:

- Improving the existing training.
- Developing training for new associates.
- Upgrading technical training programs.
- Providing needed presentation tools.



We recognize that our strength lies in the experience and dedication of our workforce.

We will provide the appropriate tools and equipment to associates.

We will develop a workforce skills inventory to assess the capabilities of associates.

Instill ownership in the workplace

We will educate all associates on general aspects of the Department, Divisions and Bureaus.

We will recognize associates for superior work performance.

We will promote a professional image throughout the Department.

Implementing the Plan requires all of us to identify and create opportunities to improve the administration of the duties which comprise our responsibilities as part of the Executive Branch of Kansas State Government. We look forward to working together to carry out our Plan.

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