

Approved: 3/15/94  
Date

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 2:20 p.m. on March 10, 1994 in Room 514-S of the Capitol.

All members were present except: none

Committee staff present: Alan Conroy, Legislative Research Department  
Leah Robinson, Legislative Research Department  
Carolyn Rampey, Legislative Research Department  
Pat Mah, Legislative Research Department  
Julian Efird, Legislative Research Department  
Kathy Porter, 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

The committee took up agency budgets contained in **SB 510**. Rep. Bradley read the subcommittee reports for the Legislature's FY 94 and FY 95 budgets. (See Attachment 1). Rep. Gross made a motion to cut money appropriated for NCSL (National Conference of State Legislatures) dues. His motion died for lack of a second. Rep. Lowther moved to paint over the murals referred to in FY 94 recommendation #4. The motion was seconded by Rep. Carmody and failed 6-13. Rep. Bradley moved adoption of the 94 and 95 reports, seconded by Rep. Pottorff and carried.

Rep. Pottorff gave the subcommittee recommendations to the committee for the FY 94 and FY 95 Legislative Research Department budgets. (See Attachment 2). Rep. Pottorff moved to adopt the reports. The motion was seconded by Rep. Teagarden and carried.

Rep. Pottorff read the subcommittee reports for the FY 94 and FY 95 Legislative Coordinating Council budgets. (See Attachment 3). Rep. Pottorff moved adoption of the reports. Rep. Teagarden seconded the motion and it carried.

Rep. Pottorff read the subcommittee reports for the FY 94 and FY 95 Revisor of Statutes budgets. (See Attachment 4). Rep. Pottorff moved adoption of the reports. Rep. Teagarden seconded the motion and it carried.

Rep. Chronister read the subcommittee reports for the FY 94 and FY 95 Division of Post-Audit budgets. (See Attachment 5). Rep. Everhart made a motion to strike FY 95 recommendation #2. Rep. Gross seconded the motion and it failed 4-14. Rep. Pottorff moved adoption of the reports. Rep. Teagarden seconded the motion and it carried.

Rep. Teagarden read the subcommittee report for the FY 94 Legislative Educational Planning Committee budget. (See Attachment 6). Rep. Teagarden moved adoption of the report. Rep. Minor seconded the motion and it carried.

Rep. Teagarden read the subcommittee report for the Interstate Cooperation Commission FY 94 budget. (See

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S of the Capitol, at 2:20 p.m. on March 10, 1994.

Attachment 7). Rep. Teagarden moved adoption of the report. Rep. Minor seconded the motion and it carried.

Rep. Minor gave the subcommittee recommendations for the FY 94 and FY 95 budgets for the Governor's office. (See Attachment 8). Rep. Minor made a motion to adopt the reports. His motion was seconded by Rep. Bradley and was carried by the committee.

The FY 94 and 95 subcommittee reports for the Lieutenant Governor's budget was read by Rep. Minor. (See Attachment 9). Rep. Minor moved adoption of the reports, seconded by Rep. Pottorff and carried.

Rep. Jennison gave the reports for the FY 94 and FY 95 State Treasurer budgets. (See Attachment 10). He moved to adopt the reports. His motion carried with the second of Rep. Everhart.

Rep. Jennison read the subcommittee recommendations for the FY 94 and FY 95 Secretary of State budgets. (See Attachment 11). Rep. Jennison made a motion to adopt the reports and his motion was seconded by Rep. Everhart. The motion carried.

Rep. Everhart read the subcommittee reports for the Attorney General's FY 94 and FY 95 budgets. (See Attachment 12). Rep. Carmody moved to amend FY 95 recommendation #1 by not endorsing SB 820. Rep. Gatlin seconded the motion. Carmody then made a substitute motion to completely strike FY 95 recommendation #1 from the report. Rep. Teagarden seconded the motion and it carried. Rep. Everhart moved to adopt the amended report, seconded by Rep. Jennison and carried.

Rep. Charlton read the FY 94 and FY 95 subcommittee budget recommendations for the Insurance Department. (See Attachment 13). Rep. Charlton moved adoption of the reports, seconded by Rep. Everhart and carried by the committee.

Rep. Pottorff made a motion to pass and favorably recommend SB 510 as it had been amended by the committee. Rep. Teagarden seconded the motion and it carried.

The committee took up subcommittee reports for **SB 511**. Rep.s Gatlin and Hochhauser gave the recommendations of the subcommittee for the Department of Transportation's FY 94 and FY 95 budgets. (See Attachment 14). Rep. Gilbert moved to strike FY 95 recommendations 1 and 2. Rep. Reinhardt seconded the motion. The motion failed 7-11. Rep. Gatlin moved adoption of the subcommittee reports for both FY 94 and FY 95. Rep. Hochhauser seconded the motion. Rep. Gatlin then made a substitute motion to add \$6.47 million to the agency's budget referred to in FY 95 recommendation #5. Rep. Hochhauser seconded the motion. The substitute motion was withdrawn. Rep. Helgerson made a substitute motion to place a one-year cap on spending for recommendation #5 and that the expenditures made in recommendation 5 not exceed \$6.47 million. Rep. Hochhauser seconded the motion and it carried. Rep. Gatlin moved adoption of the FY 94 and FY 95 reports for the department and to pass the bill favorably as amended. Rep. Hochhauser seconded his motion and it carried.

No further business appearing before the committee, the meeting was adjourned at 3:50 p.m. The next meeting is scheduled for March 11, 1994.

# 1994 Appropriation Committee Guest List

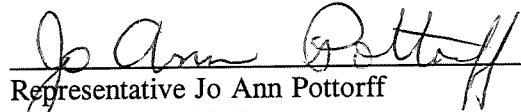
1	NAME	ORGANIZATION
2	Johnston	KDOT
3	Mike Lackey	KDOT
4	Bill Watts	KDOT
5	Ken Coulter	Ks. Good Roads
6	Wendy Moses	Ks. App. Producers Assn.
7	Danica Dymek	Rep. Minor's Staff - Intern
8	Bob Toller	Ks. Contractors Association
9	Hana Simon	Office of the State Treasurer
10	Jana Warner	" "
11	Nancy Bogina	KDOT
12	Jim Langford	DOB
13	Louis Chabwa	Division of the Budget
14	For Thompson	Sec. of State
15	Nancy Martin Sachs	Sec. of State
16	George Passafiume	Intern. Rep. Jerry Henry
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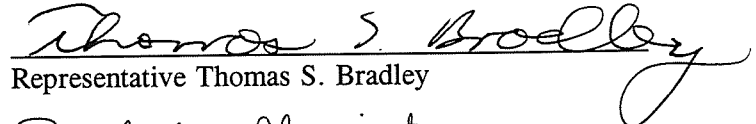
Thu, Mar 10, 1994


## HOUSE APPROPRIATIONS SUBCOMMITTEE REPORTS

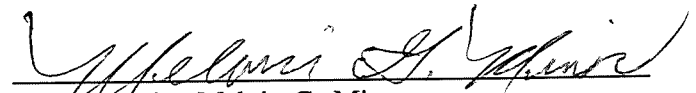
FY 1994 and FY 1995

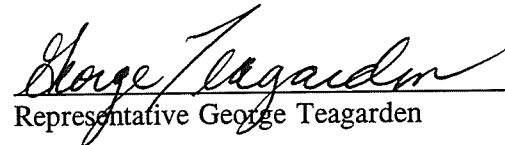
Legislature  
Legislative Research Department  
Legislative Coordinating Council  
Office of the Revisor of Statutes  
Division of Post Audit  
Legislative Educational Planning Committee (FY 1994 only)  
Interstate Cooperation Commission (FY 1994 only)  
Governor's Department  
Lieutenant Governor

  
Representative Jo Ann Pottorff  
Subcommittee Chairperson

  
Representative Thomas S. Bradley

  
Representative Rochelle Chronister

  
Representative Melvin G. Minor

  
Representative George Teagarden

## SUBCOMMITTEE REPORT

**Agency:** Legislature

**Bill No.** 718

**Bill Sec.** --

**Analyst:** Conroy

**Analysis Pg. No.** 347

**Budget Page No.** 436

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
All Funds	\$ 9,284,702	\$ 9,284,702	\$ (16,746)
State General Fund	8,899,796	8,899,796	(16,746)
FTE Positions	28.0	28.0	--

### Agency Estimate/Governor's Recommendation

The FY 1994 budget estimate for the Legislature as submitted with the approval of the Legislative Coordinating Council (LCC) is \$807,450 less than the amount authorized by the 1993 Legislature, including the reappropriated amount. The Governor concurs with the agency's estimate in FY 1994.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Delete \$16,746 (State General Fund) to reflect the latest subsistence allowance rates as established by the U.S. General Services Administration. The latest rate (effective January 1, 1994) is \$73 per day instead of the budgeted rate of \$74 per day. K.S.A. 46-137a ties legislative subsistence to the subsistence allowance allowable for the Kansas capital city (Topeka) under applicable federal law and regulations to employees of the executive branch of the federal government for per diem expenses if the amount is greater than \$73 per day.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
All Funds	\$ (16,746)	\$ 9,267,956	\$ (91,918)
State General Fund	(16,746)	8,883,050	(91,918)
FTE Positions	--	28.0	--

### House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. Delete \$91,918 (State General Fund) to reduce the number of budgeted legislative session days by two. The cost per legislative day of \$45,959 is based on actual daily costs of the 1993 Session.
2. Authorize from available existing resources that up to \$6,000 may be expended to determine if the murals on the ceiling of the House chambers are "historically significant" and should be restored. The funds would provide \$3,000 for a consultant that would inspect and make recommendations regarding the murals and \$3,000 for the rental of scaffolding which would be needed to physically inspect the murals. The Subcommittee believes that this would be the first logical step in determining if the murals should be covered-up or restored. The Subcommittee also recommends that specific authorizing language to expend the \$6,000 from available existing resources be placed in the supplemental appropriation bill for the entire House to consider.
3. Recommend that \$5,000 from available resources be expended for performance-based budget training for staff, key agency budget personnel, and legislators. This will match \$5,000 from available resources in the Division of the Budget, Department of Administration. The \$10,000 in total funding will permit several out-of-state experts with first-hand knowledge of performance-based budgeting to share their experiences and knowledge with key players in any Kansas version of performance-based budgeting.

## SUBCOMMITTEE REPORT

Agency: Legislature

Bill No. 510

Bill Sec. 3

Analyst: Conroy

Analysis Pg. No. 347

Budget Page No. 436

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
All Funds	\$ 9,643,599	\$ 9,670,790	\$ (19,778)
State General Fund	9,513,399	9,540,590	(19,778)
FTE Positions	28.0	28.0	--

### Agency Request/Governor's Recommendation

The FY 1995 budget request for the Legislature as submitted by the LCC totals \$9,643,599, of which \$9,513,399 is from the State General Fund and \$130,200 is from special revenue funds. The request reflects the merger of the budgets of the Legislative Educational Planning Committee (\$32,344) and the Interstate Cooperation Commission (\$227,113) with the legislative budget. The Governor recommends a budget of \$9,670,790 for FY 1995, an increase of \$27,191 above the requested expenditures. The Governor concurs with the merge of the budgets of the Legislative Educational Planning Committee and the Interstate Cooperation Commission with the Legislature's budget.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following exception:

1. Delete \$19,778 (State General Fund) to reflect the latest subsistence allowance rates as established by the U.S. General Services Administration. The latest rate (effective January 1, 1994) is \$73 per day instead of the budgeted rate of \$74 per day. K.S.A. 46-137a ties legislative subsistence to the subsistence allowance allowable for the Kansas capital city (Topeka) under applicable federal law and regulations to employees of the executive branch of the federal government for per diem expenses if the amount is greater than \$73 per day.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
All Funds	\$ (19,778)	\$ 9,651,012	\$ (160,818)
State General Fund	(19,778)	9,520,812	(160,818)
 FTE Positions	 --	 28.0	 --

### House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. Delete \$91,918 (State General Fund) to reduce the number of budgeted legislative session days by two. The cost per legislative day of \$45,959 is based on actual daily costs of the 1993 Session.
2. Delete \$68,900 (State General Fund) for dues to the Council of State Governments. The Subcommittee notes that the National Council of State Legislatures (NCSL) provides timely and beneficial information to members of the Kansas Legislature and our staff. NCSL also provides the opportunity for Kansas Legislators to interact with Legislators from other states to learn how they are dealing with various state issues. Given the fiscal constraints that Kansas finds itself in, the Subcommittee does not believe that the state can afford to continue membership in both organizations, and therefore recommends that only membership in NCSL be retained.
3. The Subcommittee wishes to express concern with the general lack of cleanliness in the State Capitol. Hallways, restrooms, and other public areas are not maintained in a manner befitting a state capitol building. Of particular concern are the floors not being cleaned on a daily basis nor are the hallways and rotunda area floors ever waxed and polished. The Subcommittee notes that the State Capitol will be extremely difficult to replace one day and every effort should be made to maintain this beautiful and historically significant building. The State Capitol should be a source of pride when Kansans and other guests visit. The Subcommittee urges the Secretary of the Department of Administration and Director of the Division of Facilities Management of the Department of Administration to work with the Director of Legislative Administrative Services to develop a plan to improve the maintenance and cleanliness of the State Capitol.
4. The Subcommittee did review the agency's mission, goal, and efficiency measurements. The Subcommittee attaches the agency's performance-budget information to this report.



## THE KANSAS LEGISLATURE

### Why Does the Legislature Exist?

Article 2 of the *Kansas Constitution* vests the legislative power of this state in a house of representatives and senate. At least implicitly, a legislature is required by the *Act for the Admission of Kansas Into the Union* and by the *U.S. Constitution*.

### Mission of the Legislature

To exercise its legislative powers within the frameworks of the *Kansas and U.S. Constitutions* for the benefit of the people of Kansas by enacting only that legislation and conducting only the degree of oversight of executive and judicial agencies deemed necessary to carry out that objective.

### The Historical Goal

To be a "citizen legislature," meaning that legislators should come from a wide variety of private life backgrounds and experiences and should not be expected to devote most of their time to legislative tasks.

### Mission Measurement

Any evaluation of how the Kansas Legislature carries out its basic mission must be highly subjective. In broad terms, judgments could be made as to whether the Legislature is proactive or reactive, is on at least equal footing with the other two branches of government, is devoting a proper amount of time to significant policy issues and is not squandering its time on relatively minor matters, and is carrying out its oversight responsibilities in a manner beneficial to the legislative process without unduly infringing upon the powers and duties of the other two branches.

Certain objective measurements that might be suggested would not, in most cases, truly indicate how well the Legislature carries out its mission, *e.g.*, number of bills introduced and enacted each session, number of committee meetings and hearings held, number of bills vetoed, and number of laws ruled unconstitutional by the courts or said to be unconstitutional by the Attorney General.

Voters decide whether their incumbent representatives and senators should be returned to the Legislature, but this decision does not measure what people think about how well the Legislature as a whole is performing. Should this be determined by polling or by "audits" made by academics supposedly familiar with the legislative process? If so, what period of time should be covered by such polling or audits? The results might be quite different if they were confined to one year in contrast to several or many years.

Nor is measurement of mission a simple matter when limited to specific legislation. How is it to be determined whether enactment of any bill was in the best interests of the people of Kansas? For instance, is a vote of 125-0 and 40-0 conclusive, a vote of 63-62 and 21-19 highly doubtful, and a vote of anything between those two extremes somewhat doubtful? Or is polling or audits the way to go to "validate" whether a particular law is in the best interests of the people of Kansas.

Again, what time frame should be used to evaluate the merits of a bill which became law? Think of school finance legislation as an example. The SDEA was enacted in 1973 in response to a district court decision (not appealed) which held that former school finance laws were not constitutional. While controversial in certain parts of Kansas, the SDEA received national recognition as a pretty good piece of school finance legislation. Over time, however, as the SDEA was frequently amended it was increasingly challenged both in courts and in the Legislature, until it was completely replaced by a new law enacted in 1992 (by a vote of 21-19 in the Senate). Two parts of that law were recently held invalid by a district court.

In short, who decides how to measure the success or failure of the Legislature's mission, by what means, and over what time frame. We are not aware of any consensus as to how this properly should be accomplished.

### **Measuring the Goal**

If one accepts the goal as defined above, it is less difficult to measure than the mission. How many days is the Legislature in session during a calendar year? How many days are legislative leaders and other representatives and senators, individually, involved in activity between sessions? Those statistics are easily compiled. But they do not include demands on legislators' time when they are at home.

Kansas Legislative Research Department  
February 22, 1994

# SUBCOMMITTEE REPORT

**Agency:** Legislative Research Department

**Bill No.** --

**Bill Sec.** --

**Analyst:** Conroy

**Analysis Pg. No.** 339

**Budget Page No.** 434

<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	\$ 1,931,974	\$ 1,931,974	\$ --
FTE Positions	35.3	35.3	--

## Agency Estimate/Governor's Recommendation

The FY 1994 revised budget estimate of the Legislative Research Department is \$1,931,974, or \$37,230 less than the currently authorized amount by the 1993 Legislature, including reappropriations but excluding a \$14,850 contingency amount. The Governor concurs with the agency's revised estimate in FY 1994.

## Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

## Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

## Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 1,931,974	\$ --
FTE Positions	--	35.3	--

ATTACHMENT 2

### **House Subcommittee Recommendations**

The House Subcommittee concurs with the Senate recommendations.

## SUBCOMMITTEE REPORT

**Agency:** Legislative Research Department

**Bill No.** 510

**Bill Sec.** 2

**Analyst:** Conroy

**Analysis Pg. No.** 339

**Budget Page No.** 434

<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	\$ 1,963,945	\$ 1,968,058	\$ --
FTE Positions	35.3	35.3	--

### Agency Request/Governor's Recommendation

The agency's FY 1995 budget request is \$31,971 greater than the revised agency estimate for FY 1994. Of the increase, \$42,628 is for salaries and benefits of the present 35.3 FTE positions and \$1,682 for contractual services and commodities, while capital outlay is reduced \$13,389. The Governor's recommendation adds \$4,113 to the budget request of the agency. The net amount represents a merit salary pool for employees who are not assigned to the basic state pay plan and other salary and wage fringe benefit adjustments. The agency request and the Governor's recommendation both include a \$15,000 contingency amount which is excluded from the expenditure amounts for FY 1995. The contingency funds are to cover potential demands upon the agency for costs that cannot now be projected. The contingency resources are subject to allocation only by the Legislative Coordinating Council (LCC) and cannot be expended with its express approval.

### Senate Subcommittee Recommendation

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

1. The Subcommittee notes the final segments of the Comprehensive Classification and Job Rate Study for classified employees are included in the Governor's recommendation for FY 1995. The Subcommittee would also note that the Legislature has always provided parity between executive branch employees and nonpartisan legislative branch employees. For example, salaries of fiscal staff employees of this agency have mirrored the salaries of the budget analysts of the Division of the Budget. The budget analysts are included in the recommended June 18, 1994 segment of the Comprehensive Classification and Job Rate Study. The Subcommittee recommends that if the funding of the Comprehensive Classification and Job Rate Study is approved for classified employees, that a corresponding amount be included in the omnibus appropriation bill for this agency.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 1,968,058	\$ --
FTE Positions	--	35.3	--

### House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations, with the following comment:

1. The Subcommittee did review the agency's mission, activities, and performance measurements. The Subcommittee attaches the agency's performance-budgeting information to this report.

## **Why Have a Research Department?**

So that the Legislature will not be totally reliant on outside sources, such as other branches of state government, local government officials, and lobbyists, for general information and specific data needed by the Legislature to make informed policy decisions. The Department was created in 1934, but was not formally established by law until 1971 when the Legislative Coordinating Council (LCC) was created. A copy of K.S.A. 46-1210 is attached.

## **Mission of the Department**

To provide nonpartisan research, fiscal analysis, and other services, including options for policy choices when requested, to standing and interim committees, legislative leaders, and individual legislators in as an objective manner as possible within the capabilities of the staff. Neutral professionalism is the goal.

## **Examples of Staff Activities**

A general classification of activities of the Research Department, which operates under the general supervision of the LCC, follows:

1. Prepares research memoranda for standing and interim committees;
2. Provides staff for all committee meetings for the presentation of material and receiving of instructions;
3. Arranges committee meetings, conferences, and hearings, and briefs the committees on major questions to be explored at each meeting;
4. Performs detailed research on subjects in accordance with instructions of the committees;
5. Presents reports to committees as various stages of research are completed, and answers specific questions raised at prior committee meetings;
6. Answers questions or provides information for individual members of the Legislature between sessions or during the legislative session;
7. Answers questions and provides material from its files for the general public, state and local officials, other states, and various organizations having an interest in pending or adopted legislation;
8. Provides staff services to occasional ad hoc committees and commissions;
9. Prepares minutes of all interim legislative committee meetings;
10. Drafts final reports of interim committees in accordance with their instructions;

11. Receives and reviews copies of state agency budgets, prepares an analysis of the agencies' requests and the Governor's budget recommendations, formulates for the Ways and Means and Appropriations Committees policy alternatives to assist in their determination of priorities for spending by state agencies, and publishes a post-session report on appropriations;
12. Prepares revenue estimates and cooperates with executive agencies in developing consensus revenue estimates;
13. Reviews fiscal notes as supplied by the executive budget agency;
14. Prepares supplemental information notes on bills reported favorably by standing committees;
15. Publishes, after each annual session, summaries of legislation enacted; and
16. Publishes reports on specific topics of interest to legislators and others, *e.g.*, *Kansas Tax Facts*.

### Measurement of Mission and Goal

The most meaningful measurement is a subjective judgment by legislators as to whether the Department has carried out its mission and achieved its goal, not just in a single year but over time. In other words, has the Department been helpful, significantly, in providing research, fiscal analysis, and other services? The Department, in contrast to some agencies in the legislative and other branches of state government, does not make specific recommendations, so in that regard objective measurements cannot be made.

One might contend, however, that there are certain objective measurements which could be used to evaluate the success or failure of the Department in carrying out its mission. A few examples are:

1. The number of memos or tabulations written or prepared for standing and interim committees, legislative leaders, and individual legislators during a fiscal year.
2. The number of inquiries of legislators responded to by staff, in person or by telephone conversations, during a fiscal year.
3. The number of constituent requests answered on behalf of legislators during a fiscal year.
4. The number of oral briefings the staff makes on bills pending before standing or interim committees during a session or interim.
5. How long it takes for the fiscal staff to produce the *Budget Analysis* each year.

Are any of the above workload measures worth taking staff time to record? So doing would not indicate their worth in a substantive sense. How good or useful were the memos, tabulations,



responses to inquiries, and briefings of bills? Record keeping will not answer that. Perhaps the *Budget Analysis* could be completed earlier than now if the goal each year were to shorten the time for its delivery to the Legislature, no matter the consequences in terms of coverage and quality.

Is formal polling of legislators a viable option to measure whether they think the Research Department and other staff agencies are performing their mission? A single poll covering all of the staff agencies could be conducted periodically if some concrete form of measurement is desired.

But legislators know, or should know instinctively, without any dubious measurements, that the Research Department as it now functions is a useful staff agency. If that assumption should prove to be wrong currently or in the future, then serious consideration should be given to revamping or eliminating the Department.

Kansas Legislative Research Department  
February 21, 1994

**46-1210.** Legislative research department; director of legislative research; assistants and employees; duties and functions of department. (a) There is hereby established the legislative research department whose head shall be the director of legislative research and who shall be appointed by the legislative coordinating council to serve under its direction.

The director of legislative research may be removed from office by a vote of five (5) members of the legislative coordinating council taken at any regular meeting of such council. The director of legislative research shall receive such compensation as is determined by the legislative coordinating council. Such director, and any of his or her assistants specified by the legislative coordinating council, shall receive expenses and allowances for in-state and out-of-state travel as is provided by law for members of the legislature. Such director shall appoint such assistants and employees of the legislative research department as are authorized by the legislative coordinating council and shall set their compensation subject to the approval of such council. Such director and all assistants and employees of the legislative research department shall be in the unclassified service.

(b) The legislative research department shall perform legislative research functions and such other duties as are directed by the legislative coordinating council.

(c) The legislative research department shall provide staff services to all special committees, select committees and standing committees meeting when the legislature is not in session, and to the extent possible, accomplish the following:

(1) Assist each committee chairman in planning the work of the committee, and in accordance with the chairman's instructions prepare an agenda for each meeting.

(2) Appropriately notify committee members, staff and other interested persons of meeting times and other information as directed by the committee chairman.

(3) Prepare minutes of each committee meeting to show attendance, disposition of agenda items, tentative and final committee decisions and staff instructions, and such other matters as may be helpful to the work of the committee.

(4) Prepare and present research information in accordance with committee instructions or instructions of the committee chairman.

(5) Obtain attendance of persons for committee presentations or testimony. In cases of compulsory process, work with the office of revisor of statutes and office of attorney general to obtain satisfactory results.

(6) Prepare interim reports of committee work when the same is requested of a committee by the legislative coordinating council.

Any such report shall have committee approval before transmission.

(7) Prepare final committee report in accordance with committee instructions; the same to include relevant information, committee policy recommendations, and to the extent possible, appropriate bill drafts prepared by the office of revisor of statutes.

(8) Receive and analyze agency requests for appropriations and prepare fiscal information for appropriate legislative committees.

(d) Special committees, select committees and standing committees are expected to utilize the foregoing staff services to the extent the same are available in making all studies.

**History:** L. 1971, ch. 184, § 10; L. 1975, ch. 277, § 1; July 1.

**Cross References to Related Sections:**

Joint revenue estimates of state general fund revenues, see 75-6701.

## SUBCOMMITTEE REPORT

**Agency:** Legislative Coordinating Council

**Bill No.** --

**Bill Sec.** --

**Analyst:** Conroy

**Analysis Pg. No.** 343

**Budget Page No.** 428

<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	\$ 429,334	\$ 429,334	\$ --
FTE Positions	10.0	10.0	--

### Agency Estimate/Governor's Recommendations

The FY 1994 revised budget submitted by the Legislative Coordinating Council (LCC) is \$429,334 or the currently authorized level, including reappropriations. The budget includes \$17,903 for the compensation and expenses associated with Council meetings and \$411,431 for salaries and travel of employees of the Division of Legislative Administrative Services. The Governor concurs with the agency's estimate in the current year.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 429,334	\$ --
FTE Positions	--	10.0	--

**House Subcommittee Recommendations**

The House Subcommittee concurs with the Senate recommendations.

## SUBCOMMITTEE REPORT

**Agency:** Legislative Coordinating Council

**Bill No.** 510

**Bill Sec.** 2

**Analyst:** Conroy

**Analysis Pg. No.** 343

**Budget Page No.** 428

<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	\$ 445,065	\$ 439,568	\$ --
FTE Positions	10.0	10.0	--

### Agency Request/Governor's Recommendation

The FY 1995 budget request of the LCC is \$445,065, or an increase of \$15,731 above the FY 1994 revised request. Estimated expenses for LCC meetings are virtually unchanged from the current year estimate. Estimated expenses for the Division of Legislative Administrative Services would increase \$15,731, almost totally for salaries and wages. The Governor's FY 1995 recommendation is \$439,568 or \$5,497 less than the agency requested.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, with the following consent:

1. The Subcommittee notes that the final segments of the Comprehensive Classification and Job Rate Study for classified employees are included in the Governor's recommendation for FY 1995. The Subcommittee would also note that the Legislature has always provided parity between executive branch employees and nonpartisan legislative branch employees. The Subcommittee recommends that if the funding of the comprehensive Classification and Job Rate Study is approved for classified employees that a corresponding amount be included in the omnibus appropriation bill for this agency.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations: State General Fund	\$ --	\$ 439,568	\$ --
FTE Positions		10.0	--

#### **House Subcommittee Recommendations**

The House Subcommittee concurs with the senate recommendations, with the following comment:

1. The Subcommittee did review the agency's mission and performance measurements. The Subcommittee attaches the agency's performance-budget information to this report.

## PERFORMANCE BASED BUDGETARY SYSTEM

### LEGISLATIVE ADMINISTRATIVE SERVICES

#### Agency Mission

- \* Provide all administrative staff duties for the legislature as described by statute and the Legislative Coordinating Council (LCC).
- \* Serve as the interface in administering to the legislature and the general public the policies and procedures as prescribed by the LCC.
- \* Administration of the budget for the Legislature and also for the LCC.
- \* Acquiring and maintaining all legislative equipment, furniture, facilities, and supplies for the legislature.
- \* Responsible for maintenance and support of computer system for legislature (1st phase completed with 1994 session).
- \* Administering personnel records of all legislators and leadership staff employees.
- \* Responsible for interior of Capitol building (with exception of 1st and 2nd floor).
- \* Recruitment, employment and supervision for all employees required to support regular and special sessions of the legislature (approximately 280-300 employees per year).
- \* Responsible for assignment and use of committee rooms and Chambers of both houses.
- \* Repository for all committee meeting minutes for government agencies and the public.
- \* Responsible for the Document Room which distributes copies of bills, calendars, journals, resolutions for the public, legislature and governmental agencies.
- \* Responsible for the accounts receivable portion of legislative operations, i.e., Special Revenue Fund.
- \* Administers the Document Mailing Services for governmental agencies and the public (annual billings approximately \$100,000 annually).
- \* Arranging for registration for attendance and NCSL functions and process reimbursement vouchers for legislative travel.
- \* Responsible for operations and administration of the Clipping Bureau.
- \* Providing parking for legislative staff agencies and leadership staff all year and capitol grounds parking for everyone during the legislative session.
- \* Coordinate with Legislative Research to provide notices and agendas to public of interim study committee activity.

Performance Measurement - "Do we provide what the legislature needs when they want it?:"

- \* Performance is measured by the reaction and comments of 165 legislators and the seven members of the LCC in response to their needs and requests.
- \* Ability to perform our mission by not increasing the size of the staff or the monies allocated to the agency.
- \* Reaction and comments from the public as to the manner and efficiency in which we respond to their needs and requests.

## SUBCOMMITTEE REPORT

**Agency:** Revisor of Statutes

**Bill No.** --

**Bill Sec.** --

**Analyst:** Conroy

**Analysis Pg. No.** 345

**Budget Page No.** 514

<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	\$ 2,044,957	\$ 2,044,957	\$ --
FTE Positions	27.8	27.8	--

### Agency Estimate/Governor's Recommendation

The revised FY 1994 agency estimate is \$322,002 less than authorized by the 1993 Legislature, including the reappropriated amount. The revised estimate of expenditures for FY 1994 is significantly less than the total amount available primarily due to printing costs in FY 1993 being less than estimated, resulting in a larger carryover than anticipated from that fiscal year and the payment of some printing costs for the republication of volumes 3 and 3A and other volumes from the FY 1993 appropriation. The Governor concurs with the agency request in the current year.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.



<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 2,044,957	\$ --
FTE Positions	--	27.8	--

**House Subcommittee Recommendations**

The House Subcommittee concurs with the Senate recommendations.

## SUBCOMMITTEE REPORT

**Agency:** Revisor of Statutes

**Bill No.** 510

**Bill Sec.** 2

**Analyst:** Conroy

**Analysis Pg. No.** 345

**Budget Page No.** 514

<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	\$ 2,078,842	\$ 2,078,445	\$ --
FTE Positions	27.8	27.8	--

### Agency Request/Governor's Recommendation

The FY 1995 budget request of the Revisor of Statutes is \$33,885 more than the revised expenditure estimate for FY 1994. Salaries and wages increase \$30,781, contractual services decrease by \$1,796, and capital outlay increases by \$4,900. For FY 1995 the Governor recommends \$397 less than the agency requested.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations, with the following comment:

1. The Subcommittee notes that the final segments of the Comprehensive Classification and Job Rate Study for classified employees are included in the Governor's recommendation for FY 1995. The Subcommittee would also note that the Legislature has always provided parity between executive branch employees and nonpartisan legislative branch employees. The Subcommittee recommends that if the funding of the Comprehensive Classification and Job Rate Study is approved for classified employees that a corresponding amount be included in the omnibus appropriation bill for this agency.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Agency Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations: State General Fund	\$ --	\$ 2,078,445	\$ --
FTE Positions		27.8	--

#### **House Subcommittee Recommendations**

The House Subcommittee concurs with the Senate recommendations, with the following comment:

1. The Subcommittee did review the agency's mission, objectives, and strategies to reach those objectives. The Subcommittee attaches the agency's performance-budgeting information to this report.

February 22, 1994

MEMORANDUM

TO: House Appropriations Subcommittee #1  
FROM: Norman J. Furse, Revisor of Statutes  
RE: Agency Mission and Performance Measures

Pursuant to your request, I have prepared a Memorandum which briefly states the mission of the Revisor of Statutes Office and the performance standards which relate to that mission. Please let me know if you have any questions or suggestions with regard to this material.



## MEMORANDUM

TO: House Appropriations Subcommittee #1

FROM: Norman J. Furse, Revisor of Statutes

RE: Functions of the Revisor of Statutes Office.

### I. CREATION AND MISSION OF THE REVISOR OF STATUTES OFFICE.

- A. The Office of the Revisor of Statutes was created by the Legislature in 1929 to provide legislative document drafting services, legal research services and statutory revision services.
- B. The Office of Revisor of Statutes is a nonpartisan legislative staff agency which operates under the supervision of the Legislative Coordinating Council.
- C. K.S.A. 46-1211 establishes the Office of the Revisor of Statutes and specifies its purposes and duties. Primary functions and duties of the office include:
  - 1. Drafting of bills, resolutions and other legislative documents at the request of members and committees of the legislature;
  - 2. providing legal advice and consultation on matters of legislation for members and committees of the legislature;
  - 3. providing legal staff for all meetings of committees of the legislature;
  - 4. recommending to committees of the legislature such bills as will tend to update or clarify existing laws;
  - 5. conducting legal research on subjects of legislation;
  - 6. compiling, editing, indexing and publishing the general laws of the state into volumes of the Kansas Statutes Annotated and annual supplements thereto;
  - 7. providing assistance in legislative procedural matters;
  - 8. providing computer services to the legislative branch relating to bill history and information; and
  - 9. providing such other legal duties as may be prescribed by law or directed by the Legislative Coordinating Council.

## II. OBJECTIVES RELATED TO RESULTS.

- A. Bill, resolution and other legislative document preparation. The objective is the preparation of these documents to the highest professional standards consistent with the time available for their preparation. Tests for determining results would be whether the legislative imposed introduction deadlines are being met, the level of technical accuracy in the drafting and input from other staff and members.
- B. Publication of the Kansas Statutes Annotated. This objective includes compiling, editing, indexing and publishing the general laws of the state into volumes of the Kansas Statutes Annotated and annual supplements thereto. Results here are determined by the timely publication of the volumes (our goal is publication within six months of publication of the session laws) and the accuracy of the editorial work (the goal is zero errors in printing).
- C. Professional legal services. This objective relates to the providing of first-rate professional legal services to the legislature. Tests for relating results to objective in this area are difficult to articulate. The measurements here are much more subjective. I see this objective as one of individual staff member growth of all the employees of the Revisor's Office including attorneys, computer specialists, secretaries and proofreaders.

## III. REACHING THE OBJECTIVES.

- A. Document preparation. During legislative sessions all members of the staff are involved in some phase of the bill drafting process, including support services. The legal staff provides bill drafting, committee staffing and legal advice and consultation on matters of legislation for individual members of the legislature.
- B. Interim legislative work. During the interim between legislative sessions, members of the staff are involved in the staffing of special committees, joint committees created by statute and legal research activities.
- C. Statute publication. During the interim between legislative sessions, most members of the staff are involved in the various phases of editing, indexing and publishing of volumes of the Kansas Statutes Annotated and supplements thereto.

- D. Staff development. Professional personnel of the office attend seminars, continuing education meetings and obtain daily pass-around materials relating to legislatures and legal developments in the state and nation. Secretarial staff, at least once annually, are encouraged to attend a seminar of interest to secretaries.

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## SUBCOMMITTEE REPORT

**Agency:** Legislative Division of Post Audit

**Bill No.** --

**Bill Sec.** --

**Analyst:** Conroy

**Analysis Pg. No.** 341

**Budget Page No.** 430

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,378,494	\$ 1,379,685	\$ --
State General Fund	1,378,021	1,379,212	--
FTE Positions	19.0	19.0	--

### Agency Estimate/Governor's Recommendation

The revised agency estimate of FY 1994 expenditures from the State General Fund is \$41,507 less than authorized by the 1993 Legislature, including the reappropriation. Expenditures from the Audit Services Fund are estimated at \$278,469, an increase of \$107,143 above the FY 1993 actual amount. However, beginning in the current year the agency will report all expenditures from the Audit Services Fund as a non-reportable expenditure to prevent double-counting. The Governor's recommendation for FY 1994 is \$1,191 above the agency's revised estimate. The Governor does adjust the agency's salaries and wages to reflect the recent retirement of a long time agency employee and fringe benefit adjustments.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

ATTACHMENT 5



<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ --	\$ 1,379,685	\$ 3,824
State General Fund	--	1,379,212	3,824
FTE Positions	--	19.0	--

#### House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations, with the following adjustment:

1. Add \$3,824 (State General Fund) for the annual statewide audit. The agency has just received the actual figures used to compute the state's share of the cost of the statewide audit. The federal funds share of the cost is slightly less than had been estimated. The recommended additional funds will fully finance the costs of the statewide audit.

## SUBCOMMITTEE REPORT

**Agency:** Legislative Division of Post Audit

**Bill No.** 510

**Bill Sec.** 4

**Analyst:** Conroy

**Analysis Pg. No.** 341

**Budget Page No.** 430

<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	\$ 1,567,162	\$ 1,405,955	\$ --
FTE Positions	22.0	19.0	--

### Agency Request/Governor's Recommendation

The FY 1995 budget request of the Division of Post Audit is financed entirely by the State General Fund in the amount of \$1,567,162. Requested non-reportable expenditures from the Audit Services Fund in FY 1995 total \$279,420. The General Fund request is an increase of \$188,668 or 13.7 percent above the agency's revised current year estimate. Of the requested increase, \$171,475 relates to the addition of a 3-person audit team. For FY 1995 the Governor recommends \$1,405,955, all from the State General Fund. The Governor's recommendation is \$161,207 less than the agency requested. The Governor does not recommend the addition of a new audit team.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following comments:

1. Make a technical adjustment to the appropriation bill to include a proviso that all money received from the Department of Social and Rehabilitation Services for the Division's cost of monitoring the out-of-court agreement on foster care shall be deposited in the Audit Services Fund.
2. The Subcommittee notes that the final segments of the Comprehensive Classification and Job Rate Study for classified employees are included in the Governor's recommendation for FY 1995. The Subcommittee would also note that the Legislature has always provided parity between executive branch employees and nonpartisan legislative branch employees. The Subcommittee recommends that if the funding of the comprehensive Classification and Job Rate Study is approved for classified employees that a corresponding amount be included in the omnibus appropriation bill for this agency.
3. The Subcommittee carefully reviewed the agency's request to add an additional performance audit team in the budget year. The Subcommittee would encourage the Legislative Post Audit Committee to consider statutory changes that would permit the Committee to decide which audits have the highest priorities. For example, the

Committee is required by statute to conduct an annual performance audit of the Kansas Public Employees Retirement System(KPERS), which is in addition to the annual financial compliance audit on KPERS. The Subcommittee urges the Committee to consider statutory changes which would require the KPERS performance audit only every two or three years. The Subcommittee also suggests that the Post Audit Committee review the issue if all of the statutorily required Kansas Governmental Operations Accountability Law (K-GOAL) audits have higher priority than individual audit requests. The Subcommittee discussed the possibility of changing K-GOAL audits from statutorily required to just requiring the approval of the Post Audit Committee. In this manner, the Post Audit committee could consider the highest priority audits.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations and makes the following observation:

1. The Committee notes that the Post Audit Committee is currently reviewing the issue of changing statutory audit requirements. The Post Audit Committee might recommend statutory changes that would give the Committee greater flexibility in determining audit priorities.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Subc. Adj.</u>
State Operations:			
State General Fund	\$ --	\$ 1,405,955	\$ 167,310
FTE Positions	--	19.0	3.0

### House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations, with the following adjustments:

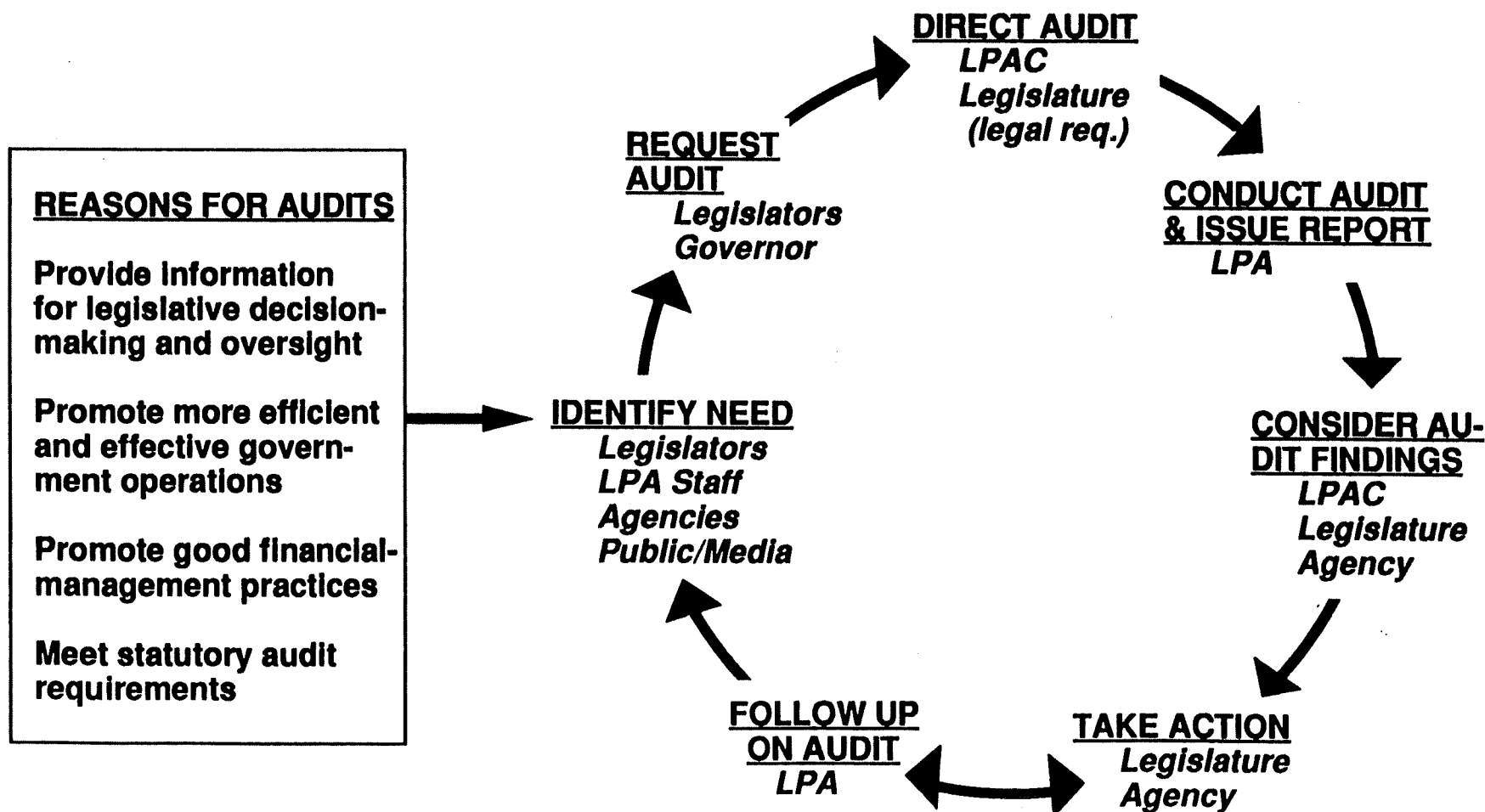
1. Add \$6,103 (State General Fund) for the annual statewide audit. The agency has just received revised FY 1995 estimates for the state's share of the cost of the statewide audit. The federal funds share of the cost is slightly less than had been estimated. The recommended additional funds will fully finance the costs of the statewide audit.

2. Add \$161,207 (State General Fund) and 3.0 FTE positions for an additional performance audit team. The Subcommittee notes the substantial number of performance audit requests that cannot be fulfilled due to the audit demands already placed on the existing audit teams. The recommended audit team would permit the agency to be more responsive to the requests for performance audits by individual legislators and legislative committees.
3. The Subcommittee did review the agency's mission, goals, objectives, strategies, and performance measurements. The Subcommittee attaches the agency's performance-budgeting information to this report.

## Roles and Players in the Post Audit / Oversight Function in Kansas

The Legislative Division of Post Audit is the legislative audit arm of Kansas government. As mandated by law and directed by the Legislative Post Audit Committee, the Division conducts performance, financial, and compliance audits. The Division's audit work is an integral element in Kansas' system of

legislative oversight, which involves many players and a number of activities. The Division's ability to achieve its hoped-for results (as noted in this document) can be affected by each agency or entity involved in the audit / oversight process.



**Legislative Division of Post Audit  
Mission Statement and Summary of Goals and Performance Measures**

The Legislative Division of Post Audit's mission is to conduct audits that provide information for the Legislature and other government officials who make and carry out policies and procedures. This information helps the Legislature ensure that Kansans receive economical, efficient, and effective services that are in compliance with applicable requirements. It also helps the Legislature ensure the integrity of the State's financial management and control systems.

**Conduct audits that are responsive to the  
Legislature's needs / mandates.**

% of legislators who think they have sufficient access to the post audit function (getting legitimate audit requests approved).

# of performance audits conducted per year.

% of legislators who think the concerns and questions covered in the performance audits approved by the LPAC were adequately addressed.

% of audits that meet their statutory or legislatively imposed deadlines.

% of legislators who think our written audit reports are clear, concise, and convincing.

**Conduct audits that promote greater efficiency and  
effectiveness in Kansas government.**

% of performance audits authorized and conducted that review aspects of the efficiency or effectiveness of government agencies, programs, or functions.

% of performance audits that include appropriate recommendations when problems are found or corrective action is needed to improve government efficiency or effectiveness.

% of performance audits that result in substantial corrective or other action being taken by either agency officials or the Legislature.

**Conduct audits that promote good financial  
management practices.**

% of financial audits that review agencies' financial-management practices.

% of financial audits that include appropriate recommendations when problems are found or corrective action is needed to promote good financial management practices.

% of financial audits that result in substantial corrective or other action being taken by either agency officials or the Legislature.

# or % of financial-management problems avoided because of the financial audit function.

**Plan and conduct audits using only the time and re-  
sources needed to efficiently and effectively answer  
the audit questions and accomplish the audit objec-  
tives.**

% of audits completed by their estimated completion dates, unless there is an unavoidable reason for delay.

% of audits completed with their allocated staff resources.

**Adhere to all applicable government audit standards.**

The Division will "pass" its external quality control review.

% of audited agencies that think our auditors were professional, courteous, and objective in carrying out their jobs.

5-7

<b><u>Goals &amp; Objectives</u></b>	<b><u>Performance Measures</u></b>	<b><u>Anticipated Results FY 1995</u></b>	<b><u>Anticipated Results FY 1996</u></b>	<b><u>Strategies for Achieving Goals</u></b>
<b>Conduct audits that are responsive to the Legislature's needs / mandates (Service-oriented goal) (These include addressing audit-related questions and concerns raised by legislators or legislative committees, completing audits in time to meet legislative deadlines, and writing audits clearly, concisely, and convincingly.)</b>	<b>% of legislators who think they have sufficient access to the post audit function (getting legitimate audit requests approved)</b>	<b>50% of legislators surveyed will think they have sufficient access to the audit process Agency note: 25% at Governor's recommended funding level for FY 1995.</b>	<b>50% of legislators surveyed will think they have sufficient access to the audit process Agency note: assumes LPAC requests an additional audit team for FY 1996.</b>	a. Allow all legislators to request audits b. Review budget cmte reports to ID requests for audits c. Present all requests to the LPAC for its consideration d. Inform LPAC re: status of audits approved (% by LPAC, % by others) e. LPAC requested an additional audit team for FY 95 to handle more audit requests (Governor's recommendation eliminates).
	<b># of performance audits conducted per year.</b>	<b>20-25 performance audits / yr. Agency note: 15-20 audits /yr at Governor's funding level.</b>	<b>20-25 performance audits / yr. Agency note: assumes LPAC requests an add'l audit team for FY 1996.</b>	a. Hire an additional 3-person performance audit team.
	<b>% of legislators who think the concerns and questions covered in the performance audits approved by the LPAC were adequately addressed. (survey on a 2-year basis)</b>	<b>75% of legislators surveyed will think the performance audit questions and concerns were adequately addressed. (periodic survey)</b>	<b>75% of legislators surveyed will think the performance audit questions and concerns were adequately addressed. (periodic survey)</b>	a. Work w/ legislators in developing, revising, approving scope statements. b. Focus audit process on ensuring that audit questions and concerns are adequately addressed. c. Maintain adequate computer capacity. d. Report relevant information related to audit questions and concerns. e. Contact requesting legislators to answer their questions after reports are distributed (reports are summary by nature).

<b><u>Goals &amp; Objectives</u></b>	<b><u>Performance Measures</u></b>	<b><u>Anticipated Results FY 1995</u></b>	<b><u>Anticipated Results FY 1996</u></b>	<b><u>Strategies for Achieving Goals</u></b>
	% of audits that meet their statutory or legislatively imposed deadlines.	100% of audits will meet their legal or legislative deadlines.	100% of audits will meet their legal or legislative deadlines.	a. Bring audits to LPAC attention w/ sufficient lead time. b. Assign audit to team and conduct / manage audit to ensure it is completed before the statutory deadline.
	% of legislators who think our written audit reports are clear, concise, and convincing.	75% of legislators surveyed will think our audit reports are clear, concise, and convincing.	80% of legislators surveyed will think our audit reports are clear, concise, and convincing.	a. Emphasize clear and concise reporting of audit results. b. Focus writing process on ensuring that audit reports are clear and concise and reported results are convincing.
Conduct audits that promote greater efficiency and effectiveness in Kansas government (Results-oriented goal; part of overall audit / oversight function)	% of performance audits authorized and conducted that review aspects of the efficiency or effectiveness of government agencies, programs, or functions	65% of performance audits conducted will review the efficiency or effectiveness of government agencies, programs, or functions.	70% of performance audits conducted will review the efficiency or effectiveness of government agencies, programs, or functions.	a. Identify w/ LPAC Chair those requests submitted by legislators that review efficiency / effectiveness issues. b. Bring efficiency / effectiveness issues to LPAC Chair / members' attention.
	% of performance audits that include appropriate recommendations when problems are found or corrective action is needed to improve government efficiency or effectiveness.	95% of audits will include appropriate recommendations when called for.	95% of audits will include appropriate recommendations when called for.	a. Focus audit / writing / review processes on making recommendations as appropriate for improving agency / program efficiency or effectiveness.



## Goals & Objectives

## Performance Measures

## Anticipated Results FY 1995

## Anticipated Results FY 1996

## Strategies for Achieving Goals

% of performance audits that result in substantial corrective or other action being taken by either agency officials or legislators (recognizing time delays)

50% of audits will result in substantial corrective or other action being taken by either agency officials or legislators within 2 years of audit release.

55% of audits will result in substantial corrective or other action being taken by either agency officials or legislators within 2 years of audit release.

a. Focus audit process on identifying audit findings / information likely to be useful in legislative and agency decision-making, especially re: efficiency and effectiveness issues.

Conduct audits that promote good financial management practices (Safety / prevention-oriented goal; part of overall audit / oversight function)

% of F-C and CC audits that review agencies' financial-management practices

100% of the F-C and CC audits will review financial-management practices as required by law or standards or as directed by LPAC.

100% of the F-C and CC audits will review financial-management practices as required by law or standards or as directed by LPAC.

a. Require appropriate / required reviews in audit contracts (contracted) or audit guides (in-house)  
b. Review contracted and in-house audit work to ensure that financial-management practices are appropriately reviewed.

% of F-C and CC audits that include appropriate recommendations when problems are found or corrective action is needed to promote good financial mgmt. practices.

95% of F-C and CC audits will include appropriate recommendations when called for.

95% of F-C and CC audits will include appropriate recommendations when called for.

a. Focus audit / writing / review processes on making recommendations as appropriate for promoting good financial management practices.

% of F-C and CC audits that result in substantial corrective or other action being taken by either agency officials or legislators (recognizing time delays)

80% of F-C and CC audits will result in substantial corrective or other action being taken

85% of F-C and CC audits will result in substantial corrective or other action being taken

a. Ensure agency officials understand findings and potential fin.-mgmt. risks.  
b. Distribute these audit reports to the Governor.  
c. As needed, report findings to appropriate financial-management agencies.  
d. Highlight repeated recommendations for LPAC

# or % of financial-management problems avoided because of the F-C / CC audit function ("leap of faith"; can't measure)

Problems will be avoided because these audits were conducted (or because of the deterrent effect of these audits).

Problems will be avoided because these audits were conducted (or because of the deterrent effect of these audits).

## Goals & Objectives

Plan and conduct audits using only the time and resources needed to efficiency / effectively answer the audit questions and accomplish the audit objectives (Implied internal efficiency goal--"how efficiently we do our work")

Adhere to all applicable government auditing standards (Implied internal effectiveness goal--"quality of our work") (These standards relate to such matters as auditors' professional qualifications, the quality of the audit work, evidence supporting the audit findings, and the characteristics of professional and meaningful reports.)

## Performance Measures

% of audits completed by their estimated completion dates, unless there is an unavoidable reason for delay.

% of audits completed with their allocated staff resources.

The Division "passes" its external quality control review. (Audit standards require such a review once every 3 years.)

% of audited agencies that think our auditors were professional, courteous, and objective in carrying out their jobs.

## Anticipated Results FY 1995

95% of audits will be completed within 15% of their estimated completion dates.

90% of audits will be completed using their allocated staff resources.

The Division will pass the external quality control review required in fiscal year 1996, and will receive an unqualified opinion--the highest rating possible.

90% of audited agency officials surveyed will think our auditors were professional, courteous, and objective.

## Anticipated Results FY 1996

95% of audits will be completed within 15% of their estimated completion dates.

90% of audits will be completed using their allocated staff resources.

The Division will pass the external quality control review required in fiscal year 1996, and will receive an unqualified opinion--the highest rating possible.

90% of audited agency officials surveyed will think our auditors were professional, courteous, and objective.

## Strategies for Achieving Goals

- a. Emphasize importance of meeting estimated completion dates.
- b. Set estimated completion dates that are reasonable, given the audit scope and objectives and available staff levels.
- b. Manage, supervise, and review audit work to ensure that deadlines are met.

- a. Assign an appropriate # of staff resources to conduct audits.
- b. Ensure that staff have experience / training needed.
- c. Emphasize importance of "working smart."

- a. As audits are conducted, follow policies and procedures we've designed (and that earlier peer reviewers have judged to be appropriate) to ensure auditing standards are adhered to.
- b. Continue to place emphasis on our internal quality control function.

- a. Emphasize through office discussions and training the importance of professional conduct and objectivity.

B, F

**Legislative Division of Post     lit: Fiscal Year 1995 Budget Request**

Indicator	Fiscal Year 1991 (actual)	Fiscal Year 1992 (actual)	Fiscal Year 1993 (actual)	Fiscal Year 1994 (revised)	Fiscal Year 1995 (request)	Governor rec. for Fiscal Year 1995
<b>Inputs</b>						
General Fund expenditures						
Salaries & wages	\$901,019	\$886,310	\$912,263	\$975,405	\$1,099,813	\$998,537
Contractual services	\$362,881	\$323,011	\$357,484	\$369,980	\$404,760	\$372,118
Commodities	\$6,457	\$9,344	\$10,378	\$11,800	\$15,059	\$12,800
Capital Outlay	\$11,566	\$22,015	\$89,071	\$22,500	\$47,530	\$22,500
General Fund expenditure total	\$1,281,923	\$1,240,680	\$1,369,196	\$1,379,685	\$1,567,162	\$1,405,955
Total number of personnel	19	19	19	19	22	19
<b>Outputs</b>						
# of performance audits issued	16	18	18	18	22	18
# of agencies audited (comp & cont audits)	38	31	30	30	30	30
# of audit presentations to legislative committees (other than LPAC)	19	19	18	17	21	17
<b>Outcomes</b>						
earning highest rating possible on the 3-year external quality control review of the Division's audit operations	not applic.	not applic.	received highest rating in 1993	not applic.	not applic.	not applic.
% of audit reports issued that meet their legal or legislative deadlines	NA	NA	NA	100%	100%	100%
% of legislators surveyed who are satisfied with their access to get audits approved	NA	NA	NA	25%	50%	25%
% of audit reports that include appropriate recommendations when problems are found or corrective action is needed	NA	NA	NA	95%	95%	95%
<b>Efficiency</b>						
% perf. audits completed by est. comp. date	NA	NA	94%	95%	95%	95%
% perf. audits completed w/ allocated staff	NA	NA	NA	90%	90%	90%
average cost per perf. audit issued	\$65,260	\$58,044	\$64,391	\$66,386	\$62,834	\$67,841
<b>Explanatory data--performance audits</b>						
# of performance audit requests made	21	34	44	17--to date	unk	unk
of total, # requested by LPAC	8	9	16	7--to date	unk	unk
of total, # statutorily required	0	0	2	3--to date	unk	unk
# of performance audit requests approved	13	18	20	7--to date	unk	unk
of approved, % requested by LPAC	38%	33%	40%	43%	unk	unk
of approved, % requested by other legis.	62%	67%	50%	43%	unk	unk
% of performance audits that examine efficiency / effectiveness issues	NA	NA	78%	80%	85%	80%
<b>Funding Source--General Fund</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Legislative Division of Post Audit  
Non-Financial Barriers to Program Success  
Identified for the Division's FY 1995 Budget Request**

1. Performance audit topics approved by the Legislative Post Audit Committee may not be of widespread interest to the Legislature, or may not address efficiency and effectiveness issues.
2. Statutorily required performance audits (KPERS and K-GOAL) take up about one-fourth of our audit resources, and limit the number of individual legislator audit requests that can be approved. Other new legislative initiatives could reduce the audit staff available to handle individual requests, and could limit our flexibility.
3. Data necessary to adequately address some audit questions and concerns may not be available, or the Division's computer capability may be insufficient to analyze those data within the audit timeframe.
4. Audits may not be authorized in time to meet statutory deadlines.
5. The time allowed for approved audits may be too short to adequately address the legislators' questions or concerns, to comply with all applicable auditing standards, or to prepare clear and concise reports.
6. Health problems, maternity leave, and staff turnover can have a significant impact on our ability as a small agency to accomplish the tasks assigned to us in the time requested or required.
7. Legislative Post Audit cannot control whether agencies implement audit recommendations, or take some other actions to correct problems that audits identify.

## SUBCOMMITTEE REPORT

**Agency:** Legislative Educational  
Planning Committee

**Bill No.** --

**Bill Sec.** --

**Analyst:** Conroy

**Analysis Pg. No.** 351

**Budget Page No.** 432

<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	\$ 37,767	\$ 37,767	\$ --
FTE Positions	0.0	0.0	--

### Agency Estimate/Governor's Recommendation

The revised agency estimate of FY 1994 expenditures is \$3,785 less than the amount authorized. The Governor concurs with the agency's revised estimate in FY 1994.

The Legislative Coordinating Council at its October 6, 1993, meeting decided to eliminate a separate budget for the LEPC in FY 1995 and to amend the budgets of the Legislature by adding \$32,344 and of the Legislative Research Department by adding \$2,532 to include, on a prorated basis, the amounts that were in the LEPC budget for FY 1995. The Governor concurs with the request to merge this agency's budget with other legislative budgets in FY 1995.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

ATTACHMENT 6

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 37,767	\$ --
FTE Positions	--	0.0	--

#### **House Subcommittee Recommendations**

The House Subcommittee concurs with the Senate recommendations.

## SUBCOMMITTEE REPORT

**Agency:** Interstate Cooperation Commission      **Bill No.** --      **Bill Sec.** --  
**Analyst:** Conroy      **Analysis Pg. No.** 350      **Budget Page No.** 354

<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	\$ 170,883	\$ 170,883	\$ --
FTE Positions	0.0	0.0	--

### Agency Estimate/Governor's Recommendation

The revised FY 1994 budget estimate for the Interstate Cooperation Commission is \$45,000 less than the amount authorized. The Governor concurs with the agency estimate in FY 1994.

At its November 3, 1993 meeting, the Legislative Coordinating Council (LCC) decided to recommend legislation to eliminate the Interstate Cooperation Commission and to transfer its budget to the Legislature and oversight of its former activities to the LCC. Consequently, this amended budget for the Legislature includes an additional \$227,113 in budgeted expenditures for FY 1995 to implement this policy change. The Governor concurs with the request to transfer the budget of this agency to the Legislature's.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 170,883	\$ --
FTE Positions	--	0.0	--

**House Subcommittee Recommendations**

The House Subcommittee concurs with the Senate recommendations.



## SUBCOMMITTEE REPORT

**Agency:** Governor's Department

**Bill No.** --

**Bill Sec.** --

**Analyst:** Conroy

**Analysis Pg. No.** 337

**Budget Page No.** 218

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,591,596	\$ 1,741,596	\$ --
State General Fund	1,559,596	1,672,096	--
FTE Positions	27.0	27.0	--

### Agency Estimate/Governor's Recommendation

A revised FY 1994 budget estimate is submitted which is financed by \$1,559,596 from the State General Fund and \$32,000 from the Special Revenue Program Fund. The General Fund amount is \$210,353 less than the amount the agency is authorized to spend. The Governor recommends FY 1994 expenditures of \$1,741,596 or \$150,000 more than the request. The Governor's recommendation includes \$150,000 to finance a study of the structure of the educational system of Kansas. The study would deal with all levels of the system, including elementary and secondary education, vocational education, community colleges and higher education. The Governor's recommendations can be financed within existing expenditure authorizations for the agency and no supplemental funding is required.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

ATTACHMENT 8

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ --	\$ 1,741,596	\$ --
State General Fund	--	1,672,096	--
FTE Positions	--	27.0	--

#### House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations with the following adjustment:

1. The Subcommittee notes that the Governor has recommended from available resources, expenditure of \$150,000 to finance a study of the structure of the educational system of Kansas. The study will deal with all levels of the system, including elementary and secondary education, vocational education, community colleges, and higher education. The Subcommittee recommends that specific authorizing language to expend the \$150,000 from available existing resources be placed in the supplemental appropriation bill.

## SUBCOMMITTEE REPORT

**Agency:** Governor's Department

**Bill No.** 510

**Bill Sec.** 5

**Analyst:** Conroy

**Analysis Pg. No.** 337

**Budget Page No.** 218

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,681,880	\$ 1,674,776	\$ --
State General Fund	1,623,880	1,616,776	--
FTE Positions	27.0	27.0	--

### Agency Request/Governor's Recommendation

The FY 1995 budget request of the agency is financed by \$1,623,880 from the State General Fund and \$58,000 from special revenue funds. Expenditures for salaries and wages total \$1,190,050, an increase of \$65,224 or 5.8 percent above the revised FY 1994 estimate. The estimated number of positions financed for FY 1995 is 27.0, the same amount as in FY 1994. Nonsalary expenses total \$491,830 or \$25,060 more than the agency requested for FY 1994. Special revenue resources of \$49,336 would also be available to finance expenditures in excess of those identified in the requested budget.

The Governor recommends expenditures of \$1,674,776 for FY 1995 of which \$1,616,776 is financed from the State General Fund and \$58,000 from special revenue funds. The Governor concurs with the agency's request of financing for 27.0 FTE positions. The Governor recommends \$1,182,946 for salaries and wages, an increase of \$58,120 or 5.2 percent above the FY 1994 recommendation. Additional special revenue sources would be available as in the requested budget. The Governor does not recommend any salary increase to her salary in the budget year.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ --	\$ 1,616,776	\$ --
State General Fund	--	1,674,776	--
FTE Positions	--	27.0	--

### House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations with the following adjustment:

1. Add \$8,210 (State General Fund) for other operating expenditures for the Governor's branch office in Wichita. The amount represents the State General Fund support currently recommended in the budgets of the Departments of Health and Environment, Corrections, Human Resources, Revenue, Administration, and the Water Office. Currently, appropriations are made to several agencies to support the other operating expenditures of the Governor's Wichita office, and then the funds are transferred to the Department of Administration as off-budget expenditures. The full Committee has already taken action to delete the total all funds amount of \$21,000 in the various agency budgets that support the Governor's Wichita office. The Subcommittee would clarify that if the agency's FY 1995 appropriation has already passed the House without deleting the financial support for the Governor's branch office, that the reduction be made in the omnibus appropriation bill.
2. The Subcommittee did review the agency's mission, objectives, strategies, and outcomes. The Subcommittee attaches the agency's performance-budget information to this report.

# PERFORMANCE BASED BUDGET MODEL

## OFFICE OF THE GOVERNOR

### MISSION STATEMENT

The mission of the Office of the Governor is to serve the people of the State of Kansas by carrying out the executive functions of the State entrusted to the Office of the Governor by the *Constitution of the State of Kansas*. In doing so the Office of the Governor will provide honest, appropriate, effective, efficient, and equitable executive leadership to the government of the State of Kansas.

### OBJECTIVE

1. To provide leadership and direction to the executive branch of Government of the State of Kansas.

### STRATEGIES

- 1-1. Appoint competent, knowledgeable, and experienced individuals to positions in the executive branch of government.
- 1-2. Facilitate and implement management and research studies that assist in the improvement of the effectiveness of state government.
- 1-3. Employ effective staff liaisons to facilitate communications with the legislative branch and to assist in the implementation of legislation consistent with the mission of the Governor's Office.
- 1-4. Act as a liaison and facilitator of communications between the State of Kansas the federal government, other state governments and the governments of foreign countries.
- 1-5. Encourage the development of Total Quality Management (TQM) programs by executive branch agencies.

### OUTCOMES\OUTPUTS

- 2-1. Number of appointments made.
- 2-2. Number of research and management studies implemented and completed.
- 2-3. Percentage of legislative program approved by the legislature.

- 2-4. Number of meetings and conferences attended as a representative of the State of Kansas.
- 2-5. Number of total quality management programs begun by executive branch agencies.

#### OBJECTIVE

- 2. To be accessible to the people of the State of Kansas.

#### STRATEGIES

- 1-1. Meet with Kansas citizens to discuss problems and to recognize the accomplishments of those citizens.
- 1-2. Employ a knowledgeable staff in the constituent services office in order to respond in writing to citizen inquiries.
- 1-3. Maintain and preserve the Governor's mansion.
- 1-4. Provide information to the media concerning the operation of state government.

#### OUTCOMES\OUTPUTS

- 2-1. Number of meetings with citizen groups and individual citizens.
- 2-2. Number of constituent inquiries responded to by the constituent services office.
- 2-3. Number of press contacts made by the Governor and the Governor's staff.

## SUBCOMMITTEE REPORT

**Agency:** Lieutenant Governor

**Bill No.** --

**Bill Sec.** --

**Analyst:** Conroy

**Analysis Pg. No.** 335

**Budget Page No.** 452

<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	\$ 101,672	\$ 101,672	\$ --
FTE Positions	3.0	3.0	--

### Agency Estimate/Governor's Recommendation

The revised FY 1994 budget estimate is \$6,026 less than the amount authorized by the 1993 Legislature, including the reappropriation. The Governor concurs with the agency's estimate in FY 1994.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 101,672	\$ --
FTE Positions	--	3.0	--

### House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations.

## SUBCOMMITTEE REPORT

**Agency:** Lieutenant Governor

**Bill No.** 510

**Bill Sec.** 6

**Analyst:** Conroy

**Analysis Pg. No.** 335

**Budget Page No.** 452

<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	\$ 134,226	\$ 126,346	\$ --
FTE Positions	3.0	3.0	--

### Agency Request/Governor's Recommendation

The FY 1995 budget request totals \$134,226 of which \$96,779 (or 72.1 percent) is for salaries and benefits of the Lieutenant Governor and two staff positions and \$37,447 is for other operating expenditures, primarily for travel and communications. The Governor recommends FY 1995 expenditures of \$126,346, a reduction of \$7,880 below the agency's request. The Governor does reduce contractual services by \$7,000 from the \$36,447 that the agency requested to the recommendation of \$29,447. The Governor's FY 1995 recommendation for contractual services is a 19.2 percent reduction below the recommended FY 1994 amount and a 6.1 percent reduction from the FY 1993 actual amount.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee's recommendations.

### Senate Recommendations

The Senate concurs with the Committee's recommendations.



<u>Expenditure Summary</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 126,346	\$ --
FTE Positions	--	3.0	--

**House Subcommittee Recommendations**

The House Subcommittee concurs with the Senate recommendations.

# SUBCOMMITTEE REPORT

**Agency:** State Treasurer

**Bill No.** --

**Bill Sec.** --

**Analyst:** Porter

**Analysis Pg. No.** 353

**Budget Page No.** 584

Expenditure	Agency Est. FY 94	Gov. Rec. FY 94	Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,271,216	\$ 3,258,553	\$ --
Aid to Local Units	84,699,000	85,259,000	--
Debt Service	236,598	236,598	--
TOTAL	<u>\$ 88,206,814</u>	<u>\$ 88,754,151</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 2,809,746	\$ 2,797,083	\$ --
Aid to Local Units	70,959,000	70,959,000	--
TOTAL	<u>\$ 73,768,746</u>	<u>\$ 73,756,083</u>	<u>\$ --</u>
FTE Positions	59.5	58.5	--

**Note:** The FY 1994 estimate for State General Fund expenditures for Aid to Local Units reflects the estimates made in November, 1993, by the Consensus Estimating Group. The FY 1994 estimate for Other Aid to Local Units includes the agency estimates.

## Agency Estimate/Governor's Recommendation

The agency estimates FY 1994 expenditures of \$3,271,216 for state operations. The FY 1994 estimate is \$100,982 above the amount estimated by the 1993 Legislature. The additional amount is financed from the reappropriated balance and requires no further legislative action. FY 1994 estimated State General Fund expenditures of \$2,809,746 for state operations reflect an increase of \$44,139 above the amount estimated by the 1993 Legislature, with the additional amount again financed from the reappropriated balance.

The Governor recommends FY 1994 expenditures of \$3,258,553 for state operations, which reflects a reduction of \$12,663 from the agency estimate of State General Fund expenditures. For both FY 1994 and FY 1995 the Governor recommends 58.5 FTE positions. The agency has 1.0 FTE position unfilled in FY 1994 because of a retirement and the Governor does not recommend restoration of that position.

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation and makes the following observation:

1. The Subcommittee notes that the following are among the new initiatives the agency plans to accomplish in FY 1994: rewriting the collateral system used to track securities pledged against state deposits; extensive marketing of the Municipal Investment Pool; development of an audit function in the Unclaimed Property subprogram; initiation of a debt management plan; and the first phase of the Treasurer's cash management review.

### **Senate Committee Recommendation**

The Senate Committee concurs with the recommendations of the Senate Subcommittee.

### **Senate Committee of the Whole Recommendation**

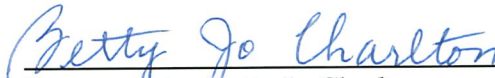
The Senate Committee of the Whole concurs with the recommendations of the Senate Committee.

### **House Subcommittee Recommendation**

The House Subcommittee concurs with the recommendations of the Senate Committee of the Whole.



Representative Robin Jennison  
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart

# SUBCOMMITTEE REPORT

**Agency:** State Treasurer

**Bill No.** 510

**Bill Sec.** 9

**Analyst:** Porter

**Analysis Pg. No.** 353

**Budget Page No.** 584

Expenditure	Agency Req. FY 95	Gov. Rec. FY 95	Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,246,037	\$ 3,104,748	\$ --
Aid to Local Units	90,839,000	87,668,000	--
Debt Service	227,149	227,149	--
TOTAL	<u>\$ 94,312,186</u>	<u>\$ 90,999,897</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 2,905,555	\$ 2,651,971	\$ --
Aid to Local Units	77,099,000	73,088,000	--
TOTAL	<u>\$ 80,004,555</u>	<u>\$ 75,739,971</u>	<u>\$ --</u>
FTE Positions	59.5	58.5	--

**Note:** The FY 1995 agency request for State General Fund expenditures for Aid to Local Units reflects the estimates made in November, 1993, by the Consensus Estimating Group. The FY 1995 request for Other Aid to Local Units includes the agency estimates.

## Agency Request/Governor's Recommendation

The agency requests FY 1995 state operations expenditures of \$3,246,037, a reduction of \$25,179, or 0.8 percent, from the FY 1994 estimate. The reduction is due in part to two items included in the agency's operating expenditures estimate for FY 1994 but excluded in the FY 1995 request. The FY 1994 estimate includes \$130,000 for the final payment for debt service on the agency's 1990 computer upgrade. The FY 1995 request also reflects a reduction of approximately \$62,000 because the agency moved from a mainframe to a local area network (LAN) based personal computer system and will no longer incur annual hardware and software maintenance costs for the mainframe.

The Governor recommends FY 1995 state operations expenditures of \$3,104,748, a reduction of \$141,289 from the agency request. Reductions are recommended from the agency requests for salaries and wages (\$67,099), contractual services (\$53,515), commodities (\$4,550), and capital outlay (\$16,125).

## Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation and makes the following observation:

1. The Subcommittee notes that the agency testified regarding the achievements it hopes to accomplish in FY 1995, including the following: completing phase two of the cash management review; completing the first statewide debt management plan; converting the warrant process to an electronic function; providing custodial services to local units of government; and revising the system for distribution of local aid payments.
2. The Subcommittee reviewed performance measures for the various programs of the agency, including the following:

**Administration and Support Services Program:**

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Number of New Applications Designed and Implemented	2	3	7
Number of Existing Applications Modified	3	4	8
Displaced Manual Hours	100	100	400
Number of Feasibility Studies Completed	7	1	5
Number of Electronic Fund Transfer Conversions	3	2	5

**Municipal Bond Program:**

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
No. of bond issues registered	296	300	300
No. of temporary notes registered	193	225	225
Annual no. of transactions processed for registered-form bonds	117,070	120,000	120,000
No. of bondholder accounts maintained	23,000	25,000	25,000
No. of vouchers processed for payments of registered bonds	67,134	69,000	75,000
No. of vouchers processed for payments of bearer bonds	6,099	6,000	5,000

**Cash Management Program:**

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
<b>Item Processing Subprogram:</b>			
Annual no. of items processed for deposit	3,316,000	3,300,000	3,300,000
No. of banks pledging securities against deposits of state moneys	351	355	375
No. of pledging banks for which securities custodian holds physical possession of pledged securities	4	4	4
No. of registered-form bond issues for which certificate safekeeping storage is provided by securities custodian	1,779	2,000	2,000
Annual no. of warrants redeemed	4,840,000	4,700,000	4,300,000
<b>Unclaimed Property Subprogram:</b>			
% of holders filing reports who filed reports in previous year	66%	75%	85%
No. of holder reports received from holders who had not previously filed	290	300	400
No. of owners to whom unclaimed assets delivered to the Treasurer are returned in current year	2,500	2,500	2,750
Value of current FY unclaimed property receipts to SGF	2,997,000	3,000,000	3,650,000

**Municipal Investment Pool:**

FY 1993\*

Average Rates (Municipal Investment Pool v. Market Indices):

Municipal Investment Pool	3.389%
Donoghue Fund	2.738%
State Investment Rate (Average 0 - 12 months)	3.212%
T - Bill Rate (Average 1 - 12 months)	3.118%

Number of Participants:

Cities	33
Counties	20
Unified School Districts	20
Other	13
<b>TOTAL</b>	<b>86</b>

Total Balances (In Millions):

Cities	\$131.2
Counties	265.1
Unified School Districts	187.4
Other	88.8
<b>TOTAL</b>	<b>\$672.5</b>

\* The Pool's first year of operation.

**Pooled Money Investment Board** (Performance measures on investments of state idle funds for FY 1993, which was the first year under the new investment statutes, K.S.A. 1993 Supp. 75-4201 *et seq.*):

	State General Fund Income Received	Avg. Daily Bal. Applicable to Income Received	Avg. Rate of Return on Income Received
Investment Accounts	\$ 14,246,953	\$ 291,706,090	4.106%
Investment Security	27,294,133	645,954,082	5.338%
Repurchase Agreements	6,303,830	189,950,308	3.255%
Kansas Venture Capital, Inc.	--	5,000,000	--
Statutory Loans	<u>2,764,538</u>	<u>31,016,347</u>	<u>5.557%</u>
<b>TOTAL</b>	<b><u>\$ 50,609,454</u></b>	<b><u>\$ 1,163,626,827</u></b>	<b><u>4.672%</u></b>

Although the agency anticipates slight increases in interest rates in FY 1994 and FY 1995, the average daily balance available in state idle funds for investment is expected to decline in FY 1994 and FY 1995. The agency estimates FY 1994 State General Fund income of \$49,509,000 and FY 1994 income of \$46,602,000 from investments of state idle funds.

The Subcommittee concludes that the majority of the performance measures reported by the agency are meaningful, and encourages the agency to review its performance measures and report any additions or modifications to the 1995 Legislature.

#### **Senate Committee Recommendation**

The Senate Committee concurs with the recommendations of the Senate Subcommittee.

#### **Senate Committee of the Whole Recommendation**

The Senate Committee of the Whole concurs with the recommendations of the Senate Committee.

#### **House Subcommittee Recommendation**

The House Subcommittee concurs with the recommendations of the Senate Committee of the Whole.



Representative Robin Jennison  
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart

## SUBCOMMITTEE REPORT

**Agency:** Secretary of State

**Bill No.** --

**Bill Sec.** --

**Analyst:** Robinson

**Analysis Pg. No.** 362

**Budget Page No.** 516

<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	\$ 1,532,956	\$ 1,532,956	\$ --
Uniform Comm. Fee Fund	668,330	668,330	--
Other Special Funds	617,530	617,530	--
TOTAL	<u>\$ 2,818,816</u>	<u>\$ 2,818,816</u>	<u>\$ --</u>
FTE Positions	61.0	61.0	--

### Agency Estimate/Governor's Recommendation

The agency estimates FY 1994 expenditures of \$2,818,816, a reduction of \$52,354 from the amount approved by the 1993 Legislature as adjusted by State Finance Council action. Supplemental funding of \$82,500 from the State General Fund is requested to create a Central Voter Registration Database as required by K.S.A. 25-2304. The Governor concurs with the agency's revised estimate.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendation of the Governor.

### Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

### Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendation of the Senate Committee.

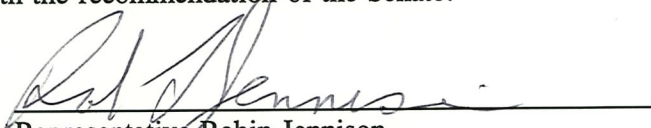
ATTACHMENT 11



<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 1,532,956	\$ --
Uniform Comm. Fee Fund	--	668,330	--
Other Special Funds	--	617,530	--
TOTAL	<u>\$ --</u>	<u>\$ 2,818,816</u>	<u>\$ --</u>
FTE Positions	--	61.0	--

#### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Senate.

  
Representative Robin Jennison  
Subcommittee Chair

  
Representative Betty Jo Charlton

  
Representative Denise Everhart

## SUBCOMMITTEE REPORT

**Agency:** Secretary of State

**Bill No.** 510

**Bill Sec.** 8

**Analyst:** Robinson

**Analysis Pg. No.** 362

**Budget Page No.** 516

<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	\$ 1,454,457	\$ 1,477,652	\$ --
Uniform Comm. Fee Fund	655,000	661,620	--
Other Special Funds	605,746	605,746	--
TOTAL	<u>\$ 2,715,203</u>	<u>\$ 2,745,018</u>	<u>\$ --</u>
FTE Positions	61.0	61.0	--

### Agency Request/Governor's Recommendation

For FY 1995, the Secretary of State requests expenditures of \$2,715,203, a reduction of \$103,613 from the revised FY 1994 estimate. The request includes funding of \$1,450,457 from the State General Fund and \$1,260,746 from special revenue funds. The agency requests \$4,000 from the State General Fund in FY 1995 to fund the agency's costs related to the National Voter Registration Act passed by Congress.

For FY 1995, the Governor recommends a total expenditures of \$2,745,018, an increase of \$29,815 above the agency's revised estimate. The Governor recommends the addition of \$33,815 to fund unclassified merit of 2.5 percent. The Governor does not recommend \$4,000 from the State General Fund to fund the agency's costs related to the National Voter Registration Act.

### Senate Subcommittee Recommendation

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

1. The Subcommittee notes that the Governor did not recommend \$4,000 requested by the agency to fund costs associated with implementation of the National Voter Registration Act. According to the agency, it has not yet determined exactly what those costs will be. The Senate Subcommittee recommends that the issue be addressed by the House Subcommittee on the agency's budget if more definite cost information is available at that time. If no further information is available, the agency will probably have to seek supplemental expenditure authority with the submission of its FY 1996 budget request.
2. The Senate Subcommittee reviewed the mission statement of the agency, along with performance measures for the various divisions within the agency. The agency listed the following actual performance information for FY 1993:

Performance Indicators	
Uniform Commercial Code:	
Filings processed	115,000
Information requests processed	38,000
Collections from filings and information requests	\$979,000
Response time (hours)	24
Corporations:	
Annual reports processed	52,522
Collections from annual reports	\$11,021,666
Filings	16,697
Collections from filings	\$716,985
Searches and copies	21,022
Collections from searches and copies	\$200,169

The Subcommittee believes that the performance measures reported by the agency are good, and encourages the agency to develop additional specific measurable objectives for its FY 1996 budget submission.

#### Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee, with the following observation:

1. The Committee was informed that several positions with the Secretary of State's Office are vacant. The Committee recommends that the House Subcommittee explore the possibility of eliminating any unnecessary FTE positions within the agency.

#### Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendation of the Senate Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 1,477,652	\$ --
Uniform Comm. Fee Fund	--	661,620	--
Other Special Funds	--	605,746	--
TOTAL	<u>\$ --</u>	<u>\$ 2,745,018</u>	<u>\$ --</u>
FTE Positions	--	61.0	--

## House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Senate, with the following observations:

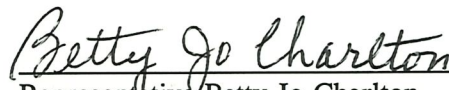
1. As requested by the Senate, the House Subcommittee explored the issue of vacant positions within the agency. There are currently 6.0 positions vacant. All of the positions are financed through the agency's fee funds. Four of the positions are in the Uniform Commercial Code division. According to the agency, when crop loan rates are determined in September of each year, a sharp increase in crop loans can result if the loan rate is higher than the market rate of the crops. The agency requires the flexibility to fill those positions on short notice to meet the demands on the UCC division. One position is in the Corporations division and is funded from the Information and Copy Services fee fund. According to the agency, while increased utilization of the Information Network of Kansas (INK) may eventually eliminate the need for the position, the agency would like to wait for at least one year to make that determination. The remaining currently vacant position is in the Administrative Services division. The person who held that position is on workers' compensation leave.

The Subcommittee believes that the agency justified the continuing need for the authority to retain these positions. In addition, there would be no State General Fund savings as the result of eliminating the positions. As a result, the Subcommittee believes that all of the authorized positions should be retained by the agency for FY 1995, and recommends the 1995 Legislature revisit this issue, at least as to the continued need for the position in the Corporations division.

2. The Senate Subcommittee requested that the House Subcommittee review any additional information regarding costs to implement provisions of the National Voter Registration (motor voter) act. The agency indicated that no new information was available to further determine the agency's costs. The agency indicated that any funding necessary could be addressed through a supplemental appropriation submitted with the agency's FY 1996 budget submission.



Representative Robin Jennison  
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart

## SUBCOMMITTEE REPORT

**Agency:** Attorney General

**Bill No.** 556

**Bill Sec.** 2

**Analyst:** Rampey

**Analysis Pg. No.** 367

**Budget Page No.** 88

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 4,326,441	\$ 4,285,304	\$ (52,657)
Aid to Local Units	1,164,013	1,164,013	--
Other Assistance	3,511,284	3,511,284	--
	<u>\$ 9,001,738</u>	<u>\$ 8,960,601</u>	<u>\$ (52,657)</u>
State General Fund:			
State Operations	\$ 3,196,612	\$ 3,156,795	\$ (52,657)
FTE Positions	67.0	67.0	--

### Agency Overview

The Attorney General is a constitutional, elected official who serves as the chief legal officer and chief law enforcement officer of the state. Principal duties of the office include issuing formal opinions; defending the state, its officers, and employees; engaging in litigation on behalf of the state; interpreting and enforcing various acts that prescribe criminal penalties; approving state contracts, rules and regulations, general obligation bonds issued by municipalities, and other transactions involving the state; mediating disputes between Kansas consumers and businesses; administering the Tort Claims Fund; and administering the activities of the Crime Victims Compensation Board.

### Agency Estimate/Governor's Recommendation

Expenditures are estimated to be \$9,001,738, of which \$3,196,612 is from the State General Fund (SGF). The estimate includes a requested supplemental appropriation of \$271,035 for water litigation with Colorado.

The Governor recommends expenditures of \$8,960,601, a reduction of \$41,137 from the Attorney General's estimate. Included in the Governor's recommendation is the \$271,035 for water litigation.

### Senate Subcommittee Recommendations

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

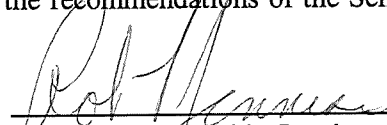
1. Reduce the supplemental appropriation contained in S.B. 556 by \$52,657 (from \$271,035 to \$218,378). The Subcommittee's recommendation would make \$479,550 available for water litigation in the current year.

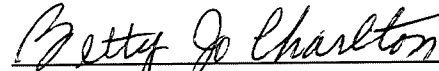
On February 7, 1994, the Attorney General received a draft of the final report of the Special Master, in which the Master states that he will recommend to the U.S. Supreme Court that it find for Kansas in regard to Kansas' claim that Colorado has violated the Arkansas River Compact through postcompact well pumping. According to the Attorney General, this claim was the cornerstone of Kansas' case and represents the vast majority of depletions that have taken place since 1950.

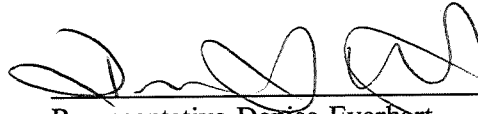
Because the Special Master's draft was received later than expected, the timetable for activities for the rest of the year has been revised. According to the Attorney General, a supplemental appropriation of \$218,378, which is the amount recommended by the Subcommittee, will allow the office to conduct all of the activities remaining in this fiscal year. These include payment of actual expenses, partial payment of the Special Master's Assessment, and expenses associated with preparing arguments before the Special Master prior to the time the final report is issued.

#### House Subcommittee Recommendations

The House Subcommittee concurs with the recommendations of the Senate.

  
Representative Robin Jennison  
Subcommittee Chair

  
Representative Betty Jo Charlton

  
Representative Denise Everhart

# SUBCOMMITTEE REPORT

**Agency:** Attorney General

**Bill No.** 510

**Bill Sec.** 7

**Analyst:** Rampey

**Analysis Pg. No.** 367

**Budget Page No.** 88

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 5,226,394	\$ 3,775,515	\$ --
Aid to Local Units	1,085,965	1,085,965	--
Other Assistance	3,652,760	3,528,809	--
	<u>\$ 9,965,119</u>	<u>\$ 8,390,289</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 4,010,933	\$ 2,698,513	\$ 608,500
FTE Positions	67.0	67.0	--

## Agency Request/Governor's Recommendation

Expenditures are estimated to be \$9,965,119, of which \$4,010,933 is from the SGF. The amount includes \$1,290,000 from the SGF for water litigation with Colorado.

The Governor recommends expenditures of \$8,390,289, a reduction of \$1,574,830 from the Attorney General's request. The Governor recommends no funding for water litigation.

## Senate Subcommittee Recommendations

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

1. Add \$608,500 from the SGF for water litigation. As explained in the report for FY 1994, the draft of the Special Master gives reason to believe that Kansas has prevailed in the most substantive issue raised in the litigation. During FY 1995, the state must prepare for argument before the Supreme Court and for the remedy phase of the trial. The amounts recommended by the Subcommittee for FY 1994 and FY 1995 will bring to more than \$10.0 million the total of state aid that has been appropriated for water litigation since FY 1984. The Subcommittee believes it is important to continue the state's effort, begun a decade ago, which now holds promise of success.

Not included in the Subcommittee's recommendation is a request for \$270,000 that was based on the assumption that the U.S. Supreme Court will overrule the Master on one aspect of the case in which the Master found in favor of Colorado. If that were to happen, the money would have been used for part of the remedy phase of

the trial. The Subcommittee is committed to vigorously pursuing all possible claims for damages against Colorado, but considers it speculative to appropriate money on the assumption that the Special Master will be reversed in this one aspect of the case. Based on the present timetable, it is likely that the Supreme Court's decision will be known during the 1995 Session. The Subcommittee's position is that there will be time during the 1995 Session for the Attorney General to come before the Legislature to request a supplemental appropriation if, in fact, one is necessary.

2. Recommend the introduction of legislation to increase from 19 to 21 the percentage of fines, penalties, and forfeitures paid to the State District Courts that is credited to the Crime Victims Compensation Fund. The Crime Victims Compensation Fund is a major source of revenue to the Crime Victims Compensation Board and is used to pay operating expenses and more than half of the amount awarded in claims. Apparently because the Kansas Highway Patrol is writing fewer tickets, there has been a decline in receipts to the Fund since FY 1992. (Receipts to the Crime Victims Compensation Fund from fines, penalties, and forfeitures exceeded \$1.9 million in FY 1992, were less than \$1.8 million in FY 1993, and are estimated to be \$1.7 million in FY 1994.) Although in recent years the Crime Victims Compensation Board has had revenues that were adequate to pay claims that have been awarded, the situation could change in the next year if receipts to the Fund continue to fall.

Increasing the percentage of fines, penalties, and forfeitures credited to the Fund is estimated to generate an additional \$180,000, which, generally, would offset the projected decrease in the Fund for FY 1995. Receipts to the SGF from fines, penalties, and forfeitures would be decreased by a corresponding amount.

The Subcommittee calls attention to the fact that the problem of declining revenues is compounded by an increase in the number and size of claims: At the end of January, 1993, a total of \$1,404,096 had been awarded in original (first time) and modified (supplemental) claims, compared to awards of \$1,790,666 at the same time in 1994, an increase of almost 28 percent. For that period of time, the number of original claims was 439 compared to 466 a year later. The average award for an original claim was \$2,283 at the end of January, 1993, compared to \$2,857 at the end of January, 1994.

What is striking about information presented to the Subcommittee is the sharp increase in the portion of awards that is due to medical costs. Of the awards made at the end of January, 1993 (\$1,404,096), \$860,873 was for medical expenses. Of the awards made at the end of January, 1994 (\$1,790,666), \$1,293,470 was for medical expenses, an increase of 50 percent. For this reason, the Subcommittee requests that the Attorney General review and consider adopting a fee schedule or utilization review process that would impose a cost control measure on claims for medical expenses. The Subcommittee notes that such cost control measures are used by insurance companies and other entities and suggests that these would serve as a model for the Attorney General to adopt.



3. Make a technical adjustment to the SGF appropriation for the Attorney General's office contained in S.B. 510 by adding \$86,995 to accurately reflect the Governor's recommendation.
4. The Subcommittee calls attention to the following performance information reported by the Attorney General in the agency's budget document. Except where noted, the information is for FY 1993.

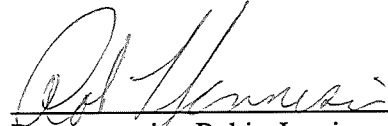
Amount collected by the Consumer Protection Division in investigative fees and expenses	\$ 129,121
Amount contributed by consumer violators to charity	54,250
Crime Victims Compensation Claims Filed	1,177
Crime Victims Claims Resolved	1,151
Criminal cases filed in the appellate courts, of which the Criminal Division approved briefs (FY 1992)	584
Number of open cases investigating allegations of child abuse and neglect at SRS institutions (FY 1992)	131
Number of child abuse cases closed (FY 1992)	124
Number of general criminal investigations opened (FY 1992)	34
Number of general criminal investigations closed (FY 1992)	20

#### House Subcommittee Recommendations

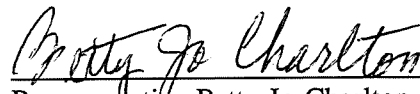
The House Subcommittee concurs with the recommendations of the Senate, with the following comments:

1. Endorse two bills recommended for introduction by the Senate Ways and Means Committee that address issues relating to the Crime Victims Compensation Board. (Item 2 of the Senate Subcommittee Recommendations section of this report describes the issues.) The first bill, S.B. 820, would increase from 19 to 21 the percentage of fines, penalties, and forfeitures paid to the State District Courts that is credited to the Crime Victims Compensation Fund. The second bill, S.B. 821, would place a limit of 75 percent on payments for medical claims.
2. Amend S.B. 510, which is the appropriations bill for the Attorney General, to correct an error that was made in posting the bill. (The appropriation for water litigation should be in a separate line item.)
3. The Subcommittee calls attention to the information below that compares FY 1994 and FY 1995 expenditures from the State General Fund (SGF), based on the House Subcommittee's recommendations:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>Difference</u>
Salaries	\$ 2,299,208	\$ 2,389,484	\$ 90,276
Salaries Excluding Step Movement, Merit, and Longevity	--	(48,533)	(48,533)
Adjusted Salaries	2,299,208	2,340,951	41,743
OOE	804,930	917,529	112,599
Adjusted Total	<u>\$ 3,104,138</u>	<u>\$ 3,258,480</u>	<u>\$ 154,342</u>



Representative Robin Jennison  
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart

# SUBCOMMITTEE REPORT

**Agency:** Insurance Department

**Bill No. --**

**Bill Sec. --**

**Analyst:** Mah

**Analysis Pg. No. 372**

**Budget Page No. 334**

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 15,651,321	\$ 15,632,995	\$ --
Local Aid	3,846,381	3,846,381	--
Other Assistance	56,744,098	56,744,098	--
Capital Improvements (Revised Request)	127,825	127,825	--
<b>TOTAL</b>	<u><u>\$ 76,369,625</u></u>	<u><u>\$ 76,351,299</u></u>	<u><u>\$ --</u></u>
FTE Positions	172.2	171.2	--

## Agency Estimate/Governor's Recommendation

Prior to FY 1993, the Department received a State General Fund appropriation for its Insurance Company Regulation program. Now, this Department is entirely fee funded. The Department estimates total FY 1994 expenditures of \$76,369,625, a net decrease of \$3,425,534 from the \$79,795,159 authorized by the 1993 Legislature. With the use of actual FY 1993 data, the agency estimates that payments from the Workers' Compensation Fund will be \$7,083,247 less than originally anticipated (from \$43,083,247 to \$36,000,000). Offsetting a portion of this decrease are anticipated increases of \$69,295 in aid payments to local firefighters relief associations and of \$2.8 million from the Health Care Stabilization Fund (from \$17,750,000 to \$20,550,000). Also, operating expenditures are estimated to increase by \$758,338. The major change in operating expenditures is an increase of \$889,021 for professional services fees. The additional moneys are to be used to pay for attorneys, physicians, ambulances, and courts costs because of an expected increase in the number of claims being filed against the Workers' Compensation Fund. Also, the Department will begin renting in the current year additional office space to allow for new FTE positions approved in recent years, including those approved by the 1993 Legislature (8.0 FTE positions). The revised current year estimate provides a total of \$15,651,321 for the Department's state operations.

The Governor concurs with the agency's current year revised estimate except for a reduction of \$18,326 in salary and wage expenditures. Salaries and wages are reduced to recoup savings from two positions left vacant by employees who have retired. Legislation enacted last year limits the filling of positions that are left vacant by retiring employees. One of the two positions, an Insurance Examiner I, has been restored through action taken by the Department of Administration. No action has been taken to restore the other position, an Office Assistant IV. The Governor's recommendation reflects a permanent loss of this Office Assistant IV position. All requested financing for the position is deleted and the FTE count for the agency is reduced by one.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

**Insurance Regulation Fee Fund Analysis.** Nearly 80 percent of the agency's FTE positions are paid for from the Insurance Department Service Regulation Fund. The analysis below reflects the status of this fee fund.

Resource Estimate	Actual FY 93	Estimated FY 94
Beginning Balance	\$ 2,256,585	\$ 2,392,826
Net Receipts	5,145,304	5,302,446
Total Funds Available	\$ 7,401,889	\$ 7,695,272
Transfer Out	130,158	167,393
Less: Expenditures	4,878,905	5,412,909
Ending Balance	<u>\$ 2,392,826</u>	<u>\$ 2,114,970</u>

### Senate Committee Recommendation

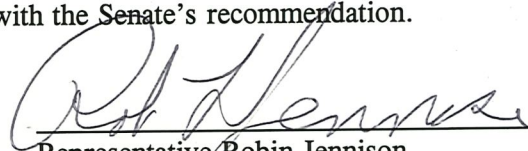
The Senate Committee concurs with the Subcommittee's recommendation.

### Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Committee's recommendation.

### House Subcommittee Recommendation

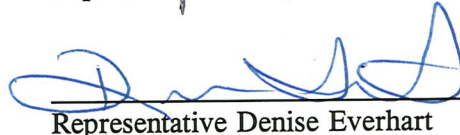
The House Subcommittee concurs with the Senate's recommendation.



Representative Robin Jennison  
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart

# SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No. 510

Bill Sec. 10

Analyst: Mah

Analysis Pg. No. 372

Budget Page No. 334

Expenditure Summary	Agency Req. FY 95	Gov. Rec. FY 95	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 16,928,610	\$ 16,698,802	\$ (50,574)
Local Aid	3,912,479	3,913,816	--
Other Assistance	56,496,146	56,496,146	--
Capital Improvements (Revised Request)	215,782	215,782	--
TOTAL	<u>\$ 77,553,017</u>	<u>\$ 77,324,546</u>	<u>\$ (50,574)</u>
FTE Positions	181.2	175.2	(2.0)

## Agency Request/Governor's Recommendation

For FY 1995, the Department requests expenditures of \$77,553,017, an increase of \$1,183,392 from the revised current year estimate of \$76,369,625. The Department requests funding for 181.2 FTE positions, an increase of 9.0 FTE above those approved by the 1993 Legislature. Of the 9.0 new positions requested, three are because of the law passed by the 1993 Legislature regarding positions left vacant by retirements. The law (H.B. 2211) allows up to 75 percent of the total number of retiring FTE positions within executive branch state agencies to be refilled upon approval of the Governor. The State Finance Council must approve refilling any FTE positions over the 75 percent cap. The Department estimates that out of 11.0 FTE positions filled with employees who may retire during FY 1995 and the current year, the Department may lose three. The Department says that the requested 3.0 new positions would be filled only if there is a need because of retirements. Also, costs for professional services fee are expected to increase by \$720,932 over the current year. Most of the additional expenditures would come from the Workers' Compensation Fund to pay for attorneys, physicians, ambulances, and court costs because of a continued rise in claim filings against the Fund. Although the 1993 Legislature enacted major reform to workers' compensation legislation, the anticipated reduction in the number of claims on moneys in the Fund due to the new legislation is not expected until after FY 1995.

The Governor recommends expenditures of \$77,324,546 in FY 1995, including \$16,698,802 for state operations. The Governor's recommendation is a reduction of \$228,471. Salaries are reduced by \$199,979 and capital outlay by \$29,829. Most of the reductions relate to requested new positions that were not recommended by the Governor. As mention in the current year Subcommittee report, the Governor deletes all of the requested financing for the Office Assistant IV position that was left vacant by an employee who retired. All financing is deleted in both the current year and FY 1995. Also, the Governor's recommendation restores a Insurance Examiner I position that was recently left vacant by an employee who retired. Financing is provided to continue the position, but all new moneys that were

requested by the agency to also finance it as a new position were deleted. With regard to a Storekeeper II position being requested as a new position because the existing one could be lost due to the retirement legislation, the recommendation provides for continuing the position as an existing one, not as a new position. The position has not been vacated yet. Further, the Governor recommends 4.0 out of the 6.0 remaining requested new positions. Included in the Governor's recommendation is an unclassified Policy Examiner II for the Consumer Assistance Division, an unclassified Assistant Controller for the Administrative Division, an unclassified Policy Examiner I for the Life Division, and a classified limited-term Accountant II for the Workers' Compensation program.

### **Senate Subcommittee Recommendation**

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

1. Make technical adjustments to the bill to correctly reflect the Governor's recommendation, including adding a proviso so that transfers made from the agency's Insurance Department Service Regulation Fund to pay for recommended capital improvement projects are in addition to any expenditure limitation established for the Insurance Department Service Regulation Fund.
2. Delete moneys (\$60,574) from the Insurance Department Service Regulation Fund that were recommended by the Governor to provide for the salaries of 2.0 new FTE positions. The Governor recommended a total of 3.0 new FTE positions for the Insurance Company Regulation program (an Assistant Controller, a Policy Examiner I, and a Policy Examiner II). The recommendation of the Subcommittee leaves moneys for the salary of just 1.0 new FTE position. The title for the recommended new FTE position is to be determined by the agency since moneys left for the new position will cover the cost of any one of the positions recommended by the Governor. The Subcommittee believes that more information is required before a determination can be made on whether the agency needs requested Policy Examiner positions. The Subcommittee was told that additional staff is needed to review the growing number of insurance policy forms submitted to the agency by companies. Generally under Kansas law, companies must file proposed forms with the agency 30 days prior to using them. If the agency does not specifically disapprove the forms within the 30 day period, the submissions are deemed approved. According to the agency, 15,305 forms were deemed approved in FY 1993. The agency reports that, most likely, approximately 42 percent of these forms would not have been accepted had the agency had adequate staff for reviewing the forms. The Subcommittee asks the agency to provide to the second house possible modifications to the agency's current fee charge structure. The Subcommittee suggests that possible modifications be made not necessarily to increase the amount of fees collected but to provide for a way of discouraging the continuing growth in the number of forms being submitted for review. Currently, no fees are collected for review of proposed insurance forms even when companies resubmit forms previously rejected by the agency.
3. Concur with the Governor's recommendation for a new limited-term Accountant II FTE position to work on a backlog of Workers' Compensation claims. Since a reduction in the number of claims being filed against the Workers' Compensation

Fund is expected after FY 1995, the Subcommittee expects the agency to report next year on whether the position is still needed. The number of claims against the Workers' Compensation Fund is expected to drop after FY 1995 because of Workers' Compensation reform legislation enacted by the 1993 Legislature. Further, the Subcommittee asks the agency to report to the Legislature next year on the historic and future status of the number of claims against the Workers' Compensation Fund, including data on claims processed as compared to claims requiring processing.

4. Add \$10,000 from the Insurance Department Service Regulation Fund for capital outlay equipment. The Subcommittee suggests that some of the moneys be used to buy requested telephones that were not specifically provided for by the Governor's recommendation. The telephones are to allow for the movement from a single line to a multiple line telephone system for clerical staff.
5. The Subcommittee understands that the Governor's recommendation for this agency was in the form of salaries and other operating expenditures rather than by specific objects of expenditure. The Subcommittee concurs with this recommendation and understands that the agency can make various shifts within its total approved expenditures to best accommodate its needs.
6. The Subcommittee was told that the agency is in the process of renting additional office space that is within walking distance of its main Topeka office building. The extra space is needed to accommodate additional staff approved in recent years. The Subcommittee requests that the agency contact the Division of Architectural Services of the Department of Administration for an on-site review of the agency's use of existing office space. The Subcommittee believes that this review will help to ensure that all existing office space is used in the most efficient way.
7. The Subcommittee reviewed the mission statements provided by the agency for each of its seven programs. Also reviewed were various performance measures about which the agency plans to collect data before meeting with the second house. The Subcommittee notes that some of these proposed measures are process rather than result oriented. For example, the agency proposes to report on the number of insurance consumer complaints and inquiries received. The Subcommittee believes that the measure should be changed to provide information on the number of consumer complaints resolved. Further, the Subcommittee asks that the agency review its other proposed measures to be sure that they provide information on benefits and accomplishments rather than just tasks being performed.

**Insurance Regulation Fee Fund Analysis.** The analysis below reflects the status of the agency's Insurance Department Service Regulation Fund, which is used to finance nearly 80 percent of the agency's FTE positions.

Resource Estimate	Actual FY 93	Estimated FY 94	Estimated FY 95
Beginning Balance	\$ 2,256,585	\$ 2,392,826	\$ 2,114,970
Net Receipts	5,145,304	5,302,446	5,503,173
Total Funds Available	\$ 7,401,889	\$ 7,695,272	\$ 7,618,143
Transfer Out	130,158	167,393	264,888
Less: Expenditures	4,878,905	5,412,909	5,579,750
Ending Balance	<u>\$ 2,392,826</u>	<u>\$ 2,114,970</u>	<u>\$ 1,773,505</u>

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

### Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Committee's recommendation.

Expenditure Summary	Gov. Rec. FY 95	Senate Rec. FY 95	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 16,698,802	\$ 16,648,228	\$ 26,612
Local Aid	3,913,816	3,913,816	--
Other Assistance	56,496,146	56,496,146	--
Capital Improvements (Revised Request)	215,782	215,782	--
TOTAL	<u>\$ 77,324,546</u>	<u>\$ 77,273,972</u>	<u>\$ 26,612</u>
FTE Positions	175.2	173.2	1.0

### House Subcommittee Recommendation

The House Subcommittee concurs with the Senate, with the following adjustment:

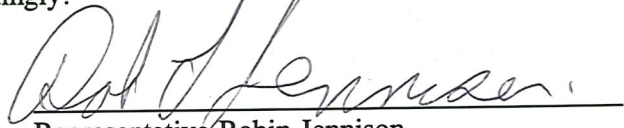
1. Restore \$26,612 from the Insurance Department Service Regulation Fund to provide for the salary of a 1.0 unclassified FTE Policy Examiner I position for the Life Division. The Subcommittee believes that the additional position is needed for two reasons: First, because life insurance contracts have become more sophisticated, review of forms and filings take much more time. Second, there has been significant growth in both the number of insurance companies and the number of policy forms that they submit to the Department for review. Generally, under Kansas law, companies must file proposed forms and rates with the Department 30 days prior to

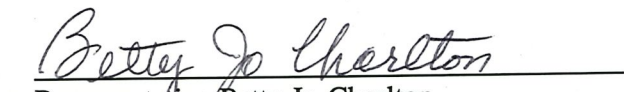


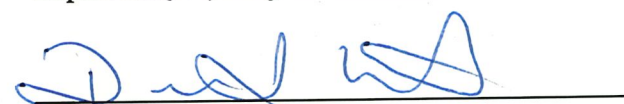
using them. If the Department does not specifically disapprove the forms or rates within the 30-day period, the submissions are deemed approved. The agency reports that when a policy examiner last was added to the Life Division in FY 1974, there were 9,358 filings a year from 443 companies as compared to 12,821 last year from 723 companies. Out of the 12,821 policy forms received for review last year, 3,498 or 27.3 percent of the forms could not be reviewed by the three existing policy examiners and were subsequently deemed approved. The Subcommittee was told that insurance companies support the Department's request for additional staff and are willing to pay the fees necessary to cover the costs.

Further, the Subcommittee understands that a policy examiner does much more than review policy forms. According to the agency, policy examiners are involved in market conduct examinations and annual tax audits. In addition, policy examiners help with policyholder complaints and research for proposed or needed legislation; assist with open records requests; gather and furnish information for the Life Guaranty Association; provide technical assistance for legislative hearings; assemble and compile annual report materials; and review various materials for company mergers and admissions. The agency reports that, because of time spent on these duties, each policy examiner can only review between 12 and 15 policy forms a day on the days when policy form review work is actually done. The Subcommittee is concerned about the amount of time currently allotted to policy examiners for the actual review of forms and asks the agency to establish by priority which of the many assigned duties of policy examiners are the most important. The Subcommittee expects the agency to provide this prioritized list to the 1995 Legislature.

2. The Subcommittee notes that the agency is still in the process of collecting data on its various proposed performance measures which also were reported to the first house. Attached to this report are performance measures for the agency's Insurance Company Regulation program, which the agency recently revised based on suggestions made by the first house. Proposed measures for each of the agency's other six programs also are attached. The Subcommittee calls attention to the fact that it intends to fully use the measures during next year's budget review and expects the agency to prepare its budget accordingly.

  
Representative Robin Jennison  
Subcommittee Chair

  
Representative Betty Jo Charlton

  
Representative Denise Everhart

## Insurance Company Regulation

### A. Mission Statement:

The functions of the Commissioner of Insurance and the Insurance Department differ significantly from many other state agencies since the Commissioner, by virtue of his elected capacity, is directly responsible for service to and protection of the people of this state. K.S.A. 40-103 and K.S.A. 40-104 impose complex duties on the Commissioner of Insurance by granting him sole supervision, control and regulation of corporations, associations, societies, exchanges, partnerships and persons authorized to transact the business of insurance in Kansas as well as supervision over many of their transactions.

A wide variety of responsibilities emanate from this broad grant of supervisory authority including but not limited to: admitting insurance companies to do business in Kansas; performing financial examinations on insurance companies doing business in our state; approving insurance policy forms issued in our state and rates that are charged; reviewing claim settlement practices of insurance companies doing business in our state; licensing and supervising insurance agents authorized to do business in our state; penalizing or taking other appropriate action against insurance companies and agents who engage in unfair trade practices; maintaining security deposits of insurance companies for the protection of Kansas policyholders; collecting taxes and fees from insurance companies authorized to do business in Kansas; and, serving process on any insurance company which has been named as a defendant in a lawsuit.

### B. Performance Measures:

1. Number of policy form and rate filings reviewed by Insurance Department;
2. Number of policy form and rate filings approved by Insurance Department;
3. Number and percentage of policy form and rate filings deemed by Insurance Department;
4. Number and percentage of policy form and rate filings disapproved by Insurance Department;
5. Number of market conduct examinations performed by the Insurance Department;
6. Amount of taxes and fees collected by Insurance Department;
7. Number of insurance company tax audits completed;
8. Number of licenses issued to insurance agents;

9. Number of insurance agent certifications and renewals processed;
10. Number of orders issued against insurance agents found violating the law;
11. Number of insurance company admission applications approved;
12. Number of insurance company admission applications withdrawn;
13. Number of insurance company corporate changes (i.e. name changes, redomestications, mergers and corporate reorganizations) approved;
14. Number of summons served on insurance companies;
15. Number of insurance consumer complaints and inquiries received;
16. Number of insurance consumer complaint files closed;
17. Number of telephone calls received on Consumer Toll-Free Hotline;
18. Number of insurance consumer brochures distributed;
19. Number of Senior Citizen Forums and consumer talks presented;
20. Amount of money recovered on behalf of insurance consumers for claims originally denied payment by insurance companies;
21. Number of companies reviewed that are targeted as having possible financial trouble;
22. Number of orders issued against insurance companies found violating the law; and,
23. Number of financial examinations performed by the Insurance Department.

C. Strategies

1. The approval of several policy examiner positions for FY 1994 to review form and rate filings should reduce the number of filings which are deemed each year;
2. Numerous temporary employees have and will continue to be hired to assist those divisions and specific employees which are currently experiencing a backlog of work;
3. A concerted effort has been made to automate timely everyday duties as well as major ongoing projects. This has been accomplished with the addition of a state-of-the-art online computer system and personal computers.

4. Several divisions have instituted a stringent prioritization of duties and responsibilities with prescribed deadlines so that progress of work may be more easily monitored and efficiently completed.
5. The NAIC has recently developed a program to supply our department with computer diskettes on a quarterly basis which contain a variety of financial information. This has allowed our department to quickly review the financial status of and generate reports concerning troubled insurance companies.

## Insurance Company Examination

### A. Mission Statement:

Whenever he deems necessary, but at least once every five years, K.S.A. 40-222 authorizes the Commissioner of Insurance to examine the affairs or financial condition of any insurance company in the process of organization or applying for admission or doing business in the state of Kansas. In lieu of examining a foreign insurance company, the law allows the Commissioner to accept the report of another insurance department if the department performing or supervising the examination is accredited under the National Association of Insurance Commissioners (NAIC) Financial Regulation Standards and Accreditation Program or if at least one examiner participating on the examination is employed by an insurance department that is accredited by the NAIC.

The primary purpose for performing financial examinations on insurance companies is to determine if they are in compliance with state laws and regulations and to detect as early as possible those companies that are in financial difficulty or may be approaching a hazardous condition, in order that appropriate action may be taken to protect Kansas policyholders.

### B. Performance Measures:

1. Number of financial examinations performed on Kansas insurance companies and related organizations;
2. Number of financial examinations performed on foreign (out-of-state) insurance companies and related organizations; and,
3. Number of financial examination reports received and reviewed for foreign insurance companies and related organizations.

## Workers' Compensation

### A. Mission Statement:

Most employers in Kansas are required by law to provide some form of workers compensation coverage for their employees. This coverage may be in the form of an insurance policy, a self-funded plan or a group-funded pool. If an employee has a work-related injury, he or she can file a claim with the employer's workers compensation insurer. This claim may include a request for compensation for lost wages, payment of medical expenses or other related costs. If the employee had a "pre-existing" condition that contributed to the injury or made the injury worse, all or part of the claim may be paid by the Workers' Compensation Fund.

Following the conclusion of World War II, the Workers' Compensation Fund, or as it was known in those days the Second Injury Fund, was established to encourage employers to hire veterans who were disabled during the war or people who were disabled in a previous industrial accident. From 1945 to 1960, the Fund relieved employers of workers compensation liability if these individuals became totally and permanently disabled as a result of a subsequent work related accident.

In 1961, the Legislature changed the coverage provided by the Second Injury Fund to include nearly all individuals with pre-existing conditions or previous injuries. Instead of being totally and permanently disabled to qualify for benefits, the Legislature incorporated into the law a list of 16 pre-existing conditions a person could have to be eligible for benefits. Included in the list were conditions such as epilepsy, diabetes, arthritis, amputated foot, leg, arm or hand, and any physical deformity or abnormality.

In 1974, legislation was passed to expand coverage provided by the Fund to include a 17th category entitled, "any other impairment." In addition, the law was amended to require the Fund to pay claims involving insolvent employers and to reimburse insurance carriers for workers compensation benefits they pay that they are later found not to be liable for. In recognition of the Fund's expanded coverage, its name was changed from the Second Injury Fund to the Workers' Compensation Fund. At the same time the administration of the Fund was transferred from the Department of Human Resources to the Kansas Insurance Department. Although all of the benefits paid by the Workers' Compensation Fund at one time were either wholly or partially funded from the State General Fund, all costs of the Fund are now paid from assessments levied on workers compensation insurance carriers, self-funded employers and group-funded pools.

### B. Performance Measures:

1. To evaluate the extent to which the Workers' Compensation Fund serves its purpose, we would probably have to survey employers

and analyze their hiring practices. In lieu thereof, the number of Form 88s being filed annually may to some degree prove that employers are hiring previously injured or handicapped individuals. (A Form 88 shows the employer's prior knowledge of an employee's pre-existing condition.)

2. To ensure that the Workers' Compensation Fund serves its purpose, analyze the number of awards being made against the Fund.
3. To ensure that the Workers' Compensation Fund serves its purpose, analyze the number claims filed against the Fund involving insolvent employers.
4. To ensure that the Workers' Compensation Fund collects all revenue it is entitled to receive, review the number of non-dependent death benefits paid to the Fund.
4. To ensure that the Workers' Compensation Fund is not making payments which it is not liable for, analyze the number of claims filed against the Fund which are closed without an award.
6. To ensure that the Workers' Compensation Fund is administered efficiently, compare the Fund's administrative costs to total expenditures.

## Health Care Stabilization Fund

A. Mission Statement: The Health Care Provider Insurance Availability Act became effective on July 1, 1976 and has been amended by subsequent legislative sessions to revise the definition of "Health Care Providers" and self insureds, extend the statutory authorization of the availability mechanism (the Health Care Provider Insurance Availability Plan) as well as numerous other miscellaneous technical revisions.

Statutorily, the purpose of this program is to assure the availability of professional liability insurance coverage, as required by the Kansas Health Care Provider Insurance Availability Act (HCPIA) for certain defined Health Care Providers. This program's objectives are derived from the following three basic concepts which were implemented under the provisions of the HCPIA Act: 1) Basic professional liability insurance coverage requirements as a condition precedent to rendering professional services by defined classes of Health Care Providers; 2) Establishment and maintenance of the availability mechanism for professional liability insurance coverage; and 3) Establishment and maintenance of the Health Care Stabilization Fund pursuant to K.S.A. 1992 Supp. 40-3401, et seq., including maintenance of individual health care provider compliance documentation, for the purpose of providing excess professional liability coverage for claims in excess of the basic professional liability insurance coverage for active health care providers, primary coverage for inactive health care providers, and stabilizing the financial condition of the availability mechanism for professional liability insurance coverage.

The Commissioner of Insurance is responsible for administering the Health Care Stabilization Fund which is accumulated through a surcharge assessed on premium dollars paid for medical malpractice insurance policies, and is liable to pay judgments or settlements against qualified health care providers in excess of \$200,000.

### B. Performance Measures:

1. The amount of surcharge collected to fund the Health Care Stabilization Fund;
2. The amount of interest earned on Health Care Stabilization Fund investments;
3. The number of notice of basic coverages (nbc's) processed;
4. The number of health care providers covered by the Health Care Stabilization Fund;
5. The number of claims filed against health care providers;
6. The percent of claims filed not resulting in a judgment or settlement.



## Firefighters Relief Fund

### A. Mission Statement:

The Firemen's Relief Act of 1895, K.S.A. 40-1701 to 40-1707, established a fund for the use of a Firemen's Relief Association for the relief of any member of the fire department when injured or physically disabled in or by reason of the discharge of his or her duties as a firefighter. The Firefighters Relief Act program provides funds to 553 different Firefighters Relief Associations as well as the Kansas State Firefighters Association Inc.

The overall purpose of the Firefighters Relief Act program is to administer the statutory provisions as set forth in the Firefighters Relief Act as they apply to all fire and casualty insurance companies, the 553 Firefighters Relief Associations and the Kansas State Firefighters Association Inc. This represents a service to approximately 17,000 paid and volunteer firefighters in Kansas. In addition, this program provides for the organization, consolidation, merger or dissolution of Firefighters Relief Associations. This requires a coordinated effort with city, county and township clerks to verify the eligible status of the fire departments to participate in this program.

The funding for this program is obtained through the collection of 2% of the fire and lightning premium written within this state by each of the fire and casualty insurance companies licensed to write fire insurance in Kansas.

### B. Performance Measures:

1. Amount of tax collected to fund the Firefighters Relief Fund;
2. Number of Firefighter Relief Fund tax statements audited;
3. Number of local participating Firefighters Relief Associations;
4. Number of financial statements reviewed to ensure that disbursements and investments by Firefighter Relief Associations comply with state law;
5. Number of redetermination hearings held;
6. Number of informative, formal public appearances made on behalf of the Department for the Firefighters Relief Fund.

## Group Funded Workers' Compensation Pools

### A. Mission Statement:

The purpose of the Group Funded Workers' Compensation Pool Program is to provide employers an alternative method for complying with the Workers' Compensation Law and providing employees with workers' compensation coverage. Pursuant to the provisions of K.S.A. 44-582 as enacted by the 1983 Legislature, the Commissioner of Insurance is responsible for the administration of group funded workers' compensation pools. The Group Funded Workers' Compensation Pool Program was originally established to provide a more cost effective means by which employers could provide coverage to their employees. In addition, it was anticipated that workers' compensation coverage would become more responsive to the insureds by concentrating potential workers' compensation liabilities into shared-risk pools.

This law permits a group of at least 5 employers in the same, similar or closely related type of business in the same trade group with specified amounts of combined net worth and annual gross premium to self-insure their workers' compensation liabilities. The 1993 Legislature subsequently amended this law to allow "dissimilar" types of employers to form pools by requiring that higher amounts be met for combined net worth and annual gross premium.

### B. Performance Measures:

1. The number of Group Funded Workers' Compensation Pool tax statements audited;
2. The amount of assessments and premium taxes collected;
3. The number of Workers' Compensation Pools which are admitted or which have successfully had their certificate of authority renewed.

## Municipal Group Funded Pools

### A. Mission Statement:

The purpose of the Municipal Group Funded Pool Program is to permit municipalities to enter into agreements to pool their liabilities for property, motor vehicle liability and physical damage, workers' compensation, other casualty insurance, group sickness and accident, and life insurance. Pursuant to the provisions of Chapter 12, Article 26 as amended by the 1990 Legislature, the Commissioner of Insurance is responsible for the administration of municipal group funded pools. The Municipal Group Funded Pool Program provides municipalities with a cost effective alternative to purchasing property and casualty insurance and health coverage for their employees.

The Insurance Department expense of administering the pools is financed from a "fee fund" created in the state treasury. These expenses are reimbursed from an annual assessment made upon each licensed pool. In addition, all licensed pools must pay a tax annually upon their annual Kansas gross premium.

### B. Performance Measures:

1. The number of Municipal Group Funded Pool tax statements audited;
2. The amount of assessments and premium taxes collected;
3. The number of Municipal Group Funded Pools admitted to this state.

## **SUBCOMMITTEE REPORTS**

### **House Appropriations Committee**

Subcommittee on

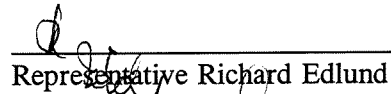
Kansas Department of Transportation

S.B. 556 (FY 1994)

S.B. 511 (FY 1995)



Representative Fred Gatlin, Chairperson



Representative Richard Edlund



Representative Sheila Hockhauser

## SUBCOMMITTEE REPORT

**Agency:** Department of Transportation

**Bill No.** 556

**Bill Sec.** 7

**Analyst:** Efird

**Analysis Pg. No.** 172

**Budget Page No.** 574

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 188,464,822	\$ 187,670,253	\$ 122,926
Aid to Local Units	129,606,523	129,643,523	--
Claims	200,000	200,000	--
Subtotal--Operating	<u>\$ 318,271,345</u>	<u>\$ 317,513,776</u>	<u>\$ 122,926</u>
Capital Improvements (Bonds)	\$ 247,729,000	\$ 247,729,000	--
Capital Improvements (Other)	399,487,237	398,603,567	150,242
Subtotal--Cap. Improv.	<u>\$ 647,216,237</u>	<u>\$ 646,332,567</u>	<u>\$ 150,242</u>
<b>TOTAL--ALL FUNDS</b>	<u><u>\$ 965,487,582</u></u>	<u><u>\$ 963,846,343</u></u>	<u><u>\$ 273,168</u></u>
 FTE Positions	 3,308.0	 3,290.0	 18.0
 SGF Demand Transfers	 \$ 87,870,000	 \$ 87,891,000	 \$ --

### Agency Estimate/Governor's Recommendation

A net adjustment in expenditures is requested by KDOT amounting to a reduction of \$2,344,278 in the approved FY 1994 budget (including non-reportable bond expenditures). The estimate for agency operations has been reduced by \$239,708 from the approved expenditure limitation. The other operations component of expenditures, primarily capital improvements, is increased by almost \$40.1 million from the approved estimate for the current fiscal year. However, expenditures from non-reportable bond financing are reduced by almost \$42.2 million. KDOT, in its narrative explanation of revisions to the current fiscal year budget for the state projects construction program attributes the net reduction to a revised projection of anticipated expenditures based on actual FY 1993 bid awards, changes in planned program activities, and updated project cost estimates. It is anticipated by KDOT that \$247.7 million of nonreportable FY 1994 expenditures would be funded by proceeds from the sale of bonds authorized by the Comprehensive Highway Program.

The Governor recommends a net adjustment in expenditures amounting to a reduction of \$3,985,517 in the approved FY 1994 budget (including non-reportable bond expenditures). The estimate for agency operations has been reduced by \$1,919,033 from the approved expenditure limitation. The other operations component of expenditures, primarily capital improvements, is increased by over \$40.1 million from the approved estimate for the current fiscal year. However, expenditures from non-reportable bond financing are reduced by almost \$42.2 million. In addition, the Governor recommends reduction of the agency's FTE position limitation by 18.0 positions.

The Governor's FY 1994 recommendations for adjustments in the current fiscal year are not included in S.B. 718, the regular supplemental appropriations bill, nor in S.B. 556, an emergency supplemental appropriations bill. A reduction in the line item limitation for agency operations (\$1,919,033) and an FTE reduction of 18.0 positions are not reflected in S.B. 718 as introduced.

### **Senate Subcommittee FY 1994 Recommendation**

The Subcommittee concurs with the Governor's recommendations, with the following exceptions for which recommendations are made and other comments offered:

1. Modify the retrenchment policy included in 1993 H.B. 2211 regarding retirements and reduction of the state's workforce (codified in K.S.A. 1993 Supp. 75-6801) as it applies to KDOT by adding FTE positions to the emergency (FY 1994) supplemental appropriations bill (S.B. 556). KDOT indicates that retirements of 372 staff may occur in FY 1994 and FY 1995. It is noted that if one-fourth of the positions were not restored, then KDOT would lose 93.0 FTE positions, or 75.0 more than the Governor already has eliminated this fiscal year. The Subcommittee recommends reestablishing the approved FY 1994 limitation of 3,308.0 FTE positions, or 18.0 FTE more than recommended by the Governor, to restore positions lost due to retirements in FY 1994 in order to ratchet back to the maximum staff level previously authorized by the Legislature for the Comprehensive Highway Program. The permanent loss of these positions may be detrimental to completing the projects on time and on budget.
2. Add funds in FY 1994 to restore a portion of the salary turnover adjustments made by the Governor in recommending shrinkage rates. For FY 1994, the Subcommittee recommends restoring \$273,168 which is the half of the annualized FY 1995 amount associated with 18.0 FTE positions. The Subcommittee rationale is that when reductions are automatically made when retirements are not restored by the appeals process, then these reductions constitute additional shrinkage above the rates established by the Governor and therefor increase the shrinkage rate recommended by the Governor. The loss of 18.0 positions and \$857,642 this fiscal year constitutes salary turnover savings of 0.73 percent, effectively raising the Governor's recommended shrinkage rate from 2.8 percent to 3.53 percent, a rate which the Subcommittee finds unacceptable. Funding of \$273,168 is restored in order to lower the effective rate to fund the final months of FY 1994.

### **Senate Committee Recommendation**

The Committee concurs.

<u>Expenditure Summary</u>	<u>Senate Rec. FY 94</u>	<u>Subcommittee Adjustment</u>	<u>House Sub. Rec. FY 94</u>
All Funds:			
State Operations	\$ 187,793,179	\$ (122,926)	\$ 187,670,253
Aid to Local Units	129,643,523	--	129,643,523
Claims	200,000	--	200,000
Subtotal--Operating	<u>\$ 317,636,702</u>	<u>\$ (122,926)</u>	<u>317,513,776</u>
Capital Improvements (Bonds)	\$ 247,729,000	\$ --	\$ 247,729,000
Capital Improvements (Other)	398,753,809	(150,242)	398,603,567
Subtotal--Cap. Improv.	<u>646,482,809</u>	<u>(150,242)</u>	<u>646,332,567</u>
TOTAL--ALL FUNDS	<u>\$ 964,119,511</u>	<u>\$ (273,168)</u>	<u>\$ 963,846,343</u>
FTE Positions	3,308.0	(18.0)	3,290.0
SGF Transfers	\$ 87,891,000	\$ --	\$ 87,891,000

### House Subcommittee Recommendations

The Subcommittee concurs with the Senate's recommendations, with the following exceptions for which recommendations are made and other comments offered:

1. Reject the Senate's modification of the 1993 H.B. 2211 retrenchment policy and reductions in the state's work force, and delete 18.0 FTE positions included in the emergency (FY 1994) supplemental appropriations bill (S.B. 556).
2. Reduce funds added in FY 1994 by the Senate to restore a portion of the salary turnover adjustments made by the Governor in recommending shrinkage rates. For FY 1994, the Subcommittee recommends reducing \$273,168 which is the half of the annualized FY 1995 amount associated with 18.0 FTE positions.

14-4)

## SUBCOMMITTEE REPORT

**Agency:** Department of Transportation

**Bill No.** 511

**Bill Sec.** 2

**Analyst:** Efird

**Analysis Pg. No.** 172

**Budget Page No.** 574

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 201,065,874	\$ 196,418,257	\$ 245,851
Aid to Local Units	128,400,923	128,365,923	--
Claims	<u>200,000</u>	<u>200,000</u>	<u>--</u>
Subtotal -- Operating	\$ 329,666,797	\$ 324,984,180	\$ 245,851
Capital Improvements (Bonds)	\$ 324,000,000	\$ 324,000,000	--
Capital Improvements (Other)	<u>511,503,295</u>	<u>504,669,821</u>	<u>300,485</u>
Subtotal -- Cap. Improv.	\$ 835,503,295	\$ 828,669,821	\$ 300,485
<b>TOTAL -- ALL FUNDS</b>	<u><u>\$ 1,165,170,092</u></u>	<u><u>\$ 1,153,654,001</u></u>	<u><u>\$ 546,336</u></u>
 FTE Positions	 3,308.0	 3,290.0	 18.0
 SGF Demand Transfers	 \$ 94,111,000	 \$ 90,528,000	 --

### Agency Request/Governor's Recommendation

KDOT requests increases in expenditures totaling almost \$199.7 million (including bonds) next fiscal year, with \$11.2 million for agency operations and \$188.5 million (including nonreportable bonds) for other operations, primarily capital improvements. The increase in estimated bond expenditures totals \$76.3 million for nonreportable spending next fiscal year. Increased financing of \$6.239 million is requested from the State General Fund, based on the Governor's recommended 3.0 percent increase in transfers, rather than the amounts estimated by the consensus group and based on current statutory formula. The State Highway Fund would provide increased financing of \$115.4 million. Other funds would increase \$1.75 million.

The Governor recommends increases in expenditures totaling over \$189.8 million (including nonreportable bonds) next fiscal year, with \$7.0 million for agency operations and \$182.7 million (including nonreportable bonds) for other operations, primarily capital improvements. The increase in estimated bond expenditures totals \$76.3 million for nonreportable spending next fiscal year. Increased financing of \$2.637 million is recommended from the State General Fund. The State Highway Fund would provide increased financing of \$109.1 million. Other funds would increase \$1.75 million.

### Senate Subcommittee FY 1995 Recommendations

The Subcommittee supports the concept of performance based budgeting and believes that the development and use of meaningful performance measures will assist in the Legislature's review of agency requests and the Governor's recommendations. The Subcommittee has attached to this Subcommittee Report copies of the agency's mission statement and performance measures presented by KDOT in response to the letter of January 27, 1994, from the Chairs of the Appropriations Committee and Ways and Means Committee.



The Subcommittee concurs with the Governor's recommendations, with the following exceptions for which recommendations are made and other comments offered:

1. Modify the retrenchment policy included in 1993 H.B. 2211 regarding retirements and reduction of the state's workforce (codified in K.S.A. 1993 Supp. 75-6801) as it applies to KDOT by adding FTE positions to the regular (FY 1995) appropriations bill, replacing permanent staff positions lost in FY 1994. The Subcommittee recommends reestablishing a limitation of 3,308.0 FTE positions in FY 1995, or 18.0 FTE more than recommended by the Governor, in order to restore positions lost due to retirements, thus ratcheting back to the maximum staff level previously authorized by the Legislature for the Comprehensive Highway Program. The Governor did not recommend that any FTE limitation be included in the FY 1995 appropriations bill, but the Subcommittee believes that an approved staffing level ought to be established in Session Law. Once that level is established July 1, 1994, the retrenchment policy will begin ratcheting down the number of authorized positions once again, and the Legislature needs to reexamine the effects of those FY 1995 reductions when KDOT is reviewed next year, much like the Subcommittee has done this fiscal year in its FY 1994 recommendations.
2. Add funds in FY 1995 to restore a portion of the salary turnover adjustments made by the Governor in recommending shrinkage rates. For FY 1995, the Subcommittee recommends restoring \$546,336 for 18.0 FTE positions which originally were lost due to retirements. The Subcommittee rationale is that when reductions are automatically made for retirements which are not restored by the appeals process, these reductions constitute additional shrinkage and therefor increase the salary turnover savings rate of 2.86 percent established by the Governor for FY 1995. The higher rate is unacceptable to the Subcommittee and funding of \$546,336 is restored in order to lower the effective rate to 2.4 percent.
3. Recommend that the House Subcommittee review any recommendations from the Joint Committee on State Building Construction regarding KDOT projects since those decisions had not been made when the Senate Subcommittee reviewed this budget.
4. Recommend that a bill be introduced to abolish the County Equalization and Adjustment Fund. The Subcommittee understands that this fund is an artifact of a hold harmless provision enacted in the 1970s and no longer serves any useful purpose.
5. Note that an updated bonded debt payment schedule (see table below) has been produced as a result of the January, 1994, issue of \$125 million in additional bonds for financing a part of the Comprehensive Highway Program. The total principal amount of bonds remaining to be issued is \$140 million. Further note that refunded bonds are not under the cap of \$890 million for the initial bonds issued for the Comprehensive Highway Program. K.S.A. 68-2320 authorizes the issuance of \$890 million in bonds. The principal payments schedule shown in the table below includes an increase of \$11,355,000 in principal debt for the outstanding bonds as a result of the refunding a portion of an original bond issue. In May, 1993, KDOT issued refunding bonds totaling \$147.405 million to refund a portion of its 1992 bonds. The agency estimates that nominal savings of \$6.6 million were realized as a result of the refunding.

Payment Schedule for Bonded Debt as of February 9, 1994 (Excluding \$140 Million Unissued Bonds)			
Fiscal Year	Principal	Interest	Total
1993	\$ 0	\$ 24,476,800	\$ 24,476,800
1994	465,000	32,336,295	32,801,295
1995	890,000	41,162,235	42,052,235
1996	9,765,000	41,131,975	50,896,975
1997	14,825,000	40,556,189	55,381,189
1998	11,350,000	39,825,006	51,175,006
1999	27,730,000	39,233,356	66,963,356
2000	35,145,000	37,728,731	72,873,731
2001	36,905,000	35,966,454	72,871,454
2002	38,800,000	34,062,190	72,862,190
2000	40,830,000	32,039,577	72,869,577
2004	43,010,000	29,848,156	72,858,156
2005	45,505,000	27,366,260	72,871,260
2006	48,140,000	24,704,473	72,844,473
2007	50,960,000	21,855,175	72,815,175
2008	53,710,000	19,117,325	72,827,325
2009	56,620,000	16,196,604	72,816,604
2010	59,705,000	13,050,808	72,755,808
2011	63,155,000	9,600,441	72,755,441
2012	66,720,000	6,090,675	72,810,675
2013	45,630,000	2,443,606	48,073,606
2014	11,495,000	287,375	11,782,375
Grand Total	\$ 761,355,000	\$ 569,079,706	\$ 1,330,434,706

6. Note that federal mandates include use of metrics and the development of at least six systems for monitoring certain activities. Conversion to metrics affects more than highway signs. The KDOT budget in FY 1995 includes \$1.3 million for converting current computer programs to calculate measurements using the metric system. The FY 1995 budget narrative on page 15 states that the federal Surface Transportation Act contains requirements that KDOT must develop six management systems for (1) pavements; (2) bridges; (3) safety; (4) traffic congestion; (5) public transportation facilities and equipment; and (6) intermodal transportation facilities and systems. According to the budget narrative, "If the six management systems are not implemented by FFY 1995, U.S. DOT may withhold up to 10 percent of a state's total highway and transit funds in FFY 1996." The Subcommittee understands that KDOT is dealing with these mandates in a timely manner, and that a portion of the funding requirement for these different projects may be found within the Governor's recommended financing for FY 1994 and FY 1995.
7. Delete the proviso language included in S.B. 511 for the Railroad Rehabilitation Loan Guarantee Fund since S.B. 557 has already passed and contains new language effective in FY 1995. The language in S.B. 511 will become unnecessary when bonds replace the current loan as subject of the guarantee included in this proviso.

8. Anticipate that the cap recommended by the Governor on demand transfers from the State General Fund are one-time only for FY 1995, and are not intended by the Governor to be permanent caps for the out-years. The following table shows the consensus estimates for FY 1995 and the Governor's recommended transfers capped for 3.0 percent growth over the current fiscal year transfers:

**State General Fund Profile of KDOT Receipts and Change from FY 1994**

	Consensus FY 1995	Change	Gov. Rec. FY 1995	Change
Demand Transfers To:				
State Highway Fund <sup>(a)</sup>	\$ 85,338,000	\$ 7,084,000	\$ 80,602,000	\$ 2,348,000
City & Co. Highway Fund <sup>(b)</sup>	11,660,000	2,023,000	9,926,000	289,000
Total	<u>\$ 96,998,000</u>	<u>\$ 9,107,000</u>	<u>\$ 90,528,000</u>	<u>\$ 2,637,000</u>

- a) Sales tax demand transfer (K.S.A. 79-36,114) of 7.628 percent of amount deposited in SGF.  
b) Motor carrier property tax transfer (K.S.A. 79-3425e) of excess funds from KCC.

9. Note the cashflow table below which demonstrates the viability of the Comprehensive Highway Program funding, given current assumptions for revenues, bonds, and projected expenditures, at least through FY 1997.

**Operating Fund Analysis**

The following table summarizes the status of the State Highway Fund. The agency's figures reflect the out years of FY 1996 and FY 1997.

Resource Estimate	Actual FY 93	Governor's Est. FY 94	Governor's Est. FY 95	Agency Est. FY 96	Agency Est. FY 97
Beginning Balance	\$ 344,505,000	\$ 817,55,0006	\$ 1,088,252	\$ 976,048,000	\$ 645,765,000
General Receipts	601,928,000	700,187,000	700,139,000	684,957,000	696,836,000
Net Bond Receipts	375,114,000	271,129,000	5,204,000	--	--
Net Receipts	<u>977,042,000</u>	<u>971,316,000</u>	<u>705,343,000</u>	<u>684,957,000</u>	<u>696,836,000</u>
Total Funds Avail.	<u>\$ 1,321,547,000</u>	<u>\$ 1,788,872,000</u>	<u>\$ 1,793,595,000</u>	<u>\$ 1,661,005,000</u>	<u>\$ 1,342,601,000</u>
Less:					
Expenditures	447,712,000	632,500,000	735,395,000	917,900,000	873,329,000
Transfers	37,735,000	33,292,000	34,325,000	38,743,000	41,730,000
Debt Service	18,544,000	34,828,000	47,827,000	58,597,000	63,081,000
Ending Balance	<u>\$ 817,556,000</u>	<u>\$ 1,088,252,000</u>	<u>\$ 976,048,000</u>	<u>\$ 645,765,000</u>	<u>\$ 364,461,000</u>

**Senate Committee Recommendation**

The Senate Committee concurs with one modification. In the first sentence under Senate Subcommittee FY 1995 Recommendation, change "will" to "may" in line 2.

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<u>Expenditure Summary</u>	<u>Senate Rec. FY 95</u>	<u>Subcommittee Adjustment</u>	<u>House Sub. Rec. FY 95</u>
All Funds:			
State Operations	\$ 196,664,108	\$ (245,851)	\$ 196,418,257
Aid to Local Units	128,365,923	--	128,365,923
Claims	200,000	--	200,000
Subtotal -- Operating	<u>\$ 325,230,031</u>	<u>\$ (245,851)</u>	<u>\$ 324,984,180</u>
Capital Improvements (Bonds)	\$ 324,000,000	\$ --	\$ 324,000,000
Capital Improvements (Other)	504,970,306	(300,485)	504,669,821
Subtotal -- Capl. Improv.	<u>\$ 828,970,306</u>	<u>\$ (300,485)</u>	<u>\$ 828,669,821</u>
TOTAL -- ALL FUNDS	<u>\$ 1,154,200,337</u>	<u>\$ (546,336)</u>	<u>\$ 1,153,654,001</u>
FTE Positions	3,308.0	--	3,308.0*
SGF Transfers	\$ 90,520,000	\$ --	\$ 90,528,000

\* Less any positions lost pursuant to 1993 H.B. 2211 since July, 1993.

### House Subcommittee Recommendations

The House Subcommittee also supports the concept of performance based budgeting and believes that the development and use of meaningful performance measures will assist in the Legislature's review of agency requests and the Governor's recommendations. Specific recommendations are included in item 8 and item 9 below. The Subcommittee concurs with the Senate's recommendations, with the following exceptions for which recommendations are made and other comments offered:

1. Reject the Senate's modification of the 1993 H.B. 2211 retrenchment policy and reduction of the state's work force, and recommend that an FTE limitation of 3,308.0, less the positions lost pursuant to 1993 H.B. 2211 since July 1, 1993, be placed in the appropriations bill. The Subcommittee recommends reestablishing an FTE limitation in the FY 1995 appropriation bill. An FY 1995 FTE complement of 3,290.0 is recommended in the Governor's Budget Report. However, the Governor did not recommend that any FTE limitation be included in the FY 1995 appropriation bill. The House Subcommittee concurs with the Senate that a staffing level ought to be established in Session Law. The Subcommittee recognizes that beginning July 1, 1993, the retrenchment policy began ratcheting down the number of authorized positions from the level of 3,308.0 which had been approved by the 1993 Legislature.

The Subcommittee plans to revisit this item and number 2 below during Omnibus in case adjustments or further modification of its recommendations are required. The Subcommittee believes that the full Committee should address the policy question raised by 1993 H.B. 2211 in order to treat all agencies consistently. It is further noted that 1994 H.B. 3065 would exclude certain state agencies from application of the new retirement law, and depending upon subsequent Committee action on this bill or on individual budgets of other state agencies, this Subcommittee will consider adding positions and funds to the KDOT budget if a uniform retrenchment policy regarding loss of positions due to retirements is not maintained.

2. Delete funds added in FY 1995 by the Senate to restore a portion of the salary turnover adjustments made by the Governor in recommending shrinkage rates. For FY 1995, the Subcommittee recommends deleting \$546,336 for the 18.0 FTE positions which originally were lost due to retirements. This recommendation is subject to being revisited during Omnibus as noted in item 1 above.
3. Concur with the recommendations of the Joint Committee on State Building Construction regarding KDOT projects included in the Governor's FY 1995 Budget Report, and await any Governor's Budget Amendment which may added other projects and funding.
4. Note that the agency is converting to the use of metrics. The KDOT budget in FY 1995 includes \$1.3 million recommended by the Governor and the Senate for converting current computer programs to calculate measurements using the metric system. At the present time, Congress has imposed a moratorium on spending federal funds for the conversion of highway signs to the metric system, and the Federal Highway Administration has not mandated sign conversion absent federal funds. The Subcommittee understands that the current Secretary of Transportation is committed to not spending state funds for metric signs.
5. Point out that the 3.0 percent cap recommended by the Governor on transfers from the State General Fund to the State Highway Fund are one-time only for FY 1995, and are not intended by the Governor to be permanent caps for the out-years. The Governor's recommended changes are included in 1994 S.B. 772. It should be noted that if this bill or similar legislation is not enacted by the Legislature, then the estimated transfers from the State General Fund (SGF) will be \$6,470,000 greater than anticipated by the Governor's FY 1995 Budget Report, further reducing SGF revenue for other expenditures recommended by the Governor in FY 1995.
6. Recommend that the Legislature continue to monitor the administrative costs of issuing bonds and for KDOT to report updated costs in a comparative table for each future issue and refunding of issues showing how subsequent issue costs compare by categories with past bond issues. The most recent updated table with the January 1994 issue is included as Attachment 1 to this report. The Subcommittee directs that updated tables be sent to the Chairpersons of the House Appropriations and Senate Ways and Means Committee, as well as Legislative Research, each time new or refunding bonds are issued.
7. Recommend that the agency submit quarterly reports, beginning July 1, 1994, to the Chairpersons of the House Appropriations and Senate Ways and Means Committee, as well as Legislative Research, to indicate the location and amount of land acquired during the prior three months and which is in excess of the requirements included in the KDOT five-year plan for future projects.
8. Urge the agency to implement long range planning as the end of the current Comprehensive Highway Program approaches in 1997. The Subcommittee understands that the federal government requires a new state plan be developed by October 1, 1994, for federal purposes, and the Subcommittee believes that the agency must begin planning for needs beyond 1997. The timing of the prospective new plan should assist a new gubernatorial administration in being prepared to act

properly during the 1995 Legislature in regard to highway construction and reconstruction.

9. Endorse the new approach to the budget process and point out that the KDOT operations lend themselves the programmatic approach and measurement of performance. The Subcommittee encourages the agency to develop meaningful goals, objectives, and indicators to measure what the agency does and how successful the KDOT activities are implemented. The agency should concentrate on measures assessing the quality of highways and level of maintenance required to maintain standards of quality suggested by the Pavement Management System. The Subcommittee expects the agency to expand and refine the type of comparative data shown in the following table which compares approved budgets with actual expenditures for the components of the Comprehensive Highway Program (CHP). The Subcommittee understands that the agency will expand the reporting of financial information to include other programmatic budgets (in addition to the CHP) and to include comparisons of non-financial measures, such as number of lane miles in the approved budget compared with actual lane miles constructed. The KDOT explanation of apparent under-expenditures, when comparing approved, budgeted amounts with actual expenditures, which are shown in the following table, addressed system enhancements which showed only 19.5 percent of approved funding had been spent in FY 1993. The KDOT answer was the preconstruction phase of the Lawrence by-pass had not been completed.

**Kansas Comprehensive Highway Program  
Proportion of Approved Program Budget Actually Expended**

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Substantial Maintenance	103.2%	96.9%	104.3%
Major Modifications	75.8	93.4	73.2
Priority Bridges	80.3	94.9	75.4
System Enhancements	203.3	98.0	19.5

**Source:** FY 1991 to FY 1995 Agency Budgets.

**KANSAS DEPARTMENT OF TRANSPORTATION  
Bond Issuance Costs**

	Bond Series 1992 \$250 MILLION	Bond Series 1992A \$125 MILLION	Bond Series 1993 \$250 MILLION	Bond Series 1993A \$147.405 MILLION	Bond Series 1994 \$125 MILLION	Bond Total To Date \$897.405 MILLION
<b>Issue Costs</b>						
Bond Counsel Fees and Expenses	\$ 105,000	\$ 77,000	\$ 68,200	\$ 85,000	\$ 46,375	\$ 381,575
Underwriter's expenses					7,500	7,500
Disclosure Counsel						0
Tax Counsel						0
Financial Advisor	185,000	108,000	67,000	43,000	43,000	446,000
Special Counsel	50,000	15,000	17,500	10,000	11,000	103,500
Registrar / Paying Agent	49,213	39,478	49,244	41,431	39,453	218,819
Escrow Agent Fees				16,846		16,846
Auditor	8,000	21,000	12,000	5,000	6,000	52,000
Advertising	36,019	2,228	645	0	0	38,892
Rating Agencies Fees:						
Moody's	\$ 40,000	\$ 20,000	\$ 40,000	\$ 12,000	\$ 30,000	\$ 142,000
Standard & Poors	40,000	20,000	38,000	18,000	28,000	144,000
Fitch	15,000	10,000	10,000	7,500	15,000	57,500
Total	95,000	50,000	88,000	37,500	73,000	343,500
Bond Printing	8,650	6,000	8,650	5,200	0	28,500
Official Statement Printing (POS/OS)	33,100	12,000	20,000	1,000	30,000	96,100
Rating Trip	8,598				0	8,598
Marketing Tour	24,265				0	24,265
Pricing Trip	1,605				1,800	3,405
Travel	9,000		1,150	1,500	0	11,650
Blue Sky Underwriter's Counsel Expense			10,000	3,000	2,500	15,500
Binding Transcripts	1,116	630	700	700	700	3,846
Mailing			1,100	500	805	2,405
Miscellaneous	7,884	9,664	5,000	1,312	5,000	28,860
<b>Total</b>	<b>\$ 622,450</b>	<b>\$ 341,000</b>	<b>\$ 349,189</b>	<b>\$ 251,989</b>	<b>\$ 267,133</b>	<b>\$ 1,831,761</b>
Cost Per 1,000	<u>\$ 2.49</u>	<u>\$ 2.73</u>	<u>\$ 1.40</u>	<u>\$ 1.71</u>	<u>\$ 2.14</u>	<u>\$ 2.04</u>
<b>Underwriter's Discount:</b>						
		\$ 671,250				\$ 671,250
Underwriter's Counsel	\$ 75,000		\$ 40,000	\$ 30,000	\$ 47,500	192,500
PSA/MSRB/CDAC	15,000		15,000	8,844	7,500	46,344
Fed Funds	30,822		24,306	14,331	13,750	83,209
Travel	19,000		8,191	0	18,000	45,191
Co-Senior Managers' Travel Expenses	10,736		6,541	0	0	17,277
Messenger, Mail, FAX	2,000		500	500	1,500	4,500
Day Loan	7,500		6,944	4,095	3,750	22,289
Dalnet	12,500		12,500	7,370	6,250	38,620
Clearance	25,000		0	0	0	25,000
Takedown	1,328,712		1,333,194	734,181	631,056	4,027,143
Advertising			11,308	0	0	11,308
CUSIP			120	200	0	320
Management Fee	250,000		48,000	28,000	31,250	357,250
<b>Total Underwriter's Discount</b>	<b>\$ 1,776,270</b>	<b>\$ 671,250</b>	<b>\$ 1,506,604</b>	<b>\$ 827,521</b>	<b>\$ 760,556</b>	<b>\$ 5,542,201</b>
Cost Per 1,000	<u>\$ 7.11</u>	<u>\$ 5.37</u>	<u>\$ 6.03</u>	<u>\$ 5.61</u>	<u>\$ 6.08</u>	<u>\$ 6.18</u>
<b>Total Cost</b>	<b>\$ 2,398,720</b>	<b>\$ 1,012,250</b>	<b>\$ 1,855,793</b>	<b>\$ 1,079,510</b>	<b>\$ 1,027,689</b>	<b>\$ 7,373,962</b>
Cost Per 1,000	<u>\$ 9.59</u>	<u>\$ 8.10</u>	<u>\$ 7.42</u>	<u>\$ 7.32</u>	<u>\$ 8.22</u>	<u>\$ 8.18</u>
Average Takedown Rate Per 1,000	<u>\$ 5.31</u>	<u>\$ N/A</u>	<u>\$ 5.33</u>	<u>\$ 4.98</u>	<u>\$ 5.05</u>	<u>\$ 5.15</u>

\* Included in Travel

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