

Approved: 03/29/94
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 1:30 p.m. on March 22, 1994 in Room 514-S of the Capitol.

All members were present except: none

Committee staff present: Alan Conroy, Legislative Research Department
Paul West, Legislative Research Department
Pat Mah, Legislative Research Department
Kathy Porter, Legislative Research Department
Diane Duffy, Legislative Research Department
Scott Rothe, Legislative Research Department
Jim Wilson, Revisor of Statutes
Jerry Cole, Committee Secretary
Sharon Schwartz, Administrative Assistant

Conferees appearing before the committee:

James Cobler, Department of Administration, Director of Accounts and Reports

Others attending: See attached list

Chairman Chronister requested a motion approving the minutes of March 15 and 18 if there were no additions or corrections. Rep. Gross so moved, seconded by Rep. Minor and carried.

Rep. Teagarden made a motion for the introduction of a bill dealing with the fair share representation fee for organized labor. Rep. Dean seconded the motion and it carried.

The hearing on **SB 56** was opened. Jim Cobler, Director of Accounts and Reports, spoke to the bill in favor of its passage. (See Attachment 1). The hearing was then closed. Rep. Carmody moved to pass and favorably recommend the bill. Rep. Teagarden seconded the bill and it carried.

Rep. Kline addressed the committee with the recommendations of the Joint Committee on State Building Construction for capital improvements in FY 94 and FY 95 set forth in **SB 528**. (See Attachment 2). Paul West, Legislative Research Department, requested authorization of technical amendments to the bill. The committee was in consensus for the authorization of technical clean-up to the bill. Chairman Chronister notified the committee the bill would be held until Friday, when all subcommittee budget recommendations had been submitted.

No further business appearing before the committee, the meeting was adjourned at 2:15 p.m. The next meeting is scheduled for March 23, 1994.

1994 Appropriation Committee Guest List

1	NAME	ORGANIZATION
2	Jon Josserrato	KU
3	Kelly Jennings	KAPE
4	Sharon Bohyard	SRS
5	James A. Loebl	KSTW
6	Elaine Frisbie	Div. of Budget
7	Diane Alkermath	Div. of Budget.
8	Barry Coveis	Div of Facilities Management
9	Ric Silber	Div. of Fac. Manage.
10	Orian Jordan	Div. of FAC Mgt
11	Susan Peterson	Kansas State University
12	Martin Ehlerich	Accounts & Reports
13	Bill Hollenbeck	PSU
14	Ron Pflumhoff	FHSU
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Tue, Mar 22, 1994



DEPARTMENT OF ADMINISTRATION
DIVISION OF ACCOUNTS AND REPORTS

JOAN FINNEY
Governor

JAMES R. COBLER
Director of Accounts and Reports

900 Jackson, Room 251
Landon State Office Building
Topeka, KS 66612-1220
(913) 296-2311
FAX (913) 296-6841

March 22, 1994

The Honorable Rochelle Chronister, Chairperson
House Appropriations Committee
State Capitol - Room 514-S
Topeka, KS 66612

Dear Representative Chronister:

My comments for testimony regarding the State Leave Payment Reserve Fund (State Leave Fund) and the assessment rate in Senate Bill (SB) 56, are as follows:

Currently the State Leave Fund provides for the lump sum payments for accumulated sick leave payable to retiring employees. These payments are funded through budgeted payroll assessments. By claiming reimbursement from this centralized fund, agencies avoid having to absorb these unanticipated costs in their approved budgets. Current goals include:

- providing full funding of reimbursements on retirement, while
- maintaining the lowest possible assessment rate and State Leave Fund cash balance to minimize affects on agency budgets.

Analysis of Proposed Legislation:

SB 56 as passed by the Senate includes three major changes to existing statutes:

Section 1. SB 56 amends current law to add annual leave reimbursements.

SB 56 includes provisions to include reimbursements for annual leave for retirees from the centralized State Leave Fund in addition to the existing sick leave reimbursements.

This further alleviates the agency burden of funding accumulated annual leave payouts to retirees without the option of budgeting for these costs.

Section 2. amends current law to eliminate statutory duplication.

Subsection 2(b) would statutorily establish a leave payment assessment rate. As "carry over" legislation from the 1993 Session, subsection 2(b) is now redundant to current law. The existing statute (K.S.A. 1993 Supp. 75-5543(c)) already mandates the Secretary of Administration to determine the assessment rate annually.

Section 2. would also give Secretary of Administration authority to revise the assessment rate as needed.

Pursuant to existing statute and budgeting procedure time frames, original rate projections are calculated 15 months prior to implementation, leaving wide time spans for other legislation to materially affect projections.

For example, the "85 Point" early retirement plan passed during the 1993 Legislative Session caused a 117% increase in the number of sick leave payouts during the first 5 months of FY 1994 as compared to the same period during FY 1993. Situations such as this complicate the rate development process, distort trends used in the analysis, and increase the possibility of incurring a negative cash balance in the State Leave Fund.

Therefore the flexibility to revise the rate is needed to adequately provide funding of reimbursements because it is not possible to foresee all the unknown variables which may affect the number of retirements in a given fiscal year.

Implementation Needs:

We are currently in the 2nd fiscal year of centralized sick leave reimbursements. Since the central payroll system (KIPPS) is already modified for sick leave, the provisions of SB 56 can be implemented with minor changes within current budget allocations. It is not anticipated that Regent payroll systems would require significant modifications.

Long Range Fiscal Effects:

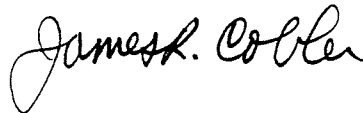
The objective is to sustain a budgeted assessment rate sufficient to allow the funding of both sick and annual leave retirement reimbursements.

The sick and annual leave reimbursements from the State Leave Fund to agencies do **not** represent increased statewide expenditures because agencies ultimately bear these costs regardless whether the retirement leave payouts are reimbursed from the central State Leave Fund or paid from agency operating funds.

The effect of the provision allowing the Secretary of Administration to adjust the rate as needed is considered minimal (if any). Any change in the assessment rate from annual projections will be solely to allow full funding of retirement leave reimbursements while maintaining a minimum operating fund balance.

If you need additional information, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "James R. Cobler".

James R. Cobler, Director
Division of Accounts and Reports

JRC:MEE:jw

Agency Request/Governor's RecommendationSenate RecommendationBuilding Committee Recommendation**Sec. 2 -- Insurance Department**

The agency requests \$215,782 from the Insurance Building Project Replacement Fund (\$140,782) and the Insurance Building Principal and Interest Fund (\$75,000) to provide for capital improvements to the Department's Topeka office building. Of the amount requested, \$10,000 is for contingent building repairs, \$15,282 is for replacement carpet, and \$115,500 is for roof repair. Also, \$75,000 is to pay the principal and interest of the debt service on the bonds issued in 1991 for the purchase of the agency's building. Both the Governor and the members of the Building Committee concurred with the agency's request.

The Senate concurs with the amount of recommended moneys (\$215,782), but makes no recommendation with regard to any of the requested capital improvement projects. Rather, the Senate intends that the agency use the recommended capital improvement moneys in a manner that best accommodates the needs of the agency.

The Building Committee concurs.

Sec. 3 -- Department of Administration

The agency's FY 1995 request for capital improvements and the Governor's recommendations are noted in the following table:

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

The Building Committee concurs with the recommendations of the Governor.

Project	Agency Req. FY 95	Gov. Rec. FY 95
State General Fund:		
Energy Conserv. Debt Service Rehab. and Repair -- Statehouse, Judicial Center, Gov. Residence incl. \$110,500 for Americans with Disabilities Act Accessibility Guidelines (ADAAG) Projects)	\$ 620,000 *	\$ 620,000
Fire Alarm, Security, and Life/Safety Systems Upgrade -- Statehouse	243,100	83,000
Memorial Hall Renovation	30,790	30,790
ADA Projects for State Agencies	104,500	--
Subtotal -- State General Fund	\$ 998,390	\$ 983,790

Senate
Recommendations

Building Committee
Recommendations

Concur.

Concur.
Concur.

Fund with \$83,000 from State Budget Stabilization Fund.

\$83,000 State General Fund

Fund with \$30,790 from State Budget Stabilization Fund.

Concur with Governor; the Senate does not recommend funding for this item.

\$30,790 State General Fund

The Senate recommends \$500,000 from the State Budget Stabilization Fund for ADA compliance projects statewide.

\$250,000 State General Fund

Agency Request/Governor's Recommendation			Senate Recommendation		Building Committee Recommendation		
Project	Agency Req. FY 95	Gov. Rec. FY 95	Senate Recommendations		Building Committee Recommendations		
State Bldg. Depreciation Fund:			The Senate concurs with the agency request and Governor's recommendation for the State Building Depreciation Fund.		Concur.		
Debt Service -- Docking & Forbes	\$ 105,000 ^(b)	105,000					
Rehab. and Repair -- Docking, Landon, Forbes, & Heating Plant	278,400	278,400					
Chiller Conversion to CFC Refrigerants -- Landon, Forbes	150,000	150,000					
Subtotal -- SBDF	\$ 533,400	\$ 533,400					
State Building Operating Fund:			The Senate concurs with the agency request and Governor's recommendation for the State Building Operating Fund.		Concur.		
Debt Service -- Landon	\$ 830,360 ^(c)	830,360					
Intergovernment Printing Service Fund			The Senate concurs with the agency request and Governor's recommendation for the Intergovernment Printing Service Fund.		Concur.		
Debt Service -- Construction of Printing Plant	\$ 111,515 ^(d)	\$ 111,515					
			The Senate did not consider this item.				
Funding:			Funding:		Funding:		
State General Fund	\$ 998,390	\$ 983,790	State General Fund	\$ 620,000	State General Fund	\$ 998,390	\$ 983,790
State Building Depreciation Fund	533,400	533,400	State Budget Stabilization Fund	613,790	State Building Depreciation Fund	533,400	533,400
State Building Operating Fund	830,360	830,360	State Building Depreciation Fund	533,400	State Building Operating Fund	830,360	830,360
Intergov. Printing Service Fund	111,515	111,515	State Building Operating Fund	830,360	Intergov. Printing Service Fund	111,515	111,515
TOTAL	\$ 2,473,665	\$ 2,459,065	Intergovernmental Printing Service Fund	111,515	TOTAL	\$ 2,473,665	\$ 2,459,065
			TOTAL	\$ 2,709,065			

a) In addition to the principal (capital improvement) amount of \$620,000 included in the table, the sum of \$96,313 is included in the operating budget for interest, for a total debt service payment of \$716,313.

b) In addition to the principal (capital improvement) amount of \$105,000 included in the table, the sum of \$70,370 is included in the operating budget for interest, for a total debt service payment of \$175,370.

c) In addition to the principal (capital improvement) amount of \$830,360 included in the table, the sum of \$843,964 is included in the operating budget for interest, for a total debt service payment of \$1,674,324.

d) In addition to the principal (capital improvement) amount of \$111,515 included in the table, the sum of \$81,826 is included in the operating budget for interest, for a total debt service payment of \$193,341.

Agency Request/Governor's RecommendationSenate RecommendationBuilding Committee Recommendation**Sec. 4 -- Fort Hays State University**

The University requests (and the Governor recommends) \$175,000 from the Parking Fees Fund for parking lot improvements in FY 1995.

The University requests the authority to issue bonds not to exceed \$2,445,000 in FY 1995 to renovate residence halls (\$1,250,000) and to refinance existing residence hall renovation bond financing. The bonds would be amortized with residence hall income and would be issued by the Kansas Development Finance Authority. The Governor has not addressed this new request.

Sec. 5 -- Kansas State University

In addition to expenditures of \$19.3 million for previously authorized multiyear projects and projects supported by restricted fees, the agency requests \$1,104,787 from the State General Fund in FY 1994 for expenses related to fire damage at Anderson Hall. The Governor concurs with the requested amount, but recommends funding in FY 1995 from the Educational Building Fund.

Also, the Kansas Board of Regents authorized the University to amend its FY 1995 capital improvement request to request authority to use funds in the Coliseum Repair, Equipment and Improvement Fund to install an underground drainage system under the parking lot west of Bramlage Coliseum and resurface this parking lot. The estimated cost of the project is \$950,000. The Governor has not considered this request.

Also, the Kansas Board of Regents authorized the University to amend its capital improvement budget to request authority to expend \$150,000 for a helium compressor, other related equipment, and a small building to house the compressor. The estimated cost

The Senate concurs with the recommendation of the Governor for parking lot improvements.

The Senate concurs with the University's request. The Joint Committee on State Building Construction recommended the request on February 23.

Concur.

The Senate reviewed the request, but defers action to the second house, pending review by the Joint Committee on State Building Construction.

The Senate did not consider this item.

The Building Committee concurs.

The Building Committee concurs.

Concur.

Authorize expenditures of \$950,000 from the Coliseum Repair, Equipment, and Improvement Fund for parking lot improvements, as requested by the agency.

Authorize expenditures of \$150,000 from federal funds to construct and equip a helium compressor facility, as requested by the agency.

Agency Request/Governor's RecommendationSenate RecommendationBuilding Committee Recommendation

of the project is \$150,000. The Governor has not yet considered this request.

**Sec. 6 -- Kansas State University-Salina,
College of Technology**

The agency requests capital improvement expenditures of \$1,114,750, of which \$189,466 is from the State General Fund for the debt service payment on the Aeronautical Center. The balance of the request would fund already authorized campus improvement projects totaling \$500,284 (College Center and Residence Hall) and a new request to begin preliminary planning for a Student Recreation Center (\$425,000) to be financed with private gifts and student fees. The Governor concurs in the request, but does not recommend authorizing the preliminary planning for the proposed Student Recreation Center due to delays in securing private funding.

Concur.

Concur.

Sec. 7 -- Emporia State University

The University requests (and the Governor recommends) \$90,000 from the Parking Fees Fund for parking lot improvements in FY 1995.

The Senate concurs with the recommendation of the Governor for parking lot improvements.

The Building Committee concurs.

Sec. 8 -- Pittsburg State University

The University requests (and the Governor recommends) \$150,000 from the Parking Fees Fund for parking lot improvements in FY 1995.

The Senate concurs with the recommendation of the Governor for parking lot improvements.

The Building Committee concurs.

The University requests the authority to expend up to \$2,250,000 in FY 1995 to expand and renovate the Overman Student Center. The 1993 Legislature approved the expenditure of \$250,000 from student center fees in FY 1994 to plan the project. The 1993 Legislature also created a "no-limit" Jack C. Overman Student Center Renovation Fund authorizing the university to expend up to \$2,000,000 for the project and all amounts required for the cost of bond issuance.

The Senate concurs with the Governor's recommendation.

Authorize total expenditures of \$2.5 million for the Overman Student Center Renovation project. The 1993 Legislature had recommended financing of up to \$2.0 million from the sale of revenue bonds, \$100,000 from a contribution by the bookstore vendor, and \$400,000 from operating reserve funds. The 1993 Legislature authorized FY 1994 expenditures of \$250,000 for planning. Following submission of a program statement (which has eliminated the contribu-

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Agency Request/Governor's Recommendation

and required reserves for the payment of principal and interest on the bonds. The Legislature authorized the issuance of bonds and provided that all moneys received from the issuance of bonds be credited to the new fund. The proposed 8,300 square foot three-story addition to the student center would provide an on-street handicapped-accessible main entry, space for the relocation of the Follett Bookstore (currently located in the library), space for student programs, ticket sales, cashiering and special services, and additional space for the main ballroom and banquet facilities. The \$2.5 million project cost includes a \$100,000 contribution from the operator of the Follett Bookstore, and the remainder from student center fees. The Governor recommends FY 1995 expenditures of \$2,000,000 from the Overman Student Center Fund for this project.

The University requests (and the Governor recommends) \$60,000 from student health fees in FY 1995 for miscellaneous interior remodeling of the student health center, and to provide space for another physician.

The University requests (and the Governor recommends) \$750,000 from student housing funds in FY 1995 for maintenance and improvements to the student housing system. The project includes fire safety improvements to Gibson Dining Hall and Dellinger Residence Hall, exterior door replacement of various residence halls, renovation of Gibson Dining Hall, construction of a parking lot near Nation Residence Hall, roof replacement for East Campus Apartments No. 4, replace carpeting in Dellinger Hall, and repair and replace air conditioning in various residence halls.

Sec. 9 -- University of Kansas

In addition to previously authorized multiyear projects supported by restricted fees, the Kansas Board of Regents authorized the University to amend

Senate Recommendation

The Senate concurs with the Governor's recommendation.

The Senate concurs with the Governor's recommendation.

The Senate did not consider this project.

Building Committee Recommendation

tion from the vendor and increased expenditures by \$100,000 from operating reserve funds), the Building Committee has now recommended the creation of the appropriate funds to permit construction to proceed in FY 1995.

The Building Committee concurs.

The Building Committee concurs.

Authorize the issuance of revenue bonds supported by restricted fees to make improvements to the student health facility, as requested by the agency.

Agency Request/Governor's RecommendationSenate RecommendationBuilding Committee Recommendation

its FY 1995 capital improvement budget to request authority to issue revenue bonds supported by restricted fees for the addition to and renovation of the student health facility at an estimated cost of \$5.0 million plus issuance costs. The Governor has not yet considered this project.

Sec. 10 -- University of Kansas Medical Center

The agency requests and the Governor recommends expenditures of \$2.7 million for previously authorized multi-year projects and projects supported by restricted fees.

Concur.

Concur.

Sec. 11 -- Wichita State University

The agency requests and the Governor recommends expenditures for projects supported by restricted use funds (private gifts and local funds.)

Concur.

Concur.

Sec. 12 -- Department of Human Resources

The agency requests an FY 1994 supplemental appropriation of \$150,000 from the Penalty and Interest Fund for handicapped accessibility projects. The Governor concurs with the agency's FY 1994 request.

The Senate concurs with the Governor's recommendations for both fiscal years.

Concur.

Requested FY 1995 capital improvement funding of \$201,276 from federal Reed Act funds includes \$124,500 for systemwide rehabilitation and repair projects and \$76,776 for expansion of parking at the Emporia office. The Governor concurs with the agency's FY 1995 request.

**Sec. 13 -- Kansas Commission on Veterans Affairs
(Kansas Soldiers' Home)**

The following table reflects the agency request and Governor's recommendation for the Kansas Soldiers'

The Senate concurs with the recommendations of the Governor with the following adjustment:

The Building Committee concurs with the recommendation of the Governor.

<u>Agency Request/Governor's Recommendation</u>			<u>Senate Recommendation</u>	<u>Building Committee Recommendation</u>
Project	Agency Request FY 1995	Gov. Rec. FY 1995	Senate Recommendation	Building Committee Recommendation
Repair and Rehabilitation	\$ 50,000	\$ 200,000	Add \$50,000 from the State Institutions Building Fund (SIBF) for rehabilitation and repair at the Kansas Soldiers' Home.	The Building Committee recommendation does not include the extra \$50,000 recommended by the Senate.
Dormitory Bathroom Renovation	100,000	--		
Fire and Smoke Alarm System	49,440	--		
Boiler Control and Equipment Modification	43,500	--		
Replace Condensing and Heating Coils at Halsey Hall	23,500	--		
Nurse Call System Replacement	24,000	--		
Cottage Renovation	50,000	--		
Street & Service Drive Resurfacing	63,000	--		
TOTAL	\$ 403,440	\$ 200,000		
Financing:				
State Institutions Building Fund	\$ 403,440	\$ 200,000		

Sec. 14 -- Attorney General -- Kansas Bureau of Investigation

1. The agency requests \$110,000 from the State General Fund in FY 1995 for the principal (capital improvements) portion of the debt service payment on the agency's headquarters building. The Governor concurs with the agency request.

Concur.

Concur.

2. The agency requests \$15,000 from the State General Fund for repairs to its headquarters building. The Governor concurs with the agency request.

Concur.

Concur.

3. The agency requests \$12,000 from the State General Fund in order to reconfigure the headquarters' reception area. According to the agency, the reconfiguration would provide a securer working milieu for employees. The Governor does not recommend this project.

The Senate was informed that the agency had undertaken this project on its own initiative.

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<u>Agency Request/Governor's Recommendation</u>	<u>Senate Recommendation</u>	<u>Building Committee Recommendation</u>
4. The agency requests \$6,000 from the State General Fund in order to replace drive-through security gates at the agency's headquarters building. The Governor does not recommend this project.	The Senate was informed that the agency had undertaken this project on its own initiative.	--
5. The agency requests \$38,000 from the State General Fund in order to replace the carpeting at its headquarters building. The Governor does not recommend this project.	Concur with the Governor.	Concur.
6. The agency requests \$10,000 from the State General Fund in order to restrict entry into areas in which evidence (especially evidence being held for use in prosecutions for drugs offenses) and radioactive materials are held. The Governor does not recommend this project.	Concur with the Governor.	Concur.
Sec. 15 -- Kansas Highway Patrol		
1. The agency requests \$45,000 from the Motor Carrier Inspection Fund in order to construct a 30' x 40' addition to the Highway Patrol Garage located at 220 Gage Boulevard in Topeka. The Governor concurs with the agency's request.	The Senate concurs with the Governor.	Concur.
2. The agency requests \$35,000 from the Motor Carrier Inspection Fund for the replacement of a trailer, used as an office, at the Caney fixed-scale facility. The Governor concurs with the agency's request.	The Senate concurs with the Governor.	Concur.
3. The agency requests \$81,520 from the Motor Carrier Inspection Fund for equipment, labor, and material to replace the fixed scales at the Caney and South Haven MCIT Facilities, which the agency reports will be over six years old in FY 1995. The Governor does not recommend this item.	The Senate concurs with the Governor.	Concur.
4. The agency requests \$1,973,608 from the Motor Carrier Inspection Fund (State Highway Fund) in FY	The Senate concurs with the Governor.	Concur.

Agency Request/Governor's Recommendation

1995 to construct a new scale facility at the westbound port of entry on Interstate Highway 70 near Wabaunsee. The Governor does not recommend this item.

5. The agency requests \$7,200 from the Motor Carrier Inspection Fund (State Highway Fund) for the construction of an annex at the scale house in the eastbound lane of Interstate 70 at Kanorado in Sherman County. The building would be a 10 foot x 12 foot wooden structure, set upon a concrete slab, with an interior finished with sheetrocking. The agency maintains that increased staffing at this location makes increased space necessary. The Governor does not recommend this item.

Sec. 16 -- Adjutant General

1. The Adjutant General requests funding for four roof repair projects, as follows: the U.S. Property and Fiscal Office Warehouse in Topeka (\$151,978); the Hutchinson Armory (\$148,315); the Pratt Armory (\$45,412); and the Council Grove Armory (\$45,412). The request for the USPFO warehouse was later withdrawn as the project received federal funding for the roof; and the Council Grove project was withdrawn as the project will be completed in the current year. The Governor recommends a total of \$195,000 (SGF) in FY 1995 for the Hutchinson and Pratt Armories roof repair projects.

2. The Adjutant General requests \$235,599 (SGF) in FY 1995 for the state match to construct a new armory in Great Bend. The federal government has committed funds for the federal share of this project (estimated at \$1.1 million); however, the federal funding will expire if the state match is not approved for FY 1995. The local match (city) totals \$175,300. The Governor does not recommend funding for this project in FY 1995.

Senate Recommendation

The Senate recommends \$20,000 from the Motor Carrier Inspection Fund in order to remodel the Kanorado facility to make it more appropriate to the agency's needs, as well as for other rehabilitation and repair needs at other Motor Carrier Inspection Facilities.

1. The Senate concurs with the Governor's recommendation of \$195,000 (SGF) for the roof repair projects at the Hutchinson and Pratt Armories.

2. The Senate recommends \$192,185 (State Budget Stabilization Fund) which is the Adjutant General's most recent estimate of the state's share of the Great Bend armory project.

Building Committee Recommendation

The Building Committee concurs.

1. Concur with the Senate.

2. Concur with the Senate.

Agency Request/Governor's RecommendationSenate RecommendationBuilding Committee Recommendation**New Sec. -- Kansas State University --
Veterinary Medical Center**

The Kansas Board of Regents authorized the University to amend its budget request to include a request for authority to expend restricted use funds to replace an existing medical waste incinerator. The total cost of the incinerator and a small, free-standing metal building to house the incinerator is estimated to be \$500,000. The Governor has not considered this request.

The Senate reviewed the request, but defers action to the second house pending review by the Joint Committee on State Building Construction.

Authorize expenditures of \$500,000 from the Restricted Fees Fund to replace an existing medical waste incinerator, as requested by the agency.