

Approved: March 17, 1994  
Date

## MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on March 15, 1994 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Leah Robinson, Legislative Research Department  
Alan Conroy, Legislative Research Department  
Diane Duffy, Legislative Research Department  
Julian Efird, Legislative Research Department  
Paul West, Legislative Research Department  
Norm Furse, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

## HB 2753 -- APPROPRIATIONS FOR FY 95, AGRICULTURAL AND NATURAL RESOURCES AGENCIES

### Grain Inspection

The FY 94 and FY 95 subcommittee reports were presented by Senator Lawrence (Attachment 1). Senator Kerr added that this is the first time SGF moneys have been added. He told members that the agency is no longer able to transfer moneys and it's reaching a critical point. Senator Lawrence moved, Senator Kerr moved, that the subcommittee reports be adopted. The motion carried on a voice vote.

### Kansas State Fair

Senator Lawrence reviewed the FY 94 and FY 95 subcommittee reports (Attachment 2). Senator Kerr noted that the effect of the Senate subcommittee's proviso would allow improvements to the encampment building to be made after the 1994 Fair and before the 1995 fair. Members concurred that \$1.5 million is appropriated in FY 95 for this project and that \$1 million will be released from the Budget Stabilization Fund after \$250,000 is raised locally. By leaving the expenditure limitation at \$1.5 million, the agency can spend more than \$250,000 if it is generated. If the agency spends more than \$1,250,000 in FY 95, the Committee may consider the amount above \$250,000 as part of the match against the FY 96 appropriation. It was moved by Senator Lawrence and seconded by Senator Kerr that the subcommittee reports be adopted. The motion carried on a voice vote.

### Kansas Wheat Commission

Senator Lawrence presented the FY 94 and FY 95 subcommittee reports (Attachment 3). A motion was offered by Senator Lawrence and seconded by Senator Kerr that the subcommittee reports be adopted. The motion carried on a voice vote.

### Board of Agriculture

Senator Morris reviewed the FY 94 and FY 95 subcommittee reports (Attachment 4). In answer to the Chairman, Senator Morris stated that the agency believes the new applications and the backlog in the Division of Water Resources can be eliminated in the next year with the subcommittee's recommendation in FY 94 and FY 95. Senator Brady expressed concern that an agency with a \$9.5 million budget could not reallocate internally to accommodate \$24,000 in overtime (FY 94). In answer to a question, staff noted that the approved rate for shrinkage is 4.25%.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 15, 1994.

Members discussed the problems associated with agencies wanting to move data processing functions from the DISC mainframe computer to their own system (item 4 of the FY 95 House report). It was noted that doing so may leave DISC short of funds and will shift operational costs to the agencies that still use it.

Senator Morris moved, Senator Rock seconded, that the sunset proviso for the proposed legislation in item 1 of the FY 95 report be amended to eliminate the increases on the fees at the end of five years rather than seven years. The motion carried on a voice vote.

Senator Morris offered a motion to amend the FY 95 report by adding \$20,000 for 2 octane analyzers and \$4,000 for backup laboratory fees. Senator Morris told members that this amendment would allow the agency to perform 38 octane tests per week. In answer to questions, representatives from the agency stated that the \$20,000 would allow for the purchase of 2 infrared sampling devices to be used in the field for quality analysis. The motion carried on a voice vote.

Senator Morris moved, Senator Kerr seconded, that the FY 94 subcommittee report and the FY 95 subcommittee report as amended be adopted. The motion carried on a voice vote.

### **HB 2731 -- APPROPRIATIONS FOR FY 95, STATE BOARD OF TAX APPEALS, DEPARTMENT OF REVENUE, KANSAS LOTTERY, KANSAS RACING COMMISSION, DEPARTMENT OF COMMERCE AND HOUSING, KANSAS DEVELOPMENT FINANCE AUTHORITY, KANSAS, INC., KANSAS TECHNOLOGY ENTERPRISE CORPORATION**

#### **Board of Tax Appeals**

The FY 94 and FY 95 subcommittee reports (Attachment 5) were reviewed by Senator Lawrence. A motion was offered by Senator Lawrence and seconded by Senator Morris that the subcommittee reports be adopted. The motion carried on a voice vote.

#### **Department of Revenue**

The FY 94 and FY 95 subcommittee reports (Attachment 6) were presented by Senator Salisbury. Senator Salisbury moved, Senator Karr seconded, that the reports be adopted. The motion carried on a voice vote.

#### **Kansas Lottery**

Senator Kerr presented the FY 94 and FY 95 subcommittee reports on the Lottery (Attachment 7). He indicated that the greatest concern regarding the Lottery is the escalator in the G-Tech contract, which the subcommittee hopes can be renegotiated with the implementation of instant validation. The Chairman requested that the revisor obtain a copy of the contract to determine if it is subject to appropriations. Senator Kerr moved, Senator Petty seconded, that the reports be adopted. The motion carried on a voice vote.

#### **Kansas, Inc.**

Senator Vancrum reviewed the FY 94 and FY 95 subcommittee reports (Attachment 8). In answer to Senator Moran's inquiry regarding the agency's performance based auditing, Senator Kerr indicated that Kansas, Inc. has completed 30 research projects on the Kansas economy which have been useful. He stated that they have a comprehensive and well thought out strategy. It was noted that item 2 in the FY 95 report should read, "Add \$6, 591 from the EDIF to permit the agency a 2.5 percent increase in state financing over FY 1994." It was moved by Senator Vancrum and seconded by Senator Salisbury that the subcommittee reports be adopted. The motion carried on a voice vote.

#### **Kansas Technology Enterprise Corporation**

Senator Vancrum presented the subcommittee reports for FY 94 and FY 95 (Attachment 9). A motion was offered by Senator Vancrum and seconded by Senator Rock that the reports be adopted. The motion carried on a voice vote.

Senator Moran moved, Senator Rock seconded, that the minutes of the March 7, 1994 meeting be approved. The motion carried on a voice vote.

The Chairman, in answer to Senator Karr, stated that an update of recommendations for expenditures from the Budget Stabilization Fund would be provided. The meeting was adjourned at 12:20 P.M.

The next meeting is scheduled for March 16, 1994.

## GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: March 15 1994

[illegible]

## SUBCOMMITTEE REPORT

**Agency:** Grain Inspection Department

**Bill No.** --

**Bill Sec.** --

**Analyst:** Robinson

**Analysis Pg. No.** 672

**Budget Page No.** 224

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 5,669,630	\$ 5,447,414	\$ --
State General Fund	--	--	--
TOTAL	<u>\$ 5,669,630</u>	<u>\$ 5,447,414</u>	<u>\$ --</u>
FTE Positions	137.0	136.0	--

### Agency Estimate/Governor's Recommendation

The Grain Inspection Department estimates FY 1994 expenditures of \$5,669,630 (excluding federal fees remitted), the amount approved by the 1993 Legislature. The Governor recommends FY 1994 expenditures of \$5,447,414, a reduction of \$222,216 from the agency's revised estimate. The Governor's recommendation reflects the reduction of 1.0 FTE as the result of a retirement.

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

The status of the fee fund, based on the recommendation of the House Subcommittee, is set out below:

<u>Resource Estimate</u>	<u>Actual FY 93</u>	<u>Estimated FY 94</u>	<u>Estimated FY 95</u>
Beginning Balance	\$ 1,433,458	\$ 985,731	\$ 778,382
Net Receipts	<u>5,068,491</u>	<u>5,450,065</u>	<u>5,493,871</u>
Total Funds Available	\$ 6,501,949	\$ 6,435,796	\$ 6,272,253
Less: Expenditures	5,330,026	5,447,414	5,457,678
Federal Fees Remitted	<u>186,192</u>	<u>210,000</u>	<u>210,000</u>
Ending Balance	<u>\$ 985,731</u>	<u>\$ 778,382</u>	<u>\$ 604,575</u>

### House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

SWAM  
March 15, 1994  
Attachment 1



### House Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>House Adj. FY 94</u>	<u>House Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Funds	\$ --	\$ 5,447,414	\$ --
State General Fund	--	--	--
TOTAL	<u>\$ --</u>	<u>\$ 5,447,414</u>	<u>\$ --</u>
FTE Positions	--	136.0	--

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.

  
\_\_\_\_\_  
Senator Barbara Lawrence  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Dave Kerr

## SUBCOMMITTEE REPORT

**Agency:** Grain Inspection Department

**Bill No.** 2753

**Bill Sec.** 4

**Analyst:** Robinson

**Analysis Pg. No.** 672

**Budget Page No.** 224

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 5,399,288	\$ 5,457,678	\$ --
State General Fund	328,400	131,787	--
TOTAL	<u>\$ 5,727,688</u>	<u>\$ 5,589,465</u>	<u>\$ --</u>
FTE Positions	137.0	136.0	--

### Agency Request/Governor's Recommendation

For FY 1995, the Grain Inspection Department requests \$5,727,688 (excluding federal fees remitted), an increase of \$58,058 from its revised FY 1994 estimate. The agency is requesting funding of \$328,400 from the State General Fund. The Governor recommends FY 1995 expenditures of \$5,589,465, a reduction of \$138,223 from the amount requested by the agency. The Governor recommends funding of \$131,787 from the State General Fund for warehouse operations.

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Governor.

The status of the fee fund, based on the recommendation of the House Subcommittee is set out below:

<u>Resource Estimate</u>	<u>Actual FY 93</u>	<u>Estimated FY 94</u>	<u>Estimated FY 95</u>
Beginning Balance	\$ 1,433,458	\$ 985,731	\$ 778,382
Net Receipts	<u>5,068,491</u>	<u>5,450,065</u>	<u>5,493,871</u>
Total Funds Available	\$ 6,501,949	\$ 6,435,796	\$ 6,272,253
Less: Expenditures	5,330,026	5,447,414	5,457,678
Federal Fees Remitted	<u>186,192</u>	<u>210,000</u>	<u>210,000</u>
Ending Balance	<u>\$ 985,731</u>	<u>\$ 778,382</u>	<u>\$ 604,575</u>

### House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

### House Committee of the Whole Recommendation

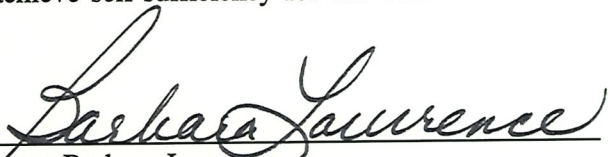
The House Committee of the Whole concurs with the recommendations of the House Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 95</u>	<u>House Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Funds	\$ --	\$ 5,457,678	\$ --
State General Fund	--	131,787	--
TOTAL	<u>\$ --</u>	<u>\$ 5,589,465</u>	<u>\$ --</u>
FTE Positions	--	136.0	--

### Senate Subcommittee Recommendation

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

1. The Senate Subcommittee concurs with the addition of \$131,787 from the State General Fund for the warehouse program. According to testimony presented to the Subcommittee, the agency does not anticipate that the warehouse operation will ever become completely self supporting. The Subcommittee strongly recommends that the State General support recommended for FY 1995 be considered one-time assistance only. The Subcommittee does not support perpetual State General Fund financing for the operation of the warehouse program, and encourages the agency to continue to pursue methods designed to achieve self-sufficiency for the warehouse program.

  
\_\_\_\_\_  
Senator Barbara Lawrence  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Dave Kerr

# SUBCOMMITTEE REPORT

**Agency:** Kansas State Fair

**Bill No.** 2752

**Bill Sec.** New

**Analyst:** Robinson

**Analysis Pg. No.** 677

**Budget Page No.** 202

<u>Expenditure</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ --	\$ --
Special Revenue Fund	2,797,782	2,783,093	35,000
Eco. Dev. Initiatives Fund	100,000	99,000	--
Subtotal-State Operations	<u>\$ 2,897,782</u>	<u>\$ 2,882,093</u>	<u>\$ 35,000</u>
Capital Improvements:			
State General Fund	\$ 117,016	\$ 117,016	\$ --
Special Revenue Funds	139,040	104,040	(35,000)
Other Funds	--	--	--
Subtotal-Capital Impr.	<u>\$ 256,056</u>	<u>\$ 221,056</u>	<u>\$ (35,000)</u>
<b>TOTAL</b>	<u><u>\$ 3,153,838</u></u>	<u><u>\$ 3,103,149</u></u>	<u><u>\$ 0</u></u>
 FTE Positions	 17.0	 17.0	 --

## Agency Estimate/Governor's Recommendation

For FY 1994, the agency estimates total operating expenditures of \$2,856,848, an increase of \$107,481 above the amount approved by the 1993 Legislature. The estimate reflects additional expenditures of \$38,632 in the operations program and \$68,849 in the maintenance program. In addition, the agency's revised FY 1994 estimate for capital improvements is \$256,056, an increase of \$35,000 over the approved amount. The Fair indicates that the increase in estimated FY 1994 expenditures is made possible because of higher than anticipated receipts (\$91,792) to the agency's fee funds.

The Governor recommends FY 1994 operating expenditures of 2,882,093, a reduction of \$15,689 from the agency's revised estimate. The Governor recommends reductions in salaries and wages (\$9,540) and travel and subsistence (\$6,149). The Governor concurs with the remainder of the agency's revised estimate. The Governor recommends \$99,000 from the Economic Development Initiatives Fund, as approved by the 1993 Legislature. The Governor does not recommend an increase of \$35,000 in expenditures for capital improvements in FY 1994.

## House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor, with the following adjustment:

SWAM  
march 15, 1994  
Attachment 2



1. Shift funding of \$35,000 from the State Fair Capital Improvements Fund (SFCIF) to the State Fair Fee Fund. The State Fire Marshal required the agency to add a smoke and fire alarm system to the 4-H Encampment Building. The agency paid for the system from the State Fair Fee Fund and requested that the SFCIF reimburse the fee fund.

The status of the fee fund, based on the recommendations of the Subcommittee, is set out below.

<u>Resource Estimate</u>	<u>Actual FY 93</u>	<u>Estimated FY 94</u>
<b>State Fair Fee Fund:</b>		
Beginning Balance	\$ 142,823	\$ 111,492
Net Receipts	<u>2,617,204</u>	<u>2,741,314</u>
Total Funds Available	\$ 2,760,027	\$ 2,852,806
Less:		
Expenditures	2,450,885	2,549,793
Nonexpense Items	87,735	91,714
Transfer to Capital Impr. Fund	<u>109,915</u>	<u>111,000</u>
Ending Balance	<u>\$ 111,492</u>	<u>\$ 100,299</u>
Ending Balance as a Percentage of Expenditures	4.5%	3.9%
<b>Nonfair Days Activities Fee Fund:</b>		
Beginning Balance	\$ 7,807	\$ 16,370
Net Receipts	<u>176,393</u>	<u>202,236</u>
Total Funds Available	\$ 184,200	\$ 218,606
Less:		
Expenditures	157,833	192,366
Nonexpense Items	2,896	4,736
Transfer to Capital Impr. Fund	<u>7,101</u>	<u>7,000</u>
Ending Balance	<u>\$ 16,370</u>	<u>\$ 14,504</u>
Ending Balance as a Percentage of Expenditures	10.4%	7.5%

#### House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

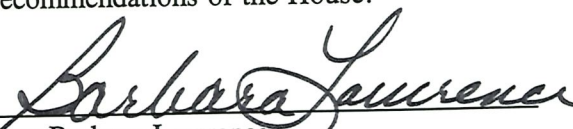
#### House Committee of the Whole Recommendation

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

<u>Expenditure</u>	<u>House Adj. FY 94</u>	<u>House Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ --	\$ --
Special Rev. Fund	35,000	2,818,093	--
EDIF	--	99,000	--
Subtotal-State Operations	<u>\$ 35,000</u>	<u>\$ 2,917,093</u>	<u>\$ --</u>
Capital Improvements:			
State General Fund	\$ --	\$ 117,016	\$ --
Special Revenue Funds	(35,000)	69,040	--
Other Funds	--	--	--
Subtotal-Capital Improv.	<u>\$ --</u>	<u>\$ 186,056</u>	<u>\$ --</u>
<b>TOTAL</b>	<u><u>\$ --</u></u>	<u><u>\$ 3,103,149</u></u>	<u><u>\$ --</u></u>
FTE Positions	--	17.0	--

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.

  
 Senator Barbara Lawrence  
 Subcommittee Chair

  
 Senator Dave Kerr

## SUBCOMMITTEE REPORT

**Agency:** Kansas State Fair

**Bill No.** 2753

**Bill Sec.** 5

**Analyst:** Robinson

**Analysis Pg. No.** 677

**Budget Page No.** 202

<u>Expenditure</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 15,000	\$ --	\$ --
Special Revenue Fund	2,843,012	2,830,410	--
Eco. Dev. Initiatives Fund	200,000	99,000	--
Subtotal-State Operations	<u>\$ 3,058,012</u>	<u>\$ 2,929,410</u>	<u>\$ --</u>
Capital Improvements:			
State General Fund	\$ 1,713,000	\$ 118,000	\$ --
Special Revenue Funds	242,000	107,000	--
Budget Stabilization Fund	--	--	1,000,000
Other Funds	409,000	--	500,000
Subtotal-Capital Impr.	<u>\$ 2,364,000</u>	<u>\$ 225,000</u>	<u>\$ 1,500,000</u>
<b>TOTAL</b>	<u><u>\$ 5,422,012</u></u>	<u><u>\$ 3,154,410</u></u>	<u><u>\$ 1,500,000</u></u>
 FTE Positions	 17.0	 17.0	 --

### Agency Request/Governor's Recommendation

For FY 1995, the Fair requests operating expenditures of \$3,022,650, an increase of \$165,802 from the revised FY 1994 estimate. The requested increase is in salaries and wages (\$37,707), contractual services (\$108,850), commodities (\$2,595), and capital outlay (\$16,650). The Fair is requesting \$200,000 from the Economic Development Initiatives Fund (EDIF), an increase of \$100,000 from its revised FY 1994 estimate. The agency is requesting \$15,000 from the State General Fund for youth programs at the Fair. The Fair is also requesting a total of \$1,464,000 for capital improvements, including a total of \$1,212,016 from the State General Fund. The largest amount requested for capital improvements is \$1,134,000 in FY 1995 for the first phase of renovation work on the 4-H Encampment Building.

For FY 1995, the Governor recommends operating expenditures of \$2,929,410, a reduction of \$128,602 from the amount requested by the agency. The recommended reductions are in salaries and wages (\$25,502), travel and subsistence (\$8,500), fees--professional services (\$76,000), other contractual services (\$3,000), and capital outlay (\$15,600). The Governor recommends FY 1995 expenditures of \$99,000 from the EDIF, a reduction of \$101,000 from the amount requested by the agency. The Governor recommends FY 1995 capital improvement expenditures of \$225,000, and does not recommend funding for renovation of the 4-H Encampment Building.

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

1. Add \$1,500,000 (\$1,000,000 Budget Stabilization Fund and \$500,000 from other funds) in the House Capital Improvements bill (H.B. 2653) for the renovation of the 4-H Encampment Building. The Subcommittee recommends the addition of a proviso that the Budget Stabilization Fund money will be appropriated to the agency only upon certification by the Secretary of the State Fair Board that \$500,000 has been raised from other sources for the project.

The status of the fee funds, based on the recommendation of the Subcommittee, is as follows:

Resource Estimate	Actual FY 93	Estimated FY 94	Estimated FY 95
<b>State Fair Fee Fund:</b>			
Beginning Balance	\$ 142,823	\$ 111,492	\$ 100,299
Net Receipts	<u>2,617,204</u>	<u>2,741,314</u>	<u>2,794,550</u>
Total Funds Available	\$ 2,760,027	\$ 2,852,806	\$ 2,894,849
Less:			
Expenditures	2,450,885	2,549,793	2,598,932
Nonexpense Items	87,735	91,714	92,450
Transfer to Capital Impr. Fund	<u>109,915</u>	<u>111,000</u>	<u>107,193</u>
Ending Balance	<u>\$ 111,492</u>	<u>\$ 100,299</u>	<u>\$ 96,274</u>
Ending Balance as a Percentage of Expenditures	4.5%	3.9%	3.7%
<b>Nonfair Days Activities Fee Fund:</b>			
Beginning Balance	\$ 7,807	\$ 16,370	\$ 14,504
Net Receipts	<u>176,393</u>	<u>202,236</u>	<u>208,536</u>
Total Funds Available	\$ 184,200	\$ 218,606	\$ 223,040
Less:			
Expenditures	157,833	192,366	196,116
Nonexpense Items	2,896	4,736	4,736
Transfer to Capital Impr. Fund	<u>7,101</u>	<u>7,000</u>	<u>6,747</u>
Ending Balance	<u>\$ 16,370</u>	<u>\$ 14,504</u>	<u>\$ 15,441</u>
Ending Balance as a Percentage of Expenditures	10.4%	7.5%	7.9%

#### House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

#### House Committee of the Whole Recommendation

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


<u>Expenditure</u>	<u>House Adj. FY 95</u>	<u>House Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ --	\$ --
Special Rev. Fund	--	2,830,410	--
EDIF	--	99,000	35,000
Subtotal-State Operations	<u>\$ --</u>	<u>\$ 2,929,410</u>	<u>\$ 35,000</u>
Capital Improvements:			
State General Fund	\$ --	\$ 118,000	\$ --
Special Revenue Funds		107,000	--
Budget Stabilization Fund	1,000,000	1,000,000	
Other Funds	500,000	500,000	--
Subtotal-Capital Improv.	<u>\$ 1,500,000</u>	<u>\$ 1,725,000</u>	<u>\$ --</u>
 TOTAL	 <u>\$ 1,500,000</u>	 <u>\$ 4,654,410</u>	 <u>\$ 35,000</u>
 FTE Positions	 --	 17.0	 --

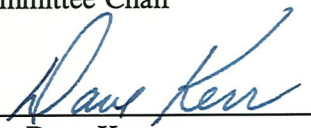
#### Senate Subcommittee Recommendation

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

1. Add \$35,000 from the Economic Development Initiatives Fund (EDIF) for advertising expenses. The agency indicated to the Subcommittee that it would like to pursue additional advertising for the Fair, including out of state advertising. The Subcommittee directs the agency to be prepared to report to the 1995 Legislature on the results of this advertising.
2. The Subcommittee recommends some modifications to the proviso recommended by the House Subcommittee on the Budget Stabilization Fund (BSF) appropriation for renovation of the 4-H Encampment Building. The House Subcommittee recommended a proviso which would require the agency to certify that \$500,000 has been raised before the \$1,000,000 from the BSF will be released. The agency indicated that this will likely delay the project for at least one year due to the inability to raise \$500,000 in such a short amount of time. The Subcommittee recommends release of the \$1,000,000 upon certification that \$250,000 has been raised and is available for use. The remaining \$250,000 could then be raised by the agency for the final phase of the project, which is expected to require an additional \$500,000 from state funds. The Subcommittee further recommends that the proviso include a requirement that the agency raise all of the funds from private sources and not use any funding from the State Fair Capital Improvements Fund (SFCIF).



  
\_\_\_\_\_  
Senator Barbara Lawrence  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Dave Kerr

## SUBCOMMITTEE REPORT

**Agency:** Kansas Wheat Commission

**Bill No.** --

**Bill Sec.** --

**Analyst:** Robinson

**Analysis Pg. No.** 685

**Budget Page No.** 614

<u>Expenditure</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 2,353,589	\$ 2,353,589	\$ --
FTE Positions	8.0	8.0	--

### Agency Estimate/Governor's Recommendation

The Commission estimates FY 1994 expenditures of \$2,353,589, as approved by the 1993 Legislature and adjusted for Finance Council action. The Governor concurs with the agency's revised estimate for FY 1994.

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

The status of the Wheat Commission Fee Fund, based on the recommendation of the Subcommittee is set out below:

<u>Resource Estimate</u>	<u>Actual FY 93</u>	<u>Estimated FY 94</u>
Beginning Balance	\$ 1,831,924	\$ 1,683,716
Net Receipts	<u>2,274,075</u>	<u>2,617,590</u>
Total Funds Available	\$ 4,105,999	\$ 4,301,306
Less: Expenditures	2,237,155	2,353,589
Nonreportable	<u>185,128</u>	<u>239,400</u>
Ending Balance	<u>\$ 1,683,716</u>	<u>\$ 1,708,317</u>
Ending Balance as a Percentage of Expend.	75.3%	72.3%

### House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

### House Committee of the Whole Recommendation

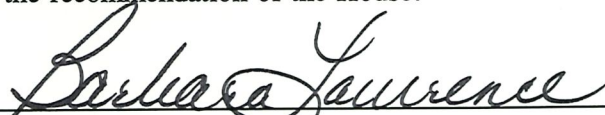
The House Committee of the Whole concurs with the recommendation of the House Committee.

SWAM  
March 15, 1994  
Attachment 3

	House	House Rec.	Subcommittee
<u>Expenditure</u>	<u>Adj. FY 94</u>	<u>FY 94</u>	<u>Adjustments</u>
State Operations:			
Special Revenue Fund	\$ --	\$ 2,353,589	\$ --
FTE Positions	--	8.0	--

**Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the recommendation of the House.

  
\_\_\_\_\_  
Senator Barbara Lawrence  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Dave Kerr

## SUBCOMMITTEE REPORT

**Agency:** Kansas Wheat Commission

**Bill No.** 2753

**Bill Sec.** 6

**Analyst:** Robinson

**Analysis Pg. No.** 685

**Budget Page No.** 614

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 2,409,767	\$ 2,374,142	\$ --
FTE Positions	8.0	8.0	--

### Agency Request/Governor's Recommendation

The Commission requests a total of \$2,409,767 for FY 1995, an increase of \$56,178 above the revised FY 1994 estimate. The Governor recommends \$2,374,142 for FY 1995, a reduction of \$35,625 from the amount requested by the agency.

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

The status of the Wheat Commission Fee Fund, based on the recommendation of the Subcommittee, is set out below:

<u>Resource Estimate</u>	<u>Actual FY 93</u>	<u>Estimated FY 94</u>	<u>Estimated FY 95</u>
Beginning Balance	\$ 1,831,924	\$ 1,683,716	\$ 1,708,317
Net Receipts	<u>2,274,075</u>	<u>2,617,590</u>	<u>2,825,000</u>
Total Funds Available	\$ 4,105,999	\$ 4,301,306	\$ 4,533,317
Less: Expenditures	2,237,155	2,353,589	2,374,142
Nonreportable	<u>185,128</u>	<u>239,400</u>	<u>258,300</u>
Ending Balance	<u>\$ 1,683,716</u>	<u>\$ 1,708,317</u>	<u>\$ 1,900,875</u>
Ending Balance as a Percentage of Expend.	75.3%	72.3%	80.1%

### House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

### House Committee of the Whole Recommendation

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

	House	House	Subcommittee
<u>Expenditure</u>	<u>Adj. FY 95</u>	<u>Rec. FY 95</u>	<u>Adjustments</u>
State Operations:			
Special Revenue Fund	\$ --	\$ 2,374,142	\$ 35,625
FTE Positions	--	8.0	--

### Senate Subcommittee Recommendation

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

1. Add \$35,625 for research contracts. The agency had originally requested \$78,723 for unspecified research contracts. The Governor's recommendation reduced this amount by \$33,000. The agency presented the Subcommittee with a list of funding requests it has received for FY 1995 which totals \$308,606. The Subcommittee's recommendation would bring the total funding for unspecified research contracts to \$81,348.

The status of the fee fund, based on the recommendations of the Subcommittee is set out below:


<u>Resource Estimate</u>	<u>Actual FY 93</u>	<u>Estimated FY 94</u>	<u>Estimated FY 95</u>
Beginning Balance	\$ 1,831,924	\$ 1,683,716	\$ 1,708,317
Net Receipts	<u>2,274,075</u>	<u>2,617,590</u>	<u>2,825,000</u>
Total Funds Available	\$ 4,105,999	\$ 4,301,306	\$ 4,533,317
Less: Expenditures	2,237,155	2,353,589	2,409,767
Nonreportable	<u>185,128</u>	<u>239,400</u>	<u>258,300</u>
Ending Balance	<u>\$ 1,683,716</u>	<u>\$ 1,708,317</u>	<u>\$ 1,865,250</u>

Ending Balance as a Percentage  
of Expenditures

75.3%

72.3%

77.4%

  
Senator Barbara Lawrence  
Subcommittee Chair

  
Senator Dave Kerr



# SUBCOMMITTEE REPORT

Agency: Board of Agriculture

Bill No. 2752

Bill Sec. 13

Analyst: Robinson

Analysis Pg. No. 649

Budget Page No. 60

<u>Expenditure</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 9,539,423	\$ 9,497,693	\$ --
Eco. Dev. Initiatives Fund	346,707	346,707	--
Agency Fee Funds	3,095,570	3,092,618	--
Grain Commission Funds	2,505,872	2,505,872	--
Fed. Meat & Poultry Fund	1,339,978	1,339,978	--
Other Federal Funds	1,455,281	1,455,281	--
Oil Overcharge Funds	57,041	57,041	--
Water Plan Fund	829,998	829,997	--
Other Funds	<u>482,314</u>	<u>482,314</u>	<u>--</u>
Subtotal-State Oper.	\$ 19,652,184	\$ 19,607,501	\$ --
Local Aid:			
Grain Commission Funds	\$ 750	\$ 750	\$ --
Oil Overcharge Funds	--	--	--
Federal Funds	<u>80,000</u>	<u>80,000</u>	<u>--</u>
Subtotal-Local Aid	\$ 80,750	\$ 80,750	\$ --
Subtotal-Operating	\$ 19,732,934	\$ 19,688,251	\$ --
Capital Improvements:			
State General Fund	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
TOTAL	<u>\$ 19,732,934</u>	<u>\$ 19,688,251</u>	<u>\$ --</u>
FTE Positions	327.5	326.5	--

## Agency Estimate/Governor's Recommendation

For FY 1994, the agency is estimating expenditures of \$19,732,934. The revised estimate includes funding of \$9,539,423 from the State General Fund and \$10,193,511 from other funds. The Governor recommends expenditures of \$19,688,251 in FY 1994, a reduction of \$44,683 from the agency's request. The reduction is primarily in salaries and wages and reflects retirements.

SWAM  
March 15, 1994  
Attachment 4

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

### House Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>House Adj. FY 94</u>	<u>House Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 9,497,693	\$ 24,100
Eco. Dev. Initiatives Fund	--	346,707	--
Agency Fee Funds	--	3,092,618	--
Grain Commission Funds	--	2,505,872	--
Fed. Meat and Poultry Fund	--	1,339,978	--
Other Federal Funds	--	1,455,281	--
Oil Overcharge Funds	--	57,041	--
Water Plan Fund	--	829,997	--
Other Funds	--	482,314	--
Subtotal-State Operations	<u>\$ --</u>	<u>\$ 19,607,501</u>	<u>\$ 24,100</u>
Local Aid:			
Grain Commission Funds	\$ --	\$ 750	\$ --
Oil Overcharge Funds	--	--	--
Federal Funds	--	80,000	--
Subtotal-Local Aid	<u>\$ --</u>	<u>\$ 80,750</u>	<u>\$ --</u>
Subtotal-Operating	<u>\$ --</u>	<u>\$ 19,688,251</u>	<u>\$ 24,100</u>
Capital Improvements:			
State General Fund	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
 TOTAL	 <u>\$ --</u>	 <u>\$ 19,688,251</u>	 <u>\$ 24,100</u>
FTE Positions	--	326.5	--

### Senate Subcommittee Recommendation

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

1. Add \$24,100 from the State General Fund. This would allow the agency to offer overtime compensation to all qualified Division employees who are willing to work overtime at a rate of approximately 20 additional hours per month, including employees in the Stafford and Garden City field offices. This overtime funding

would be utilized to help reduce the new application and change application backlog in the Division of Water Resources. According to the agency, as of February, 1994, there are approximately 725 new applications pending final action. Approximately 175 of these applications are in moratorium areas which have been established to allow the Division and the Groundwater Management Districts to assess the available water supply and current status of development to avoid exceeding the sustainable yield of the area. There are approximately 680 pending applications for changes to existing water rights. The Subcommittee believes that there are definite advantages to the utilization of overtime funding. With the addition of new staff, there is an initial lag time of at least six months for environmental scientists to become trained and productive in processing applications. In addition, an experienced environmental scientist is required to train newly hired environmental scientists. This training slows production noticeably in the short term. Offering overtime compensation to experienced environmental scientists alleviates many of these concerns.



Senator Stephen R. Morris  
Subcommittee Chair



Senator Marge Petty

# SUBCOMMITTEE REPORT

**Agency:** Board of Agriculture

**Bill No.** 2753

**Bill Sec.** 2

**Analyst:** Robinson

**Analysis Pg. No.** 649

**Budget Page No.** 60

<u>Expenditure</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 11,675,236	\$ 9,277,493	\$ --
Eco. Dev. Initiatives Fund	321,707	321,707	--
Agency Fee Funds	2,931,011	3,048,450	--
Grain Commission Funds	2,878,230	2,876,826	--
Fed. Meat & Poultry Fund	1,626,874	1,573,069	--
Other Federal Funds	1,096,338	1,096,338	--
Oil Overcharge Funds	--	--	--
Water Plan Fund	1,197,718	1,047,718	--
Other Funds	<u>582,424</u>	<u>575,357</u>	--
Subtotal-State Oper.	\$ 22,309,538	\$ 19,816,958	\$ --
Local Aid:			
Grain Commission Funds	\$ 750	\$ 750	\$ --
Oil Overcharge Funds	--	--	--
Federal Funds	<u>80,000</u>	<u>80,000</u>	--
Subtotal-Local Aid	\$ 80,750	\$ 80,750	\$ --
Subtotal-Operating	\$ 22,390,288	\$ 19,897,708	\$ --
Capital Improvements:			
State General Fund	<u>\$ 134,609</u>	<u>\$ --</u>	<u>\$ --</u>
<b>TOTAL</b>	<u><b>\$ 22,524,897</b></u>	<u><b>\$ 19,897,708</b></u>	<u><b>\$ --</b></u>
FTE Positions	349.5	325.5	--

## Agency Request/Governor's Recommendation

For FY 1995, the agency requests total expenditures of \$22,524,897, an increase of \$2,791,963 (14.1 percent) over the agency's revised FY 1994 estimate. The request would fund 349.5 positions, an increase of 22.0 FTE over the number currently authorized.

The FY 1995 request includes \$1,107,543 in capital outlay, an increase of \$771,500 over the revised FY 1994 estimate. The capital outlay request includes \$401,242 in computer hardware and software, \$58,523 for furniture, \$321,762 for equipment and \$326,016 for other capital outlay.

The agency requests a total of \$134,609 from the State General Fund for capital improvements in FY 1995. The request would fund compliance with the Americans with Disabilities Act

(\$75,240), safety improvements at the Board of Agriculture laboratory (\$43,300), and window replacement (\$16,069).

The agency requests a total of \$566,224 (excluding fringe benefits) for 22.0 new FTE positions in FY 1995.

The Governor recommends total FY 1995 expenditures of \$19,897,708, a reduction of \$2,627,189 from the agency's request. The recommendation would fund a total of 325.5 FTE positions, a reduction of 24.0 FTE from the number requested by the agency, and a reduction of 2.0 from the number currently authorized for FY 1994.

The Governor recommends a total of \$360,288 for capital outlay in FY 1995, a reduction of \$747,255 from the agency request. The Governor recommends the expenditure of \$30,000 for replacement computer equipment in the Administration program, \$14,200 in federal funds for equipment in the Pesticide Use subprogram of the Plant Health division, \$100 for computer software in the Grain Commodity Commission subprogram of the Marketing Division, and \$315,988 for equipment in the State Water Plan subprogram. The Governor does not recommend any capital improvement expenditures in FY 1995, and does not recommend any of the requested new FTE positions for the agency in FY 1995.

#### **House Subcommittee Recommendation**

The House Subcommittee concurs with the recommendation of the Governor, with the following adjustments and observations:

1. Make a technical adjustment to the appropriations bill to change the name of the U.S. Crop and Livestock Reporting Service Postage Fund to the USDA NASS Postage Fund. The new name corresponds with the name of the federal agency from which the funds are received.
2. Make a technical adjustment to the appropriations bill to change a proviso on the other grants fund. The fund was established to allow the agency to accept and expend federal grants without additional approval from the Governor so long as the funds do not exceed \$200,000, do not require additional state funds for a match, and are not for the Farmers' Assistance, Counseling and Training Service (FACTS) program. As written, the proviso does not allow for any matching expenditures at all. The agency indicated that two funds which require a state match are included in this new fund, but the match can be achieved with existing funding and no new funding would be necessary. The Subcommittee recommends the addition of language which would allow continuation of current programs that utilize in-kind matching funds and would allow the agency to enter into any new federal grants that fall within those provisions.
3. Remove the expenditure limitation recommended by the Governor on the Soybean Promotion and Research Fund and appropriate the fund as a "no-limit" fund. The fund was created by the 1991 Legislature in accordance with the provisions of the Federal Marketing Order of the USDA (Public Law 101-624), which established a National Soybean Check-Off program. Due to the uncertainty of collections caused by adverse weather, and variations in production and revenues, the agency requested and the Subcommittee recommends a "no-limit" expenditure limitation on the fund.



4. Shift funding of \$216,276 in State Water Plan Fund funding from the Sub-Basin Water Resources Management Plan to the Water Data Processing subprogram of the agency. The funding would be used for migration of the Water Rights Information System from the state's mainframe computer to a microcomputer-based file server/local area network system. This recommendation does not increase the amount recommended by the Governor in funding from the State Water Plan.
5. The Subcommittee asked the agency to formulate a plan which would allow for the establishment of a fund for the purchase of new and replacement equipment at the Board of Agriculture laboratory. Much of the equipment at the laboratory is in need of replacement. In addition, new requirements for equipment are sometimes imposed on the division. For example, the agency will have to purchase antibiotic/drug residue testing equipment at a cost of \$35,000. Without the purchase of the equipment, the laboratory could potentially lose its certification to test milk. If that were to happen, milk tested at the laboratory could not be shipped out of the state of Kansas. With no fund presently dedicated to equipment replacement, the funding will have to shifted from funds needed for other operating expenditures.

The agency developed a tentative proposal involving increases in fees collected by the Divisions of Inspections and Plant Health. These two divisions generate the bulk of the testing and analysis performed by the Laboratory. The agency is also exploring the possibility of utilizing the Master Lease Purchase Program through the Kansas Development Finance Authority (KDFA). The agency could then repay the items financed through the receipts from the increased fees. The Subcommittee is generally supportive of the proposal, which would require legislation to allow the agency to increase the fees. Before proposing the introduction of such legislation, the Subcommittee requests that the Senate Subcommittee considering the agency's budget study the proposal further.

#### **House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

#### **House Committee of the Whole Recommendation**

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

<u>Expenditure Summary</u>	<u>House Adj. FY 95</u>	<u>House Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 9,277,493	\$ --
Eco. Dev. Initiatives Fund	--	321,707	45,000
Agency Fee Funds	--	3,048,450	175,100
Grain Commission Funds	--	2,876,826	--
Fed. Meat and Poultry Fund	--	1,573,069	--
Other Federal Funds	--	1,096,338	--
Oil Overcharge Funds	--	--	--
Water Plan Fund	--	1,047,718	--
Other Funds	--	575,357	--
Subtotal-State Operations	\$ --	\$ 19,816,958	\$ 220,100
Local Aid:			
Grain Commission Funds	\$ --	\$ 750	\$ --
Oil Overcharge Funds	--	--	--
Federal Funds	--	80,000	--
Subtotal-Local Aid	\$ --	\$ 80,750	\$ --
Subtotal-Operating	\$ --	\$ 19,897,708	\$ 220,100
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
 TOTAL	 \$ --	 \$ 19,897,708	 \$ 220,100
 FTE Positions	 --	 325.5	 326.5

### Senate Subcommittee Recommendation

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

1. The Subcommittee recommends the introduction of legislation which would allow the agency to adopt new fees and increase certain other fees collected by the Division of Water Resources. These fees would be utilized for the following items in FY 1995:
  - \$65,000 for the addition of 1.0 FTE Environmental Scientist I position and 1.0 special projects Environmental Scientist position. The FTE position would serve primarily as an Ombudsman to respond to inquiries from people who have filed new permit or change applications. According to the agency, as the backlog continues, more and more applicants telephone and write concerning the status of their applications. The agency indicated that an average of 20-30 minutes per environmental scientist is spent each day responding to inquiries. The Ombudsman would have to have the technical expertise to respond to inquiries and for that reason, an Environmental Scientist I position is recommended. In addition, the agency lost a position in the Garden City field office due to a retirement. The position was not

restored by the Governor. The Garden City and Stafford field offices generate approximately 40 percent of the permit application work. For this reason, the subcommittee recommends the addition of 1.0 special projects Environmental Scientist I for the Garden City field office.

- \$110,000 for overtime as explained in the FY 1994 Subcommittee Report.

The fees recommended for increase by the agency were reviewed by the Subcommittee. As noted in the chart below, many of the fees have not been adjusted since FY 1986. The Subcommittee made slight adjustments to the fee increases suggested by the agency. In addition, at the agency's suggestion, the Subcommittee recommends that the introduced legislation include a sunset provision eliminating the increases at the end of seven years, subject to review. The Subcommittee's recommendation for fee increases is set out below:

Existing Fees	Date of Last Increase	Projected Number	Current Fee	Rev. Proj. FY 95	Proposed Increase	Proposed Fee	Proj. Add'l Rev. FY 95
Permit to Appropriate Water	FY 1986	580	\$100 and up	\$72,500	\$50 and up	\$150 and up	\$36,250
Temporary Permit	FY 1986	510	100	51,000	0	100	0
Change in Pt. of Diversion (less than 300 ft.)	FY 1991	260	50	13,000	50	100	13,000
Change in Pt. of Diversion (more than 300 ft.)	FY 1991	60	100	6,000	100	200	6,000
Change in Place of Use	FY 1991	310	100	31,000	50	150	15,500
Change in Use Made of Water	FY 1991	20	150	3,000	100	250	2,000
Change in any Two of Above	FY 1991	45	150	6,750	100	250	4,500
Change in any Three of Above	FY 1991	7	250	1,750	50	300	350
Field Inspection Fees	FY 1986	220	200	44,000	100	300	22,000
Extension Request	FY 1991	500	50	25,000	100	150	25,000
Reinstatement of Permit	FY 1991	7	100	700	0	100	0
				\$254,700			\$124,600
Proposed New Fees							
Ownerships	N/A	900	N/A	N/A	50	50	\$45,000
Extensions for Changes	N/A	150	N/A	N/A	100	100	15,000
Determination of Interests in Water Rights (Estates)	N/A	25	N/A	N/A	50	50	1,250
Water Rights Abstract Official Response	N/A	100	N/A	N/A	50	50	5,000
Water Rights Conserv. Prog. Enrollment	N/A	50	N/A	N/A	50	50	2,500
							\$68,750
Total Projected Receipts							\$193,350

6-7

Should the legislation be enacted, the Subcommittee recommends the agency develop specific performance measures related to the reduction of the permit backlog. The Subcommittee's expectation is that the agency reach a goal of reducing the average time needed to process an application to three months within a reasonable time. The Subcommittee would recommend that the Subcommittee reviewing the agency's budget during the 1995 Legislative Session review the performance measures established by the agency and monitor the agency's progress. The problems regarding the backlog in the applications process are not matters of concern only to rural areas. Municipalities and all users of water are negatively impacted by the current 12- to 14-month delay in the processing of applications.

2. As requested by the House Subcommittee, the Senate Subcommittee reviewed a proposal to raise certain fees, the proceeds of which would be dedicated to a Laboratory Equipment Fund. The Senate Subcommittee recommends, as a result of its review, the introduction of legislation to increase certain fees collected by the Divisions of Inspections and Plant Health. In addition, the agency has obtained information from the Kansas Development Finance Authority (KDFA) on the Master Lease Purchase Program. According to that information, the agency could obtain \$215,000 through KDFA which would be repaid in five annual installments of \$49,500 each, or \$135,000 which would be repaid in three annual installments of \$49,000 each. The agency's FY 1995 request for replacement laboratory equipment was \$271,000. The Subcommittee supports the efforts of the agency to replace the equipment and recommends that the agency be given the authority to seek KDFA financing for the purchase. The Subcommittee would recommend that consideration be given to placing a five-year sunset on the recommended fee increases. The fees recommended for increase are set out below, along with information concerning the current fees, the date they were last changed, and the projected revenue to the proposed new fund:



	<u>Date of Last Increase</u>	<u>Fee Ceiling</u>	<u>Current Rate</u>	<u>Per Unit</u>	<u>Proj. Number of Units</u>	<u>Current Rev. Proj. FY 95</u>	<u>Proposed Rate Increase</u>	<u>Revenue to Lab. Fund</u>
<b>Division of Inspections</b>								
<b>Dairy Fees</b>								
Manf. Grade Producer	1990	Max.	0.01	100 lb.	500,000	\$5,000	0.001	\$500
Raw Milk/Manf.	1990	Max.	0.0075	100 lb.	2,800,000	21,000	0.0006	1,680
Product Tax Qtrly.	1982	Max.	0.001	GAL	19,000,000	19,000	0.0001	1,900
<b>Grade A Milk Fees</b>								
Grade A Producers	1982	Max.	0.01	100 lb.	9,800,000	98,000	0.001	9,800
Grade A Out of State	1990	Max.	0.01	100 lb.	3,400,000	34,000	0.001	3,400
Milk Grade A Product	1982	Max.	0.01	100 lb.	3,200,000	32,000	0.001	3,200
<b>Subtotal - Dairy Program</b>								20,480
<b>Feeding Stuffs Fees</b>								
Feed Stuff Ton./July	1983	Max.	0.1	Ton	1,522,500	152,250	0.005	--
Feed Stuff Ton./Jan.	1983	Max.	0.1	Ton	1,571,580	157,158	0.005	7,858
Feed Stuff Audits	1983	Max.	0.1	Ton	100,000	10,000	0.005	--
Feed Stuff Minimum	1983	Max.	15	Each	1,300	19,500	0	--
<b>Livestock Remedies</b>								
Livestock Rem. Reg.	1982	Max.	10	Reg.	1,900	19,000	2	3,800
<b>TOTAL - Div. of Inspections</b>								32,138
<b>Division of Plant Health</b>								
<b>Chemigation Fees</b>								
Chemigation Permits	1986	Max.	50	Permit	585	29,250	5	2,770
<b>Pesticide Use</b>								
Business License Applications	1988	Max.	100	License	1,525	152,500	12	17,880
<b>TOTAL - Div. of Plant Health</b>						181,750		20,650
<b>GRAND TOTAL</b>								\$52,788

3. Add \$45,000 from the Economic Development Initiatives Fund (EDIF) for a statewide equine industry survey. In response to requests for statistics on the equine industry in Kansas, the Statistical Services and Support subprogram has been working with the industry to provide data since 1990. According to the agency, it cooperated with the industry's organizational efforts which culminated in the formation of the Kansas Horse Council in May, 1993. The equine industry, working through the Horse Council, requires reliable statistics on the equine industry in Kansas to determine the maximum economic potential of the state's equine industry. According to information provided to the Subcommittee, after cattle, there are more horses in Kansas than any other type of livestock. The industry will be required to contribute \$5,000 toward the total cost of \$50,000 for FY 1995.
4. The Subcommittee notes that the agency requested 1.0 new Economic Development Representative II position to be utilized to continue implementation of a hog market reporting system. The reporting system, on a contractual basis, was previously funded through federal funds. The 1993 Legislature provided funding from the EDIF for FY 1994 to replace the discontinued federal funds. The Governor's recommendation provided \$30,000 in FY 1995 to continue the project on a contractual basis. The Subcommittee notes that, should corporate hog farming legislation be enacted by the 1994 Legislature, the need for the reporting system with an FTE position would be further magnified. The Subcommittee recommends that this issue be revisited during the Omnibus session should the legislation be enacted.
5. The Subcommittee heard testimony from the agency regarding its concerns in meeting the shrinkage rate imposed on the agency by the Governor's recommendation. This concern is compounded by the provisions of H.B. 2211. For FY 1994, the approved shrinkage rate for the agency was 4.25 percent. This percentage translated into \$551,271 the agency was required to save to meet its target shrinkage rate. This is equivalent to holding 15.5 FTE positions, at an average salary of \$35,500, vacant for an entire year. In addition, the agency to date has lost \$66,770 due to retirements. This has the overall effect of increasing the agency's shrinkage rate an additional 0.51 percent to a total of 4.76 percent. According to the agency, this is the equivalent of holding 17.4 FTE positions, at an average salary of \$35,500, vacant for an entire year.

For the first six months of FY 1994, the agency has managed to save \$302,596 of the \$618,041 it will be required to save. Several short term factors have enabled the agency to achieve that level of savings. The position of Secretary of Agriculture was vacant for two months, and at the Division of Laboratories, several positions were held vacant pending position reclassification requests to the Division of Personnel Services. The Secretary's position has been filled and the reclassification requests have been approved. The agency is projecting total FY 1994 savings of \$599,886, which is \$18,155 short of the amount needed.

For FY 1995, the situation appears even more difficult. The Governor's shrinkage recommendation totals \$632,683 (4.75 percent). In addition, several position reclassification requests, which have been approved by the Division of Personnel Services, have not been funded. This adds an additional \$27,444 to the amount the agency will need to save in FY 1995, for a total of \$660,127. This amount is

equivalent to holding 18.6 FTE positions vacant all year. This does not take into account many other factors including losing other funding due to additional retirements.

The Subcommittee is well aware that this problem is not limited to the Board of Agriculture, and while no recommendation is made for additional funding to address this problem, the Subcommittee would suggest that artificially established shrinkage rates, compounded by the provisions of H.B. 2211, will soon begin to have a seriously detrimental impact on the ability of many agencies to complete the functions and duties imposed on them. It might be appropriate to consider an evaluation of the effects of H.B. 2211 on a statewide basis at some point in the very near future.



---

Senator Stephen R. Morris  
Subcommittee Chair



---

Senator Marge Petty

# SUBCOMMITTEE REPORT

**Agency:** Board of Tax Appeals

**Bill No.** --

**Bill Sec.** --

**Analyst:** West

**Analysis Pg. No.** 132

**Budget Page No.** 564

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

## Agency Estimate/Governor's Recommendation

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

## House Subcommittee Recommendation

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

## House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

## House Committee of the Whole Recommendation

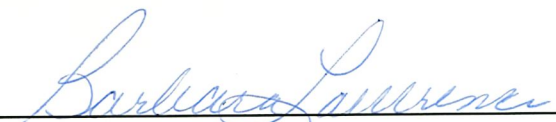
The House Committee of the Whole concurs with the recommendation of the Committee.

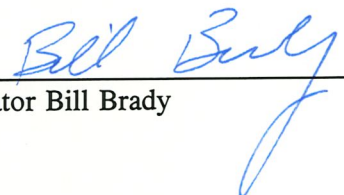
<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 94</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 1,664,001	\$ --
Other Funds	--	20,000	--
<b>TOTAL</b>	<u><u>\$ --</u></u>	<u><u>\$ 1,684,001</u></u>	<u><u>\$ --</u></u>
FTE Positions	--	36.0	--

SWAM  
March 15, 1994  
Attachment 5

**Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the recommendation of the House.

  
\_\_\_\_\_  
Senator Barbara Lawrence  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Bill Brady

## SUBCOMMITTEE REPORT

**Agency:** Board of Tax Appeals

**Bill No.** 2731

**Bill Sec.** 2

**Analyst:** West

**Analysis Pg. No.** 132

**Budget Page No.** 564

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

### Agency Estimate/Governor's Recommendation

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

### House Subcommittee Recommendation

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

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

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

### House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

### House Committee of the Whole Recommendation

Concurs with the recommendations of the Committee.

<u>Expenditure Summary</u>	<u>House Adj.</u>	<u>House Rec. FY 95</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 1,700,904	\$ --
Other Funds	--	17,000	--
TOTAL	<u>\$ --</u>	<u>\$ 1,717,904</u>	<u>\$ --</u>
FTE Positions	--	36.0	--

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.

  
\_\_\_\_\_  
Senator Barbara Lawrence  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Bill Brady



# SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 2752

Bill Sec. 6

Analyst: West

Analysis Pg. No. 105

Budget Page No. 496

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

## Agency Estimate/Governor's Recommendation

**1. State Operations.** The agency's estimate of current year state operation expenditures of \$55,405,722 is a net increase of \$240,517 from the approved budget. State General fund expenditures are estimated to be \$28,165,229, a reduction of \$69 from the approved amount. Expenditures from federal and special revenue funds are increased by \$240,586, with the major increases associated with the State Bingo Regulation Fund (\$129,453) and the Central Stores Fund (\$79,880). The agency requests an expenditure limitation increase of \$303,822 (from \$15,710,390 to \$16,014,212) on the Salaries and Wages account of the Division of Vehicles (DOV) Operating Fund.

The Governor's current year recommendation of \$55,001,806 is a reduction of \$403,966 from the agency's estimate. Recommended State General Fund financing of \$28,046,625 reflects decreases totaling \$118,604 from the agency's estimates for salaries (\$97,854) and other operating expenses (\$20,750). Recommended expenditures from the DOV Operating Fund total \$25,840,373, a reduction of \$208,368 from the agency's estimate. The Governor recommends no expenditures from the Central Stores Fund. The Governor recommends expenditure elimination increases of \$7,000 (from \$96,505 to \$103,505) on the Setoff Services Revenue Fund and of \$194,012 (from \$15,710,390 to \$15,904,402) on the Salaries and Wages account of the DOV Operating Fund.

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

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

SWAM  
March 15, 1994  
Attachment 6

### House Subcommittee Recommendation

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

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

### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

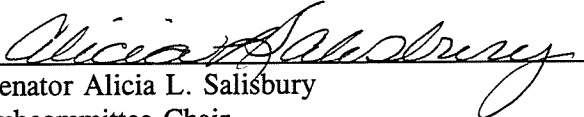
### House Committee of the Whole Recommendation


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

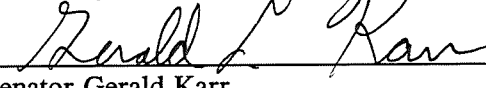
<u>Expenditure Summary</u>	<u>House Adj. FY 94</u>	<u>House Rec. FY 94</u>	<u>Senate Sub. Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 55,001,806	\$ --
Aid and Assistance	--	12,720,000	--
Total	<u>\$ --</u>	<u>\$ 67,721,806</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ --	\$ 28,046,625	\$ --
Aid and Assistance	--	--	--
Total	<u>\$ --</u>	<u>\$ 28,046,625</u>	<u>\$ --</u>
FTE Positions	--	1,256.5	--

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House.

  
\_\_\_\_\_  
Senator Alicia L. Salisbury  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Stephen R. Morris

  
\_\_\_\_\_  
Senator Gerald Karr

# SUBCOMMITTEE REPORT

Agency: Department of Revenue

Bill No. 2731

Bill Sec. 3

Analyst: West

Analysis Pg. No. 105

Budget Page No. 496

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

## Agency Request/Governor's Recommendation

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

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

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

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

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

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

### **House Subcommittee Recommendation**

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

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

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

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

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

#### House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

#### House Committee of the Whole Recommendation

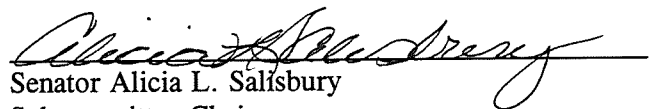
The House Committee of the Whole concurs with the recommendations of the Committee.


Expenditure Summary	House Adj. FY 95	House Rec. FY 95	Senate Sub. Adjustments
All Funds:			
State Operations	\$ --	\$ 28,649,480	\$ --
Aid and Assistance	--	--	--
Total	\$ --	\$ 28,649,480	\$ --
State General Fund:			
State Operations	\$ (385,881)	\$ 29,035,361	\$ --
Aid and Assistance	--	--	--
Total	\$ (385,881)	\$ 29,035,361	\$ --
FTE Positions	--	1,259.0	--

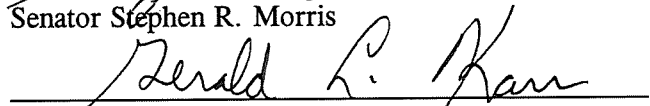
## Senate Subcommittee Recommendation

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

1. The Subcommittee notes that the Legislative Division of Post Audit's report on the Computer Assisted Mass Appraisal (CAMA) system is scheduled for completion on March 17 and recommends that any findings or recommendations resulting from that report be considered during review for the Omnibus bill.
2. As requested by the House Subcommittee, the Senate Subcommittee has reviewed the status of the military retirement issue. The Subcommittee has learned that the agency has adequate resources to continue the current level of litigation. Should payments be required due to settlement of the case, court order, or passage of legislation, the agency reports that a supplemental appropriation may be required for administrative costs which cannot be absorbed internally.
3. The Subcommittee notes that the Division of Property Valuation has shifted its focus toward the provision of assistance to the counties in lieu of enforcement activities. The Subcommittee has been informed that the agency may be reviewing its compliance criteria in order to determine if some requirements should be relaxed or eliminated.
4. The Subcommittee has reviewed the status of the integrated tax system project authorized by the passage of 1993 S.B. 415. The Subcommittee has learned that the agency anticipates issuance of the request for proposals for the system by the beginning of FY 1995. The Subcommittee notes that the statute governing system acquisition (K.S.A. 75-5147) requires that the Joint Committee on Computers and Telecommunications review the request for proposals prior to distribution. As a technical adjustment, the Subcommittee recommends the appropriation of the Automated Tax System Fund with no limit on expenditures.
5. The Subcommittee has reviewed the agency's recommended FY 1995 budget in terms of the goals and objectives outlined in the agency's strategic plan. The Subcommittee notes that the agency is continuing the effort of refining its mission and objectives and that the agency is committed to performance based budgeting.

  
Senator Alicia L. Salisbury  
Subcommittee Chair

  
Senator Stephen R. Morris

  
Senator Gerald Karr

**SENATE SUBCOMMITTEE RECOMMENDATIONS**

Kansas Lottery  
H.B. 2752; H.B. 2731

A handwritten signature in blue ink, appearing to read "Dave Kerr", written over a horizontal line.

Senator Dave Kerr, Chairperson

A handwritten signature in blue ink, appearing to read "Marge Petty", written over a horizontal line.

Senator Marge Petty

SWAM  
March 15, 1994  
Attachment 7

## SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 2752

Bill Sec. 7

Analyst: Efird

Analysis Pg. No. 121

Budget Page No. 454

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

### Agency Estimate/Governor's Recommendation

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

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

### House Subcommittee Recommendation

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

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



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

### House Committee Recommendation

The House Committee concurs.

<u>Expenditure Summary</u>	<u>House Rec. FY 94</u>	<u>Senate Sub. Adjustments</u>	<u>Senate Sub. Rec. FY 94</u>
All Funds:			
State Operations	\$ 16,446,445	\$ --	\$ 16,446,445
Prizes & Retailer Commissions	<u>76,278,600</u>	<u>--</u>	<u>76,278,600</u>
Total -- Operating	<u>\$ 92,725,045</u>	<u>\$ --</u>	<u>\$ 92,725,045</u>
 FTE Positions	 98.0	 --	 98.0
 Gaming Revenue Fund Transfers	 \$ 44,063,000	 \$ --	 \$ 44,063,000

### Senate Subcommittee Recommendation

The Subcommittee concurs with the House recommendation for FY 1994.

## SUBCOMMITTEE REPORT

Agency: Kansas Lottery

Bill No. 2731

Bill Sec. 4

Analyst: Efird

Analysis Pg. No. 121

Budget Page No. 454

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

### Agency Overview

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

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

### Agency Request/Governor's Recommendation

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

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

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

### **House Subcommittee Recommendation**

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

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

### **Lottery Operating Fund Analysis**

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

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

### House Committee Recommendation

The Committee concurs and adds the following recommendation:

1. Urge the Kansas Lottery to renegotiate its contract with G-Tech Corporation and attempt to lower the percentage commission paid for on-line services.

Expenditure Summary	House Rec. FY 95	Senate Sub. Adjustments	Senate Sub. Rec. FY 95
All Funds:			
State Operations	\$ 16,740,467	\$ --	\$ 16,740,467
Prizes & Retailer Commissions	<u>71,378,130</u>	<u>500,000</u>	<u>71,878,130</u>
Total -- Operating	<u>\$ 88,118,597</u>	<u>\$ 500,000</u>	<u>\$ 88,618,597</u>
FTE Positions	98.0	--	98.0
Gaming Revenue Fund Transfers	\$ 38,746,153	\$ (500,000)	\$ 38,246,153

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendations, except for the following items for FY 1995:

1. Assume an FY 1995 ending balance of \$4,818,130 and reduce that estimate by reallocating \$1,818,130 (the amount identified by the House). The Senate Subcommittee recommendation differs only in adjusting the dollar amounts for the two purposes proposed by the House for using the additional funding. The Senate Subcommittee recommends the following: first, by transferring \$500,000 to the State

Gaming Revenues Fund (\$250,000 on October 31, 1994, and \$250,000 on March 31, 1995) and second, by shifting the remaining \$1,318,130 to the Prize Fund for enhanced payouts to instant ticket winners. The Subcommittee directs the Lottery to present a report next Session to demonstrate the impact of paying additional prizes on the sales of instant tickets.

2. Recommend that the Lottery undertake a security audit as recommended by the Legislative Post Audit Financial and Compliance Audit Report of January 1994. The audit found that the Lottery's on-line game vendor, G-Tech Corporation, had not been subject to a recent independent review of its control procedures since 1990. The Subcommittee understands that the current Director intends to have an external firm conduct a security audit at least once every three years, and that the agency has initiated the process to solicit a firm to conduct a security audit within the next several months as recommended in the Post Audit report.
3. Note the concern expressed by the House report on the contract with G-Tech Corporation as the provider of on-line services for lottery games and add the following comments and recommendations about this matter. The Senate Subcommittee heard information about the proposed new instant ticket validation system for paying prizes and believes that this opportunity may present the Lottery with a means of renegotiating the G-Tech contract regarding the percent paid for services since G-Tech is one of the potential providers for the validation system. The Subcommittee does not endorse the use of G-Tech as the vendor, but is recommending that the possibility be explored as an option for obtaining more favorable contract provisions, especially in regard to the percent commission scheduled to be paid through June 30, 1997.

The Senate Subcommittee would like to express concern about the lack of documentation about the 1990-91 negotiations to amend the G-Tech contract in adding Club Keno. The Subcommittee expects future negotiations to be well documented and the reasons for final contractual amounts and percent commissions to be recorded for future reports. The Subcommittee understands that a former Lottery Director undertook sole negotiations and that the Director only sought the concurrence of the Procurement Negotiating Committee (which is authorized by statute) when the final stages of negotiations had been reached in June 1992.

## SUBCOMMITTEE REPORT

**Agency:** Kansas Inc.

**Bill No.** 2752

**Bill Sec.** 10

**Analyst:** West

**Analysis Pg. No.** 157

**Budget Page No.** 382

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

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

### Agency Estimate/Governor's Recommendation

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

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

### House Subcommittee Recommendation

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

### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

### House Committee of the Whole Recommendation

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


SWAM  
March 15, 1994  
Attachment 8

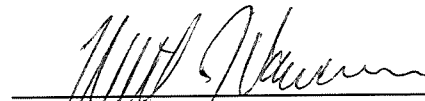
Expenditure Summary	House Adj. FY 94	House Rec. FY 94	Senate Subcommittee Adjustments
State Operations:			
All Funds	\$ --	\$ 436,200	\$ --
State General Fund	--	187,319	--
Eco. Development Initiatives Fund	--	104,935	--
EPSCoR:			
Eco. Development Initiatives Fund	\$ --	\$ 1,500,000	\$ --
FTE Positions*	--	--	--

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

#### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House.

  
\_\_\_\_\_  
Senator August Bogina, Jr.  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Robert Vancrum

# SUBCOMMITTEE REPORT

Agency: Kansas Inc.

Bill No. 2731

Bill Sec. 8

Analyst: West

Analysis Pg. No. 157

Budget Page No. 382

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

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

## Agency Request/Governor's Recommendation

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

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

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

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



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

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

#### **House Subcommittee Recommendation**

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

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

#### **House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

#### **House Committee of the Whole Recommendation**

The House Committee of the Whole concurs with the recommendation of the Committee, with the following adjustment:

1. Pending H.B.2557 becoming law, delete the \$100,000 added by the Subcommittee.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 95</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ (2,188)	\$ 437,267	\$ 9,837
State General Fund	--	176,080	--
Economic Development Initiatives Fund	--	116,889	6,591
EPSCoR:			
Economic Development Initiatives Fund	\$ --	\$ 2,000,000	\$ (2,000,000)
FTE Positions*	--	--	--

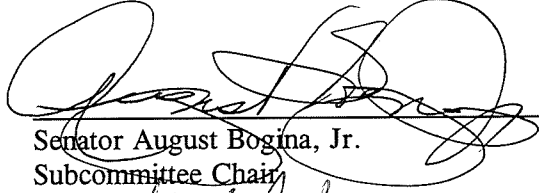
\* Kansas Inc. is not subject to a position limitation. For FY 1995, the agency requests and the Governor recommends increased funding to support 5.0 positions, an increase of 0.5 FTE from the current year.

#### Senate Subcommittee Recommendation

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

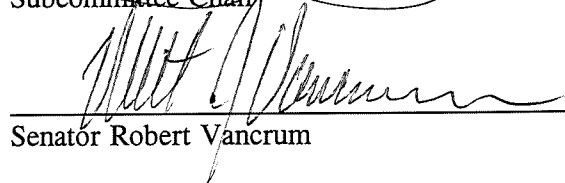
1. Delete \$2,000,000 from the EDIF and transfer the Experimental Program to Stimulate Competitive Research (EPSCoR) from Kansas, Inc. to KTEC. (The KTEC budget reflects an increase of \$2,000,000). The Subcommittee concurs with the House that EPSCoR fits the mission of KTEC better than the mission of Kansas, Inc. and that EPSCoR should be shifted; however, the Senate Subcommittee recommends that the program be transferred in FY 1995. According to the two agencies, this change could be accomplished for FY 1995; therefore, there is no reason to wait until FY 1996, as recommended by the House.
2. Add \$6,591 from the EDIF to permit the agency a 2.5 percent increase in state financing over FY 1995. It is the intent of the Subcommittee that this additional funding be used to support the agency's research projects. Due to the statutory private sector matching requirements for this agency, the additional EDIF financing will require the agency to raise an additional \$3,246 in private funding. The Subcommittee notes that all of the agency's private sector funding is utilized for economic development research and educational opportunities.
3. The Subcommittee recommends that Kansas, Inc., KTEC, and the Department of Commerce and Housing pool their expertise in order to develop common definitions and variables for reliable outcomes based performance measures.
4. The Subcommittee notes that several bills are pending which could have a fiscal impact on the agency. These bills and their fiscal notes include: S.B. 639 -- Workforce Survey (\$300,000); H.B. 2556 -- Evaluation of Cost Effectiveness of

Economic Development Tax Incentives (\$12,500); and H.B. 2557 -- Cost Benefit Model for Economic Development Tax Exemptions (\$100,000). The Subcommittee recommends that should these or any other bills impacting the agency become law funding should be considered in the Omnibus bill.



---

Senator August Bogina, Jr.  
Subcommittee Chair



---

Senator Robert Vancrum

## SUBCOMMITTEE REPORT

**Agency:** Kansas Technology Enterprise Corp. **Bill No.** 2731

**Bill Sec.** 9

**Analyst:** Duffy

**Analysis Pg. No.** 161

**Budget Page No.** 412

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

### Agency Request/Governor's Recommendation

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

### House Subcommittee Recommendation

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

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

1. Add \$379,782 from the EDIF for the innovations and commercialization corporations for a total of \$900,000. This would provide approximately \$300,000 to each of the three commercialization centers in FY 1995: Lawrence Innovation Center; Mid-America Commercialization Corporation (Manhattan); and Wichita Innovation Center.

SWAM  
March 15, 1994  
Attachment 9

2. Add \$25,000 from the EDIF to the Small Business Innovation Research (SBIR) Grants program for a total of \$50,000. The agency requests \$100,000 and the Governor recommends \$25,000. This was an early KTEC program, begun in FY 1988, with the purpose of assisting small Kansas companies in submitting SBIR grant proposals to various federal agencies. For the last three fiscal years, grant funding has totaled \$25,000, annually. In the current year, in addition to the \$25,000 for grants, KTEC used \$25,000 from the KTEC special revenue fund to contract with the Institute for Public Policy and Business Research (IPPBR) to recommend strategies to improve Kansas' record in obtaining SBIR awards. The formal report is due to KTEC on March 11; however, based on preliminary comments the Subcommittee believes that the IPPBR recommendations will result in increased demands in this program.
3. Delete \$25,000 from the EDIF for ITEC (Intellectual Technology Enterprise Corporation) for total funding of \$95,000 for this program in FY 1995. The agency requests and the Governor recommends \$120,000. ITEC, a KTEC subsidiary, assists Kansas inventors. ITEC has received the following funding: FY 1990 (\$75,910); FY 1991 (\$115,955); FY 1992 (\$50,000); FY 1993 (\$80,000); and FY 1994 (\$50,000). Also, the Subcommittee directs KTEC and ITEC to examine the idea of dissolving ITEC as a separate corporation and placing it under KTEC as a separate program. The Subcommittee believes that the KTEC Board needs to provide closer scrutiny of ITEC operations and this organizational change would result in better management of the ITEC program.
4. The Subcommittee is of the opinion that the Experimental Program to Stimulate Competitive Research (EPSCoR) fits the mission of KTEC better than the mission of Kansas, Inc. Due to the contractual arrangements for administering the current EPSCoR grant, however, the Subcommittee recommends that the transfer of the program to KTEC not occur until FY 1996. The Subcommittee recommends that the staff of Kansas, Inc. and KTEC work together and present the 1995 Legislature with a plan which would facilitate the seamless transfer of the program between the two agencies.
5. The Subcommittee notes that KTEC has invested \$150,000 (\$50,000 from special project funds in FY 1993, 1994, 1995) to contract with the Institute for Public Policy and Business Research to develop a methodology which would allow the State to calculate the return it receives from its investments through KTEC. It appears that the Return on Public Investment (ROPI) project is coming along quite well, and, there may be opportunities to market the ROPI software to other economic development agencies.

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

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

### House Committee Recommendation

The House Committee concurs.

### House Committee of the Whole Recommendation

The House Committee of the Whole concurs.

Expenditure	House Adjustments	House Rec. FY 95	Senate Subc. Adjustments
All Funds:			
State Operations	\$ --	\$ 3,695,823	\$ --
Other Assistance	379,782	10,843,673	2,000,000
<b>TOTAL</b>	<b>\$ 379,782</b>	<b>\$ 14,539,496</b>	<b>\$ 2,000,000</b>
EDIF:			
State Operations	\$ --	\$ 2,195,823	\$ --
Other Assistance	379,782	9,322,392	2,000,000
<b>TOTAL</b>	<b>\$ 379,782</b>	<b>\$ 11,518,215</b>	<b>\$ 2,000,000</b>
FTE Positions	--	11.0	--

## Senate Subcommittee Recommendation


**FY 1994.** The Senate Subcommittee concurs.

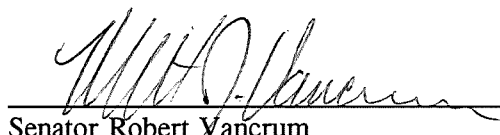
**FY 1995.** The Senate Subcommittee concurs with the recommendations of the House with the following adjustments:

1. Add \$25,000 from the EDIF for the Small Business Innovation Research (SBIR) grants program for a total of \$75,000. The Subcommittee understands that based on the preliminary results of a study conducted by the Institute for Public Policy and Business Research, KTEC believes that the recommended strategies including additional investment would improve the record of Kansas' businesses in securing grants from federal agencies. Phase I federal awards, for feasibility research, are normally up to \$50,000. Phase II awards of up to \$750,000 are used for product development.
2. Delete \$25,000 from the EDIF for the telecommunications grant program for a total of \$100,000. The estimated amount in FY 1994 is \$125,000. Since FY 1990, KTEC has expended \$345,571 in grants to encourage a state-of-the art telecommunications system throughout Kansas. KTEC has provided funding to establish two-way interactive (compressed) video sites at the following locations: Southeast Kansas Education Service Center, Greenbush; University of Kansas Medical Center, Kansas City; Western Area Health Education Service Center, Hays; Advanced Manufacturing Institute, Manhattan; Kansas College of Technology, Salina; High Southwest Plains Network; Hutchinson Community College; and Wichita State University. Given the increasing number of public as well as private interactive video sites, the Subcommittee is concerned about the apparent lack of coordination. The Subcommittee notes that Senate Ways and Means Committee passed S.B. 420 which permits KUMC to establish a telemedicine communications system. In addition, S.B. 655, would codify certain recommendations from the Governor's Reinventing Kansas Government study including establishing the Kansas Information Resources Council (KIRC), creating the position of Chief Information Architect; and implementing new procedures for supervising the state's planning for and use of information resources.
3. Add \$2,000,000 from the EDIF and transfer the Experimental Program to Stimulate Competitive Research (EPSCoR) from Kansas, Inc. to KTEC. (The Kansas, Inc. budget reflects a reduction of \$2,000,000). The Subcommittee concurs with the House that EPSCoR fits the mission of KTEC better than the mission of Kansas, Inc. and that EPSCoR should be shifted; however, the Senate Subcommittee recommends that the program be transferred in FY 1995. According to the two agencies, this change could be accomplished for FY 1995; therefore, there is no reason to wait until FY 1996, as recommended by the House.
4. The Subcommittee understands that KTEC is considering dissolving the Innovation Technology Enterprise Corporation (ITEC) as a separate corporation and merging this program with the SBIR program to create a program that would be more responsive to the needs of small businesses and entrepreneurs; and, would also maximize KTEC's resources. The Subcommittee encourages KTEC to continue to evaluate existing programs based on program results and future state economic development strategies.

5. The Subcommittee learned that KTEC, Kansas, Inc. and the Kansas Department of Commerce and Housing are intending to create a task force to address the need to identify benchmarks by which to measure the "outcomes" of economic development activities. The Subcommittee notes that the Return on Public Investment (ROPI) project funded by KTEC is a very good first step in creating a process to monitor the outcomes of economic development activities. The Subcommittee believes that outcome measures are very important and directs KTEC to report the recommendations of the Task Force to the 1995 Legislature.

Expenditures by Program	Estimate FY 94	Request FY 95	Gov. Rec. FY 95	House Rec. FY 95	Senate Sub. Rec. FY 95
KTEC -- Administration <sup>1</sup>	\$ 764,736	\$ 889,683	\$ 887,936	\$ 887,936	\$ 887,936
Industrial Liaison Offices	300,000	300,000	300,000	300,000	300,000
Centers of Excellence	4,392,333	4,500,000	4,267,386	4,267,386	4,267,386
Applied Research Match. Grant Fund	1,259,613	1,800,000	1,259,613	1,259,613	1,259,613
Ad Astra I and II	1,500,000	4,000,000	1,500,000	1,500,000	1,500,000
Commercialization Centers	500,000	1,000,000	520,218	900,000	900,000
Research Equipment Grants	0	1,000,000	0	0	0
Training Equipment Grants	150,000	150,000	150,000	150,000	150,000
Innovation Research Grants	50,000	100,000	25,000	50,000	75,000
Telecommunications	125,000	250,000	125,000	125,000	100,000
EPSCoR	--	--	--	--	2,000,000
ITEC	50,000	120,000	120,000	95,000	95,000
Special Projects	173,000	253,000	103,000	103,000	103,000
KVAC	875,048	1,228,982	880,281	880,281	880,281
MAMTC	5,573,967	4,021,280	4,021,280	4,021,280	4,021,280
<b>TOTAL</b>	<b><u>\$15,713,697</u></b>	<b><u>\$19,612,945</u></b>	<b><u>\$14,159,714</u></b>	<b><u>\$14,539,496</u></b>	<b><u>\$ 16,539,496</u></b>
<b>Financing:</b>					
EDIF	\$11,104,730	\$16,591,665	\$11,138,434	\$11,518,216	\$ 13,518,216
State General Fund	0	0	0	0	0
Federal MAMTC	4,583,967	3,021,280	3,021,280	3,021,280	3,021,280
KTEC Special Revenue Fund	25,000	0	0	0	0
<b>TOTAL</b>	<b><u>\$15,713,697</u></b>	<b><u>\$19,612,945</u></b>	<b><u>\$14,159,714</u></b>	<b><u>\$14,539,496</u></b>	<b><u>\$ 16,539,496</u></b>

  
 Senator August Bogina, Jr.  
 Chair

  
 Senator Robert Vancrum