

Approved: May 9, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on March 15, 2012, in 548-S of the Capitol.

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Conferees:

Linda Browning-Weis, Kansas Arts Commission
Mark Dugan, Office of the Lieutenant Governor
Kari Bruffet, Division of Health Care Finance, Kansas Department of Health and Environment

Others attending:

See attached list

Possible final action on HB 2706—Appraisal prior to purchase or disposition of real property by state or agency, appointment of appraiser

HB 2706 was originally heard on March 13, at which time concerns were raised concerning the language. Senator Vratil distributed a balloon amendment (Attachment 1) addressing appraisals for purposes of property disposition.

Senator Vratil moved to amend HB 2706 as reflected in the balloon amendment distributed and discussed; Senator Teichman seconded the motion, which passed on a voice vote.

Senator Vratil moved to recommend HB 2706, as amended, favorably for passage; Senator Kelly seconded the motion, which carried on a voice vote.

Hearing on SB 449—Appropriations for FY2012, FY2013 & FY2014 for capital improvements for various state agencies

Audrey Dunkel reviewed the additions, corrections and revisions for capital improvements that have been made to date through approval of Subcommittee Reports for fiscal years 2012, 2013, and 2014 capital improvements.

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There were no conferees; Chairperson McGinn closed the hearing on **SB 449**

Hearing on **SB 433--Appropriations for FY 2012, FY 2013, FY2014 and FY2015 for various state agencies;**

Chairperson McGinn opened the hearing on **SB 433**.

Senator Vratil moved to insert the contents of SB 449 into SB 433; Senator Emler seconded the motion, which passed on a voice vote.

For the meeting today, Kansas Department of Legislative Resources prepared various resource tools to be used by committee members during discussions. (Attachment 2)

Discussion was heard concerning the Children's Cabinet recommendation for the Parents as Teachers and the Pre-K Pilot education programs.

Mark Dugan, Office of the Lieutenant Governor, and Kari Bruffet, Division of Health Care Finance, Department of Health and Environment, were present to discuss the Governor's Budget Amendment (GBA) #3 (no written testimony). Mr. Dugan indicated the adjustments were two-fold and addressed concerns expressed in Subcommittee meetings: 1) a commitment of additional resources, \$1 million, including \$500,000, from SGF, as a one-time enhancement to provide statewide education prior to the implementation of KanCare, and 2) an additional commitment of resources of \$2.4 million, including \$776,677 from SGF, to update the Medicaid Management Information System (MMIS) in preparation for KanCare. In addition, the Governor accepted the position to allow a stand-alone agency for the Commission on Peace Officers Standards and Training (CPOST)

Questions followed in which Mr. Dugan and Ms. Bruffet responded:

- For the education funds previously discussed, \$500,000 is federally matched.
- For the technical information technology (IT), a federal administrative match is available for the billing system funds. Mr. Dugan indicated a federal APD waiver would yield a 90/10 match for an IT eligibility system; the HP billing system is ineligible for this type of match.
- Ms. Bruffet clarified that the billing system is an existing system, and the update to the system would yield a 68/32 match. Although the administration would seek a 90/10 match, she felt it was unlikely it would be approved.
- The GBA #3 shows \$1.6 million from all funds, there is no fixed price contract; the expenditure is based on claims data. The administration does not believe the expense will exceed \$1.6 million. Part of the expense is based on a cost per claim basis; an update to the system includes building an interface from the Medicaid Management Information

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System (MMIS) to finance. There is no contractual agreement in place until the Legislature approves the proposed expenditure.

- This would be an amendment to an existing contract. While estimates were based on the historical information of number of claims processed, system upgrade expenditures are based on an hourly basis for costs to perform the hardware upgrades.

Senator Kelly moved to accept the Governor's Budget Amendment #3 concerning the CPOST decision to remain a stand-alone agency and to review the other items related to KanCare at Omnibus; Senator Kultala seconded the motion, which carried on a voice vote.

Senator Kelly moved to accept the recommendations as presented for expenditures from the Children's Initiative Fund; Senator Huntington seconded the motion.

During discussion a committee member inquired whether any decisions reached today could be revised during Omnibus; Chairperson McGinn responded affirmatively.

Senator McGinn requested that the Problem Gambling and Addiction Grant Fund (PGAGF) be considered on Friday, March 16, 2012.

Senator Kelly moved to delete the transfer of \$400,000 above the Expanded Lottery Act Revenue Fund and transfer that amount to the State Fair; the motion was seconded by Senator Francisco, which passed on a voice vote.

Susan Duffy, Kansas Legislative Department, reported that the Kansas Department on Aging requested the addition of a fund in order to carry out its responsibilities as a subgrantee of federal monies for a Hospital Preparedness Program Fund authorized by the U. S. Health and Human Services' Hospital Preparedness Program.

The agency will receive a \$75,000 grant from the Kansas Department of Health and Environment. The funds will be used to conduct interactive, evidence-based conferences on disaster preparedness aimed at adult care home administrators. The interagency agreement between the two departments was signed in August of 2011 but was inadvertently omitted from the Department on Aging's revised budget. The agency requests the account for FY 2012 and FY 2013 should be titled "Hospital Preparedness Program" and can be established at "no limit" since the grant is for a specified amount.

Senator Teichman moved to establish a no-limit "Hospital Preparedness Fund" within the Department on Aging for FY 2012 and FY 2013; the motion was seconded by Senator Kelly, which passed on a voice vote.

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Senator Francisco moved to reduce the Expanded Lottery Act Revenue Fund (ELARF) payment for State Fair bonds by \$1,549,014 and then to use that funding for infrastructure projects within the Department of Agriculture; Senator Teichman seconded the motion, which passed on a voice vote.

Senator Kelly moved to reduce the ELARF payment to the State Fair by \$125,000 in FY 2013 and transfer that amount to the Historical Society for capital improvements; the motion was seconded by Senator Francisco, which passed on a voice vote.

Senator McGinn announced a technical amendment is required for the Juvenile Justice Authority (JJA) to include \$870,540 for caseloads, which was included in the Governor's budget but inadvertently omitted from the bill. Senator Kelly moved to include \$870,540 to fund caseloads in the JJA budget for FY 2013; Senator Schodorf seconded the motion, which passed on a voice vote.

Senator Kultala indicated that as a member of the Claims against the State Committee, there were three outstanding warrant requests in the amount of \$8,684.90 that require inclusion in the bill. According to Dylan Dear, Legislative Research Department, when claims are greater than five years old, they must be approved by the Senate Committee on Ways and Means. He clarified that the payments come from the Cancelled Warrants Payment Fund, and therefore, result in no impact on the State General Fund (SGF). Detail on the warrants follows:

- to a pharmacy (two in September 2006 and another from December 1999) in the amount of \$978.06;
- Ace Hardware for \$7,212.50; and
- Payroll check from Kansas University Medical Center (1990) for \$494.34

Senator Kultala moved to include in **SB 433** an expenditure of \$8,684.90 for unpaid claims against the state, which were more than five years old; Senator Emler seconded the motion.

Senator Vratil offered a substitute motion to not pay the cancelled warrants as previously discussed; the motion was seconded by Senator Kelly. The motion failed.

Rita Moore, Director of Unclaimed Property, Kansas Department of the Treasury, was in the audience and was asked to clarify the process (no written testimony). Ms. Moore indicated that the State of Kansas becomes the custodian in perpetuity, which preserves the right of the original owner or other persons to claim the property; however, the warrants previously discussed are an exception.

Senator McGinn returned to the original motion. The motion to include this expenditure in **SB 433** passed.

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Chairperson McGinn suggested that a briefing from staff could be scheduled in late April.

Hearing on **HB 2454--providing a checkoff for the Kansas arts commission checkoff fund**

Daniel Yoza, Office of the Revisor of Statutes, briefed committee members on **HB 2454 (Attachment 3)**, which would create a new individual income tax checkoff program to provide an additional funding source for the Kansas Arts Commission. Beginning in tax year 2013, individual income taxpayers would have the option of donating to the Kansas Arts Commission Checkoff Fund (KACCF).

A committee member questioned the validity of the proposed bill should legislation pass that repeals current state individual income tax law. Mr. Yoza indicated that if a refund should be due, an individual could still donate (by checkoff) to the fund.

Written testimony in support of **HB 2454** was submitted by Speaker Mike O'Neal, Kansas House of Representatives (**Attachment 4**)

Linda Browning-Weis, Chairperson, Kansas Arts Commission, was in the audience (**no written testimony**) and spoke briefly concerning the Commission's fundraising efforts and indicated her support of **HB 2454**. She reported the license plate project was forthcoming with proceeds distributed to local arts entities (50 percent of generated revenue) and 50 percent return to the Commission itself.

A committee member commented that it appeared that the more checkoffs included on an individual's tax return the less money becomes available. Ms. Browning-Weis indicated the checkoff would increase interest and awareness, which would not be generated otherwise. A committee member noted that the administrative cost on **HB 2454** is \$88,000.

Chairperson McGinn closed the hearing on **HB 2454**.

Possible final action on **SB 440--Creating the creative arts industries commission; abolishing the arts commission and the film commission**

SB 440 was heard on March 8. Upon a committee member's request, Daniel Yoza, Officer of the Revisor of Statutes, summarized the contents of **SB 440** from his original March 8 brief and described the differences contained in a balloon amendment which amended the Commission's membership, deletes information on pages 9 and 10 of the bill, and provides clarification in other sections of the bill. (**Attachment 5**)

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Senator Huntington moved adoption of the amendments contained in the balloon, which was distributed and discussed; Senator Francisco seconded the motion, which carried on a voice vote.

Senator Kelly moved to strike the word "humanities" contained in the bill; Senator Umbarger seconded the motion, which passed on a voice vote.

Senator Kelly moved to insert the contents of **SB 440**, as amended, into the contents of **HB 2454**; Senator Teichman seconded the motion, which carried on a voice vote.

Senator Huntington moved to favorably pass out Senate Substitute for **HB 2454**; Senator Umbarger seconded the motion, which passed on a voice vote.

The meeting was adjourned at 12:12 p.m.