

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on March 8, 2007, in Room 123-S of the Capitol.

All members were present except:

Senator Carolyn McGinn- excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Michael Corrigan, Assistant Revisor, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Reagan Cussimanio, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research
Heather O'Hara, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Glenn Deck, Executive Director, Kansas Public Employees Retirement System
Senator Phil Journey
Senator Pat Apple
Kim Fowler, Assistant Fiscal Officer, Office of Judicial Administration
Tim Madden, Senior Counsel, Kansas Department of Corrections

Others attending:

See attached list.

Bill Introductions

Senator Teichman moved, with a second by Senator V. Schmidt, to introduce a conceptual bill concerning contracts; indemnification clauses and additional insured requirements in construction contracts void. Motion carried on a voice vote.

Copies of information regarding the Summary of COLA Options for Active Members that was requested and submitted from Glenn Deck, Executive Director, Kansas Public Employees Retirement System, were distributed to the Committee (Attachment 1).

Copies of the Kansas Legislative Research Department Budget Analysts report for FY 2007 and FY 2008 were available to the committee.

Subcommittee report on:

Larned State Hospital
Osawatomie State Hospital
Rainbow Mental Health Facility
Parsons State Hospital and Training Center
Kansas Neurological Institute (Attachment 2)

Subcommittee Chair Dwayne Umbarger reported that the subcommittee on the Larned State Hospital concurs

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with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with exceptions and comments.

Subcommittee Chair Dwayne Umbarger reported that the subcommittee on the Parsons State Hospital and Training Center concurs with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with exceptions.

Subcommittee Chair Dwayne Umbarger reported that the subcommittee on the Kansas Neurological Institute concurs with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with exceptions.

Senator V. Schmidt moved, with a second by Senator Kelly, to amend the mental health subcommittee reports to remove the use of the word "care" regarding allowing the agency to enter into contractual agreements with local hospitals to provide acute inpatient mental health services. Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Kelly, to adopt the subcommittee budget reports on the Larned State Hospital in FY 2007 and FY 2008 as amended; the Parsons State Hospital and Training Center in FY 2007 and FY 2008; and the Kansas Neurological Institute in FY 2007 and FY 2008. Motion carried on a voice vote.

Subcommittee Chair Dwayne Umbarger reported that the subcommittee on the Osawatomie State Hospital concurs with the Governor's recommendation in FY 2007 with exception and concurs with the Governor's FY 2008 recommendation with exceptions and comments.

Senator Wysong moved, with a second by Senator Schodorf, to adopt the subcommittee budget report on the Osawatomie State Hospital in FY 2007 and FY 2008 as amended. Motion carried on a voice vote.

Subcommittee Chair Dwayne Umbarger reported that the subcommittee on the Rainbow Mental Health Facility concurs with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with exceptions and comments.

Senator Kelly moved, with a second by Senator Teichman, to adopt the subcommittee budget report on the Rainbow Mental Health Facility in FY 2007 and FY 2008 as amended. Motion carried on a voice vote.

Kansas Health Policy Authority (Attachment 3)

Subcommittee Chair Dwayne Umbarger reported that the subcommittee on the Kansas Health Policy Authority concurs with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with exceptions and notations.

Senator Teichman moved, with a second by Senator Teichman, to adopt the subcommittee budget report on the Kansas Health Policy Authority in FY 2007 and FY 2008. Motion carried on a voice vote.

The Chairman opened the public hearing on:

HB 2385--Transfer of the administration of the state deferred compensation plan from the department of administration to the board of trustees of the Kansas Public Employees Retirement System

Staff briefed the committee on the bill.

Chairman Umbarger welcomed Glenn Deck, Executive Director, Kansas Public Employee's Retirement System (KPERs), who testified in support of **HB 2385** (Attachment 4). Mr. Deck explained that the bill would transfer administration of the State's Deferred Compensation Plan from the Kansas Department of Administration to KPERs. In his written testimony, Mr. Deck provided details on the key reasons for the transfer and noted the fiscal impact of the transfer. In closing, Mr. Deck mentioned that the KPERs Board

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and Staff believe that **HB 2385** would be beneficial for their members, as well as members of the Deferred Compensation Plan, because it provides for improved coordination of retirement benefits and increased emphasis on personal savings for retirement.

There being no further conferees to appear before the committee, the Chairman closed the public hearing on **HB 2385**.

Senator Kelly moved, with a second by Senator Emler, to recommend **HB 2385** favorable for passage and be placed on the Consent Calendar. Motion carried on a roll call vote.

Chairman Umbarger turned the Committee's attention to discussion of:

SB 362--Enacting the Kansas Public Employees Retirement System Act of 2009

Staff reviewed the bill and Committee discussion followed.

Senator Morris moved, with a second by Senator Wysong, to recommend **SB 362** favorable for passage. Motion carried on a roll call vote.

The Chairman opened the public hearing on:

HB 2368--Claims against the state

Staff briefed the committee on the bill.

Chairman Umbarger welcomed Senator Phillip Journey who was the Chairman of the Joint Committee on Special Claims Against the State during the interim and he provided information regarding the activities of the Joint Committee. (No written testimony was provided.)

Chairman Umbarger welcomed Kim Fowler, Assistant Fiscal Officer, Office of Judicial Administration, who expressed concern about Section 10 of **HB 2368**. Ms. Fowler explained that the Judicial Branch has no responsibility in the claim and it would start a bad precedent to hold the Judicial Branch financially responsible for a judicial decision - especially one that was upheld on appeal (Attachment 5). The Chairman welcomed Tim Madden, who presented testimony from Roger Werholtz, Secretary, Kansas Department of Corrections, regarding opposition to provisions of **HB 2368** as amended by the House which provides a payment of \$37,500 from the Department's central administration operations and parole and postrelease supervision operations account of the State General Fund to Alice Buess (Attachment 6).

Senator Emler moved, with a second by Senator Taddiken, to amend **HB 2368** to reinstate the payment of the claim in the amount of \$75,000 from the State General Fund for Alice Buess, Benton, Kansas, for wrongful incarceration, Page 10, Section 4. Motion carried on a voice vote.

Senator Emler moved, with a second by Senator Betts, to amend **HB 2368** to reinstate the payment of the claim from the State General Fund for Jimmy Foiles, Towanda, Kansas, for wrongful incarceration, Page 11, Section 6. Motion carried on a voice vote.

The Chairman welcomed Senator Pat Apple who brought a claim to the Committee in to regard to a constituent in his area that had lost a benefit check that had been written to her regarding her mother's death from the Kansas Public Employees Retirement Fund and to add this claim to the bill (Attachment 7). Senator Apple submitted a balloon amendment (Attachment 8). Senator Kelly moved, with a second by Senator Emler, to amend **HB 2368** and adopt the balloon amendment. Motion carried on a voice vote.

Senator Taddiken moved, with a second by Senator Emler, to recommend **HB 2368** favorable for passage as amended. Motion carried on a roll call vote.

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The meeting adjourned at 12:20 p.m. The next meeting is scheduled for March 9, 2007.