

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:35 a.m. on February 13, 2004, in Room 123-S of the Capitol.

All members were present except:

Senator Bill Buntin- excused
Senator Christine Downey - excused

Committee staff present:

J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Jill Wolters, Senior Assistant, Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Chris Clarke, Supervising Auditor, Division of Legislative Post Audit
Howard Fricke, Secretary, Kansas Department of Administration
Peggy Hanna, Deputy Assistant State Treasurer
Jim Garner, Secretary, Kansas Department of Human Resources

Others attending:

See Attached List.

Chairman Morris welcomed Chris Clarke, Supervising Auditor, Legislative Division of Post Audit, who presented a briefing on:

Kansas' Central Motor Pool:
Determining Whether All Significant Costs and Cost Savings Were Considered In Decisions To Change This Function.

Copies of this audit are on file with the Legislative Division of Post Audit. This 100-hour performance audit answers the following question:

1. Has the department of Administration considered all significant and relevant costs and cost savings in making its determination to change the Motor Pool functions?

Ms. Clark detailed information found in the audit itself. Committee discussion followed.

Chairman Morris welcomed Howard Fricke, Secretary, Kansas Department of Administration, who presented information regarding the audit (No written testimony was submitted). Secretary Fricke explained that their approach in looking at the whole motor pool and number of vehicles stems from the instructions he had been given by the Governor to try to find inefficiencies, eliminate redundancies and save money wherever possible. Secretary Fricke noted that the main purpose of all of this is to try to eliminate and reduce unnecessary waste and put accountability where it should be. Agencies are now going to have to go to the Governor, request monies in their budget for vehicles and then come before the Legislature and justify the merits whether or not those monies are necessary or not necessary.

Regarding the van pool program, Secretary Fricke explained that they looked into researching if the van pools were self-sufficient. Based on what they know today, there is shortfall between the revenue collected by the van pools and what it actually cost the State. He mentioned that there were two alternatives. One is to raise the fee to the van pool riders. The other, and his recommendation to the Governor, is that there are a lot of private businesses that are involved in providing transportation (van pool) to and from Topeka and the question is should the State compete with those private businesses or not. He has no strong feeling either way. Secretary Fricke expressed concern about the fact that 30 or so people are riding in the state-owned

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vans to and from Topeka that are not state employees and he does not what kind of liability is being incurred by providing transportation to and from Topeka with someone that is unconnected or unrelated to the State.

Secretary Fricke asked the committee the question if the State should get back into the motor pool business or do you want them to sell the unnecessary, unused vehicles. Questions and discussion followed.

The Chairman opened the public hearing on:

SB 442--Fees for services provided by the state treasurer's office

Staff briefed the committee on the bill.

Chairman Morris welcomed Peggy Hanna, Deputy Assistant Treasurer, who testified in support of the bill (Attachment 1). Ms. Hanna explained that last year after the Governor eliminated the State General Fund as a funding source for the State Treasurer's office budget, they worked with the Senate Ways and Means Committee to arrive at a compromise solution to their funding situation. The solution they have been using is to bill state agencies for cash management services provided by the State Treasurer's office. This bill would make this fee structure permanent and effective in FY 2005. Ms. Hanna distributed copies of the State Treasurer billings for the first 6 months of FY 2004 (Attachment 2).

The Chairman welcomed Jim Garner, Secretary, Kansas Department of Human Resources, who testified in opposition to **SB 442** (Attachment 3). Secretary Garner explained that fees would be imposed on each voucher, warrant or direct deposit issued by the agency. He noted that fees KDHR has been paying to the State Treasurer for unemployment insurance payments are from the Unemployment Insurance Trust Fund and these funds were never intended to fund the operation of the State Treasurer's office.

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 442**.

The meeting adjourned at 11:10 a.m. The next meeting is scheduled for February 16, 2004.