

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on January 29, 2008, in Room 514-S of the Capitol.

All members were present except:
Representative Lane - excused.

Committee staff present:
Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Reed Holwegner, Legislative Research Department
Cody Gorges, Legislative Research Department
Amy Deckard, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Julian Efird, Legislative Research Department
Kimbra Caywood McCarthy, Legislative Research Department
Heather O'Hara, Legislative Research Department
Jarod Waltner, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nobuko Folmsbee, Revisor of Statutes
Nikki Feuerborn, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:
Duane Goossen, Secretary, Department of Administration
Marilyn Jacobsen, Director of Facilities Management, Department of Administration
Ken Olson, Financial Management System Project Director, Department of Administration
Roger Werholz, Secretary, Department of Corrections
Laura Howard, Deputy Secretary, Department of Social and Rehabilitation Services (SRS)
Aaron Dunkel, Deputy Secretary, Department of Health and Environment (KDHE)

Others attending:
See attached list.

- Attachment 1 Overview of Financial Management System Project (FMS) by Duane Goossen
- Attachment 2 Overview of State Vehicle Policy by Duane Goossen
- Attachment 3 Testimony on State Vehicle Policy and Impact of Disbandment of Central Motor Pool by Roger Werholtz
- Attachment 4 Testimony on State Vehicle Policy and Impact of Disbandment of Central Motor Pool by Laura Howard
- Attachment 5 Testimony on State Vehicle Policy and Impact of Disbandment of Central motor Pool by Aaron Dunkel
- Attachment 6 Overview of FY 2009 Governor's Budget Report
- Attachment 7 Children's Initiatives Fund, FY 2007 - FY 2009
- Attachment 8 Economic Development Initiatives Fund (EDIF), FY 2007 - FY 2009
- Attachment 9 State Water Plan Fund
- Attachment 10 State of State Building Funds
- Attachment 11 Expanded Lottery Act Revenues Fund, FY 2008 and FY 2009

Introduction of Legislation

Representative Carlin moved to introduce legislation with regard to an interstate compact on education opportunities for children of military personnel. The motion was seconded by Representative Gatewood. Motion carried.

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Representative Henry moved to introduce legislation with regard to multi-year funding for medical waivers. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Bethell moved to introduce legislation with regard to licensure of antique vehicles. The motion was seconded by Representative Ballard. Motion carried.

Overview of Proposed Financial Management System (FMS)

Duane Goossen, Secretary, Department of Administration, presented an update on the status of the Financial Management (FMS) for the State (Attachment 1). Mr. Goossen explained that the new FMS system will replace the state's outdated accounting and purchasing systems and integrate with the payroll and budget systems to provide an efficient and comprehensive financial management system. Mr. Goossen noted that it will be approximately 2.5 years before the change-over to the new system is complete.

In response to a question from the Committee, Ken Olson, Director of Accounts and Reports, Department of Administration and project director for the accounting system, stated that the new system will provide for interface with the Board of Regents financial management system on a daily basis in order to extract specific data. Some members of the Committee expressed concern that the Board of Regents is not participating in the new financial management system; however, Mr. Goossen explained that the inclusion of the Board of Regents was not recommended by the consultant who performed the needs assessment. It was felt that a sufficient portion of student data collected by the Board of Regents requires a complex system and did not relate to other state agencies.

Mr. Goossen indicated that the total cost of the project is approximately \$40 million. A fee structure is set in place to assess fees to each state agency based on the number of accounting transactions in each agency. To fund a portion of the cost, fees are expected to generate approximately \$3 million per year. Mr. Goossen noted that the fees would not be sufficient to pay for the entire system. An additional \$4.2 million from the State General Fund (SGF) is included in the Governor's FY 2009 budget recommendations. It is anticipated that this funding will become part of the Department of Administration base budget until the project is complete. If funding from the SGF is not approved, it is anticipated that the fee charged to the agencies would need to be increased.

- ◆ The Committee requested that the Department of Administration provide a flow chart outlining revenue sources and how the funding will be used.
- ◆ The Committee requested that information be provided at a future meeting on how each agency interfaces with the financial management system and how the budgeting process for each agency is incorporated into the system.

Impact of Disbanded Central Motor Pool and the State Vehicle Policy

Duane Goossen, Secretary, Department of Administration, presented an overview of the state vehicle policy (Attachment 2). Mr. Goossen noted that the basic state fleet was reduced by over 800 vehicles with the disbandment of the central motor pool. Mr. Goossen indicated that audits have been done by the Legislative Division of Post Audit during the past several years on the motor pool and subsequent state vehicle policy.

Marilyn Jacobsen, Director of Facilities Management, Department of Administration, stated that there is an annual competitive bid process before awarding a state contract for the purchase and lease of vehicles. At the present time, the contract is awarded on an individual type of vehicle basis. The Committee suggested that it might be cost effective to seek a total bid from a single vendor and increase the length of the contract beyond 1 year.

Mr. Goossen and Ms. Jacobsen both felt that the current state vehicle policy is working well and provides a more economical approach to providing vehicles for state agencies as opposed to the Central Motor Pool.

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Roger Werholtz, Secretary, Department of Corrections, presented testimony on the state vehicle policy and the impact of disbandment of the central motor pool on the Department of Corrections ([Attachment 3](#)). Mr. Werholtz noted that the most common complaint offered by staff about the current system is the inconvenience of having to utilize rental vehicles because of the location of the rental agency.

Laura Howard, Deputy Secretary, Department of Social and Rehabilitation Services (SRS), presented testimony on the state vehicle policy and the impact of disbandment of the central motor pool on SRS ([Attachment 4](#)). Ms. Howard indicated that the agency appreciates the opportunity to manage their own travel operations as opposed to the prior use of the Central Motor Pool.

Aaron Dunkel, Deputy Secretary, Department of Health and Environment (KDHE), presented testimony on the state vehicle policy and the impact of disbandment of the central motor pool ([Attachment 5](#)). Mr. Dunkel stated that KDHE is currently reviewing the effectiveness of managing their vehicle fleet and possible funding options for replacement of vehicles in the future.

Overview of FY 2009 Governor's Budget Report

Legislative Research Department fiscal staff provided an overview of the FY 2009 Governor's Budget:

- Overview of FY 2009 Governor's Budget Report ([Attachment 6](#)) by J. G. Scott.
- Children's Initiatives Fund, FY 2007 - FY 2009 ([Attachment 7](#)) by Amy Deckard.
- Economic Development Initiatives Fund (EDIF), FY 2007 - FY 2009 ([Attachment 8](#)) by Reed Holwegner.
- State Water Plan Fund ([Attachment 9](#)) by Heather O'Hara.
- State of State Building Funds ([Attachment 10](#)) by Audrey Dunkel.
- Expanded Lottery Act Revenues Fund, FY 2008 and FY 2009 ([Attachment 11](#)) by Julian Efir.

The meeting was adjourned at 11:00 a.m. The next meeting of the Committee will be held on January 30, 2008.

Sharon Schwartz, Chair