

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 17, 2009, in Room 545-N of the Capitol.

All members were present except:
Senator David Wysong - excused

Committee staff present:

Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Christina Butler, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Gordon Self, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Robert Waller, Executive Director, Board of Emergency Medical Services
Mary Blubaugh, Executive Administrator, State Board of Nursing
Sarah Tidwell, Kansas State Nurses Association
Jack Confer, Executive Director, Board of Healing Arts
Doug Wareham, Senior Vice President-Government Relations, Kansas Bankers Association
Jerry Slaughter, Kansas Medical Society
Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERs)
Dale Dennis, Deputy Commissioner, Department of Education

Others attending:
See attached list.

Introduction of Proposed Legislation

Senator McGinn moved to introduce legislation concerning Kansas Commission on Rural Policy (9rs0970). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Kelly moved to introduce legislation concerning unemployment law compliance (9rs0977). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Emler moved to introduce legislation pertaining to school districts and the federal stimulus funds (SCR 1616). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Confirmation Hearing

Chairman Emler opened the confirmation hearings for reappointments of board members to the Kansas Health Policy Authority Board:

Joe Lee Tilghman, to serve a term of four years which shall expire March 15, 2012 (Attachment 1);
Garen Lorimer Cox, to serve a term of four years which shall expire March 15, 2012 (Attachment 2);
E. J. "Ned" Holland, Jr., to serve a term of four years which shall expire March 15, 2012 (Attachment 3).

Senator Schmidt moved to table the confirmations until March 18, 2009. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Hearing on HB 2222 - State agencies; collections of fee, licenses, taxes, surcharges, discounts.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 17, 2009, in Room 545-N of the Capitol.

Jill Wolters, Revisor, explained that **HB 2222**, as amended by House Committee, authorizes any state department, agency, commission or authority which is obligated by statute to collect any fees, to impose a surcharge or discount of not to exceed 5.0 percent of the amount of such fees in order to enhance the efficiency of the agency (Attachment 4).

Responding to a question from the Committee, Ms. Wolters stated that the legislation allows any agency to impose a surcharge and state how the increase will enhance their efficiency.

Daniel Yoza, Revisor, explained that the legislation is an attempt to provide a discount or incentive to encourage electronic filing and efficiencies within the agencies.

The hearing on **HB 2222** was closed.

Hearing on SB 308 - State agencies; relating to the 20% administrative fee charged to agencies; cap increased from \$200,000 to \$350,000.

Jill Wolters, Revisor, explained that **SB 308** would increase the cap from \$200,000 to \$350,000 that state agencies pay into the state general fund (SGF) for administrative costs (Attachment 5). Under current law, certain state agencies pay 20.0 percent to the SGF to reimburse the SGF for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any and all other state governmental services, which are performed on behalf of the state agency involved by other state agencies which receive appropriations from the SGF to provide such services. Ms. Wolters noted that the fiscal note on **SB 308** indicates that the SGF would receive an additional \$1.352 million from 11 agencies in FY 2010.

Senator Masterson, Chair of the Subcommittee on Fee Boards, stated that the legislation was offered as a way to minimize the affect of the requested 10.0 percent reduction in agency budgets for FY 2010. Senator Masterson indicated that the \$200,000 cap has been in existence for approximately 40 years, noting that this action was an attempt for government to be more transparent.

Robert Waller, Executive Director, Board of Emergency Medical Services, provided testimony in a neutral position on **SB 308** (Attachment 6). Mr. Waller stated that the EMS Board would like to maintain current operations with no additional reductions to the FY 2010 budget if **SB 308** becomes law. Mr. Waller included an amendment to **SB 308** to ensure legislative intent as it applies to the Kansas Board of Emergency Medical Services operating fund.

Mary Blubaugh, Executive Administrator, State Board of Nursing, appeared before the Committee in opposition to **SB 308** (Attachment 7). Ms. Blubaugh stated that they are a fee-funded agency. It is projected, with enactment of **SB 308**, the balance in the agency's fee fund would be negative.

Sarah Tidwell, Kansas State Nurses Association, presented testimony in opposition to **SB 308** (Attachment 8). Ms. Tidwell stated that increasing the cap only affects those agencies with a large number of licensees with many of the fee funded agencies not reaching the current \$200,000 cap.

Jack Confer, Executive Director, Board of Healing Arts, presented testimony in opposition to **SB 308** (Attachment 9). Mr. Confer noted that the Board of Healing Arts has placed \$3,396,763 through sweeps and transfers into the SGF during the past 10 years. Legislation passed by the 2008 Legislature changed the way the Board of Healing Arts operates and mandated several changes. These changes have placed a financial burden on the agency. Mr. Confer noted that **SB 318** has been introduced to request an increase in fees.

Doug Wareham, Senior Vice President-Government Relations, Kansas Bankers Association, presented testimony in opposition to **SB 308** (Attachment 10). Mr. Wareham questioned the level of services the agencies gets with the \$200,000 provided annually to the SGF.

Jerry Slaughter, Kansas Medical Society, presented testimony in opposition to **SB 308**. Mr. Slaughter stated an interest to further examine the methodology of the funding of fee agencies in the overall state budget process.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 17, 2009, in Room 545-N of the Capitol.

The Subcommittee on the Fee Boards stated that representatives from all of the fee-funded agencies were invited to be present when the Subcommittee had hearings on their budgets and discussed the proposed legislation. At that time, none of the representatives of the fee boards spoke against raising the 20.0 cap on administrative costs from the current \$200,000 to \$350,000 in lieu of a 10.0 percent reduction in their budgets. The Subcommittee voiced concern that it now appears that the agencies do not want the cap raised or a 10.0 reduction in their budgets to comply with the direction of the Legislature in addressing the anticipated deficit in state revenues for FY2010.

The hearing on **SB 308** was closed.

Discussion and Action on SB 196 - KPERS employment after retirement restrictions to apply to retirants employed by a third-party entity.

Julian Efird, Legislative Research Department, explained that **SB 196** was passed out by the Committee on March 4, 2009; however, was re-referred back to the Committee for further deliberations and possible amendment (Attachment 11).

Gordon Self, Revisor, presented a balloon incorporating the proposed amendments to **SB 196** (Attachment 12).

Responding to questions from the Committee, Senator Vratil stated that the amendment is an effort to address problems with the original legislation concerning third party vendors, who are hiring retired teachers, contracting with school districts and avoiding the \$20,000 earnings limitation. This bill would eliminate the \$20,000 salary limit, would retain the requirement on a retiree 62 or older that the school district pays the contribution rate of 15.95 % and would treat retirees under age 62 differently by paying a contribution rate of 19.95 percent. Senator Vratil noted that the second part of the legislation concerns those school districts who are dependent upon hiring retired teachers through a third-party vendor when they are unable to find other available teachers.

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS), stated that current statute will be continued for those retirees who were first employed by a different school district prior to July 1, 2006, in which no employer contribution rate is required.

Dale Dennis, Deputy Commissioner, Department of Education, responded to a question from the Committee, stating that the number of school districts who offer early retirement incentives is declining each year because of the financial aspect. Mr. Dennis noted that teachers can retire on May 31st after they have completed all of their duties for the year.

The Committee voiced support for providing incentives for school districts to discontinue early retirement incentive program because of the teacher shortage. Mr. Efird noted that there is another set of laws that address the early retirement incentive program and is not addressed in **SB 196**. The Committee also voiced concern on how to enforce provisions of the amendment.

Mr. Self stated that he will provide alternate language in the amendment to address the enforcement issue.

Adjournment

The next meeting is scheduled for March 18, 2009.

The meeting was adjourned at 12:20 p.m.