

## 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 11, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Ty Masterson- excused

Committee staff present:

Alan Conroy, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Estelle Montgomery, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department  
Dylan Dear, Kansas Legislative Research Department  
Cody Gorges, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Jarod Waltner, Kansas Legislative Research Department  
Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Theresa Kiernan, Office of the Revisor of Statutes  
Melinda Gaul, Chief of Staff  
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Duane Goossen, Secretary, Department of Administration  
Senator Steve Abrams  
Deb Miller, Secretary, Department of Transportation  
Jim Garner, Secretary, Department of Labor  
Bill Schafer, Chief Financial Officer, Department of Labor

Others attending:

See attached list.

### **Introduction of proposed legislation**

Senator Emler moved to introduce legislation concerning the state budget, state expenditures and fiscal notes (9rs0928) at the request of Senator Jeff Colyer. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Schmidt moved to introduce legislation concerning property taxation relating to underground storage (9rs0952) at the request of Senator Derek Schmidt. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

### **Introduction of Foreign Exchange Students**

Senator Lee introduced and welcomed two foreign exchange students from her district who are visiting the Capitol today. Aygul Dzhuparova from Kazakhstan who is being hosted in Downs and attends Lakeside High School and Ahmed Mahmoud from Egypt who is being hosted in Osborne and attends Osborne High School.

### **Hearing on SB 296 - Federal stimulus act, review and evaluation.**

Jill Wolters, Revisor, explained that **SB 296** would establish a process to evaluate and implement federal funding available for state agencies under the federal American Recovery and Reinvestment Act (ARRA) of 2009 (Attachment 1).

Senator Abrams appeared before the Committee in support of **SB 296** (Attachment 2). Senator Abrams stated that **SB 296** is about Due Diligence, noting that the Legislature should carefully review the requirements and rules before accepting the federal stimulus funds. Since the funds are only available for two years, the Legislature needs to be aware of how agencies will respond when the funding is no longer available.

## CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 11, 2009, in Room 545-N of the Capitol.

Responding to a question from the Committee, Senator Abrams noted that the legislation is modeled after similar legislation proposed by the state of Idaho. Senator Abrams felt it is important to know how to address funding needs after the end of the one-time federal funding, funding which ends in two years.

Duane Goossen, Secretary, Department of Administration, presented testimony in a neutral position on **SB 296** (Attachment 3). Secretary Goossen noted that Kansas is estimated to receive \$1.7 billion in formula grants, plus a share of competitive grants available in a variety of areas. The Secretary stated that there are many parts to the federal stimulus package with deadlines for applications. Secretary Goossen felt that the requirements in **SB 296** are not necessary and may make it difficult for agencies to comply with application deadlines.

Responding to questions from the Committee, Secretary Goossen stated that current statute allows for the Legislature to appropriate funds and provide authority for the agencies to use the funds. Some authority is already set in statute in certain areas to allow agencies to use federal funding. The Secretary noted that many conditions are not known at this time as rules and regulations are still being written. With regard to a question concerning what the state could do if they make application and then don't agree with the "strings" attached, Secretary Goossen stated that the Legislature could choose to not appropriate the funding.

Deb Miller, Secretary, Department of Transportation (KDOT), presented testimony in a neutral position on **SB 296** (Attachment 4). Ms. Miller noted that if the State Finance Council is required to approve individual projects it could endanger the ability of the state to meet the strict time frames in the legislation and could result in the loss of funding to Kansas. The Secretary stated that KDOT will spend the new funding in the same manner in which the agency already spends federal funding. Secretary Miller noted that they have posted information on the website, [www.ksdot.org](http://www.ksdot.org) concerning projects that will be funded with funds from the federal stimulus funding.

There were no other conferees to come before the Committee.

**The hearing on SB 296 was closed.**

### **Subcommittee Report on the School for the Blind and School for the Deaf**

Senator Wysong presented the Subcommittee reports on the Governor's budget recommendations for the School for the Blind and the School for the Deaf for FY 2010 with notations and adjustments (Attachment 5).

Senator Wysong, with approval from members of the Subcommittee, moved to include the following statement in the Subcommittee reports on the School for the Blind and the School for the Deaf: "The Subcommittee believes that the School for the Blind and the School for the Deaf are educational entities and not agencies and that both schools have the same requirements and expectations as outlined in No Child Left Behind and K-12 standards. Both schools have made adequately yearly progress. The Subcommittee feels that both schools should be treated as K-12 schools for public education and treated equally as public education". The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Wysong moved for the adoption of the Subcommittee report on the School for the Blind and School for the Deaf for FY 2010 as amended. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

### **Subcommittee Report on the Kansas Historical Society**

Senator Wysong, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Kansas Historical Society for FY 2010 and moved for the adoption of the Subcommittee report on the Kansas Historical Society for FY 2010 with notations and adjustments (Attachment 5). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

### **Subcommittee Report on the Department of Labor**

## CONTINUATION SHEET

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Senator Wysong, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Department of Labor for FY 2010 and moved for the adoption of the Subcommittee report on the Department of Labor for FY 2010 with notations and adjustments (Attachment 6). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Responding to a questions from the Committee, Jim Garner, Secretary, Department of Labor, stated that a portion of the federal recovery act funding has already been automatically disbursed to the agency and is being passed on to unemployed workers. Currently \$25 is being added to weekly benefit checks. Secretary Garner noted that there is approximately \$68 million available to the state through the Unemployment Trust Fund. Legislation has been introduced in the House to meet the requirements to access the funds. Secretary Garner stated that since the downturn of the economy, the agency has added 30 unclassified FTE to handle the influx of unemployment claims. All of these positions are funded through federal allocations.

Responding to another question from the Committee, Bill Schafer, Chief Financial Officer, Department of Labor, stated that the current vacancy rate is approximately 25 percent. Mr. Garner indicated that it is important to have flexibility in staff to respond to the state of the economy.

### **Subcommittee Report on Health Care Stabilization Fund Board of Governors**

Senator Emler, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Health Care Stabilization Fund Board for FY 2010 and moved for the adoption of the Subcommittee report on the Health Care Stabilization Fund Board of Governors for FY 2010 with notations and adjustments (Attachment 7). The motion was seconded by Senator Kelly. Motion carried on a voice vote. Senator Schmidt requested to be recorded as voting "no".

Senator Schmidt moved to amend the Subcommittee report on the Health Care Stabilization Fund Board of Governors by exempting the agency from the required 10 percent budget reduction. Motion died for lack of a second.

### **Discussion and Action on SB 22 - School districts; no-fund warrants for teacher salaries and benefits.**

Senator Vratil presented an amendment to **SB 22** and moved for the adoption of the amendment (Attachment 8). The motion was seconded by Senator McGinn. Motion carried on a voice vote.

Senator Vratil explained that "any available source" would relate to the school district's general fund, supplemental general fund or contingency reserve funds.

Responding to a question from the Committee with regard to whether school districts already have the authority to write no-fund warrants for operating expenses, Theresa Kiernan, Revisor, stated that districts do have authority under existing law, but current law imposes certain conditions including a hearing before the state court of tax appeals. The legislation would allow for a more streamlined procedure and the warrants would be issued without the approval of the Court of Tax Appeals.

Senator Vratil moved to recommend **SB 22** favorable for passage as amended. The motion was seconded by Senator Wysong. Motion carried on a voice vote. Senator Lee, Senator Kelly and Senator Kultala requested to be recorded as voting "no".

### **Adjournment**

The next meeting is scheduled for March 12, 2009.

The meeting was adjourned at 12:00 p.m.