

Approved: March 2, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on Wednesday, January 11, 2012 in room 548-S of the Capitol.

All members were present.

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
Alan Conroy, Director, Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Fiscal Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Conferees appearing before the Committee:

Scott Frank, Director, Legislative Post Audit

There were no bills introduced.

Senate Ways and Means Committee and Conferee Rules

Senator McGinn reviewed the Ways and Means Committee and Conferee Rules (Attachment 1). A new requirement for the 2012 Session is that conferees are required to submit an electronic copy of testimony to the committee assistant. In addition, conferees may be asked to provide additional copies of testimony (above the 50 copies required) in cases where heavily attended meeting are anticipated.

Announcements:

Senator McGinn announced that subcommittees would begin in late January or early February. Room 548-S of the Capitol building is the designated room for Ways and Means subcommittees. Senate Ways and Means will not meet on Thursdays in order to provide subcommittees' ample time to complete their work.

Update on Legislative Post Audits

Scott Frank presented information, results, and recommendations concerning legislative audits conducted in 2011, which included: (Attachment 2)

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Minutes of the SENATE WAYS AND MEANS Committee at 10:30 a.m. on Wednesday, January 11, in room 548-S of the Capitol.

- Kansas Neurological Institute (KNI) – Evaluating the Efficiency of the Institute’s Operations and the Cost and Safety Implications of Moving Its Residents into Local Communities;
- Kansas Commission on Veterans’ Affairs – Reviewing Issues Related to Veterans’ Benefits;
- Board of Indigents’ Defense Services (BIDS) – Reviewing Payments Made for Indigent Defense Services;
- Accounts Receivable – Reviewing Agencies’ Efforts to Collect Amounts Owed to the State;
- Medicaid – Reviewing the Use of Emergency Room Services by Medicaid Clients;
- Affordable Airfares – Reviewing the Benefits Claimed as a Result of State Funding to Lower Airfares; and
- State Hiring Practices – Determining Whether Requirements Related to Veterans’ Preferences Are Being Met.

Responding to questions, Mr. Frank indicated that:

- While unduplicated potential cost savings could be achieved by transferring KNI residents into the community and serving them in that setting, concerns were raised about the quality of life or safety of those individuals, specifically the adequacy and availability of medical care. Further, transition plans would require development, and the quantity of infrastructure required to house KNI residents in one community may not exist.
- The audit on Veterans’ Affairs revealed a potential for savings by transitioning Medicaid-eligible veterans to the U. S. Department of Veterans Affairs for health care benefits. The State may need to add or reprioritize resources to achieve savings as well as to create a structure to better coordinate efforts among State agencies. Mr. Frank indicated that components to this savings would require one State agency be designated as the coordinating agency/entity and a directive (through legislative action) be passed to identify veterans eligible for federal benefits. Mr. Frank commented the greatest savings potential comes from identification of veterans in Category 5.
- The Board of Indigents’ Defense Services had few problems; however, some individuals entering that system were identified as having resources to pay for an attorney. Several issues were found regarding the district courts’ financial affidavit and the courts’ practices for approving private attorney payments. It was noted that the Ways and Means Judicial Subcommittee reviews BIDS; it was suggested the Subcommittee evaluate the poverty affidavit and the information contained in it.
- The Accounts Receivable audit evaluated state agencies’ efforts to collect amounts owed to the State (unpaid taxes, overpayments, fines, or goods and services provided). Six state programs were selected to analyze and to compare their collection practices. The audit identified gaps and variances in collection practices resulting in process recommendations to recover additional revenue.

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- LPA audited the use of emergency rooms by Medicaid clients and were unable to quantify potential net savings. Mr. Frank commented that the audit excluded urgent care facilities that are designed to deliver ambulatory medical care outside of a hospital emergency room environment.
- The Affordable Airfares program appears to have had the desired effect: fares have decreased, while the number of passengers and the number of available flights have increased. There were no recommendations concerning the program itself. It was noted that the 2011 Interim Joint Legislative Budget Committee heard a report on this program during the fall, which was distributed to Senate Ways and Means committee members on January 10, 2012. A committee member requested clarification on the Legislative Post Audit Annual Report, page 49, which referenced “by 2009, the average fare in Wichita was 5 percent of the national average” and whether that reference was 5 percent “above” or “below” the national average. Mr. Scott will provide follow-up at a later time.
- State law provides that eligible veterans who meet minimum and preferred qualifications for a State classified job be offered an interview. The audit to determine whether requirements related to veterans’ preferences were met resulted in efficiency recommendations contained in **HB 2418 - Veterans preference; notifying veterans not hired by standard or electronic mail**.

Mr. Frank reviewed audits currently in progress (Attachment 3). Considerable discussion was heard on the audit to assess the potential of increasing revenue by requiring state employees to reside in Kansas. Several committee members expressed concern that a high-level report with undefined parameters could negatively impact the State. When questioned about this audit, Mr. Frank responded as follows:

- The analysis criterion is whether the state employee lives outside the state, which is based on the employee’s record of address.
- The analysis includes regents, state employees, and school district employees; for data analysis, employees in these categories will be separated.
- Legislative Post Audit will make basic assumptions concerning anticipated sales tax revenue.
- The audit does not consider whether a position is difficult-to-fill or requires specific skill or expertise.
- The audit does not reflect state employees who could own residences in Kansas as well as a neighboring state.
- The report should be released in early February 2012.
- The report was suggested by a Legislative Post Audit staff member, a scope statement was developed, and the Legislative Post Audit Committee approved the audit.

A committee member asked whether Kansas requires a contractor or vendor from whom the State purchases goods or services to be within the state. Jill Wolters, Office of the Revisor of Statutes, responded that K.S.A. 75-3740 requires that “the dollar amount of the bid received

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from the lowest responsible bidder from within the state is identical to the dollar amount of the bid received from the lowest responsible bidder from without the state, the contract shall be awarded to the bidder from within the state.” Since the statute only referred to “identical bids,” Ms. Wolters will research further to determine whether bidders within the state are given preference over out-of-state bidders.

Mr. Frank called attention to the “Legislative Division of Post Audit Annual Report to the 2012 Legislature” noting this report contains not only 2011 audit information but also 2010 information.

SB 254 – Providing for information technology audits is a bill introduced by the Legislative Post Audit Committee and is scheduled to be heard on Thursday, January 19, 2012, in Senate Ways and Means. Brief comments were heard regarding this legislation: how it could interface with the Joint Committee on Information Technology (JCIT), the reporting hierarchy, and how to most effectively monitor on-going information technology projects.

Senator McGinn adjourned the meeting at 11:40 a.m.