

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 AM on Wednesday, January 25, 2012 in 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 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:

Dr. Roy Jensen, Director, Kansas University Cancer Center
Kent Olson, Kansas Department of Administration
Elaine Frisbee, Deputy Director, Kansas Division of the Budget

Others in attendance:

See attached list.

Bill Introductions

Senator Kelly introduced 12rs1773, which is a bill regarding school finance that will add funding to the base state aid per pupil for FY 2012, 2013, and 2014. Upon a motion by Senator Kelly to introduce this bill and a second by Senator Teichman, the motion passed.

Upon a motion by Senator Kelly to introduce 12rs1772 regarding ad valorem tax funds and a second by Senator Vratil, the motion carried.

Senator Umbarger introduced 12rs1824, which relates to the act of barbering, board fees, licensure, etc. Senator Umbarger moved to introduce this bill; Senator Kelly seconded the motion, which passed on a voice vote.

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Senator McGinn introduced 12rs1433, which is a bill concerning the adjutant general and charging of fees. Senator McGinn moved introduction; Senator Emler seconded the motion, which carried on a voice vote.

Senator McGinn introduced 12rs1436, which is a bill concerning the adjutant general and funding for disasters and creating a disaster reimbursement fund. Senator McGinn moved introduction; Senator Teichman seconded the motion, which carried on a voice vote.

Presentation on Kansas University Cancer Center:

Roy Jensen, MD, Director, Kansas University Cancer Center updated committee members on the Cancer Center and its goal to become designated as a National Cancer Institute (NCI). (Attachment 1) Dr. Jensen described the Cancer Center's catchment area, and the three differentiators for NCI designation as: Drug Discovery, Delivery and Development; Community-based Approach; and Prevention and Control Research. Dr. Jensen noted many organizations and healthcare groups have created the Midwest Cancer Alliance (MCA) to bring a NCI designated program to the region.

Dr. Jensen identified the 2010-2011 leadership recruits and the Learning Collaborative, whose purpose is to create a world-class facility for clinical research. The KU Clinical Research Center opened in January 2012; the Kansas Masonic Cancer Research Institute building has been renovated and houses 37 investigators. Dr. Jensen indicated these milestones could not have been achieved without its partners (already noted) as well as the State of Kansas, Johnson County Educational Research Triangle (JCERT), KU Endowment, University of Kansas Hospital, Kansas University, and the Kansas Bioscience Authority (KBA), all of whom have provided financial support.

Future plans include moving to a personalized medicine initiative for each cancer patient to ensure the best possible outcomes with the least side effects.

Dr. Jensen reported that in four weeks, twenty-six evaluators from the National Cancer Institute will begin the site visit at the Kansas University Cancer Center.

Dr. Jensen responded to questions as follows:

- Approximately one-half of new NCI applications are approved; usually, applicants are accepted on the second application attempt.
- Concerning financial partners and their commitments, the JCERT legislation enabled a sales tax ballot initiative in Johnson County, which has no sunset date. The perpetual nature of this tax has allowed the KU Cancer Center to issue bonds, to renovate the donated building, and to attract world-class researchers. The \$2 million from KU Hospital is part of the affiliation agreement with the KU Cancer Center. The Cancer

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Center has three, full-time endowment officials who focus attention on fundraising. The Kansas Bioscience Authority committed \$26.4 million for renovation of the Lawrence campus building; the next allotment was to the eminent scholars and rising stars program; and the third funding category was for specific research projects, such as funding the Learning Collaborative. Dr. Jensen confirmed a primary purpose for the Kansas Bioscience Authority funding is commercialization of discoveries to build the pharmaceutical sciences industry and to create high-quality jobs in Kansas.

Presentation on Department of Administration Annual Report Authorized by 2011 **SB 229--Fee agencies; implementing a 10% transfer for FY 2012 then repealing the 20% transfer requirement.**

Dylan Dear, Legislative Research Department, provided an overview on SB 229. Mr. Dear indicated that this bill, passed during the 2011 Session, reduced the capture of some fee funds from 20 percent to 10 percent and charged the Department of Administration to provide a complete accounting and legal basis for each charge and cost of each charge assessed to state agencies. The bill was amended to eliminate the deletion of the transfer in FY 2013. Mr. Dear commented that the Kansas Corporation Commission (KCC) and the Department of Labor exceeded the \$200,000 cap in FY 2011 because there are multiple fee funds within each of those departments that reached the cap. A committee member inquired whether other states use fee funds to supplement the general fund (SGF). Mr. Dear indicated he would research that issue and report back to the committee at a later time.

Kent Olson, Director, Division of Accounts and Reports, Department of Administration, representing Secretary Dennis Taylor, distributed the report, which outlined the FY 2011 credits to the SGF. (Attachment 2) Total credits for FY 2011 were \$3,607,856.93; SGF FY 2011 expenditures in support of all agencies for non-billed services were \$7,084,834.32. A committee member inquired whether a breakdown of non-billable expenditures for agencies with fee funds existed; Mr. Olson indicated that there is no accounting available other than cost centers supporting all agencies.

Elaine Frisbee, Deputy Director, Division of the Budget, reviewed the Budget Division report, which included an accounting of the costs of services provided by the Division to various agencies. These services included consultation with the agency on processing payments, budget preparation, budget review, review of expenditure and revenue data, and other services related to cash flow or operational concerns.

Elaine Frisbee clarified the "Division of Budget Costs for services provided to fee agencies, per 2011 Senate Bill No. 229" was an estimate of time the Director and administrative staff might use for consultation with the agencies listed. This estimate excludes time for a new management information system (MIS) project, which will

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measure agency performance. Ms. Frisbee could not respond as to whether or not the legislature had been briefed on the MIS project; Senator Schmidt requested a MIS briefing. Discussion was heard on the report provided, and whether its refinement could provide additional value; there was no decision or action made. Ms. Frisbee clarified the report to which she referred was only for the Division of Budget hours totaling \$8,536.84; other expenses not reflected in the report include: phone, space, etc.

Possible final action on SB 259–KPERs; employment after retirement for certain school employees.

Vice-Chairman Vratil called attention to **SB 259**; he summarized the bill and its intent. Upon a motion by Senator Teichman to pass out favorably **SB 259** and a second by Senator Umbarger, the motion carried on a voice vote.

The meeting was adjourned at 11:34 a.m.