

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on February 16, 2011, in room 548-S

Committee staff present:

Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Alan Conroy, Director, Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Aaron Klaassen, Senior Fiscal Analyst, Legislative Research Department
Dorothy Hughes, Fiscal Analyst, Legislative Research Department
Brea Short, Intern, Senator McGinn's Office
Jan Lunn, Committee Assistant
Josh Lewis, Chief of Staff

Others attending:

See attached list.

Bill Introductions

Senator Schmidt moved introduction of a bill (#rs0911) concerning pharmacists and dispensing of prescriptions; Senator Teichman seconded the motion, which carried on a voice vote.

Senator Emler moved introduction of a bill (#rs0385) concerning capital improvement budget estimates; Senator Teichman seconded the motion, which carried on a voice vote.

Senator Huntington moved introduction of a bill (#rs0742) providing for assessments on providers of home and community-based services developmental disability waiver program; Senator Kelly seconded the motion, which carried on a voice vote.

Subcommittee Reports

Senator Umbarger reported on the FY 2011 Capital Improvement Subcommittee recommendations (Attachment 1) which included concurring with the Governor's recommendation with the following adjustments (detail regarding each point is included in the report):

1. School for the Deaf – Add \$279,449 from the State Institutions Building Fund (Roth Dormitory).
2. Kansas State University – Add \$5.3 million from special revenue funds (Large Animal Research Center).
3. Kansas State University – Add \$5.3 million from special revenue funds (Justin Hall).
4. Kansas State University – Add \$300,000 from special revenue funds (Old Chemical Waste Landfill).
5. Kansas State University - Add \$1.2 million from special revenue funds (West Hall).
6. Kansas State University – Add \$2.0 million from special revenue funds (Southeast Research-Extension Center).
7. Kansas State University – Add \$600,000 from special revenue funds (Durland Hall)
8. Kansas State University – Add \$600,000 from special revenue funds (Technology Assistance Center/Salina Campus).
9. Kansas State University – Add \$550,000 from special revenue funds (John C. Pair Center/Wichita)
10. Kansas State University – Allow the University to enter a lease purchase agreement with the KSU Foundation for a new Grain Science Center Feed Mill.
11. Kansas Commission on Veterans' Affairs – Request the Commission prioritize items in its FY 2011 revised estimate of capital improvements expenditures. The Subcommittee would like the prioritized list available for consideration during the Omnibus Session.

Senator Umbarger moved to adopt the FY 2011 Capital Improvement Subcommittee report as presented; Senator Emler seconded the motion, which passed on a voice vote.

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Senator Umbarger reported on the FY 2012 Capital Improvements Subcommittee report (Attachment 2) that included concurring with the Governor's recommendations with the following adjustments (detail can be found in the FY 2012 Report):

1. Insurance Department – Increase its bond principal payment to \$348,850 from special revenue funds to pay off the bond early.
2. Judicial Branch – Delete \$199,499 from the State General Fund (SGF) to build a judicial suite for the 14th Court of Appeals judge and staff.
3. Kansas Bureau of Investigation – Add \$100,000 from SGF (replacement generator).
4. Pittsburg State University – Add \$1.5 million from special revenue funds (demolition of existing structure and construction of University House)
5. Fort Hays State University – Add \$1.3 million from housing revenue funds (McMindes Hall).
6. Fort Hays State University – Add \$4.0 million from special revenue funds (indoor practice facility).
7. Kansas State University – Add \$3.7 million from special revenue funds (Old Chemical Waste Landfill)
8. Kansas State University – Add \$50 million in bonding authority (Snyder Family Stadium).
9. Kansas Commission on Veterans' Affairs (KCVA) – Recommend prioritization of FY 2012 capital improvements request for consideration during Omnibus.
10. Kansas Commission on Veterans' Affairs – Acknowledge the study related to delivery of services to veterans, access to benefits, and possible addition of benefits. The Subcommittee encourages the Senate Ways and Means Committee to bear this in mind when considering capital improvement requests from the KCVA.
11. Wildlife and Parks – Delete \$1.7 million from special revenue funds (land acquisition). Senator McGinn requested a detailed chart related to the Department of Wildlife and Parks.
12. Wildlife and Parks – Add \$100,000 from special revenue funds (repairs to three state fishing lake dams).
13. Wildlife and Parks – Add \$600,000 from special revenue funds (Milford Fish Hatchery).
14. Wildlife and Parks – Request the Senate Subcommittee on Natural Resources recommend \$1.0 million (remaining for land acquisition) be used for operations as requested by the agency (see detail on page 3 of FY 2012 Capital Improvements Subcommittee Report).

Senator Vratil moved to delete Item #2 related to the construction of a judicial suite for the 14th Court of Appeals judge and staff (and to appropriately renumber the FY 2012 Capital Improvements report); Senator Taddiken seconded the motion, which passed on a voice vote.

Senator Umbarger moved to adopt the FY 2012 Capital Improvements Subcommittee report as amended; Senator Teichman seconded the motion, which passed on a voice vote.

1. Senator Vratil, Judicial Subcommittee Chair, reviewed the Judicial Branch FY 2012 Subcommittee report (Attachment 3). Committee members concurred with the Governor's recommendation with the following notations: **SB 97** is currently in the Senate Judiciary Committee. This bill extends the authority for the court to impose a \$10 surcharge on docket fees in 2012. The Judicial Branch budget is based on the assumption that the authority is extended; if it is not, the agency will be required to reduce approximately \$9 million from the budget.
2. The Subcommittee encourages the approval of the expenditure to construct a judicial suite for the 14th Court of Appeal judge and staff. This was approved with the deletion of Item #2 in the Capital Improvements FY 2012 Report (see above motion).
3. The Subcommittee advises the Judicial Branch to support the 14th Court of Appeal judge and staff with existing resources following FY 2012.

Senator Vratil reviewed the agency request and Governor's recommendation for the Judicial Council (Attachment 4). The Subcommittee concurred with the Governor's recommendation with the following adjustment:

1. Delete \$105,378 from agency fee funds (reduction in personal and judicial performance program is operational).

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Senator Vratil reviewed the agency request and the Governor's recommendation for the Board of Indigents' Defense Services (BIDS). (Attachment 4, pg 4-2) The Subcommittee concurred with the Governor's recommendation with the following notations:

1. The Governor's recommendation does not replace \$558,000 in American Recovery and Reinvestment Act (ARRA) funds for FY 2012. ARRA funds and Justice Assistance Grant (JAG) monies currently support nine public defender positions which will be lost if funds are not replaced.
2. \$935,607 in contractual services expenditures will be lapsed for FY 2012. This will prohibit the agency from paying rent on their current buildings.
3. If the BIDS budget is adopted for FY 2012, the agency will be forced to furlough each of its public defenders one day a week for approximately 50 weeks during the fiscal year.
4. The continued reduction of funding for BIDS risks a determination by the courts that Kansans accused of a crime have been denied their constitutional right to a speedy trial and effective assistance of counsel. The Subcommittee recommended the Legislature should attempt a solution to the BIDS budget issue.

Senator Francisco filed a Minority Report (Attachment 4, pg 4-4) in which she recommended the Legislature adopt the agency request of \$558,000 (from SGF) to avert possible consequences discussed. Senator Francisco discussed her concerns. Considerable discussion ensued relating to the funding issues. Clarification was provided that JAG funds come from a subdivision of ARRA funds. Senator Masterson requested more explanation or clarification related to the budget in totality. He suggested a summary spreadsheet with Subcommittee report additions and deletions that reflects a "bottom-line" total by fiscal year. Senator McGinn suggested the BIDS report be approved with a notation to reconsider prior to finalizing the Mega bill.

Senator Vratil moved to adopt the Judicial Branch, Judicial Council and the Board of Indigents' Defense Services (with a notation to reconsider prior to finalization of the Mega bill) and to adopt the Minority Report as filed. Senator Teichman seconded the motion, which carried on a voice vote.

ERO 38 - Reorganizing the Kansas Health Policy Authority as established by K.S.A. 2010 Supp. 75-7401 et seq. into the Division of Health Care Finance within the Department of Health and Environment.

Senator McGinn continued the hearing on **ERO 38** and recognized Dr. Robert Moser, Secretary of the Kansas Department of Health and Environment (KDHE), who spoke in support of **ERO 38** (Attachment 5). He discussed KDHE's organization plan to incorporate the Kansas Health Policy Authority (KHPA) within the newly-created Division of Health Care Finance. Dr. Moser elaborated on the integration of health policy, budget policy, and goals. He described the timeline for planning, implementation, and operation.

Responding to senators' questions, Dr. Moser explained:

1. The State of Kansas was notified that it was awarded an Early Innovator Grant of \$31 million. Kansas was one of six states selected to serve as models for the design and implementation of the information technology (IT) infrastructure that runs state insurance exchanges under the federal health reform law. KHPA worked with the Kansas Insurance Department to write the grant.
2. Dr. Moser discussed the interagency workgroup and its focus to work collaboratively to develop an agency that is united, to work with all stakeholders to identify required changes in policy and theory that will transform Medicaid, and to fully integrate Information Technology and Fiscal Management Systems. Dr. Moser clarified that 35.7 FTEs will be eliminated in the merger of the two agencies (KDHE and KHPA). There are 71.1 FTEs listed in the Governor's recommendation; some of these are currently vacant; and others are off-budget.
3. In light of public opposition and support for the federal legislation, Patient Protection and Affordable Care Act (PPACA), Dr. Moser indicated the agency will work to develop systems that provide affordable and effective healthcare resulting from measurable

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4. outcomes. At the current time, several lawsuits have been filed challenging the constitutionality of the PPACA. Dr. Moser reported the intention is to develop systems that work best for Kansas residents.
5. Regardless of actions related to PPACA, Dr. Moser indicated it was his understanding that grant funds do not have to be returned.
6. Dr. Moser spoke briefly concerning other states' responses to mandatory purchase of health insurance and proposed health information exchanges.
7. The Kansas Business Health Partnership was originally developed as a non-profit, mini-purchasing healthcare exchange meeting federal and state law requirements, Dr. Moser indicated he was unaware of reasons why this undertaking was not embraced more enthusiastically.

Due to time constraints, Chairperson McGinn indicated hearings on **SB 154** and **SB 118** would be rescheduled during the upcoming weeks.

The meeting was adjourned at 12:02 p.m.