

MINUTES

HOUSE APPROPRIATIONS COMMITTEE

November 23-24, 2009
Room 143-N—Statehouse

Members Present

Representative Kevin Yoder, Chairperson
Representative Jason Watkins, Vice-chairperson
Representative Barbara Ballard
Representative Tom Burroughs
Representative Sydney Carlin
Representative David Crum
Representative Peter DeGraaf
Representative Owen Donohoe
Representative John Faber
Representative Bill Feuerborn
Representative Doug Gatewood
Representative Jerry Henry
Representative Don Hineman
Representative Mitch Holmes
Representative Kasha Kelley
Representative Harold Lane
Representative Peggy Mast
Representative Joe McLeland
Representative Marc Rhoades
Representative Lee Tafanelli
Representative Jeff Whitham

Member Absent

Representative Jerry Williams

Staff

Audrey Dunkel, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Christina Butler, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department

Scott Frank, Kansas Legislative Division of Post Audit
Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Jason Long, Office of the Revisor of Statutes
Jill Wolters, Office of Revisor of Statutes
Florence Deeter, Committee Secretary

Conferees

Melissa Wangemann, Legislative Services General Counsel, Kansas Association of Counties
Walt Chappell, State Board of Education
Bob Corkins, Former Commissioner, State Board of Education
Fred Kaufman, Superintendent, Hays USD 489
Gary French, Superintendent, Osawatomie USD 367
Dr. Rob Winter, Superintendent, Salina USD 305
Mark Tallman, Executive Director, Kansas Association of School Boards
Kathy Porter, Executive Assistant, Office of Judicial Administration
Blaine A. Carter, District Magistrate Judge, 2nd Judicial District, Alma
Michael A. Freelove, District Magistrate Judge, 16th Judicial District, Ashland
Representative Marvin Kleeb, 48th District
Dr. Adrian Moore, Vice-President, Reason Foundation
Duane Goossen, Secretary, Kansas Department of Administration
Michael H. McCabe, Director, Council of State Governments Midwest
Robin Floyd, Vice President, Konrath, Kansas City, Missouri
Tom Beckenbaugh, Vice President, Konrath Group, Kansas City, Missouri
Kent Olson, Director, Accounts and Reports, Kansas Department of Administration

Others Attending

See attached list.

Wednesday, November 23 Morning Session

The Chairperson called the meeting to order at 10:35 a.m. and welcomed Alan Conroy, Director, Kansas Legislative Research Department, who reviewed current state finances (Attachment 1). Mr. Conroy said that the current FY 2010 Consensus Group estimate was decreased \$235.2 million (4.2 percent) below the April estimate and represents a 5.2 percent decrease below final FY 2009 receipts. He stated that personal income is expected to fall by 2.7 percent and that the unemployment rate, currently 6.9 percent, is expected to increase to 7.2 percent in FY 2010 (Attachment 2). Mr. Conroy commented on the status of the State General Fund (SGF), noting that a budget reduction of 7.9 percent (FY 2010) and 4.8 percent (FY 2011) will be required to achieve a zero ending balance, a two-year total of \$722.5 million in reductions (Attachment 3).

Amy Deckard, Kansas Legislative Research Department, reported on Human Services caseload estimates from various agencies. She stated that the combined cost increases for FY 2010 and FY 2011 total \$142.7 million from the SGF and \$91.8 million from all funds ([Attachment 4](#)).

Reagan Cussimano, Kansas Legislative Research Department, reviewed details regarding FY 2010 and FY 2011 school finances ([Attachment 5](#)). She explained that based on the November 2009 estimates, expenditures for schools will increase 2.1 percent. She noted that due to increased enrollment in special education programs, 15 teachers will be hired, requiring an increase of 1.2 percent in salaries.

J. G. Scott, Kansas Legislative Research Department, outlined the SGF supplemental expenditure requests ([Attachment 6](#)). Noting that these expenditures do not include Human Services caseloads or school finances, he said that the 16 requests totaled over \$101.5 million, a total which includes \$91.4 million for the Kansas Department of Education and \$8.0 million for Judicial Branch operations.

Mr. Scott reported on the FY 2009 and FY 2010 special revenue fund transfers to the SGF from various fee agencies ([Attachment 7](#)). He explained that the total revenue transfer of \$25.9 million does not include the Kansas Savings Incentive Program (KSIP) of \$4.2 million.

Mr. Scott continued, reporting on the transfers into and out of the SGF ([Attachment 8](#)). He stated that, based on the Consensus Group's estimates for FY 2010, the transfers, which include the Governor's Allotment of July 2, 2009, resulted in a net gain to the SGF of \$15.1 million. However, the FY 2011 transfers create a \$256.7 million loss to the SGF ([Attachment 9](#)).

Melissa Wangemann, Legislative Services General Counsel, Kansas Association of Counties, testified regarding specific state funds that affect Kansas counties ([Attachment 10](#)).

Afternoon Session

Reagan Cussimano discussed a spreadsheet containing data from the Kansas Department of Education on all school districts in Kansas ([Attachment 11](#)). She explained the usage of various funds and noted that 24 smaller funds have been consolidated in the "other cash balances" column; total cash balances for each school district are found in the last column.

Scott Frank, Kansas Legislative Post Audit, provided a scope statement on the potential cost savings in reorganizing school districts across the state ([Attachment 12](#)). An audit would provide information on what opportunities exist to restructure Kansas school districts in order to educate students in a more cost-effective manner.

Walt Chappell, Kansas Board of Education, spoke, not as a representative of the Board, but as an individual with suggestions on increasing efficiency and reducing costs in education ([Attachment 13](#)).

Bob Corkins, Former Commissioner, State Board of Education, offered proposals for enacting a rational process for analyzing the cost and efficiency of K-12 education and eventually providing transparency in decision making ([Attachment 14](#)).

Fred Kaufman, Superintendent, Hays USD 489, addressed the committee with a summary of the current cuts in the district budget and the areas in which those cuts occurred (Attachment 15).

Gary French, Superintendent, Osawatometie, USD 367, presented testimony regarding the effect of the recession on patrons in his district (Attachment 16).

Dr. Rob Winter, Superintendent, Salina, USD 305, provided three charts showing the increase in performance scores of students in the district (Attachment 17).

Mark Tallman, Executive Director, Kansas Association of School Boards (KASB), reminded the Committee of the court mandate to provide adequate resources for public education in Kansas (Attachment 18).

Thursday, November 24 Morning Session

The Chairperson called for approval of the House Appropriations Committee minutes for August and October, 2009.

Representative Mast moved to approve the minutes. Representative DeGraaf seconded the motion. The motion passed.

Jill Wolters, Office of Revisor of Statutes, gave an overview of the issue of repealing KSA 20-301b requiring each county to have a resident judge (Attachment 19). The proposed bill would direct the Supreme Court to determine the necessity of a district magistrate judge retaining his/her position. She indicated that a number of revisions are required, with approximately 90 sections needing to be amended. Ms. Wolters noted that 2003 Sub. for HB 2307 repealed the statute and required assignment of a judge on the basis of caseloads. Her testimony included a chart delineating caseload per judge in comparison with district magistrate judges.

Ms. Wolters explained the process used to determine which districts have magistrate judges while other districts do not (Attachment 20). Her testimony included historical background on the involvement of the Supreme Court to determine the need for new judge positions; consequently, approval of funding for those positions became the role of the Legislature. Ms. Wolters provided information on whether redrawing district boundaries could increase efficiency and reduce costs (Attachment 21). She reported that an audit is being conducted and will be concluded by January 30, 2010.

Kathy Porter, Executive Assistant, Office of Judicial Administration, gave background information regarding district magistrate judges, district court judges, and where those positions are located in Kansas counties (Attachment 22).

Blaine A. Carter, District Magistrate Judge, 2nd Judicial District, Alma, Kansas, spoke in opposition to the repeal of KSA 20-301b, stating that from a rural county point of view, removing judges is not in the interest of justice (Attachment 23).

Michael A. Freelove, District Magistrate Judge, 16th Judicial District, Ashland, Kansas, addressed the issue of proposed legislation to amend the one-judge-per-county statute (Attachment 24).

Jason Long, Office of Revisor of Statutes, gave a briefing on HB 2403 regarding fairness in the procurement of vendor goods and services (Attachment 25). In Section 5, he noted two functions by a special committee: 1) the investigation of outsourcing and privatization of government operations; and 2) review and evaluation of programs which are competitive or reveal duplication of services by the federal government, and by services provided by private not-for-profit organizations. The committee would also be responsible for conducting public hearings on these matters. Copies of HB 2403 (Attachment 26) and the fiscal note (Attachment 27) were distributed to Committee members.

Hearing on HB 2403

Representative Marvin Kleeb, 48th District, introduced proposed legislation (HB 2403) to create a special committee on the cost effectiveness of governmental operations and programs. He specifically addressed Section 5 of the proposed bill, saying that these concepts are not new to Kansas governmental procedures (Attachment 28). He then introduced Dr. Adrian Moore.

Dr. Adrian Moore, Vice-President, Reason Foundation, provided information on privatization which, when used correctly, can be widely effective (Attachment 29).

The Chairperson closed the hearing on HB 2403.

Duane Goossen, Secretary, Kansas Department of Administration (DOA), outlined the Governor's budget reductions and adjustments (Attachment 30). He said the Consensus Revenue Estimate of November, 2009, has revised incoming state general fund revenue for FY 2010 downward by \$234.0 million. Mr. Goossen said that, when Human Services caseload estimates were made, it was determined that \$24.3 million would need to be added for FY 2010. A school finance consensus determined that, if the school finance formula is followed, an additional \$155.8 million, while not required immediately, would need to be in the FY 2010 budget to remain at the current funding level. Mr. Goossen reported that the combination of less money in the SGF and the increased amount in human services caseload estimates reveals a gap of \$260.0 million for FY 2010. That amount is the figure the DOA is attempting to balance in the Governor's revised budget plan. Mr. Goossen expressed the hope that the 2010 Legislature will pass the Governor's budget in the first week of the session.

Afternoon Session

Michael H. McCabe, Director, Council of State Governments Midwest, provided an overview of the current fiscal crisis and various strategies for closing the gaps in state budgets (Attachment 31).

Robin Floyd, Vice President, and Tom Beckenbaugh, Vice President, Konrath Group LTD, Kansas City, Missouri, spoke in tandem on construction management, saying that the primary focus of their firm is on client advocacy (Attachment 32).

Kent Olson, Director, Accounts and Reports, Kansas Department of Administration, in a review of state assets, provided background information on the Sunflower Financial Management System, which replaces the 1990 Statewide Accounting and Reporting System (STARS) (Attachment 33). He then offered an example of the current asset tracking through the Statewide Management

Accounting and Reporting Tool (SMART) system. Mr. Olson commented on the usage and capabilities of the system, giving examples like officers' gun usage, acquisition date and descriptions of property held by the state, and theft of state property. He stated further that the minimum balance for tracking assets is \$5,000 or more and on buildings \$1.0 million. Mr. Olson said all pertinent information on state assets is posted on KanView. The project will be fully implemented in July of 2010.

Hearing on SCR 1614

Jim Wilson, First Assistant, Office of Revisor of Statutes, gave an overview of SCR 1614, which establishes a constitutional budget stabilization fund within the state treasury (Attachment 34).

Included in his explanation was a copy of the bill and a supplemental note. He indicated that with approval of two-thirds of the House and Senate, a constitutional amendment would be on the general election ballots in CY 2010, or at a given date designated by the Legislature. Mr. Wilson responded to a question, stating that no federal money can be included in this fund.

The Chairperson made reference to page three of written testimony provided by Senate President Stephen Morris and Senate Majority Leader Derek Schmidt, which contained an article from the Tax Policy Center, showing which states have rainy day funds as of 2006 (Attachment 35). A House bill out of the Government Efficiency and Fiscal Oversight Committee passed by a vote of 89 to 33 and is currently in Senate Ways and Means.

The hearing on SCR 1614 was closed.

The Chairperson announced that work on the Governor's supplemental bill could begin the first week of the 2010 Legislative Session.

He expressed appreciation to Representative DeGraaf and his wife Karen, for their generous provision of snacks, water, and coffee.

The meeting was adjourned at 3:45 p.m. No further meeting was scheduled.

Prepared by Florence Deeter
Edited by Christina Butler

Approved by Committee on:

January 25, 2010

(Date)