

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:00 a.m. on January 22, 2009, in Room 143-N of the Capitol.

All members were present except:  
Barbara Ballard - excused

Committee staff present:  
Christina Butler, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
J.G. Scott, Kansas Legislative Research Department  
Nobuko Folmsbee, Office of the Revisor of Statutes  
Jim Wilson, Office of the Revisor of Statutes  
Kelly Cure, Chief of Staff  
Kathy Holscher, Committee Assistant

Conferees appearing before the committee:  
Doug Wareham, Kansas Bankers Association, Opponent  
Tom Thull, Office of State Banking Department, Opponent  
Mark Tallman, Kansas Association of School Boards, Proponent

Others attending:  
See attached list.

- Attachment 1 Kansas Health Policy Authority (KHPA) FY 2009 Governor's Budget Recommendations
- Attachment 2 KHPA Governor's Budget Recommendations Fact Sheet
- Attachment 3 KHPA Medicaid Transformation Fact Sheet
- Attachment 4 Kansas Bankers Association, **HB 2022**
- Attachment 5 Office of the State Bank Commissioner, **HB 2022**
- Attachment 6 Kansas Association of School Boards, **HB 2022**

Representative Gatewood moved to introduce legislation concerning retirement and pensions; relating to the Kansas public employees retirement system and certain systems thereunder; federal nontaxable distributions to certain retirants. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Henry moved to introduce legislation concerning funding plan for waivers. The motion was seconded by Representative Mast. Motion carried.

Representative Watkins moved to introduce legislation concerning supplemental appropriations bill for 2009. The motion was seconded by Representative Whitham. Motion carried.

Marci Nielson, Executive Director of the Kansas Health Policy Authority (KHPA), presented an overview of the agency and the FY 2009 Governor's Budget Recommendations (Attachment 1). The Governor's recommendation represents a 6.6 percent reduction or \$1.8 billion and an additional \$11.2 million in recommended reductions to the SGF for FY 2009. The FY 2010 budget recommendation represents a 12.3 percent reduction for program administration. Reductions in administration costs and contractual services have been targeted and will continue in to FY 2010. The Governor's budget will reduce the Medicaid caseload by \$32.6 million from all funds including 17.1 million for SGF. The reduced resource packages includes the expansion of the preferred drug list; time limited Medikan and the Medicaid transformation process. Marci Nielson discussed the impact of the Governor's Budget Recommendations and referred to the fact sheet provided (Attachment 2), which requires a reduction in salary and wage expenditures of \$1.2 million which equates to a 10 percent reduction in staff positions. Marci Nielson referred to the Medicaid Transformation Fact Sheet (Attachment 3). She reviewed transformation recommendations and selected medicaid cost efficiencies.

Marcie Nielson responded to questions from Committee members as related to: preferred mental health

## CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:00 a.m. on January 22, 2009, in Room 143-N of the Capitol.

drug issues and committee structure; citizenship documentation for Medicaid; contract review and return on investments; recovery staff; eligible children and adults presently uninsured or under-insured.

•Additional Information Requested

- Statistical information on children served under the age of five
- Copy of the Stair Step information distributed FY 2008
- Pay back dollars from Federal Match

### Conferees Testimony

**HB 2022: Supplemental appropriations for FY 2009 for various state agencies.**

Doug Wareham, Senior Vice-President-Government Relations, Kansas Bankers Association, presented an overview of the Kansas Bankers Association and concerns for the impact of provisions contained in **HB 2022** (Attachment 4). Mr. Wareham referred to section 4 of the bill and stated the reductions would result in \$1,057,311 transfer of fee funds, \$500,000 from the Banking Department's Consumer Education Settlement Fund and the elimination of the Kansas Savings Incentive Program (KSIP) for an additional reduction of \$534,517. In addition to these budget cuts, the association would experience reductions in personnel.

Thomas Thull, Bank Commissioner, Office of the State Bank Commission, presented an overview of the fiscal implications if fee fund transfers are permitted (Attachment 5). He discussed the impact of fee fund transfers referring to scenario 1 at a 3 percent proposed reduction of \$257,311 for FY 2009 and 4.16 percent reduction in FY 2010 totaling \$530,787. Scenario 2 represents a 3% budget reduction and a sweep of KSIP authority, as well as an additional \$800,000 totaling \$1,591,828 and would result in a negative cash flow balance by May 2009.

Mr. Thull responded to questions from Committee members as related to the impact of proposed budget cuts as related to the operations of the banking and consumer mortgage lending division.

Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards (KASB), distributed background information for Committee members review (Attachment 6). Mr. Tallman reviewed state and federal mandates as they relate to public school education, and statistical data reflecting student achievement with higher funding, overall test scores and Kansas rankings both nationally and internationally. Mr. Tallman expressed concerns that budget cuts would result in job reductions and impose new fees. The summary of the Economic Stimulus package could provide \$41 billion to local school districts for K-12 programs over the next two fiscal years.

Mr. Tallman responded to questions from Committee members as related to income, spending and student outcomes, staffing and salary issues, vouchers and consolidation

● Additional Information Requested

- List of all public schools with fees and membership costs to KASB

Chair Yoder invited Mr. Tallman to return to the Appropriation Committee meeting on Monday, January 26, for additional questions from members.

The next meeting is scheduled for January 26, 2009.

The meeting was adjourned at 11:00 a.m.

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Chair, Kevin Yoder