

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 10:40 a.m. on January 23, 2001, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Amory Lovin, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office
Julie Weber, Administrative Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Ed Van Petten, Executive Director, Kansas Lottery

Others attending: See attached guest list

Bill Introduction

Senator Jordan moved, with a second by Senator Adkins, to introduce a bill (1rs0180) concerning the department of corrections; relating to unclassified employees. Motion carried by a voice vote.

Chairman Morris opened the public hearing on:

SB 52 - Appropriation FY 2001, appropriation for the legislative coordinating council, KPERS actuarial audit

Staff briefed the Committee on the bill.

There were no conferees to come before the Committee regarding **SB 52**.

Chairman Morris closed the public hearing on **SB 52**.

Senator Feleciano moved, with a second by Senator Barone, to pass **SB 52** favorable for passage. Motion carried on a roll call vote.

Chairman Morris welcomed Ed Van Petten, Executive Director, Kansas Lottery, who gave an overview of the agency (Attachment 1). Mr. Van Petten addressed some concerns about the Kansas Lottery in the recent past, its operations and what plans are for the future.

Mr. Van Petten addressed the following in his testimony:

- Department of Administration Investigation
- Cash Discrepancies at the State Fair
- Altered Non-Winning Tickets
- Computer Security
- Deficit Operation
- Inappropriate materials on Lottery computers
- Holiday receptions
- Current issues, demographic studies and reasons for renewal

CONTINUATION SHEET

Mr. Van Petten distributed additional information as follows:

- Kansas Lottery Funds Transfer FY 2000 ([Attachment 2](#))
- Kansas Lottery, Fiscal Year 2000, Sales by Game ([Attachment 3](#))
- Kansas Lottery, To-Date Activity, 12/31/00 ([Attachment 4](#))
- Kansas State Lottery Sales Summary Report by County Name: FY 2000 ([Attachment 5](#))
- Kansas State Lottery Prizes Paid Summary Report by County Name: FY 2000 ([Attachment 6](#))
- Kansas State Lottery Sales Summary Report by County Name: FY 1999 ([Attachment 7](#))
- Kansas State Lottery Prizes Paid Summary Report by County Name: FY 1999 ([Attachment 8](#))
- How Are Kansas Lottery Proceeds Distributed? Kansas Lottery ([Attachment 9](#))
- FY 2000 EDIF Awards by County, Kansas Department of Commerce & Housing ([Attachment 10](#))

Committee questions and discussion followed.

Senator Barone expressed concern regarding the Lottery and public perception and information about all the allegations concerning the Lottery that have been reported in the press. He also expressed concern about ethics and what is right or wrong in the workplace. The Senator asked Mr. Van Petten if he felt that the Lottery employees had been dealt with fairly and consistently within the standards of government. Mr. Van Petten responded that he felt it not appropriate for him to re-visit actions taken by the former director with regard to personnel matters. Mr. Van Petten did note that he has reviewed those matters. He mentioned that he is very familiar with these matters and probably would have dealt with certain employee misconduct much more harshly. However, Mr. Van Petten felt that the issues have been dealt with, and in all fairness, should not be re-visited at this time.

Mr. Van Petten noted that since the Department of Administration investigation all lottery employees are very keenly aware that activities such as were reported will not be tolerated by the Kansas Lottery. He further explained that their employees, at this time, are professional in nature, operating in a professional manner and are aware of what will or will not be tolerated in the workplace.

Senator Feleciano passed out information to the Committee members regarding the Lottery. He noted the impeccable record of professionalism that Mr. Van Petten brings to the job, but he is concerned about how this whole situation has been addressed. Senator Feleciano discussed with Mr. Van Petten in the Committee what types of public policies are in place with the Lottery, protection of the integrity of Lottery employees and the system in general.

Senator Kerr asked Mr Van Petten about his comment on how he is addressing the annual shortfall fund. He noted that Mr. Van Petten's predecessor had come before the Committee annually stating the need to increase prizes to improve sales. Senator Kerr noted that Mr. Van Petten had mentioned that he made a very small downward adjustment in prizes in order to cure the operating deficit and he understands that deficits only occur after the Legislature has taken their percentage and whether Mr. Van Petten is concerned that it will lead to lower sales. Mr. Van Petten mentioned that it is one of the steps discussed when they looked at operating issues. Mr. Van Petten views a lot of this as re-structuring.

Senator Kerr suggested that there are hearings going on in other committees regarding issues such as security and other events touched on in the meeting today. He mentioned that hearings are being conducted in Federal and State Affairs Committee and this Committee needs to spend its time on budgetary matters. Chairman Morris mentioned that he agreed with Senator Kerr.

Senator Barone requested that Mr. Van Petten review the advertising promotion regarding "Caribbean Stud" and if he felt that it had heavy sexual connotation. Mr. Van Petten noted that he will review the promotional ad.

The meeting was adjourned at 12:00 noon. The next meeting is scheduled for January 24, 2001.