

Approved: 4-28-94
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS.
The meeting was called to order by Chairperson Marvin Smith at 12:30 p.m. on March 24, 1994 in Room 521-S of the Capitol.

All members were present except:

Committee staff present: Carolyn Rampey, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Arden Ensley, Revisor of Statutes
Nancy Kippes, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Action on:

SB 474 - liabilities of health care stabilization fund.

Representative Bradley made a motion to take SB 474 from the table. Representative Hendrix seconded. Motion carried.

Representative Scott made a motion to pass SB 474 from committee. Representative Bradley seconded.

Representative Dawson made a motion to amend SB 474 as previously suggested by adding the same wording at subsection (11) on page 3, line 36 as appears on line 20 of same page. Representative O'Connor seconded. Motion carried.

Representative Scott made a motion to pass SB 474 from committee as amended. Representative Bradley seconded. The motion carried.

Representative Dawson reported on the Subcommittee's recommendations in response to a 1993 Post Audit report on the Department of Commerce and Housing (Attachment 1). They focused primarily on issues related to the extent to which the agency fulfills its purposes in the most efficient and effective way and the extent to which its actions benefit the public. The following recommendations were made by the Subcommittee:

1. Efforts of the Kansas Board of Agriculture and the Kansas Department of Commerce and Housing should be integrated.
2. More extensive methods and procedures to measure performance of some of the Department of Commerce and Housing programs should be implemented.
3. Better communications between the public and the Department of Commerce and Housing should be established.
4. The Department of Commerce and Housing should enhance programs that promote ownership of housing for low-income families rather than rental on a permanent basis from a governmental agency.
5. The Department should have a book or directory which outlines all the programs for which the department is responsible.
6. For the Industrial Development tours, the Department of Commerce and Housing needs to mail to a more targeted group of so-called rural firms.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS, Room 521-S Statehouse, at 9:00 a.m. on March 24, 1994.

7. The general mission of the Department should be refocused on "work force training" as opposed to "power brokering". Staff should develop a program to educate and keep informed all persons in the state who have a desire for economic development.

8. The restrictions on the Department's organizational structure should be removed.

9. One of the concerns the Department should address is how to create more employment opportunities in the state. To accomplish this the priorities of the Department should be to work to retain businesses in their existing locations, followed by expansion of those businesses, and finally relocation of businesses in the state and businesses relocating to the State of Kansas.

10. The department should establish a "housing corps" which would create programs to provide temporary employment for young people and others to work on housing projects.

Representative Wells made a motion to accept the subcommittee report on the Department of Commerce and Housing and to stipulate in the minutes that during next year's legislative session the House Governmental Organization and Elections Committee follow up on the recommendations. Representative Benlon seconded. The motion carried.

Representative Farmer made a motion to approve the minutes of the March 22, 1994 meeting as submitted. Representative Long seconded. Motion carried.

The meeting was adjourned at 12:45 p.m. There will be another meeting before session ends to hear the subcommittee report of the Department of Administration.

GUEST LIST

COMMITTEE: House Governmental Organization & Elections DATE: 3-24-94

[illegible]

SUBCOMMITTEE REPORT

To: House Committee on Governmental Organization and Elections

From: Subcommittee Members:

Representative Carol Dawson, Chairperson
Representative Alex Scott
Representative Russell Mills
Representative Ruby Gilbert
Representative Elaine Wells

Re: K-GOAL Review of the Operations of the Kansas Department of Commerce and Housing

Background

The Subcommittee was formed in response to a 1993 Post Audit report on the Department of Commerce and Housing which was presented to the House Committee on Governmental Organization and Elections during the 1994 Legislative Session. The audit was part of a statutorily-required review of the agency under the Kansas Governmental Operations Accountability Law (K-GOAL). The House Committee also was given an overview of the operations, structure, and responsibilities of the Department of Commerce and Housing by Secretary Bob Knight and his staff.

The Subcommittee began its study on the Division of Housing because the Post Audit report examined how the Division of Housing was operating since it had been incorporated into the Department of Commerce on July 1, 1992. The Subcommittee was provided with an overview of the structure and responsibilities of the Division of Housing by Dr. Dennis Schockley, Undersecretary of Housing. The discussion centered on the Department's programs for housing in rural areas, housing programs for low-income and middle-income families, housing programs for families moving into areas where new businesses start or existing businesses are relocated, and other housing programs offered by the Department.

The Kansas Legislative Research Department staff also provided the Subcommittee two memorandums prepared in 1992 concerning background information on the housing programs in Kansas and other selected states.

The Subcommittee also was given an explanation and information on the ramifications of 1994 H.B. 2760 which contain provisions for the merger of two divisions within the Department of Commerce and Housing. The Subcommittee was given an overview of the operations and structure by Mr. Cal Lantis and his staff of the Existing Industry Development Division and by Mr. William Thompson who is the Director of the Industrial Development Division. (These are the two divisions that would be merged.)

Finally, the Subcommittee requested information on the Division of Trade Development which was provided by Mr. Jim Beckley, Director, and his staff. The Subcommittee also held one of its meetings at the office of the Department.

With reference to the statutory requirements of K-GOAL, the Subcommittee focused primarily on issues related to the extent to which the agency fulfills its purposes in the most efficient and effective

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way and the extent to which its actions benefit the public. In addition, the Subcommittee was mindful of the interest of the Legislature, which was addressed in the Post Audit report, in developing meaningful ways to measure the performance of state agencies. With these considerations in mind, the Subcommittee makes the following specific recommendations:

1. Efforts of the Kansas Board of Agriculture and the Kansas Department of Commerce and Housing should be integrated. Agriculture is Kansas' largest revenue producer and the two agencies should integrate their skills and expertise so that efforts are not duplicated or vital areas of opportunity are not overlooked. For example, the two agencies could hold joint seminars to discuss the impact of the North American Free Trade Agreement (NAFTA).
2. More extensive methods and procedures to measure performance of some of the Department of Commerce and Housing programs should be implemented. For example, some performance measurements by the Department only included attendance by business personnel at seminars or requests or inquiries for information, and completion of Departmental survey requests. These measures only quantify workload and do not address or measure how successful the Department is in fulfilling its mission. This shortcoming was addressed by the Post Audit report and the Subcommittee agrees with its findings.
3. Better communications between the public and the Department of Commerce and Housing should be established. The Department may want to expand its education seminars to provide citizens information on the programs which are available, how they work, how they can apply for these programs, and who is eligible.
4. The Department of Commerce and Housing should enhance programs that promote ownership of housing for low-income families rather than rental on a permanent basis from a governmental agency. If people are provided with the opportunity to own their own homes they will take a greater responsibility in maintenance of the community and of their environment. Also, ownership generates ad valorem taxes. There should be programs that help working individuals and welfare recipients secure a downpayment in order to secure ownership of property.

The Subcommittee believes the advantages to low-income families owning their own homes would be the following:

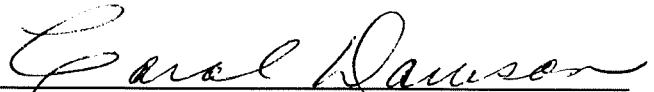
- They would be freed from exploitation in securing shelter.
- Their children would live in a stable community and attend the same school for continuity of education.
- They would become taxpayers with an increased awareness as providers as well as consumers of tax generated funds.
- Homelessness would decrease.
- Low-income families could establish equity in property which can be a source of support in old age in case institutional care is needed.

The Subcommittee suggests that the Department consider developing a program that incorporates guidelines similar to the guidelines used for the Mennonite Housing Project, which is a program that provides for the renovation or construction of new housing with a five-year interest-free loan for low-income and elderly persons.

5. The Department should have a book or directory which outlines all the programs for which the Department is responsible.
6. For the Industrial Development tours, the Department of Commerce and Housing needs to mail to a more targeted group of so-called rural firms. The Department announced it would begin to let the regional areas decide what respondents to invite to the tours. This decision is an improvement but does not insure targeted mailing.
7. The general mission of the Department should be refocused on "workforce training" as opposed to "power brokering." Staff should develop a program to educate and to keep informed all persons in the state who have a desire for economic development. The state would be much better off to have a multitude of enthusiastic and well-trained economic development civilians throughout all areas of the state as opposed to a small number of professionals who manage all potential transactions. This program would require people in each city and county to form coalitions that would work together to achieve the goals they believe would be right for their respective areas. The Department's role should be to help these groups achieve their goals. The key point is that the Department needs to refocus on service that results in training of the people rather than on the administration of programs and telling people how to formulate their local economic development policies. The mission ought to be to serve the constituents, not to preserve programs and processes from the past.
8. The restrictions on the Department's organizational structure should be removed. A good manager could bring about more successes for the state as a whole if he or she were free to manage his or her human resources in the best possible way. In the existing structure, everything is predetermined and the manager is left mostly to administer, not to manage. Perhaps the manager's job ought to be a contract position where the Secretary's future is based upon performance as measured by an outside body (perhaps similar to the Board of Agriculture).
9. One of the concerns the Department should address is how to create more employment opportunities in the state. To accomplish this, the priorities of the Department should be to work to retain businesses in their existing locations, followed by expansion of those businesses, and finally relocation of businesses in the state and businesses relocating to the State of Kansas. The Department should be more concerned about how the state can help our existing businesses rather than trying to entice businesses to relocate within the state. Statistics indicate that in a given year there will be 1,000 corporate relocations but 15,000 economic development organizations enticing those 1,000 prospects. It is important for the Department to continue to attract new businesses to the state and try to relocate businesses; however, the state does not have the financial base to entice all of these businesses to relocate.

10. The Department should establish a "housing corps" which would create programs to provide temporary employment for young people and others to work on housing projects.



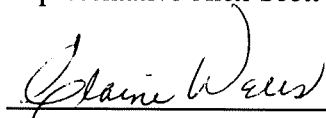
The Subcommittee notes in conclusion the enthusiasm and commitment of the Secretary and the staff of the Department of Commerce and Housing with regard to the programs they administer. In recent years, greater attention has been focused on economic development in Kansas and the Department is playing a central role in these activities. The Subcommittee acknowledges the cooperation and assistance of the Department and looks forward to working with it to improve services to Kansans in all parts of the state.



Representative Carol Dawson
Subcommittee Chair



Representative Ruby Gilbert


Representative Russell Mills
Representative Alex Scott
Representative Elaine Wells