

Approved: April 7, 2011

Date

MINUTES OF THE GENERAL GOVERNMENT BUDGET COMMITTEE

The meeting was called to order by Chairman Joe McLeland at 8:00 a.m. on March 30, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

David Wiese, Revisor's Office
Audrey Dunkel, Kansas Legislative Research Department
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Brad Williams, Executor Director, Kan-ed

Others attending:

See attached list.

HB 2390 KAN-ED act; repeal.

Brad Williams, Executor Director, Kan-ed, appeared before the committee to answer all questions from the committee concerning all aspects of Kan-ed. Mr Williams stressed Kan-ed does not own any equipment, just leases it. Chairman McLeland asked about the content and who contracts with the vendors. Mr Williams stated that the State Library licensed the content and Kan-ed supplied the money. Mr Williams was questioned about the salaries of Kan-ed employees, at which time, he passed out the salary structure. (Attachment 1)

Several questions were directed toward the funding of Kan-ed, and the Executive Director passed out a sheet outlining the funding sources since it's inception in 2003. (Attachment 2)

The Ranking Minority, Representative Burroughs questioned Universal Service Administration's audit of E-rate violations and the E-rate data for years 2005 through 2010 was passed out to the committee. (Attachment 3)

Several committee members offered their disappointment that there was not a contingency plan in place in the event KUSF funding was not available to the agency. Representative Gonzalez asked Mr Williams if he could submit a contingency plan in the future, and he said he could. Chairman McLeland asked why he could submit one now, since he couldn't in the past? In the past, the legislature required Kan-ed to present a plan eliminating the KUSF dependence. The report submitted to the legislature contained KUSF dependence.

Representative Burroughs asked if there was a measure for return on investment for the monies already funded to the program. Mr Williams responded that a benefit analysis would be more appropriate. He then told the committee that membership was 443 members out of 837 connected.

The question and answer period was closed.

Representative DeGraaf made a motion to amend the date of termination date of Kan-ed from July 1, 2011 to July 1, 2012. Also, the date in the statute book be changed from July 1, 2011 to July 1, 2012. The motion was seconded by Representative Gonzalez. The motion passed.

Representative DeGraaf made a motion to pass HB 2390 favorably for passage as amended. Representative Gonzalez seconded the motion, and the bill passed on a voice vote.

Representative DeGraaf made a motion that all General Government Budget Committee minutes be approved as written seven days after being sent to all committee members by email and they have had a chance to submit their additions or corrections before the end of the seven day period. The motion was seconded by Representative Gonzales.

No more regular meetings scheduled for the 2011 legislative session.

The Chairman thanked everyone for their contributions this session, with adjournment at 9:20 a.m.

GENERAL GOVERNMENT BUDGET COMMITTEE

GUEST LIST

DATE: 3-30-2011

NAME	REPRESENTING
JUDITH GADD	CAPITOL ADVANTAGE
Lenora Kinzie	Stormont-Vail Health Care
Jim Nunges	NORTHEAST KS LIBRARY SYSTEM
Doug Penner	KICA
Jennifer Findley	ILHA
Chad Austin	ILHA
Jim Fox	Kansas Library Assn.
DICK CARTER	Learning Station
CORT BOFFINGTON	KAREN
JERRY HUFF	KS BOR
LES NEPPERSCHEMIDT	ATT
Bred Williams	Kennel - KBOR
Sarah Bradford	OEIE - KSU
Valerie York	OEIE - KSU
Whitney Daman	Co. Plz Co. Commission
Bruce Will	Via Christi Health
Mike Huttles	Rural Independent Tele Cos.
Victoria White	Pittsburg State U.
Dan Murray	KCTA
Michael Reel	Sprint
Tom Kuhn	KASB
Julie Klein	HLF
DK Priebeaux	THSU

Kansas Board of Regents - Kan-ed Staff Salaries FY 2011

Title	FY 2011 Current Salary	Kan-ed Costs
E-rate Coordinator	\$52,500	\$52,500
Network Access Manager	\$56,375	\$56,375
Associate Director, Information Technology	\$67,275	\$5,382
Executive Assistant	\$37,981	\$37,981
Accountant	\$47,000	\$47,000
Director of Business Operations & Planning	\$85,000	\$85,000
Legislative Assistant	\$35,000	\$27,650
Coordinator, Membership Services	\$42,606	\$42,606
Research & Development Coordinator	\$67,552	\$67,552
Information Systems Analyst	\$47,300	\$47,300
Kan-ed Executive Director; KBOR CIO	\$131,000	\$131,000
Indirect Salary Costs	\$100,000	\$100,000
TOTAL SALARY COSTS		\$700,346

House General Government Committee

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Attachment: 1

Kan-ed Funding KUSF/SGF Funding By Year

Fiscal Year	Source	Amount	
2003	KUSF	\$ 5,000,000	1/2 Year Funding to start the Kan-ed Program
2004	KUSF	\$ 10,000,000	
2005	KUSF	\$ 10,000,000	
2006	KUSF	\$ 10,000,000	
2007	KUSF	\$ 8,000,000	
	SGF	\$ 2,000,000	
2008	KUSF	\$ 8,000,000	
	SGF	\$ 2,000,000	
2009	KUSF	\$ 8,000,000	
	SGF	\$ 2,000,000	
2010	KUSF	\$ 10,000,000	
2011	KUSF	\$ 10,000,000	
2012 Proposed	KUSF	\$ 10,000,000	

Governor Rec/Budget Office Rec Concur

NOTE: KUSF can only be used by eligible telecom entities.

Kan-ed meets state and federal requirements to use KUSF funding.

House General Government Committee

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Attachment: 2



To: Representative Joe McLeland

FROM: Bradley S. Williams, Kan-ed Executive Director

CC: Aaron Claassen, Legislative Research
Don Heiman, Legislative CITO
Joe Hennes, Executive CITO

DATE: December 21, 2010

RE: E-Rate Funding Data Request

Enclosed is the E-rate data for the past five years as you had requested at the Joint Committee on Information Technology on December 15, 2010. If you have any further questions, please don't hesitate to contact me.

Kan-Ed E-Rate Funding History 2005 to 2010

Funding Year 2005

Amount: \$1,750,077
Application Date: February 2005
Funding Denied: January 2006
FCC appeal filed: February 2006
FCC Appeal approved November 2006
Funding Approved: July 2007
Funds Received: January 2008
FCC audit of 2005 funds February 2009
Audit findings June 2010 recommend return of funds
Appeal of audit finding October 2010
2010 Update - Audit under Appeal: Loss of Appeal could result in request of 2005, 2006, 2007, 2008 funds returned.

Funding Year 2006

Amount: \$1,624,929
Application Date: February 2006
Funding Approved: February 2007
Funds Received: January 2008
FCC audit of 2006 funds February 2009
Audit findings June 2010 recommend return of funds

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★ KANSAS BOARD OF REGENTS ★

Appeal of audit finding October 2010

2010 Update - Audit under Appeal: Loss of Appeal could result in request of 2005, 2006, 2007, 2008 funds returned.

Funding Year 2007

Amount: \$1,462,102
Application Date: February 2007
Funding Approved: September 2008
Funds Received: Spring of 2009

2010 Update - Audit under Appeal: Loss of Appeal could result in request of 2005, 2006, 2007, 2008 funds returned.

Funding Year 2008

Amount: \$1,376,076
Application Date: February 2008
Funding Approved: January 2009
Majority of funds received: May 2010

E-rate program request for additional documentation, December 2010, place 2008 funds in jeopardy if not approved.

Funding Year 2009

Amount: \$0 received as of 12/20/10
Application Date: February 2009
Funding Approved: October 2010

Funding Year 2010

Amount: \$0 received as of 12/20/10
Application Date: February 2010
Funding Approved: Application under review

Funds disbursed by the E-rate program may be reviewed by the E-rate program at any time for up to 5 years after they are disbursed to the recipients.