

Approved: March 16, 2011

Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on February 14, 2011, in Room 548-S of the Capitol.

All members were present

Committee staff present:

Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Alan Conroy, Director, Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Aaron Klaassen, Senior Fiscal Analyst, Legislative Research Department
Dorothy Hughes, Fiscal Analyst, Legislative Research Department
Brea Short, Intern, Senator McGinn's Office
Jan Lunn, Committee Assistant
Josh Lewis, Chief of Staff

Others attending:

See attached list.

Bill Introduction

Senator McGinn moved introduction of a bill establishing the Kansas employment first initiative act and creating an oversight commission (#rs0903); Senator Masterson seconded the motion, which carried on a voice vote.

Senator Masterson moved introduction of a bill (#rs0927) concerning centers of excellence and centers of innovation and related to the Kansas Bioscience Authority funding stream; Senator Schodorf seconded the motion, which passed on a voice vote.

Follow-Up Information

Senator McGinn called attention to Dr. Andy Tompkins, Kansas Board of Regents, response relative to persistence and graduation rates for state universities (Attachment 1). This was discussed during the February 4 Senate Ways and Means Committee meeting.

Ways and Means Subcommittee Reports and Recommendations

Office of the Lieutenant Governor

Senator Huntington reported the Subcommittee concurred with the Governor's recommendation (Attachment 2). Senator Huntington moved to adopt the Office of the Lieutenant Governor Subcommittee report as presented; Senator Masterson seconded the motion, which passed on a voice vote.

Office of the Attorney General

Senator Huntington reviewed the agency funding request as well as the Governor's recommendation (Attachment 2, pg 2-3). It was noted that much of the increase in this agency was due to merging of the Kansas Human Rights Commission into the Office of the Attorney General. The Subcommittee concurred with the Governor's recommendation with the following adjustment and notation:

- In 2010, the Legislature authorized the Attorney General to issue bonds for funding water litigation. The Subcommittee recommended that no language be included for FY 2012 appropriations bill to continue that bonding authority.
- The Subcommittee recommended consolidation of funding for domestic violence prevention grants and Children's Advocacy Center grants into one agency (currently divided between Office of the Governor and the Attorney General), for consideration at Omnibus.

Discussion ensued concerning the merging of the Human Rights Commission into the agency. Consequently, action on the Attorney General Subcommittee report was delayed until the Human Rights Commission Subcommittee report was discussed.

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Office Secretary of State

Senator Huntington described the agency funding request as well as the Governor's recommendation for expenditures (Attachment 2, pg 2-5). The Senate Subcommittee concurred with the Governor's recommendation with the following notations:

- **SB 128**, currently referred to Senate Ethics and Election Committee, delays the Presidential Preference Primary from 2012 to 2016. Should this legislation fail, there is no funding included in the Governor's recommendation for primary elections costs. The Subcommittee recommends funding be reviewed at Omnibus.
- A number of Constitutional amendments have been introduced and are under consideration by the Legislature. Funding does not exist in the Governor's recommendations for required publication costs. Therefore, the Subcommittee recommends consideration for any constitutional amendment funding costs at Omnibus.
- Two agencies, the Secretary of State and the Office of the Revisor of Statutes, are responsible for the publication, sale, shipping, and distribution of the *Session Laws of Kansas*, *Kansas Administrative Regulations*, and the *Kansas Statutes Annotated*. The Subcommittee recommends consolidation of the responsibilities for these publications into one agency and directs the Revisor of Statutes and the Secretary of State to create a plan and report at Omnibus.

Senator Vratil moved to amend the Subcommittee Report to include recommendations will be considered at Omnibus; Senator Teichman seconded the motion. which carried on a voice vote.

Senator Huntington moved to accept the Secretary of State Subcommittee Report as amended; Senator Kelly seconded the motion, which carried on a voice vote.

Kansas Insurance Department

Senator Huntington reviewed the agency request and the Governor's recommendation. It was noted the agency request increased for FY 2012 due to a \$5 million increase in Other Claims within the Workers Compensation program (Attachment 2, page 2-7). The Subcommittee concurred with the Governor's recommendation with the following adjustment:

- The Subcommittee recommends other assistance expenditures in the Workers' Compensation program be reduced by \$3.5 million.

Senator Teichman moved adoption of the Subcommittee report and its recommendation; Senator Kelly seconded the motion which carried on a voice vote.

State Treasurer Report

Senator Huntington reviewed the agency request and the Governor's recommendation (Attachment 2, page 2-9). The Subcommittee concurred with the Governor's recommendation with the following notations:

- Legislation is anticipated to be introduced regarding the monitoring of applicants for the Kansas Investments Development Scholars (KIDS) matching grant program which concerns third party contributions.
- Additional information on the Tax Increment Financing Revenue Replacement Fund should be provided to the full Senate Ways and Means Committee during its consideration of the FY 2012 budget. Concerns exist that the fund may be outdated and further discussion is needed.

It was noted that under the "Governor Recommendation FY 2012" column, 52.5 FTE positions are listed. This is an error; it should read "44.5." Legislative Research Staff will correct the error on the State Treasurer Report. Considerable discussion was heard concerning full time equivalent (FTE) positions, classified and unclassified positions and funded and unfunded positions. Senator McGinn requested that Legislative Research Staff develop a spreadsheet indicating the number of classified and unclassified positions (by agency), the number of positions eliminated (by agency), and the amount of salary dollars (by position) saved or retained in the agency's budget.

Senator Huntington moved the State Treasurer Subcommittee Report be accepted as corrected; Senator Kelly seconded the motion which passed on a voice vote.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections. 2

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Health Care Stabilization Fund

Senator Huntington reviewed the agency request and the Governor's recommendation which includes a 1.0 FTE position reduction (Attachment 2, page 2-11). The Subcommittee concurred with the Governor's recommendation with one adjustment:

- Restore 0.5 of the Governor's recommended 1.0 FTE reduction.

Discussion was heard related to the possible lifting of the statutory cap of the Health Care Stabilization Fund and its possible impact on medical malpractice claims payments should a Supreme Court opinion include cases already in process. Senator Schmidt moved to add an additional notation to the Health Care Stabilization Fund Subcommittee report that the Subcommittee is aware of possible consequences should the Fund's statutory cap be lifted. The motion died for lack of a second.

Senator Huntington moved adoption of the Health Care Stabilization Fund Subcommittee Report; Senator Kelly seconded the motion which carried on a voice vote.

Human Rights Commission

Senator Emler outlined the agency request and the Governor's recommendation which was based on a reorganization order for FY 2012 that transferred all duties and responsibilities of the Human Rights Commission to the Office of the Attorney General (AG) (Attachment 3). Since the initial plan was developed, legislation (not an executive reorganization order) is currently being drafted to merge the Commission into the AG office. The Subcommittee concurred with the Governor's recommendation realizing it is contingent upon passage of legislation.

Senator Francisco filed a Minority Report, which becomes part of this record. Senator Francisco expressed concern that the agency's Executive Director, Administrative Specialist, and Chief Legal Counsel would be eliminated in the Governor's recommendation. Senator Francisco proposed retaining the above mentioned positions but eliminating funding for a Staff Attorney and a Special Investigator II. In addition, her proposal included a 0.5 Administrative Assistant position. If legislation is not approved, she recommended funding the Kansas Human Rights Commission as an independent state agency in the amount of \$1,748,853 (including \$1,252,820 from the SGF), an all funds increase of \$121,742 and a SGF increase of \$63,736 above the Senate Subcommittee's recommendation, which is adequate to cover the difference in staff salaries and wages.

Senator Emler moved to amend the Subcommittee Report to reflect consideration at Omnibus; Senator Vratil seconded the motion which carried on a voice vote. Senator Vratil moved to accept the Human Rights Subcommittee Report as amended; Senator Teichman seconded the motion, which carried on a voice vote

The Senate Ways and Means Committee returned to the Office of the Attorney General Subcommittee Report. Senator Huntington moved to adopt the Office of the Attorney General Subcommittee Report with a reduction of \$1.6 million (from the transfer of funds from the Human Rights Commission) and to reconsider at Omnibus. The motion was seconded by Senator Kelly and passed on a voice vote.

ERO 38 -- Reorganizing the Kansas Health Policy Authority as established by K.S.A. 2010 Supp. 75-7401 et seq. into the Division of Health Care Finance within the Department of Health and Environment.

Amy Deckard, Senior Fiscal Analyst from the Legislative Research Department was present to brief committee members on this executive reorganization order (Attachment 4). She indicated all duties and responsibilities of the Kansas Health Policy Authority (KHPA) would be transferred to the Kansas Department of Health and Environment (KDHE) under a newly-created division of Health Care Finance within KDHE. She discussed the budget adjustments related to the transfer including staff reorganization and summarized the agency's request as compared to the Governor's recommendation.

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Responding to Committee members' questions, Ms. Deckard indicated:

- There could be trailer legislation to change statutory language and Rules and Regulations if the ERO is adopted. Since the ERO provides for full transfer of duties, functions, responsibilities, funds, and liabilities, an immediate “clean-up” would be unnecessary and could be accomplished over a longer time period.
- The Lieutenant Governor will act in an oversight capacity with regard to broad healthcare policy. The Kansas Insurance Commissioner is involved with implementing the federal Patient Protection and Affordable Care Act (PPACA) and overlapping responsibilities may occur among various agencies.
- The majority of savings generated from this reorganization order come from elimination of duplicative administrative functions and processes (*i.e.*, human resources and payroll functions).
- Senator McGinn requested that Legislative Research prepare a spreadsheet listing KHPA FTEs including title, job function, and salary for FY 2011 compared with the proposed FY 2012 (when the transfer will occur) so Subcommittee members can visualize the new plan. Legislative staff will attempt to create this resource.
- KDHE has the broad authority to implement programs and processes required under PPACA.

Landon Fulmer, Policy Director from the Office of the Governor, was present to speak in support of **ERO 38** (Attachment 5). He discussed the policy rationale behind the proposed ERO, the coordinated policy framework required for PPACA implementation, Medicaid transformation, and the necessity of providing a continuum of service. Mr. Fulmer indicated Governor Brownback had communicated with Insurance Commissioner Praeger clarifying the role of the Insurance Department in implementing PPACA. Mr. Fulmer will provide the letter to committee members.

Linda Sheppard, Kansas Insurance Department, confirmed clarification from the Governor had been received, and the Insurance Department had no further questions or concerns related to the reorganization plan.

Discussion was heard regarding Committee action on a reorganization order, trailer legislation, and statutory changes.

Dr. Robert Moser, Secretary of the KDHE, was present. However, time constraints prevented hearing his testimony. The hearing on **ERO 38** will continue at a later meeting.

The meeting was adjourned at 12:01 p.m.