

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Tuesday, January 19, 2016, 112-N of the Capitol.

All members were present except:

Representative Marc Rhoades – Excused
Representative Mark Kahrs – Excused

Committee staff present:

Kathy Holscher, Kansas Legislative Committee Assistant
David Fye, Legislative Research Department
Jennifer Ouellette, Legislative Research Department
Jill Wolters, Office of Revisor of Statutes
Daniel Yoza, Office of Revisor of Statutes
J.G. Scott, Legislative Research Department
Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:

John Milburn, Department of Administration

Others in attendance:

[See Attached List](#)

Possible bill introductions

Chairman Ryckman called the meeting to order.

Representative Grosserode made a motion to introduce legislation regarding nurse educator scholarships. Representative Hutton seconded the motion. Motion carried.

*Representative Grosserode made a motion to introduce legislation regarding a reintroduction of **SB 93**. Representative Carpenter seconded the motion. Motion carried.*

Briefing by staff on:

J.G. Scott, Legislative Research Department, provided an overview of the FY 2014 - FY 2017 State General Fund Profile (SGF) ([Attachment 1](#)). The approved ending balance for FY 2015 was \$67 million, which included the Governor's allotment of \$50 million for SGF expenditures reductions (excluding K - 12 and Kansas Public Employee Retirement System). 2015 **HB 2135** authorizes the Governor to shift funds from the special revenue fund and miscellaneous fee funds into the SGF. The Governor's allotment authority also included \$100 million in transfers for reduced expenditures. The Governor's recommendations for FY 2016 reflects an ending balance of \$15.9 million and \$46.6 million for FY 2017. It was noted that for FY 2017, the Governor's recommendation includes \$22.2

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million above approved expenditures for the Judiciary. As requested, monthly revenue and expenditures updates will be provided to committee members.

J.G. Scott stated that members have received copies of the special revenue funds for the Economic Development Initiatives Fund([Attachment 2](#)) , Expanded Lottery Act Revenues Fund ([Attachment 3](#)) , Children's Initiative Fund ([Attachment 4](#)) , State Water Plan Fund ([Attachment 5](#)) .

J.G. Scott reviewed the State General Fund (SGF) Receipts for July through December, FY 2016 ([Attachment 6](#)) . Total receipts through December FY 2016 were \$42.8 million, however, \$62.8 million in transfer adjustments have not been included. He noted that individual income tax withholding for December was \$11 million below December projections, however, payments are not due until the end of January.

Hearing and possible action on: SB241 — Amending the procedure for the approval of state contracts.

Chairman Ryckman opened the hearing on **SB 241**. Daniel Yoza, Office of Revisor of Statutes, presented the bill brief ([Attachment 7](#)) . The bill removes the requirement for a copy of contract or lease for a term extending longer than one year be filed with the director of accounts and reports, creates an exception to the rule requiring regarding purchase orders for contract payments and removes the requirement for countersigned contracts.

John Milburn, Director of Legislative and Public Affairs, Department of Administration, presented testimony as a proponent of the bill ([Attachment 8](#)) . The bill supports changes to the reporting process for state contracts and leases.

In response to questions from committee members, Mr. Milburn stated that the bill removes the requirement for cover sheets for certain process through the state financial management system (SMART) and all checks and balances remain in place.

Chairman Ryckman closed the hearing on the bill.

Hearing and possible action on: SB249 — Purchasing; competitive bids; vehicle repairs.

Chairman Ryckman opened the hearing on **SB 249**.

Daniel Yoza, Office of Revisor of Statutes, presented the bill brief, which deals with the competitive bidding process for state agencies ([Attachment 9](#)) .

John Milburn, Director of Legislative and Public Affairs, Department of Administration, presented testimony as a proponent of the bill ([Attachment 10](#)) . He responded to a question from a committee

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member regarding the process for determining bid requirements. An example of the amendment in the statute was referred to, which involved the need for vehicle repairs and efficient use of time and resources to obtain bids before the repairs were authorized. The amendment would add a new category where bids would not be necessary, establish a new threshold amount for seeking competitive bids for purchase of commodities and services, and allows the Secretary of Administration to delegate authority for purchases less than \$50,000.

Discussion followed by committee members. Tracy Diel, Director, Office of Procurement and Contracts, provided an overview of the procurement process. He noted that agencies with requests over \$10,000 would be required to complete a competitive bid process. The bill would give agencies additional flexibility and tracking mechanisms in place through the SMART system. The bill passed in the Senate during the later part of the 2015 session, it was noted. The Kansas Department of Transportation (KDOT) and Kansas Correctional Industries are the agencies with the \$25,000 to \$50,000 authorization flexibility. All other state agencies are capped at \$5,000. And, to date only KDOT and the Department of Administration are utilizing the SMART system for this purpose. In response to questions, he stated that this bill would open increased funding requests for other agencies. The approval would be based on evaluation and efficiencies. He discussed the difference between the procurement process and efficiency study conducted by Alveraz and Marsal. He stated that the bill applies to executive branch state agencies within KSA 75-3739, and does apply to counties or municipalities. As requested, additional information will be forthcoming regarding the history with the limits as compared to bordering states.

Chairman Ryckman closed the hearing on the bill.

Chairman Ryckman reviewed the agenda for the next committee meeting. He stated that the Budget Chairs will meet with Alvarez and Marsal staff upon adjournment.

Meeting adjourned at: 9:45 a.m.