

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Tuesday, February 16, 2016, 112-N of the Capitol.

All members were present except:

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:

No conferees present

Others in attendance:

[See Attached List](#)

Opening Remarks

Chairman Ryckman called the meeting to order and reviewed the agenda. He stated that the final report, as contractually agreed upon, will be reviewed by Alvarez and Marsal. Justin Stowe, Legislative Division of Post Audit. Justin Stowe serves as legislative liaison on the study. He will review the process going forward and committee members will have the opportunity to continue discussion on the efficiency study.

Representative Highland made a motion to approve the February 4 and February 9, 2016 committee meeting minutes. Representative Hoffman seconded the motion Motion carried.

Bill introductions

Representative Barker made a motion to introduce legislation regarding a judiciary fee bill which mirrors SB 454. Representative Schwartz seconded the motion. Motion carried.

Representative Barker made a motion to introduce legislation regarding Kansas general corporation code modification. Representative Macheers seconded the motion. Motion carried.

Final Report- Alvarez and Marsal

Melissa Glynn and J.W. Rust reviewed the final Government Efficiency report and responded to questions from committee members ([Attachment 1](#)).

CONTINUATION SHEET

MINUTES of the Committee on Appropriations at 9:00 am on Tuesday, February 16, 2016 in Room 112-N of the Capitol.

Melissa Gynn stated that the contents of the report include Phase 2, which primarily addresses implementation and timeline schedules. She stated that scheduled briefings will be held this week with various budget and other outstanding committees. A review of the agencies and cross agency work stream followed. The implementation recommendations for the Program Management Office (PMO) oversight were ranked according to the highest value, transformational and long-term impact, she added.

J.W. Rust provided an overview of the implementation project schedule (See attachment 1). A project work stream was identified for each agency, which included project details, steps, resources and estimated duration for implementation for a March 1st start date. The top 20 percent of the 105 recommendations represents 87.1 percent of the total value and would need a project manager within the agency to provide oversight, he added. A review of the top 21 recommendations for immediate implementation followed. A summary of the recommendations are outline on pages 10 through 13 of report. It was noted that some areas will require legislation.

J. W. Rust and Melissa Glynn responded to questions from committee members. The importance and urgency to hire auditors, with experience, to fill current vacancies was emphasized. Regarding the excess cash carryover balances, it was noted that the dollar amount within 286 school districts was small, in comparison to two or three of the larger districts with operating expenses of \$3 to \$4 million. The Project Management Office (PMO) staff would begin with 3 or 4 staff members, who would serve as a liaison for the agency and the state. Each state agency representative would be responsible for the agency's purview and would report out to the PMO round-table, which would meet on a weekly basis. The need to recapture loss or misreported sales tax revenue was identified by the Department of Revenue, as was the findings of the study. Discussion followed regarding the creation of a new Governor's Grants Office that would provide compliance oversight and effective use of federal funds. Chairman Ryckman stated that a presentation by Alvarez and Marsal has been scheduled for tomorrow's committee meeting regarding Information Technology and Governor's Grants Office. The recommendation to replace the Worker's Compensation self insurance Fund Claims Management with a third party administrator was reviewed. Discussion followed regarding the process for implementation and cost savings. It was noted that Kansas has the third highest per capita for government employees. Melissa Glynn stated that the consolidation of some technology areas was reviewed. The recommendations included better managed state-wide staffing, improved services, as well as establishing better practices. It was noted that not only looking at state agencies to become more efficient, but also Kansas governmental entities. Discussion followed regarding the K-12 benefit program and the roll out time line by the second quarter of 2017. This recommendation would require legislative approval, and managed by the state employee health plan J.W. Rust stated. In order to keep the recommendations consistent, the inflation costs and benefits were removed. Melissa Glynn stated that the privatization of state hospitals as compared to other states was not conducted. Other states that have undergone this study experienced complex efforts, requiring a high level of detail and time involved, and savings are not realized in a timely manner, although worthy of the efforts she added.

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.

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Chairman Ryckman stated that committee reports on the efficiency study recommendations will be presented to the Appropriations Committee in the next few days. A template will be provided to the budget and committee chairs regarding additional information, i.e. category ranking, legislative action that may be required or necessary, timelines, and pros and cons, for better understanding of the recommendations. He thanked Alvarez and Marsal staff for their presentation today, and he introduced Justin Stowe.

Justin Stowe, Legislative Post Audit, provided a brief overview of his responsibilities as the legislative liaison for the state and Alvarez and Marsal. He stated that Alvarez and Marsal will be meeting with various state agencies this week in order to provide the committee with more detailed information. Any questions or request for additional information should be directed to Mr. Stowe, it was noted. The report is available on the Legislative Research website.

Meeting adjourned at: 10:01 a.m.