

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Monday, March 14, 2016, 112-N of the Capitol.

All members were present except:

Representative J. R. Claeys – Excused
Representative John Barker – Excused
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:

Peter Fogarty, Kansas State Lodge Fraternal Order of Police
Representative Hoffman
Chairman Ryckman

Others in attendance:

[See Attached List](#)

Opening remarks

Chairman Ryckman called the meeting to order. He reminded committee members to let the office staff know of dates they will be not available in April, should additional committee meetings be scheduled. Committee members were requested to reserve April 21 and 22, 2016 for possible work on the Omnibus Bill. A flexible schedule for Appropriations Committee meetings is also a possibility, in order to address issues prior to the first legislative adjournment, he noted. And, he stated that the educational spreadsheet by district will be on the website today. Committee members received a copy of written testimony in opposition to **HB 2725** from Peter Fogarty, Kansas State Lodge Fraternal Order of Police, which was heard in committee on March 11, 2016 ([Attachment 1](#)).

Bill introductions

Representative Hutton made a motion to introduce legislation regarding proof of warranty.
Representative Schwartz seconded the motion. Motion carried.

Discussion on:

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CONTINUATION SHEET

MINUTES of the Committee on Appropriations at 9:00 am on Monday, March 14, 2016 in Room 112-N of the Capitol.

Representative Hoffman, Chair, Agriculture and Natural Resources Budget Committee, presented an overview of the committee's Efficiency Study Recommendations ([Attachment 2](#)). He stated that a bill has been introduced regarding implementation of a community finance fees and cost recovery recommendation. Additional recommendations included a review of administrative fees, additional federal grant funding pursued for Medicaid and healthcare without program expansion; and enter into a ground lease agreement for State owned Lot #4.

Representative Hoffman responded to questions from committee members. He reviewed the committee process for compiling data as related to their recommendations. He stated that concern was expressed that the estimate would be too high for federal grant funding for program expansion.

Representative Grosserode, Chair, Education Budget Committee, presented an overview of the committee's Efficiency Study recommendations (See Attachment 2). Recommendations included the following: no immediate action taken regarding the use of carry over cash balances to offset funding; procurement from the Department of Administration unless under a current contract, purchases made through a state service center or sourcing an item locally with a 1 percent difference from the state procurement list; pooled K-12 casualty and property insurance; reduced energy usage for oversight by the Department of Education, Board of Regents and universities; and the implementation of networked printers at universities. Alvarez and Marsal no longer recommends the reorganization of the Department of Education's IT functions due to shrinkage, she stated.

Representative Grosserode responded to questions from committee members. She stated that the Local Option Budget (LOB) consists of unencumbered dollars for the districts' operating budget. However, these funds will also be moving to encumbered funds, which provides a savings for examples such as equipment purchases or maintenance. The Education Budget Committee will hold a hearing on **HB 2729** regarding procurement issues, which does not include maintenance items, she noted. The recommendation was made to explore competitive options with the private sector regarding janitorial and busing needs as an example. Regarding pooled insurance participation for USDs would be more cost effective for the districts to have more than one provider for property insurance. Both the pooled insurance and procurement recommendations would benefit the district not a benefit to the state, she added. Discussion followed about smart metering used by the University of Kansas, which collects usage data. It was recommended that use or need for excess property should be reviewed, and shared service pools or privatization resources for IT in the K-12 schools. Concern was expressed regarding the use of excess cash balances used for funding solutions without the impact on school districts.

Representative Highland, Chair, Education Committee, presented an overview of the committee's Efficiency Study recommendations (See Attachment 2). Recommendations included the consolidation of the K-12 benefit program; and new grant and foundation opportunities.

Representative Highland responded to questions from committee members. The K-12 benefits program consolidation was referred to the Insurance Committee for further study as to the impact of the recommendation.

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Melissa Renick and Iraida Orr, Legislative Research Department, presented an overview of the Insurance and Financial Institutions committee's Efficiency Study recommendations (See Attachment 2). Recommendations included the following: State Employee Health Plan (SEHP) plan changes; retiree liability; and move SEHP from the Kansas Department of Health and Environment to the Department of Administration.

Melissa Renick and Iraida Orr responded to questions from committee members. It was noted that the removal of Plan A option for Plan C option reflects a \$1,000 decreased employer contribution for either the single plan or the family plan. It was noted that the legislature encouraged the SEHP to reduce the overall reserves for a cost savings for employee and employer contributions and in some cases for the purpose of rate stabilization. It was noted that a bill has been introduced regarding the retirees health plan, which under the new plan, 100 percent of the premium will be paid for by the employee.

Chairman Ryckman reviewed the agenda for the upcoming meetings. As requested, the Division of Healthcare Finance Projection and account balances has been distributed to committee members ([Attachment 3](#)) .

Meeting adjourned at: 10:24 a.m