

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Ty Masterson at 10:30 am on Tuesday, February 16, 2016, 548-S of the Capitol.

All members were present

Committee staff present:

Jill Wolters, Office of Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
J.G. Scott, Legislative Research Department
Shirley Morrow, Legislative Research Department
Dezeree Hodish, Legislative Research Department
Justin Carroll, Legislative Research Department
Bobbi Mariani, Legislative Research Department
Mark Dapp, Legislative Research Department
Amy Deckard, Legislative Research Department
Mark Savoy, Legislative Research Department
Debbie Luper, Chief of staff
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

J. W. Rust, Senior Director, Alvarez and Marsal
Melissa Glynn, Managing Director, Alvarez and Marsal
Daniel Spragg, Director, Insurance and Risk Advisory Services, Alvarez and Marsal
Jerry Kavalieratos, Managing Director, Alvarez and Marsal
Jefferson Howell, Director, Alvarez and Marsal

Others in attendance:

[See Attached List](#)

Bill introductions

There were no proposed bill introductions.

Informational briefing:

Melissa Glynn, Managing Director, started the informational briefing by outlining the items that would be covered in their presentation.

She said the following would be covered by different representatives from Alvarez and Marsal:

- Updated information on what is included in the implementation plan ([Attachment 1](#));
- In-depth explanation of some of the specific item recommendations ([Attachment 2](#)).

CONTINUATION SHEET

MINUTES of the Committee on Ways and Means at 10:30 am on Tuesday, February 16, 2016 in Room 548-S of the Capitol.

A handout entitled "Kansas Summary Recommendations, Prepared on 02/11/2016" was also distributed to the committee ([Attachment 3](#)).

Ms. Glynn reported that in January, 2016, they provided interim results of their review with identification of 105 items they recommended be implemented. She said the recommendations reflected an intense effort for three months undertaken by a team of 40 of Alvarez and Marsal professionals in collaboration with the State of Kansas employees at all levels, in order to gain a detailed understanding of the State's missions, programs, objectives and challenges. She said they would be focusing on Procurement and Risk Management and Insurance at today's meeting. She said they grouped the recommendations into three categories:

- Highest Value - Category A recommendations;
- Transformational- Category B recommendations;
- Long Term Impact - Category C recommendations.

J. W. Rust, Senior Director, Alvarez and Marsal, explained the Implementation Project Schedule on Page 6 of Attachment 1. He said they recommend each agency have a person to oversee the implementation of the recommendations for their particular agency. He stated, of the large number of items recommended, the implementation process could start immediately.

Senator Kerschen said obviously someone will need to be in charge of the total implementation project. Mr. Rust said Shawn Sullivan would be overseeing the Statewide project.

Daniel Spragg, Managing Director, Insurance and Risk Advisory Services for Alvarez and Marsal, said their main focus is on risk management and how to control and cut losses. He said cost savings are generated by improved operating efficiency, alignment of risk with controls, strategic risk transfer and enhanced claims control and managing risk by establishing a DOA Office of Risk Management for oversight, including best practices to lower occurrences of worker's claims which would lower costs. He recommended a Statewide Insurance Procurement Program and he projected 10 percent savings with its successful implementation.

Senator Francisco voiced her concern with the recommendation of the large increase in the worker's comp rate to 1 percent on a 1 percent written premium basis.

Next on the agenda was Jerry Kavalieratos, Managing Director, Alvarez and Marsal, whose focus is on advising large organizations how to navigate major transformational efforts and Jefferson Howell, Director, Alvarez and Marsal of Houston, who advises private sector organizations on evaluating their procurement processes. They spoke to the committee in more detail concerning a central procurement process for all State agencies. They identified areas of possible savings by optimizing facility operations for reduction of energy usage, paying invoices in 30 days and negotiating early pay discounts, implementation of networking printers at universities and centralizing the management of wireless services.

Possible action on bills previously heard

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.

CONTINUATION SHEET

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No action was taken on bills previously heard.

The next Ways and Means Committee meeting is scheduled for Wednesday, February 17, 2016, at 10:30 a.m., in Room 548-S at the Capitol.

Chairperson Masterson adjourned the meeting at 11:15 a.m.