

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Ty Masterson at 10:00am on Friday, March 11, 2016, 548-S of the Capitol.

All members were present except:

Senator Jeff Melcher – Excused

Committee staff present:

Jill Wolters, Office of Revisor of Statutes
Scott Abbott, Office of Revisor of Statutes
David Wiese, Office of Revisor of Statutes
J.G. Scott, Legislative Research Department
Shirley Morrow, Legislative Research Department
Dezeree Hodish, Legislative Research Department
Steven Wu, Legislative Research Department
Amy Deckard, Legislative Research Department
Dylan Dear, Legislative Research Department
Debbie Luper, Chief of Staff
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Blake Flanders, President and CEO, Kansas Board of Regents
Sarah Shipman, Secretary, Department of Administration
Dave Trabert, President, Kansas Policy Institute
Mike O'Neal, President, Kansas Chamber of Commerce
Mark Tallman, Assistant Executive Director, Kansas Association of School Board
David Smith, Kansas City Kansas Public Schools
Dr. George Griffith, Superintendent, Wakeeney USD208
Dan Brundgardt, Superintendent, Bonner Springs, USD 204
Cheryl Semmel, Blue Valley, USD229

Others in attendance:

[See Attached List](#)

Bill introductions

Senator Denning moved to introduce proposed legislation concerning court ordered redistribution of school district funds. The motion was seconded by Senator Arpke and the motion was adopted on a voice vote.

Senator Fitzgerald moved to introduce an act concerning sanctuary cities. The motion was seconded by Senator Arpke and the motion carried on a voice vote.

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Senator Kelly introduced proposed legislation concerning the State employee health plan, Senator Francisco seconded the motion and it was adopted on a voice vote.

Senator Fitzgerald moved to reconsider and withdrew his motion to introduce an act concerning sanctuary cities, Senator Arpke seconded and the motion carried and the bill introduction was withdrawn.

Hearing on: SB494 — Consolidating the payrolls of the state educational institutions and the state board of regents.

Eileen Ma, Assistant Revisor, briefed the committee on **SB494**, one of the bills related to Alvarez and Marsal Efficiency Study, which would require the State Board of Regents and the State educational institutions to consolidate their respective payrolls into one payroll file and utilize the State system of payroll for processing their payrolls. ([Attachment 1](#)).

Proponents:

No proponents appeared before the committee.

Opponents:

Blake Flanders, President and CEO, Kansas Board of Regents, presented his opposition to the bill and outlined the reasons citing the timeline envisioned in the bill as completely unworkable. He said the payrolls at the universities are more complicated than the State SHARP system can handle. He said it would be almost impossible to meet the timeline with the large scale and size of the systems being considered ([Attachment 2](#)).

Neutral:

No neutral parties appeared before the committee.

Written Proponent:

Mike O'Neal, President and CEO, Kansas Chamber of Commerce said he supports the bill because consolidation of payrolls provides opportunity for savings to be realized ([Attachment 3](#)).

Written Neutral:

Sarah Shipman, Secretary, Department of Administration appeared before the committee as a neutral party and stated it would take approximately 2 years to implement the 7 system conversions into the State payroll system ([Attachment 4](#)).

After all questions were answered, the Chairperson closed the hearing on **SB494**.

Hearing on: SB498 — Surplus real estate; authorizing a project management office.

Scott Abbott, Assistant Revisor, Office of Revisor of Statutes briefed the committee concerning **SB498** which designates the Secretary of Administration to identify, market, and sell surplus real estate. The revenue from the sale of surplus property would be deposited in a special revenue fund. Disposing of

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surplus property is a recommendation from the Alvarez and Marsal statewide efficiency study. [\(Attachment 5\).](#)

Senator Tyson stated that state statute requires 3 appraisals for disposal of property; she then asked if this bill does away with that requirement. Mr Abbott replied that for the property identified for this duration of time, that is correct.

Proponent:

Sarah Shipman, Secretary, Department of Administration said she has sufficient staff to successfully liquidate the surplus real estate for the State [\(Attachment 6\).](#) Ms. Shipman distributed a sheet that explained the process and steps for liquidating excess surplus property [\(Attachment 7\).](#)

Senator Arpke asked how much real estate and how much equipment is on the surplus list. Ms. Shipman said it is all real estate, and there are 10 or 12 properties involved.

Opponents:

No opponents appeared before the committee.

Neutral:

No neutral conferees appeared before the committee.

Written Neutral:

Mike King, Secretary, Department of Transportation [\(Attachment 8\).](#)

After the discussion period, the Chairperson closed the hearing on **SB498.**

Hearing on: SB505 — School finance; general state aid adjustment for unencumbered cash balances.

Jason Long, Senior, Assistant Revisor, Office of Revisor of Statutes, explained **SB505** and said the bill applies to those school districts that had unencumbered cash balances in excess of 15% of their general operating expenditures as of July 1, 2014. He stated that this bill stems from a recommendation by the Alvarez and Marsal efficiency study [\(Attachment 9\).](#)

Proponents:

Dave Trabert, President, Kansas Policy Institute, supports the Alvarez and Marsal recommendation of capping the reserve for unencumbered cash reserves at not more than 15% of their operating expenses. He included a chart showing carryover balances, current operating spending and the carryover ratios [\(Attachment 10\).](#)

Mike O'Neal, President and CEO, Kansas Chamber of Commerce, expressed his support for this recommendation from the Efficiency Study for general state aid adjustments for K-12 utilizing unencumbered funds [\(Attachment 11\).](#)

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Opponents:

Mark Tallman, Assistant Executive Director, Kansas Association of School Board, said he does not support the method for capturing school district balances [\(Attachment 12\)](#).

David Smith, Kansas City Kansas Public Schools, said this bill would have a negative impact on their budget, and it is critical that districts are able to maintain sufficient balances in order to maintain operations in financially unstable times [\(Attachment 13\)](#).

Kelli Mather, Chief of Operations, Kansas City Kansas Public Schools, joined David Smith in expressing opposition to the bill. She explained the unique funding challenges related to the diverse needs and aging facilities in the Kansas City Public Schools.

Dr. George Griffith, Superintendent, Wakeeney USD208, expressed concern that this bill would damage the quality of education in his school district [\(Attachment 14\)](#).

Dan Brundgardt, Superintendent, Bonner Springs, USD 204, opposes this bill and outlined the 3 main reasons in his written testimony [\(Attachment 15\)](#).

Cheryl Semmel, Blue Valley, USD229, stated her concerns and why she opposes **SB505** in her written testimony [\(Attachment 16\)](#).

Written Opponent:

William D. Hall, Superintendent, Salina, USD305 [\(Attachment 17\)](#).

Doug Maxwell, Finance Director, Goddard, USD265 [\(Attachment 18\)](#).

After a question and answer session, the Chairperson closed the hearing on **SB505**.

Possible action on bills previously heard

There was no action taken on bills previously heard.

The next Ways and Means Committee meeting is scheduled for Monday, March 14, 2016, at 10:30 a.m., in Room 548-S at the Capitol.

Chairperson Masterson adjourned the meeting at 12:25 p.m.