

Approved

Stephen A. Cloud  
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Representative Stephen R. Cloud at  
Chairperson

9:10 a.m. ~~pm~~ on Thursday, March 28, 1985 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Avis Swartzman - Revisor  
Carolyn Rampey - Legislative Research Dept.  
Julian Efird - Legislative Research Dept.  
Jackie Breymeyer - Committee Secretary

Conferees appearing before the committee:

The meeting of the Governmental Organization Committee was called to order at 9:10 a.m. by Representative Stephen R. Cloud, Chairman. The minutes of the March 21 meeting were approved. March 26 minutes were distributed.

A balloon copy of SB 335, dealing with the Advisory Committee on Employment of the Handicapped was passed out to committee members. The chairman went through the balloon and explained the major and minor changes. The first change was the vouchers and payrolls of the advisory committee being approved by a person or persons designated by the chairperson and the secretary of human resources. This was changed from the chairperson because of his living in another town and not being accessible when needed.

Every geographical area of the state was deleted and (f) was changed to read Senate and House of Representatives. These members will not be from the same political party.

The number of handicapped members was reduced from 9 to 8 as this number seems sufficient.

Page 4 contains the establishment of a fee fund. This is to collect reasonable fees for services and materials provided by the advisory committee. Various concerns were expressed with respect to this aspect of the bill. Secretary Wolgast commented that in reality it is more of a cost for services so that expenses can be recouped.

Representative Walker moved that SB 335 be amended per the balloon copy. Representative Sutter gave a second to the motion. The motion carried.

Representative Walker moved to report SB 335 favorably as amended. Representative Sutter gave a second to the motion. The motion carried.

The committee turned to the Subcommittee 2 Report on the Office of Secretary and Department of Economic Development. (See Attachment A)

Chairman Cloud stated that the recommendation of the subcommittee is for a three-year extension of the Department. This in no way reflects unfavorably upon the Department or Secretary, but stems from the concern with the Small Cities Community Development Block Grant Program. Most of the subcommittee's time was spent on this area. There is very little, if any, legislative oversight of the \$16.8 million dollars of federal money spent on this program. The subcommittee would like to take a look at the program in a much sooner time frame than eight years. The chairman mentioned a presentation given by Dr. Anthony Redwood, Executive Director of the Institute for Economic and Business Research and the Center for Public Affairs, at the University of Kansas, entitled, "Problems in the Kansas Economy: The Need for Economic Development". Dr. Redwood's report is available for any committee member who would like to obtain one.

The chairman also stated that, along with Item One, a letter has been drafted to the members of the House of Representatives and signed by Secretary Schwartz and himself that sets forth the reasons for a three-year extension. Item Two requests the LCC to permit an interim study of the Small Cities Community Development Block Grant Program. Item Three endorses the findings of Legislative Post Audit and its recommendations. Item Four supports the recommendations made by Dr. Anthony Redwood. Several comments about the Subcommittee 2 report were made.

SAR

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,  
room 522-S Statehouse, at 9:10 a.m./~~p.m.~~ on Thursday, March 28, 1985.

Representative Roper moved the adoption of the Subcommittee 2 Report. Representative Harder gave a second to the motion. The motion carried.

Representative Roper moved to amend SB 80 to a three year extension of the Secretary and the Department of Economic Development. Representative Ramirez gave a second to the motion. The motion carried. This reflects a 1988 date instead of 1993.

Representative Sutter moved to recommend SB 80 favorably for passage as amended. Vice Chairperson Barr gave a second to the motion. The motion carried.

The subcommittee's interim request to the LCC was discussed. The speaker could be encouraged to allow an interim Governmental Organization Committee to study the Small Cities Community Development Block Grant Program. Another option would be the assignment of this issue to an already existing committee.

Representative Sprague moved an interim study be conducted of the Small Cities Community Development Block Grant Program. Representative Sughrue gave a second to the motion. The motion carried.

It was commented that SB 177, the reorganization bill for the Department of Economic Development, is on General Orders in the Senate. If it makes it to the House, the House Governmental Organization Committee to take it up next week.

The Chairman gave his thanks to the subcommittee for all the work done.

Representative Hassler presented her Subcommittee 3 report. (See Attachment B) She stated that she appreciated the work the Subcommittee had done. The Subcommittee had received much cooperation from the Department of Human Resources. Much time was consumed getting the groundwork done. Representative Hassler went through the recommendations. There is outdated language that needs to be eliminated, along with some positions. A new division would be added to replace the two that would be eliminated. On page 3, contained the recommendation for an eight year extension. An interim study to address the long-term future of the Kansas Soldiers Home is recommended. It was also stated that there is no consistent pattern in some of the operations of the Veterans Commission. Other recommendations dealt with the Secretary reporting on several operations within the Department to the 1986 Legislature.

Representative Sughrue moved the adoption of the Subcommittee 3 Report. Representative Hassler gave a second to the motion. The motion carried.

The meeting was adjourned at 9:59 a.m.



SUBCOMMITTEE REPORT

TO: House Governmental Organization Committee  
FROM: Subcommittee II  
RE: Sunset Review of the Office of Secretary and Department of  
Economic Development

Background and Subcommittee Activities

The Subcommittee held several meetings relating to its review of the Kansas Department of Economic Development. Among items it considered were the following:

1. S.B. 80, which would recreate the Office of Secretary and Department of Economic Development until 1993.
2. A performance audit report entitled Administrative Office Procedures at the Department of Economic Development.
3. A performance audit report entitled Administration of the Small Cities Community Development Block Grant Program.
4. Proposed reorganization plans for the Department as contained in S.B. 177.
5. A presentation by Dr. Anthony Redwood, Executive Director of the Institute for Economic and Business Research and the Center for Public Affairs, Kansas University, entitled Problems in the Kansas Economy: The Need for Economic Development.

Present and Proposed Agency Administration and Organization. The Department currently is composed of five divisions: minority business; industrial development; housing, travel and tourism; and community development. Its budget for the current year (FY 1985) as recommended by the Governor is \$22,684,464. It is authorized 67.0 F.T.E. positions.

The performance audit of the Department's administrative office procedures shows that, in general, the Department complies with applicable state and federal regulations. However, the post auditors found several areas where, in their opinion, improvements are needed and recommended that greater care be taken to post position vacancies within the agency, to conduct personnel performance evaluations at least annually, to review position descriptions on an annual basis, and to maintain a record of all employment interviews.

3/28/85  
Attachment A

The Subcommittee was informed by the Secretary of the Department that he is proposing to reorganize the agency into four divisions: industrial development; travel, tourism, and film services; community development; and small business development. In addition, an office of minority business affairs and an office of advanced technology would be created as offices under the Secretary. According to the Secretary, the impetus for the proposed reorganization was the desire to provide a greater focus on small businesses by bringing together into one division the Department's resources to plan for and to assist small businesses in Kansas. The agency's proposed reorganization is contained in S.B. 177.

Small Cities Community Development Block Grant Program. The Department of Economic Development assumed responsibilities for administering the Small Cities Community Development Block Grant Program in 1984. The Department divided the program into the categories of community improvement, economic development, and a discretionary category, and allocated approximately \$16.8 million in federal funds among the categories as aid to cities for various types of local projects. The Department, with the assistance of a 19-member task force, is responsible for developing program guidelines for each grant year, determining which grant applications will be funded, distributing grant funds, and monitoring local projects.

In their performance audit of the Small Cities Program, the post auditors found several administrative changes that they thought should be made. These included checking the accuracy of all computations and data entry, preparing written guidelines for persons who rate applications, improving application guidelines and related information, making greater efforts to comply with federal standards and requirements, and better documenting and verifying the number of points awarded each application.

In addition, the auditors recommended that the Department do the following:

1. Assess the results of prior grant award decisions and change the program design for future grant years if the results intended under existing grants are not as anticipated.
2. If possible, pretest planned changes in program design.
3. Continue to use both a task force and public hearings to obtain public input to program design.
4. Consider taking remedial action to compensate for funding inequities in the awarding of 1984 community improvement grants.

In response to the audit findings, the Secretary said many of the problems were due to taking over a program, which had been administered by a federal agency, without adequate preparation and without experienced staff. He noted that much of the criticism of the program comes from representatives of cities that lost a share of funding when the Department began administering the program. That is because a change was made in the guidelines to place greater emphasis upon awarding funds to meet the needs of smaller cities.

Economic Development in Kansas. In order to place the activities of the Department in the general context of the Kansas economy, the Subcommittee asked Dr. Anthony Redwood to meet with it and discuss his assessment of the state's economy.

Dr. Redwood noted that the Kansas economy has shifted from one that was primarily agricultural and that, with the exception of the aircraft industry, no other industry has developed to fully compensate for the loss of agriculture-related jobs. He pointed out that Kansas, instead of being recession-proof, as is sometimes supposed, suffers greatly when the three main components of its economy are suffering downturns — agriculture, the aircraft industry, and automotive-related industries.

To address his concerns about the economy and economic development in general, Dr. Redwood made the following recommendations:

1. Kansans should become more aware of the problems that inhibit economic development and should make greater efforts to address these problems.
2. The state should coordinate all of its resources toward promoting economic development and should not let its activities become fragmented among state and local agencies, universities, and private organizations.
3. The state needs to identify its strengths that are statewide, local, and regional, and then market these strengths by focusing on industries that would be attracted to each specific attribute.
4. Kansas should attempt to develop its small industries and businesses that are already located in the state and not assume that most economic growth will come from industries moving into Kansas.
5. The state should make better use of its universities in its development effort.
6. The state must not let parochial interests dominate to the extent that it cannot successfully compete against other states.

In summary, Dr. Redwood encouraged the Subcommittee to provide whatever assistance it could to the Department's economic development efforts, particularly as they relate to small businesses.

#### Committee Conclusions and Recommendations

In response to its charge to review the Kansas Department of Economic Development, the Subcommittee makes the following recommendations:

1. S.B. 80 should be amended to extend the Department until 1988. The Subcommittee is strongly supportive of the Department and thinks it will play an increasingly important role in the economic development of the state.

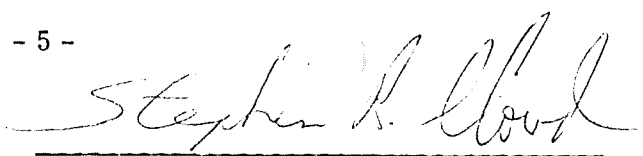
The Subcommittee's recommendation to extend the Department for three years, and not the maximum number permitted under the Sunset Law, is due entirely to its concern that the Legislature have a greater role in the development and implementation of the Small Cities

Community Development Block Grant Program. The recommendation in no way reflects a negative view of the Department, its leadership, or its staff.

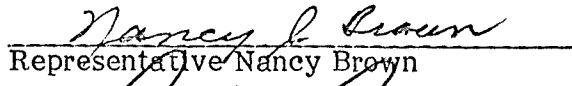
The administration of the Small Cities Community Development Block Grant Program was undertaken by the state in 1984. The Department of Economic Development was charged with distributing almost \$17 million in federal funds without adequate preparation, experienced staff, or policy guidelines from the Legislature. The Secretary of the Department himself has asked the Subcommittee to recommend that the Legislature take a more active role in helping formulate the guidelines to ensure the successful administration of a program that distributes a significant amount of money to local communities.

The Subcommittee's recommendation to extend the Department three years is a response to its concern about the Small Cities program and is intended to give the Legislature the opportunity to review the program in the early years of its implementation by the state. The Subcommittee appreciates the willingness of the Secretary to work with the Legislature and expresses its support for the operations and activities of the Department in general.

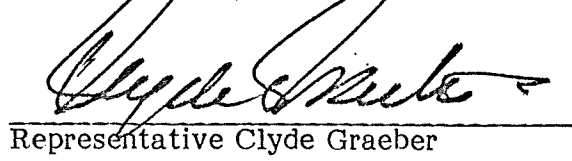
2. The House Governmental Organization Committee should request of the Legislative Coordinating Council that there be a study of the Small Cities Community Development Block Grant Program during the 1985 interim. For reasons described above, the Subcommittee thinks the administration of the program should be the subject of in-depth study in order to give the Legislature the opportunity to participate in the development of the program.
3. The Subcommittee expresses its general agreement with the findings and recommendations of the Legislative Division of Post Audit concerning the Department's administration of the Small Cities Community Development Block Grant Program and encourages the Department to review them and implement changes whenever appropriate.
4. The Subcommittee supports the recommendations made by Dr. Anthony Redwood concerning the Kansas economy in general and thinks that the Department of Economic Development should continue to play a vital role in coordinating and motivating public and private entities in their efforts to promote the state's economic development.



Representative Stephen R. Cloud  
Subcommittee Chairman



Representative Nancy Brown



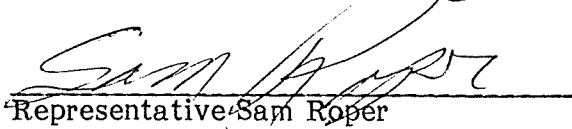
Representative Clyde Graeber



Representative Clarence Love



Representative Al Ramirez



Representative Sam Roper



SUBCOMMITTEE REPORT

March 27, 1985

TO: House Governmental Organization Committee  
 FROM: Subcommittee No. 3  
 RE: Office of Secretary and Department of Human Resources

The Kansas Sunset Law provides for the abolition on July 1, 1985, of the Department and Office of the Secretary of Human Resources, but also allows one year thereafter for the entities to conclude their business. The Legislature may enact legislation to continue the entities in existence for any period up to eight years or to remove the entities from provisions of the Kansas Sunset Law.

The Department and Office of the Secretary are established by K.S.A. 77-5701 *et seq.* By statute, the agency is divided into four divisions, and based upon statutory authority, the Secretary has established a division for staff services. The current organizational structure includes several boards, a council and commission, and several advisory committees which are included in the agency by statute. The Kansas Soldiers Home is loosely tied to the agency because the appointed authority exercised by the Secretary in regard to the Superintendent and because the Veterans Commission has authority over the facility.

- Division of Staff Services (K.S.A. 75-5723)
- Division of Employment (K.S.A. 75-5705)
- Division of Labor-Management Relations (K.S.A. 75-5710)
- Division of Workers' Compensation (K.S.A. 75-5708)
- Division of Employment Standards (K.S.A. 75-5714)
- Kansas Veterans Commission (K.S.A. 75-5719)
- Kansas Soldiers Home (K.S.A. 75-5719)
- Agricultural Labor Relations Board (K.S.A. 75-5712)
- Public Employees Labor Relations Board (K.S.A. 75-5713)
- Advisory Committee on Mexican American Affairs (K.S.A. 75-5716)
- Advisory Committee on Employment of the Handicapped (K.S.A. 75-6701)
- Employment Security Advisory Council (K.S.A. 44-714(d))

Actual expenditures for FY 1984 and the Governor's recommended expenditures for FY 1985 and FY 1986 are presented below. The FY 1985 and FY 1986 expenditures differ primarily because of the higher estimated unemployment insurance benefits to be paid in FY 1986. The increase of FY 1985 over FY 1984 also may be explained in terms of increased expenditures for unemployment benefits. Also shown are the staffing levels for the agency.

	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
All Funds	\$188,909,202	\$198,967,135	\$226,433,671
State General Fund	2,155,939	2,366,250	2,476,768
F.T.E. Positions	1,011.7	1,051.5	1,066.5

*3/28/85*  
*Attachment B*

As part of the sunset review process, the Subcommittee spent much of the 1985 Session reviewing various programs of the agency and following up concerns expressed by the 1984 Legislature which continued the Office of Secretary and the Department for one year pursuant to the Kansas Sunset Law.

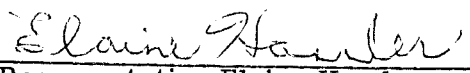
### Subcommittee Recommendations

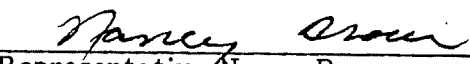
The Subcommittee makes the following recommendations pursuant to its sunset review of the Office of Secretary and Department of Human Resources:

1. That 1985 S.B. 79 be amended in the following manner by adding the necessary language to restructure certain areas of the agency:
  - a. Eliminate the position of "director" of employment and rename the division of "employment" as the division of "unemployment" to reflect the actual duties performed in that unit. This unit deals primarily with unemployment insurance, both contributions and benefit payments.
  - b. Add a new "division of employment and training" to the statutes to reflect the functions of Job Service which helps people find employment, Job Training which operates under the Job Training Partnership Act to train workers for jobs, and the Work Incentive (WIN) program which helps disadvantaged persons with dependents find work.
  - c. Eliminate the position of "director" and the "division of labor-management relations" at the request of the Secretary.
  - d. Eliminate the position of "director" and the "division of employment standards" at the request of the Secretary.
  - e. Add a new "division of employment standards and labor relations" to replace the two previous divisions which were eliminated. Both current units are relatively small entities compared with the other divisions and the Secretary indicated a desire to have them combined into a single division.
  - f. Delete reference to the "state finance council" in K.S.A. 75-5733 since the Secretary and Governor set salaries of unclassified employees.
  - g. Delete reference to the "comprehensive employment and training act" in K.S.A. 75-5734. This program was replaced by the Job Training Partnership Act.
  - h. Repeal K.S.A. 75-5740 which addresses duties relative to the Secretary in regard to accident prevention in its broadest context. This statute was assigned to the Secretary during the 1975 reorganization and has little relevance to the functions and duties of the Secretary.

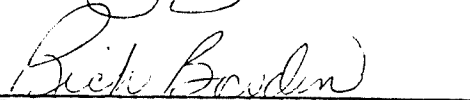
2. That S.B. 79 be passed as amended and that the Office of Secretary and Department of Human Resources be continued in existence for the maximum period of eight years as recommended by the Senate.
3. That further study and review in the following areas is recommended:
  - a. Kansas Soldiers Home. The Subcommittee was not able to review a performance audit of the Kansas Soldiers Home which is scheduled for completion after April 1, 1985. The Subcommittee is concerned about the relationship of the Soldiers Home to the Secretary and to the Veterans Commission in terms of budgeting, personnel, and purchasing. An interim study might be advisable, especially to address the long-term future of the facility and its relationship to various entities.
  - b. Veterans Commission. Several concerns about the Veterans Commission also arose. Should field representatives be relocated to the Human Resources regional offices to consolidate their coverage of the state? Why do some field representatives exercise power of attorney for one and only one particular veterans organization? Would a WATS line provide better service to the veterans of the state?
4. That the Secretary report to the 1986 Legislature in regard to the following: Is the personnel manual being updated annually? Is the agency proceeding with plans to enable employees to work in both unemployment insurance and Job Service? How successful is the agency in notifying employees of vacancies? What efforts to improve affirmative action were taken?
5. That the Secretary seek the most operationally efficient and cost-effective plan for relocating and possibly consolidating with the Employment Security System Institute the agency's main computer and keep the Legislature informed of developments, especially if a new computer is to be purchased.
6. That the Secretary study the feasibility of a toll-free hotline to report abuses in unemployment benefits and report to the Legislature if such a plan should be implemented.
7. That a study should examine the issue of part-time state employees and the type of benefits, especially unemployment insurance benefits, for which they should be eligible. The Employment Security Advisory Council could study this questions.
8. That sunset reviews of state agencies should address the effectiveness of agencies in protesting claims for unemployment compensation to monitor continued efforts in this area.
9. That a performance audit of the Boiler Inspection Program should be requested by the Committee in order to determine what the appropriate role of the state should be in this area, with the report to be reviewed by the 1986 Legislature.

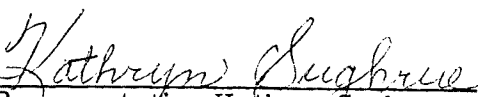
10. That the Subcommittee has reviewed the Post Audit report on the Industrial Health and Safety unit's role in asbestos inspections and is in agreement with the findings that no unnecessary duplication of effort between the Department of Human Resources and the Department of Health and Environment should exist in this area.
11. That the Secretary should explore (as partially defined by Item 4b) further consolidation of the agency's field offices and units, including Veterans Service field offices, into regional service centers to more efficient and effectively serve the state and its citizens. The Secretary also should explore the use of a WATS line by Veterans Services as a means to consolidate field offices and operate more efficiently.

  
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Representative Elaine Hassler  
Subcommittee Chairperson

  
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Representative Nancy Brown

  
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Representative Ginger Barr

  
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Representative Rick Bowden

  
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Representative Kathryn Sughrue