

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:30 a.m. on January 21, 2003 in Room 123-S of the Capitol.

All members were present except: Senator Dave Kerr - excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Dale Dennis, Deputy Commissioner, Kansas State Board of Education
Mark Tallman, Assistant Executive Director, Kansas Association of School Boards
Barbara Hinton, Legislative Post Auditor, Legislative Division of Post Audit

Others attending: See attached list

Chairman Stephen Morris referred the following bills to the KPERS Issues subcommittee:

SB 12--Appointment of officers and employees by KPERS board of trustees
SB 13--Benefits and service credit purchase under KPERS and systems related thereto

Chairman Morris opened the public hearing on:

SB 4--Cash-basis law; exemptions for certain expenditures by school districts

Staff briefed the Committee on the bill.

Dale Dennis, Deputy Commissioner, Kansas State Board of Education, spoke before the committee in support of **SB 4 (Attachment 1)**. Mr. Dennis explained that the bill amends the cash basis law to provide an exception when the state is unable to make a state aid payment distribution to school districts within the fiscal year. He also mentioned that the bill would eliminate the audit exception if there is a delayed payment beyond the end of the fiscal year.

Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards, spoke before the committee in support of **SB 4 (Attachment 2)**. Mr. Tallman mentioned that the bill would exempt school districts from the state cash basis law for purchases made in excess of current revenues if the deficit is caused by a late distribution of state aid.

There being no further conferees to appear before the committee, the Chairman closed the public hearing on **SB 4**.

Senator Feleciano moved, with a second by Senator Schodorf, to recommend **SB 4** favorable for passage. Motion carried on a roll call vote.

Chairman Morris opened the public hearing on:

SB 6--Racing and gaming commission; eliminating annual financial-compliance audit requirement

CONTINUATION SHEET

Barb Hinton, Legislative Post Auditor, Legislative Division of Post Audit, mentioned that the bill would implement a recommendation from her staff and the Legislative Post Audit Committee for unnecessary audit requirements (Attachment 3). Ms. Hinton explained the reasons for eliminating the unnecessary audit requirements which are listed in her written testimony

There being no further conferees to appear before the committee, the Chairman closed the public hearing on **SB 6**.

Senator Barone moved, with a second by Senator Jackson, to recommend **SB 6** favorable for passage. Motion carried on a roll call vote.

Copies of the Senate Ways and Means Subcommittee Assignments for 2003 were distributed (Attachment 4).

The meeting adjourned at 10:55 a.m. The next meeting is scheduled for January 22, 2003.

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

DATE January 21, 2003

NAME	REPRESENTING
Bob Bob Hinton	Post Audit
Ned Hinton	KSDR
Mark Tallman	KASB
Mark Desetti	KNEA
TERRY Diehl	KRGB
Nanaha Strahan	CWA
Dow Adkisson	USD 260 Derby
Susan Mahony	SRC
Robin Jennison	Ruffin Companies
Mike Heen	Heen Law Firm
ADAM GASPER	INTERN
Ariesto	Intern
Kara Lock	Intern - Sen. Downey
Mike Huttles	Ks. Governmental Consulting



Kansas State Department of Education

120 S.E. 10th Avenue
Topeka, Kansas 66612-1182

January 21, 2003

TO: Senate Committee on Ways and Means

FROM: Dale M. Dennis, Deputy
Commissioner of Education

SUBJECT: Senate Bill 4

Senate Bill 4 amends the cash basis law to provide an exception when the state is unable to make a state aid payment distribution to school districts within the fiscal year.

This bill was introduced by the Legislative Budget Committee as a result of the last half of the June state aid payment which could not be distributed until after July 1. This resulted in an audit exception for most of the 304 school districts in fiscal year 2002.

The exception contained in Senate Bill 4 will eliminate the audit exception if there is a delayed payment beyond the end of the fiscal year.

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Senate Ways and Means
1-21-03
Attachment 1



Testimony on **SB 4**
before the
Senate Committee on Ways and Means

by

Mark Tallman, Assistant Executive Director/Advocacy
Kansas Association of School Boards

January 21, 2003

Mr. Chairman, Members of the Committee:

KASB appreciates the opportunity to appear today as proponents of S.B. 4. We thank the members of the Legislative Budget Committee for voting to introduce this measure, which would exempt school districts from the state cash basis law for purchases made in excess of current revenues if the deficit is caused by a late distribution of state aid.

The Budget Committee was responding to the situation this summer, when the state's budget shortfall caused school districts to receive their final state aid payment after the end of the fiscal year, but had expenditures due before the end of the year. This confronted local school boards with a choice of either breaking contractual obligations to employees and vendors, or violating the cash basis law. The first choice would mean breaking faith with employees and businesses that were obviously not to blame for the financial problems facing either the state or school districts. The second choice placed the burden on the school board and its officers. While it is possible to treat this issue as simply a technical audit issue, the cash basis law provides specific penalties for its violation, including possible removal from office and a fine of up to \$1,000. (I have printed the full statute below.) When school boards are placed in this situation due to action by the state, we do not believe board members and their officers should be subject to penalties.

The KASB Delegate Assembly voted to support the intent of this bill at our annual convention this December. We urge your favorable vote on this bill. Thank you for your consideration.

10-1121. Penalties for violations. Any member of any governing body of any municipality or any clerk or secretary or treasurer of any governing body of any such municipality who shall knowingly violate any of the provisions of this act shall be guilty of malfeasance in office and shall, by such violation, be subject to be removed from office and in addition any member of such governing body or clerk or secretary or treasurer of such municipality who shall violate any of the provisions of this act, or neglect or refuse to perform any duty herein imposed, shall be deemed guilty of a misdemeanor, and upon conviction thereof in a court of competent jurisdiction shall be subject to a fine of not less than \$10 nor more than \$1,000.

History: L. 1933, ch. 319, § 20; March 31.

Senate Ways and Means
1-21-03
Attachment 2



LEGISLATURE OF KANSAS
LEGISLATIVE DIVISION OF POST AUDIT

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**Testimony for the
Senate Ways and Means Committee on SB 6**
Barb Hinton, Legislative Post Auditor
January 21, 2003

Mr. Chairman and members of the Committee, thank you for allowing me to appear before you in support of SB 6. This bill would implement a recommendation from my staff and the Legislative Post Audit Committee for eliminating unnecessary audit requirements.

Current State law requires an annual financial-compliance audit of the Racing and Gaming Commission. This audit requirement, which costs about \$7,000 a year, is not needed for the following reasons:

- The audit covers only the fiscal operations of the Commission; the tracks and casinos have their own separate audits.
- The risk of fiscal improprieties at the Commission is no greater than at other State agencies.
- The past 6 audits have noted only 2 fiscal concerns: one where a required transfer of moneys between funds was late, and the other where State property listings weren't up-to-date.
- The compliance and control audit work called for by the Legislative Post Audit Act would address these types of financial issues (just as it does for other State agencies). So does the audit work performed periodically by the Division of Accounts and Reports.

This audit is contracted out on a 3-year cycle; the audit for the 2nd year in that cycle was just completed. At the Post Audit Committee's direction, we have cancelled the 3rd year of the existing contract.

Because this bill will save the State money without increasing the risk to the State, I would urge the Committee to support it.

Senate Ways and Means
1-21-03
Attachment 3

**SENATE WAYS AND MEANS
SUBCOMMITTEE ASSIGNMENTS**

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Legislative and Elected Officials</u>			
Legislative Agencies	<u>Adkins</u>	Scott	February 7
Governor	Downey	Robinson	February 7
Lt. Governor		Robinson	February 7
Attorney General		Rampey	February 7
Secretary of State		Deckard	February 7
Insurance Commissioner		Krahl	February 7
State Treasurer		West	February 7
Health Care Stabilization Fund Board of Govern- ors		Krahl	February 7
<u>Aging</u>			
Department on Aging	<u>Schodorf</u> Jackson Feleciano	Nogle	February 10
<u>SRS—Hospitals</u>			
Larned State Hospital	<u>Morris</u>	Calderwood	February 12
Osawatomie State Hospital	Adkins	Calderwood	February 12
Rainbow Mental Health Facility	Jordan	Calderwood	February 12
Parsons State Hospital	Schodorf	Calderwood	February 12
Kansas Neurological Institute	Feleciano	Calderwood	February 12
<u>Department of Administration/KCC</u>			
Department of Administration (Including Public Broadcasting)	<u>Adkins</u> Salmans Downey	Robinson	February 13
Governmental Ethics Commission	<u>Salmans</u>	Deckard	February 13
Human Rights Commission	Barone	Krahl	February 13
Kansas Corporation Commission		Krahl	February 13
Citizens Utility Ratepayer Board		Krahl	February 13
<u>Department of Education</u>			
	<u>Adkins</u> Jordan Salmans Schodorf Barone	Rampey	March 6
<u>Capital Improvements</u>			
	<u>Morris</u> Jordan Barone	Staff	March 14

*Senate Ways and Means
1-21-03
Attachment 4*

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Other Education</u>			
School for the Blind	<u>Salmans</u>	Deckard	February 11
School for the Deaf	Schodorf	Deckard	February 11
Historical Society	Barone	Rampey	February 11
Kansas Arts Commission		Krahl	February 11
State Library		Krahl	February 11
<u>SRS</u>			
Department of SRS	<u>Morris</u> Adkins Jordan Schodorf Feleciano	Nogle	February 19
<u>Kansas Guardianship Program</u>			
	<u>Jackson</u> Feleciano	Calderwood	February 20
<u>KPERS Budget</u>			
	<u>Kerr</u> Adkins Downey	Efird	February 21
<u>Judicial</u>			
Judicial Council	<u>Jordan</u>	Deckard	March 10
Board of Indigents' Defense Services	Schodorf	Hollon	March 10
Judicial Branch	Barone	Rampey	March 10
<u>Public Safety</u>			
Topeka Juvenile Correctional Facility	<u>Jordan</u>	Buonasera	March 5
Beloit Juvenile Correctional Facility	Bunten	Buonasera	March 5
Atchison Juvenile Correctional Facility	Feleciano	Buonasera	March 5
Larned Juvenile Correctional Facility		Buonasera	March 5
Juvenile Justice Authority		Buonasera	March 5
Ombudsman for Corrections	<u>Jordan</u>	Dorsey	February 14
Parole Board	Jackson	Buonasera	February 14
KBI	Barone	Waller	February 14
EMS	<u>Jackson</u>	Waller	February 14
Sentencing Commission	Downey	Waller	February 14
Fire Marshal	<u>Bunten</u>	Waller	February 14
Highway Patrol	Downey	Waller	February 14
Adjutant General (including Civil Air Patrol)		Waller	February 14

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Health and Environment/Human Resources</u>			
Department of Health and Environment	<u>Adkins</u> Schodorf Downey	Hollon	March 21
Department of Human Resources	<u>Bunten</u> Jackson Barone	Krahl	March 21
Veterans Affairs/Soldiers' & Veterans' Home Homestead Property Tax	<u>Jackson</u> Feleciano	VanHouse	March 21 March 21
<u>Agriculture</u>			
Department of Agriculture	<u>Morris</u>	VanHouse	March 7
Animal Health Dept	Downey	VanHouse	March 7
Kansas State Fair		VanHouse	March 7
Conservation Commission	<u>Bunten</u>	VanHouse	March 7
Water Office	Jackson	VanHouse	March 7
Wildlife and Parks	Downey	Efird	March 7
<u>Transportation</u>	<u>Adkins</u> Salmans Feleciano	Waller	March 11
<u>Lottery/Racing and Gaming</u>			
Lottery Commission	<u>Schodorf</u>	Efird	February 26
Racing and Gaming Commission	Jordan Barone	Efird	February 26

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Fee Boards</u>			
Abstracters' Board of Examiners	<u>Salmans</u>	Deckard	March 13
Board of Accountancy	Jackson	Buonasera	March 13
Board of Mortuary Arts	Barone	Buonasera	March 13
Board of Pharmacy		Calderwood	March 13
Board of Barbering		Buonasera	March 13
Board of Cosmetology		Buonasera	March 13
Board of Veterinary Medical Examiners		VanHouse	March 13
Kansas Dental Board		Calderwood	March 13
Board of Nursing		Deckard	March 13
Board of Examiners in Optometry		Calderwood	March 13
Real Estate Commission		Krahl	March 13
Real Estate Appraisal Board		Krahl	March 13
Bank Commissioner		Krahl	March 13
Department of Credit Unions		Krahl	March 13
Securities Commissioner		Krahl	March 13
Board of Technical Professions		Deckard	March 13
Behavioral Sciences Regulatory Board		Deckard	March 13
Board of Hearing Aid Examiners		Calderwood	March 13
Board of Healing Arts		Calderwood	March 13
<u>KPERS Issues</u>	<u>Kerr</u> Adkins Downey	Efird	March 20
<u>Corrections</u>	<u>Jordan</u>	Dorsey	March 18
Department of Corrections	Bunten	Dorsey	March 18
Topeka Correctional Facility	Barone	Dorsey	March 18
Norton Correctional Facility	Jackson	Dorsey	March 18
El Dorado Correctional Facility		Dorsey	March 18
Winfield Correctional Facility		Dorsey	March 18
Hutchinson Correctional Facility		Dorsey	March 18
Larned Correctional Mental Health Facility		Dorsey	March 18
Lansing Correctional Facility		Dorsey	March 18
Ellsworth Correctional Facility		Dorsey	March 18

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Higher Education</u>			
KU	<u>Morris</u>	West	March 19
KSU	Adkins	West	March 19
KSU -- Vet. Med	Jordan	West	March 19
KSU -- Extension	Schodorf	West	March 19
Wichita State University	Feleciano	West	March 19
Board of Regents		West	March 19
KUMC		West	March 19
Emporia State University		West	March 19
Fort Hays State University		West	March 19
Pittsburg State University		West	March 19
Regents Systemwide		West	March 19
<u>Commerce/Revenue</u>			
Department of Revenue	<u>Morris</u> Bunten Salmans Feleciano	Efird	March 4
Board of Tax Appeals	<u>Schodorf</u> Feleciano	Deckard	March 4
Department of Commerce and Housing Kansas Inc. Kansas Technology Enterprise Corporation	<u>Kerr</u> Jackson Downey	Hollon Hollon Hollon	March 4 March 4 March 4