

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:10 a.m. on March 7, 2011, in Room 346-S of the Capitol.

All members were present except:

Representative Kelley – excused
Representative McLeland - excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Conferees:

Luke Bell, Executive Vice President-Government Affairs, Kansas Association of Realtors
Gary Reser, Executive Vice President, Kansas Veterinary Medical Association
Doug Wareham, Senior Vice President-Government Relations, Kansas Bankers Association

Others attending:

See attached list.

- Attachment 1 **HB 2368** Memorandum – Jim Wilson, First Assistant Revisor of Statutes
- Attachment 2 **HB 2368** Testimony – Kansas Veterinary Medical Association
- Attachment 3 **HB 2368** Testimony – Kansas Association of Realtors
- Attachment 4 **HB 2368** Testimony – Kansas Bankers Association
- Attachment 5 **HB 2368** Testimony – Kansas Real Estate Commission
- Attachment 6 **HB 2368** Testimony – Kansas Chiropractic Association
- Attachment 7 FY 2010 – FY 2016 Revenue and Expenditure Projections

+

HB 2368 - Concerning appropriations; deleting the 20% credit to the state general fund

Chairman Rhoades welcomed committee members and reviewed the meeting agenda.

Chairman Rhoades made a motion to introduce legislation regarding the maintenance of effort adjustment for the Recission bill. The motion was seconded by Representative Feuerborn. Motion carried.

Chairman Rhoades made a motion to introduce legislation regarding the school district tax credit scholarship opportunities act and school accountability act. The motion was seconded by Representative Kleeb. Motion carried.

Representative Crum made a motion to approve the committee minutes from the February 17, 21 and 22 meetings. The motion was seconded by Representative Ballard. Motion carried.

Jim Wilson, First Assistant Revisor, Office of Revisor of Statutes, provided an overview of the Memorandum on **HB 2368** (Attachment 1) and reviewed the proposed technical amendments. It was noted that additional discussion may be necessary regarding the accounting and budgeting system. The bill would take effect upon the approval of the Governor, if passed by the Legislature, and upon publication in the statute book in FY 2012. He stated that upon effect, 20% of the fees would go back into the agency's budget from State General Funds (SGF) on July 1, 2011.

Discussion followed by committee members regarding contracted services.

Gary Reser, Executive Vice-President, Kansas Veterinary Medical Association presented testimony as neutral position with **HB 2368**, (Attachment 2). He stated that the association would be in favor of the bill with a change of language that would state the entire amount shall be credited to the Veterinary

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on March 7, 2011, in Room 346-S of the Capitol.

Examiners fee fund as is contained in all fee funded agencies. The Chairman noted that this language has been included.

Luke Bell, Vice-President-Government Affairs, Kansas Association of Realtors, presented testimony as a proponent of **HB 2368**, (Attachment 3).

Doug Wareham, Senior Vice-President-Government Relations, Kansas Bankers Association, presented testimony as a proponent of **HB 2368**, (Attachment 4).

Chairman Rhoades noted that written testimony was distributed to members from the Kansas Real Estate Commission (Attachment 5), and Kansas Chiropractic Association, (Attachment 6) as proponents of **HB 2368**.

Chairman Rhoades stated that members will work **HB 2368** in committee tomorrow. He introduced Steve Anderson, Director of the Division of the Budget, State of Kansas.

Steve Anderson provided an overview of actual, estimated, recommended and projected revenues and expenditures for FY 2010 – FY 2016, (Attachment 7). He reviewed the five stages involved with instituting a management information system in order to become more efficient and effective. This would be at no additional cost to the state and would measure the cost per unit by output and the impact for trend analysis, cost per unit for output by employee, cost per unit indirect overhead, allocation of indirect overhead of the inter-agency to determine the cost of doing business, and identifying cost per touch - per client.

Director Anderson responded to questions from committee members regarding cost drivers in relation to Medicaid, Kansas Public Employee Retirement System and K-12. Indirect and direct costs determined through the management information system was discussed. He stated that this technology would provide real-time data reports for evaluating efficiencies within state agencies, enabling agencies and the legislature to make better budgeting decisions. He discussed the transition team's recommendations to meet the \$265 million budget shortfall, and it was noted that the consensus data for FY 2009 - FY 2010 is not ready for distribution. Discussion was held regarding the migration of personal income data provided in the distributed material, the Arts Council and public broadcasting system. The importance of the consolidation and separation of the Budget Director's position from the Department of Administration was noted by the director. He noted that the Medicaid caseload shifts with economic trends, the elimination of shrinkage based on agency-by-agency basis is needed, increased costs for health care and capitol improvement bonds for schools was reviewed.

Meeting adjourned at 11:03 a.m.

Marc Rhoades, Chairman