

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on January 24, 2007, in Room 514-S of the Capitol.

All members were present except:
Representative Kevin Yoder- excused

Committee staff present:
Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Julian Efird, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nikki Feuerborn, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:
Duane Goossen, Secretary, Department of Administration
Duncan Friend, Department of Administration
Reginald L. Robinson, President, Kansas Board of Regents

Others attending:
See attached list.

- Attachment 1 Requested information from Helen Pedigo, Kansas Sentencing Commission
- Attachment 2 Presentation on Financial Management System Needs Assessment by Duane Goossen
- Attachment 3 Presentation on Deferred Maintenance Issues by Reginald Robinson

Representative Bethell moved to introduce legislation regarding licensing for the Board of Adult Care administration. The motion was seconded by Representative Kelsey. Motion carried.

Representative Lane moved to introduce legislation regarding the death penalty. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Lane moved to introduce legislation regarding powers and duties of guardians. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn moved to introduce legislation regarding moving firefighters into the Kansas Police and Firefighters Retirement System from the Kansas Public Employees Retirement System. The motion was seconded by Representative Lane. Motion carried.

Representative Powell moved to introduce legislation concerning the Department of Wildlife and Parks with regard to public hunting land. The motion was seconded by Representative Beamer. Motion carried.

Written testimony in answer to questions presented to the Kansas Sentencing Commission on January 18, 2007, was received from Helen Pedigo, Kansas Sentencing Commission, and distributed to the Committee (Attachment 1).

Chair Schwartz recognized Duane Goossen, Secretary, Department of Administration, who presented testimony on the Financial Management System Needs Assessment (Attachment 2). Mr. Goossen stated that the current financial management, known as STARS, is antiquated causing agencies across state government to voice an interest in a replacement of the system. He stated that a consulting firm was hired to study the present financial management system and make recommendations for improvements. The study was completed in December 2006 and

CONTINUATION SHEET

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recommends the replacement of the current financial management system with a consolidated system to include all state agencies except the Board of Regents system. It is estimated that over time, a new system will save money for the State. The replacement cost is estimated at \$40 million. The Governor's FY 2008 budget proposal has dedicated \$4.4 million to begin the project.

It is anticipated that several sources of funding could be available for the project:

- Use an ongoing appropriations from the Legislature to the Department of Administration budget.
- Draw funds from each state agency that would have been spent on the current financial management system or a replacement system.

Mr. Goossen stated that it is important to provide funding for upgrades and maintenance of a new system to avoid the same situation as is present with the current system.

Responding to a question from the Committee concerning the involvement of the Regent universities in the new system, Duncan Friend, Project Manager for the Study, Department of Administration, stated that the consulting firm looked at the possibility of including the Regent universities in the new system and concluded that it was in the best interest of the State to focus on the other 102 branch agencies and not integrate the Regent universities into the system.

Mr. Goossen stated that there is approximately \$2.4 million of funding available in the Department of Administration FY 2007 budget as a result of savings on bonding issues concerning the Statehouse renovation project, which could be directed toward the new financial management system.

The Committee voiced concern about:

- Excluding the Regent universities from inclusion in the new financial management system and provide the state with a complete integrated system.
- Feasibility of using savings from the bonding for the Statehouse Renovation Project to fund the new financial management system.
- Whether or not the State would actually realize a savings of \$27.6 million over the next 11 years as a result of a new financial management system.

The Chair recognized Reginald Robinson, President & CEO, Kansas Board of Regents, who presented an overview of Deferred Maintenance concerning the 6 universities in the Regents system (Attachment 3). Mr. Robinson stated that the estimate of \$727 million represents the funding necessary to address the backlog of maintenance issues at the Regent universities.

Responding to questions from the Committee, Mr. Robinson commented:

- There are insufficient funds available to address the backlog of maintenance items.
- Athletic facilities in which admissions are collected, are included in the estimate.
- Community colleges were not included in the projection because they are not a part of the Regents system and have a different role in the system; however, the Board is open to expansion to include the community colleges.
- The Regents would be interested in any information that indicates that funding has been used inappropriately by the Regent universities.

Because of time restraints and the number of additional questions from the Committee, Chair Schwartz requested that President Robinson return to the Committee at a future date to address additional issues and questions. A list of Committee concerns and questions will be developed and provided to President Robinson before his return appearance.

The meeting was adjourned at 10:50 a.m. The next meeting of the Committee will be held at 9:00 a.m. on January 25.

Sharon Schwartz, Chair