

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Ty Masterson at 10:30 am on Wednesday, February 17, 2016, 548-S of the Capitol.

All members were present

Committee staff present:

Jill Wolters, Office of Revisor of Statutes
Scott Abbott, Office of Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
J.G. Scott, Legislative Research Department
Shirley Morrow, Legislative Research Department
Dezeree Hodish, Legislative Research Department
Bobbi Mariani, Legislative Research Department
Mark Dapp, Legislative Research Department
Sharon Wenger, Legislative Research Department
Debbie Luper, Chief of staff
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

J. W. Rust, Senior Director, Alvarez and Marsal
Michael Imber, Senior Director, Alvarez and Marsal
Ted Risher, Director, Alvarez and Marsal

Others in attendance:

[See Attached List](#)

Bill introductions

Senator Denning made a motion to introduce proposed legislation concerning controlled substances and binge and drinking disorders. The motion was seconded by Senator Arpke and the motion was adopted on a voice vote.

Senator O'Donnell made a motion to introduce proposed legislation concerning attorneys relating to advertising. The motion was seconded by Senator Arpke and the motion was adopted on a voice vote.

Senator O'Donnell made a motion to introduce proposed legislation concerning crimes, punishment and criminal procedures related to domestic battery. The motion was seconded by Senator Arpke and the motion was adopted on a voice vote.

Senator O'Donnell made a motion to introduce proposed legislation concerning the intercollegiate adaptive sports program, wheelchair basketball. The motion was seconded by Senator Arpke and the

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motion was adopted on a voice vote.

Senator O'Donnell made a motion to introduce proposed legislation concerning an act concerning alcoholic beverages which authorizes creation of entertainment districts and consumption of alcohol. The motion was seconded by Senator Arpke and the motion was adopted on a voice vote.

Informational briefing:

J. W. Rust, Senior Director, Alvarez and Marsal, introduced Michael Imber, Senior Director, Public Sector Services, Alvarez and Marsal, whose expertise is in the area of education and who was assigned the task of explaining in detail the recommendations submitted by Alvarez and Marsal for the Kansas Department of Education ([Attachment 1](#)).

Mr. Imber said the potential for savings is in three main areas:

- Excess cash carryover balances;
- Collaboratively source select categories on a Statewide basis;
- United School Districts participation in an insurance pool.

Mr. Imber stated that the increase in carryover balances continues to increase disproportionately in relation to the increase in annual expenditures.

The following guidelines for carrying an Adjusted Cash Balance (ACB) as recommended by Alvarez and Marsal is:

- Minimum ACB not exceed 15% of its annual operating expenditure;
- The ACB should preferably be retained within the Reserve Funds, where possible, instead of being retained across 30+ different funds;
- Any ACB in excess of the maximum allowed per State guideline, can be deducted from future funding from the state based on a three, five, or seven year amortization of the excess funds ([Attachment 2](#)).

Senator Masterson stated the general public does not realize that the schools have excess cash balances.

Senator Kerschen asked if the ceiling of 10 to 15 percent cash balance carryover was in place, what would keep the school district from spending the money before it could be deducted from future funding. Mr. Imber acknowledged that this is a problem.

Senator Fitzgerald stressed there is a use it or lose it mentality in the school districts and he asked if there was any other state that had implemented the procedure. Mr Imber said he was not aware of adoption in any other state and if it were accomplished Kansas, would be the pioneer.

Mr. Imber said savings opportunities exist in:

- Maintenance and repair;
- IT Equipment, services and software;

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- Food;
- Electricity;
- Fuel.

Mr. Imber also explained that by expanding the insurance pool programs, risk is shared, purchasing power is leveraged, and insurance coverage terms for Kansas Unified School Districts would be maximized.

Ted Risher, Director, Alvaraz and Marsal, whose expertise is in real estate, explained A & M's recommendations for:

- Disposition of State owned, surplus property;
- Leasing operations consolidation personnel and leasing savings;
- Managed print service for the Capitol complex;
- New grant and foundation opportunities
- Telecommunications partnership;
- RFP for ground lease for Lot #4.

Sherriene Jones-Sontag, Deputy Director, Kansas Lottery, distributed a written proposal for the installation of electronic dispensers of lottery tickets primarily at grocery and convenience stores as recommended by Alvarez and Marsal in their efficiency review recommendations for the Kansas Lottery ([Attachment 3](#)).

Possible action on bills previously heard

There was no action taken of previously heard bills.

The next Ways and Means Committee meeting is scheduled for Thursday, February 18, 2016, at 10:30 a.m., in Room 548-S at the Capitol.

Chairperson Masterson adjourned the meeting at 11:53 a.m.