

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on February 12, 2007, in Room 514-S of the Capitol.

All members were present except:

Representative Tom Sawyer - excused
Representative Jason Watkins - 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
Jim Wilson, Revisor of Statutes
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Barbara Hinton, Division of Legislative Post Audit
Christine Clark, Division of Legislative Post Audit

Others attending:

See attached list.

- Attachment 1 Budget Committee report on Board of Indigents' Defense Services
- Attachment 2 Budget Committee report on Judicial Branch and Judicial Council

Representative Schwartz moved to introduce legislation to extend the legal length of trailers. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Schwartz moved to introduce legislation regarding taxes on boats. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Tapanelli, Chair of the Transportation and Public Safety Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Board of Indigents' Defense Services (BIDS) for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 1). The motion was seconded by Representative Williams. Motion carried.

Representative Tapanelli, Chair of the Transportation and Public Safety Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Board of Indigents' Defense Services (BIDS) for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Williams. Motion carried.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Judicial Branch for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 2). The motion was seconded by Representative Pottorff. Motion carried.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Judicial Branch for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Yoder. Motion carried.

Responding to a question from the Committee concerning the increase in the number of magistrate judges addressed in Item No. 4, the Budget Committee noted that they did not look at the issue of sharing magistrate judges across Judicial District lines but felt the suggestion should be reviewed.

Some members of the Committee stated that they felt decisions on too many issues are being

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 12, 2007, in Room 514-S of the Capitol.

delayed to Omnibus.

Representative Beamer, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Judicial Council for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 2). The motion was seconded by Representative Lane. Motion carried.

Representative Beamer, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Judicial Council for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Lane. Motion carried.

Chair Schwartz recognized Barbara Hinton, Legislative Post Auditor, Legislative Division of Post Audit, who presented an overview of the Performance Audit Report on the Department of Labor: Reviewing Error Rates for Unemployment Benefit Payments, A K-GOAL Audit of the Department (copy available online or from Division of Legislative Post Audit). Ms. Hinton reported that the audit addresses:

- Factors that contributed to the high overpayment rate for Kansas unemployment benefits reported by the U.S. Department of Labor;
- Actions taken by the Department of Labor to reduce the overpayment rates and whether these steps have been effective;
- Steps that other states have taken to keep their overpayment rates low.

Ms. Hinton stated that the audit shows the majority of Kansas' unemployment benefit overpayments in 2005 occurred because unemployed workers did not register for job services, as required by a State law enacted in 1937. The State does not have a strong incentive to bring its high overpayment error rate down because the federal government does not levy any financial penalties. Ms. Hinton reported that online registration entails a very difficult process to register for job service. In addition, there is no deadline for registration in State statute.

To correct the high overpayment rate for unemployment benefits, the Secretary of Labor has used his legal authority to exempt certain employees from the job service registration requirement. Exemptions have been given to claimants who are:

- Temporarily unemployed - laid off from a full-time job for a period not exceeding four weeks.
- Partially unemployed - works less than full time during any week because of the lack of work.
- Affiliated with a union.

This exemption has significantly reduced the number of overpayments. At this time, the federal government is satisfied with the solution. Consideration to update the computer system so that unemployed workers applying for benefits would be registered automatically with job services when applying for benefits, has been dropped at this time because of the expense.

Ms. Hinton noted that four nearby states and the state of Montana were contacted during the survey. All of these states' primary incentive to get claimants to register with job service is to cut off their benefits if they do not register.

The Chair recognized Jim Garner, Secretary of the Department of Labor, who spoke about the challenges of enforcing the current law as it relates to unemployed workers. The separation of duties between the Department of Labor and Department of Commerce has also resulted in some confusion. Secretary Garner stated that updates to the present computer system and software would be very costly. In addition, software is not available at this time to share data with the Department of Commerce. The Secretary stated it was his decision to correct the problem by using his legal authority to exempt certain employees from the registration requirement. The Department works with those claimants who are most in need of assistance to help them register for training through the Work Force Center.

Barbara Hinton continued with a presentation of the Performance Audit Report on Postsecondary Educational Institutions: Reviewing Tuition Rates Being Charged to Non-Resident Students in Kansas (copy available online or from Division of Legislative Post Audit). Christine Clark, Division

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 12, 2007, in Room 514-S of the Capitol.

of Legislative Post Audit, appeared with Ms. Hinton to answer questions.

Two questions addressed with the audit include:

- To what extent and why are non-resident university and college students paying reduced rates and what is the fiscal impact;
- To what extent is tuition for Kansas' university students offset by government-sponsored education grants and tax benefits.

Some highlights of the audit include:

- Tuition funds approximately 20 percent of operating expenses at Kansas' public colleges and universities;
- Community colleges have established the same rate for both resident and non-resident students.
- In Fall 2005, approximately 16 percent of students at public universities and colleges were non-residents;
- In Fall, 2005, approximately 46 percent of non-resident students have reduced tuition rates;
- The impact of the reduced tuition is approximately \$26 million.

Further information requested by the Committee included:

- Reference: Page 10 - University who provided data on 22 first-time full-time students.
- Reference: Page 10 - Further explanation on difference between "KS high school graduate (Immigrants) and Immigration status change pending.
- Community colleges who are charging more tuition to students in surrounding counties than out-of-state students.

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 13, 2007.

Sharon Schwartz, Chair