

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Vice-Chairman John Vratil at 10:30 a.m. on February 9, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Jay Emler - excused
Senator Jean Schodorf- excused
Senator David Wysong - excused

Committee staff present:

Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Steve Weatherford, President, Kansas Development Finance Authority (KDFA)
Don Jordan, Secretary, Department of Social and Rehabilitation Services (SRS)
Janis DeBoer, Department of Social and Rehabilitation Services
Bobbi Mariani, Department of Social and Rehabilitation Services
Paul Johnson, Kansas Catholic Conference

Others attending:

See attached list.

Introduction of Legislation

Senator Kultala moved to introduce three pieces of legislation regarding (1) workers compensation related to bilateral scheduled injuries (9rs0595); (2) workers compensation related to caps on death benefits (9rs0763); and (3) workers compensation benefits (9rs0596). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Umbarger moved to introduce legislation concerning property taxation regarding to statewide 20-mill level for public schools (9rs0540). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Schmidt moved to introduce legislation concerning controlled substances (9rs0760). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Approval of Minutes

Senator Teichman moved to approve the minutes of January 29, February 2, February 3, February 4 and February 5. The motion was seconded by Senator Taddiken. Motion carried on a voice vote.

Referral of Bills

SB 196 was removed from the KPERS Issues Subcommittee and re-referred to the full Committee.

Overview of the 2008 Kansas Debt Study

Steve Weatherford, President, Kansas Development Finance Authority (KDFA), presented an overview of the 2008 Kansas Debt Study (Attachment 1). Mr. Weatherford noted that KDFA is the primary issuer of debt for the state, as well as the state's bond advisor. KDFA has developed the first annual debt study to provide relevant data to assist policymakers in making financing decisions for the state. Mr. Weatherford stated that

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 9, 2009, in Room 545-N of the Capitol.

the state's debt service is approximately 1.3 percent of State General Fund (SGF) expenditures. Total state debt outstanding at June 30, 2008, was \$4.07 billion, approximately \$61.5 million less than at June 30, 2007. The 3 primary contributors to the state's debt include the following:

- Kansas Public Employees Retirement system (\$500.0 million)
- State of Kansas projects - Refunding prior SGF Bonds (\$43.0 million), Capitol Restoration (\$27.2 million) and Unemployment Benefit System (\$18.0 million for a computer system).
- Kansas Department of Administration - Comprehensive Transportation Program (\$209.5 million - repayment of loan from the Highway Fund).

Mr. Weatherford stated that presently the state has a strong credit rating from Standard and Poor's (S&P) and Moody's with the outlook for the rating to remain stable. This allows the state to borrow money at the lowest cost to the state. Factors that contribute to the rating include: financial, economic, debt and administrative/management factors. Weakness in any one area could be offset by strength in another; however, significant variations in any single factor, could influence the bond rating. Mr. Weatherford indicated that if the state were to issue all of the debt that has been authorized, it would increase the state's debt by approximately \$17.9 million - approximately 0.3 percent of estimated FY 2010 SGF revenue.

Responding to a question from the Committee, Mr. Weatherford noted that the state's AA rating instead of a AAA rating is because statute only allows for bond holders to be paid if the Legislature makes an annual appropriation, as opposed to some state whose constitution guarantees repayment.

Mr. Weatherford felt that the fiscal condition of the state is of great concern and could affect refunding opportunities in the future.

Presentation on Child Support Enforcement and Food Assistance Programs

Don Jordan, Secretary, Department of Social and Rehabilitation Services (SRS), presented an overview of the Child Support Enforcement (CSE) Program ([Attachment 2](#)). Secretary Jordan stated that the purpose of CSE program is to promote long-term financial stability for households with children and eases the taxpayers' burden for public assistance provided on behalf of children not supported by both parents. There are currently approximately 130,000 cases in the state providing assistance to over a quarter million people. The Kansas CSE program is a multifaceted operation that combines state, county, judicial, and private resources.

Responding to questions from the Committee, Janis DeBoer, SRS, noted changes in federal regulations. The changes are an attempt to enforce enrollment of the child in health insurance if family health insurance is available, which would raise compliance to the federal regulation.

Secretary Jordan indicated that the agency is putting in new initiatives to become more efficient, including a new, statewide customer service center as well as benchmarks and measures to provide efficiencies. Secretary Jordan stated that there is no fee to the individual using the Vision card. SRS contracts with an outside source to handle the operation and pays the processing fees as a part of the contract.

Secretary Jordan provided an overview of the Food Assistance Program ([Attachment 3](#)). The food assistance program is administered by the United States Department of Agriculture (USDA) and provides a monthly benefit to eligible low-income households to assist them in purchasing food for home consumption. To be eligible for the program, families must be at 130 percent of the federal poverty level. The program currently serves approximately 203,000 persons, of which 47 percent are children. Benefits are issued electronically on a Vision card, similar to a debit card and allows the family to purchase eligible food items at local grocery stores, farmers' markets and other stores within the state. In FY 2008, the state issued a total of \$205.4 million in benefits. Secretary Jordan stated that there is no fee to the individual using the Vision card. SRS contracts with an outside source to handle the operation and pays the processing fees as a part of the contract.

Bobbi Mariani, SRS, was present to provide additional information for the Committee.

The Committee voiced a concern that participants in the program may be using the Vision card to purchase food items and then returning the food items at a later date in return for cash. Secretary Jordan stated that they

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 9, 2009, in Room 545-N of the Capitol.

will research the concern.

Paul Johnson, Kansas Catholic Conference, presented testimony on the child support and food assistance programs (Attachment 4). Mr. Johnson stated that the Kansas Catholic Conference supports the following initiatives:

- A detailed review by the Subcommittee on SRS of the staffing levels at the regional offices since a 15 percent vacancy rate is required to meet existing resources;
- Initial funding for the Human Services Management (HSM) Project to transform the existing 20-year old legacy mainframe into a new eligibility and benefits system for SRS and Kansas Health Policy Authority (KHPA); and
- A focused interim committee that would discuss staffing, HSM, and organizational changes to the child support system.

Responding to a question from the Committee, Mr. Johnson stated that food stamps are income-based while eligibility for school districts free lunches is obtained by self-reporting, noting that there may be some abuse of the system at the school district level. Mr. Johnson also thought that some parents who have obtained free school lunches for their children may not be aware of the state's food stamp program.

Adjournment

The next meeting is scheduled for February 10, 2009.

The meeting was adjourned at 12:00 p.m.