

Approved: May 9, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 9:15 AM on Friday, April 27, 2012 in 548-S of the Capitol.

All members were present except Senator Schodorf who was absent and Senator Kultala who was excused.

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Conferees appearing before the Committee:

Acting Secretary Mike King, Department of Transportation
Lindsey Douglas, Department of Transportation
Paul Meitzner, Wichita City Council member

Kansas Rail Service Update:

Acting Secretary Mike King, Department of Transportation, introduced Lindsey Douglas, Department of Transportation (KDOT), who provided an update to committee members on the current status of rail transportation and service in Kansas. (Attachment 1) Ms. Douglas discussed recent meetings with stakeholders in which discussions occurred concerning the possibility of redirecting Amtrak Southwest Chief rail service south of Newton into Oklahoma (no longer serving western Kansas) by 2016 if capital investments from three states (Oklahoma, Kansas, and Texas) are not committed by the end of 2014. He indicated approximately \$100 million for rail track improvements and \$10 million for yearly maintenance is required. Ms. Douglas provided information on current routes, proposed routes, Kansas expanded passenger rail cost estimates, and the impact to western Kansas should an alternative route is selected.

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A committee member requested that a flow chart be furnished by the Department of Transportation that would indicate a decision making timeline, types of investments, and critical decision points relating to the project. Additional discussion was heard concerning the T-Works funding, which does not emphasize or prioritize funding for various modes of rail service. Ms. Douglas clarified that in 2010, a bill was passed granting statutory authority to KDOT to fund rail service and to create a fund for the purpose of leveraging grants and public fund matches; however, there is no balance in the fund at this time. The improvement cost to Kansas is higher than in Oklahoma due to the condition of the rails in Kansas. Another request was made for a federal grants timeline indicating grants for which the state would be eligible to apply.

Pete Meitzner, Wichita City Council member, was present to discuss with committee members the readiness of Wichita to absorb any transportation that comes to the region and community. He indicated Wichita's support of existing routes, the changing opinions related to rail business travel, and the availability of rail service funding. (Attachment 2)

Possible final action on **SB 449—Appropriations for FY2012, FY2013 & FY2014 for capital improvements for various state agencies**

Senator McGinn directed attention to the resource tools, which were distributed by Kansas Legislative Research Department (KLRD) on April 26 and will be used during discussions today.

Chairperson McGinn commented that **SB 449** contains all action contained in the Mega bill and the Supplemental Bill in addition to all the actions taken during the meetings held on April 17 and 18 related to Omnibus issues as well as Senate-House Conference Committee on **SB 294** actions to which both chambers have agreed.

Leah Robinson, KLRD, briefed committee members of the Governor's Budget Amendment (GBA) No. 4 (Attachment 3).

Discussion was heard on the funding adjustment for the Office of the Attorney General (AG), which is a funding shift of \$4 million from the agency's Court Cost Fund to the State General Fund (SGF) and the monies appropriated back to the AG's office for operations. This allows the office to be funded from the SGF rather than relying on settlements from litigation.

The adjustment to the Department of Administration was reviewed.

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Committee members discussed the Kansas Housing Resources Corporation item, which enhances state funding of housing programs to ensure affordable housing. \$2 million will be transferred from the SGF to the State Housing Trust Fund. Ms. Robinson clarified the \$2 million is shown as a transfer (reducing SGF revenues) and would not affect SGF expenditures. (Attachment 4) Dylan Dear, KLRD, provided background information on this agency and the \$2 million set aside for the program. The agency will create and release a Notice of Funding Availability (NOFA); under the NOFA, applicants will compete for both construction and permanent below-market financing of both single and multifamily housing developments.

Chairperson McGinn recessed the meeting at 10:04 a.m.

Senator McGinn reconvened the meeting at 11:10 a.m. and discussion continued on GBA No. 4.

The adjustment for Aging and Disability Services, Department for Children and Families, Department of Health and Environment and Juvenile Justice Authority to fund caseloads was reviewed.

The adjustment for the Larned State Hospital was reviewed.

Michelle Schroeder, Social and Rehabilitation Services (SRS), was in the audience and responded to questions:

- 23 FTEs, which currently are unfunded, in the Department for Children and Families will be transferred to Larned State Hospital to fill with the appropriate staffing complement.
- Of the \$1,933,378 funding adjustment, \$940,000 is to increase salaries of current employees; \$993,000 is to fund the additional 23 FTEs.
- Discussion followed in which committee members expressed concern that current employees at Larned State Hospital will receive salary adjustments while excluding thousands of other state employees who are paid salaries under market. Ms. Schroeder explained the issue at Larned is a part of a corrective action plan submitted to the Joint Commission in order to retain their accreditation status.
- A committee member asked Ms. Schroeder to respond whether or not \$940,000 (salary adjustment for current employees) can be reduced from the \$8.5 million identified for under market pay adjustments to remaining state employees.
- Ms. Schroeder could not answer when other state facilities would be examined by Joint Commission and whether or not other facilities have the same problems/issues as Larned. If similar issues exist, it was suggested additional funding should be allocated to the other facilities as a proactive action to assist with recruitment and retention.

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- A committee member requested a detailed breakdown of Larned positions, salaries adjusted, variances between adjusted and previous salaries, credentials and numbers of positions added and allocated, etc. In addition, the accreditation time line was requested for other state facilities.

Additional discussion was heard concerning the Home and Community Based Services (HCBS) developmental disability (DD) waiver:

- A committee member requested information concerning the number of clients currently on the Home and Community Based Services (HCBS) developmental disability (DD) waiting list.

The adjustment for the Topeka Correctional Facility was reviewed. Committee members inquired why this staffing enhancement request was excluded from the agency's Subcommittee request. Jeremy Barclay, Special Assistant to the Secretary, Department of Corrections (no written testimony), indicated that until approximately two weeks ago, there had been no discussion of an agency adjustment. At that time, the agency was notified the Governor had decided to adjust the agency's funding. This adjustment will enable the agency to hire an additional ten positions to manage the growing female inmate population. Additional information was requested concerning how the funding will be used.

Committee members reviewed the Governor's "Message on Prison Inmate Population," which was contained in the GBA.

*Discussion and consensus was reached on the following items to add to **SB 449**:*

1. Board of Mortuary Arts – Requested \$17,300, all from special fee funds, to replace a state vehicle, which was recently involved in an accident.
2. Department of Parks, Wildlife, and Tourism – Add language to allow the department flexibility to adjust funds at the end of the year to correct diversion problems from parks fee funds, boating fee funds and wildlife fee funds. With the addition of the Tourism Department, the agency requests the same language be added to allow adjustments from those fee funds. In addition, the agency requests the use of the Sales Fund as the fund for adjustments to replace the Economic Development and Initiative Fund (EDIF).
3. Kansas Department of Health and Environment – The Kansas Storage Tank Act (**SB 406** amends current statute) to provide a reimbursement fund to assist property owners when abandoned underground storage tanks (USTs) are removed. The fund created would be a "no limit" fund.

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4. Senator Vratil requested to add \$500,000, SGF, to the Legislature's budget for purposes of the Senate retaining legal counsel to represent their interests in litigation involving redistricting maps; discussion followed in which Senator Vratil clarified that should a map fail to be passed, the Attorney General brings an action to the Supreme Court for resolution. Senators Taddiken and Masterson asked that they be recorded as opposing the funding adjustment to which other Senators agreed.
5. Behavioral Sciences Regulatory Board – Add language that leased office space shall not exceed \$14.00 per square foot for FY 2013. Other language concerning FTEs in the proviso is existing language.

Senator Schmidt moved to add a one percent pool of money for pay raises to state employees, excluding legislators and six statewide, elected officials; Senator Kelly seconded the motion.

During discussion, Senator Schmidt elaborated that state employees have had no pay adjustments since 2008. The cost of the proposed adjustment is approximately \$10 million, which is in addition to the under market pay and longevity adjustments contained in the Senate position, which was discussed during conference committee meetings. Senator Schmidt indicated that \$126.7 million would be required to achieve full pay parity with similar positions in the private sector. Employees whose salaries are above market would also receive a one percent pay increase.

The motion carried. Senators Schmidt, Kelly, Umbarger, and Francisco requested to be recorded as "yes," Senators Masterson and Taddiken, requested to be recorded as "no."

The following provision was submitted to include in SB 449; however, due to concerns expressed, the consensus was to consider any amendment of this nature during floor debate.

However, the discussion and conclusion is included as part of the permanent record.

1. Add language to delay implementation of KanCare to individuals with developmental disabilities under HCBS waivers until January 1, 2014. (Attachment 5) Discussion ensued in which concern was expressed regarding the implementation date for persons under the DD HCBS waiver. Specifically, if KanCare's implementation is delayed beyond January 1, 2013, it was suggested that the date of "January 1, 2014" within the proviso be changed to reflect "one year following implementation of KanCare." A committee member indicated that stakeholders within the community are still concerned with the proposal.

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Committee members returned to GBA No. 4 and continued discussion. The committee members came to a consensus agreement to accept GBA No. 4 with the exception of item number 5, "Larned State Hospital Staffing and Employee Pay" pending upon receipt of additional information requested.

Senator Vratil moved to recommend Senate Substitute for SB 449 favorably for passage; Schmidt seconded the motion.

Discussion followed in which it was noted that the community of Larned expressed desire to appear before the committee to comment on concerns regarding that facility.

Senator Vratil, with permission from Senator Schmidt, withdrew his previous motion.

Discussion ensued, and Senator Umbarger offered another proviso related to the Behavioral Sciences Regulatory Board (BSRB), which appears as number 5 under items receiving consensus agreement.

For purposes of clarity, Senator McGinn advised that **SB 449** includes Supplemental bill provisions, Mega Bill provisions, Omnibus provisions, and all agreements reached by the Senate-House Conference Committee on **SB 294** prior to the spring recess, as well as the language and recommendations made this date. Senator Vratil moved to recommend Senate Substitute for SB 449 favorably for passage and to grant authority and latitude to the Revisor to make technical corrections required; Senator Kelly seconded the motion, which passed on a roll call vote.

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