

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on February 16, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Reagan Cussimano, 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
Gordon Self, 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:

Jerry Sloan, Budget and Fiscal Officer, Judicial Branch
Patricia Scalia, Executive Director, Board of Indigent Services (BIDS)
Steve Weatherford, President, Kansas Development Finance Authority (KDFFA)
Duane Goossen, Secretary, Department of Administration
Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS)

Others attending:

See attached list.

Rules and Regulations

Senator Schmidt expressed a concern that agencies who have come before the Joint Committee on Administrative Rules and Regulations Committee are not responding to concerns or suggestions put forth by the Committee. A document prepared by Kansas Legislative Research Department notes the agencies who have come before the Rules and Regulations Committee, received input or comments from the Committee and then responded back to the Legislature if actions were considered and the outcome ([Attachment 1](#)).

Subcommittee reports on Judicial Council, Judicial Branch and Board of Indigents Defense Services (BIDS)

Senator Vratil, Chair of the Judicial Subcommittee, presented the Subcommittee report ([Attachment 2](#)).

Senator Vratil explained the following notations and adjustments to the agency budgets:

- Concurred with the Governor's recommendations for the Judicial Council, Judicial Branch and BIDS for FY 2010 except for notations and adjustments.
- Applied an 8 percent reduction to the Judicial Council and Judicial Branch budgets as that was the direction at the time of the Subcommittee hearings.
- Requests that the Judicial Council seek introduction of legislation to allow the use of fee funds for expenditures related to the Kansas Criminal Code Recodification Commission.
- Recommends that the Judicial Branch propose legislation to increase docket fees for FY 2010 to cover an additional reduction of \$1,876,875 to their budget, delay implementation of the Level of Services Inventory-Revised instrument and delay the expansion for a 14th Court of Appeals' judge.
- Did not reduce the BIDS budget by 8 percent, noting that the agency may face a shortfall in FY 2010. However, took the BIDS' 8 percent reduction of \$1,876,875 in the Judicial Branch budget and proposes that an increase in docket fees for the Judicial Branch will cover the extra reduction to the Judicial Branch budget.
- Noted that the Judicial Branch should have flexibility regarding how they will implement reductions in their agency budget, including possible furloughs as an option.

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 16, 2009, in Room 545-N of the Capitol.

Responding to questions from the Committee, Jerry Sloan, Budget and Fiscal Officer, Judicial Branch, noted that the Judicial Branch currently has 1,861.3 full-time-equivalency (FTE) positions with 30 of those positions vacant as a result of a hiring freeze. Mr. Sloan acknowledged that any furloughs could cause a backlog in the court system.

Patricia Scalia, Executive Director, BIDS, responded to a question, noted that approximately 1/3 of the BIDS budget is spent on capital murder cases. The Committee noted that the Constitution requires the State to provide counsel for those charged with an criminal offense and not able to provide counsel for themselves.

Senator Vratil, Chair of the Judicial Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Judicial Council, Judicial Branch and Board of Indigents' Defense Services (BIDS) for FY 2010 and moved for the adoption of the Subcommittee recommendations on the Judicial Council, Judicial Branch and Board of Indigents' Defense Services (BIDS) with notations and adjustments for FY 2010 (Attachment 2). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Action on Moratoriums

Senator Schmidt moved to allow Staff to make technical corrections to Subcommittee reports previously adopted by the Committee and incorporate the moratorium on employer contributions to the State Health Plan, moratorium on KPERs Death and Disability Group Insurance Fund contributions and carry the 1.25 percent reduction to FY 2009 budgets into FY 2010 as passed in **House Sub for Senate Sub for SB 23**. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

The Committee requested that the Department of Administration and the Kansas Health Policy Authority consider preparing a letter of explanation to state employees regarding the moratorium to be placed on the State Health Plan, if **House Substitute for Senate Substitute for SB 23** is signed into law by the Governor.

Hearing on SB 205 - Prohibiting the development finance authority from refunding any bonds for any state agency unless specifically approved by an act of the legislature.

Jill Wolters, Revisor, explained that **SB 205** related to the duties of the Kansas Development Finance Authority (KDFA) (Attachment 3). Currently, KDFA has the authority to issue bonds for the purpose of refunding, whether at maturity or in advance of maturity upon the request of the Secretary of the Department of Administration. The legislation would require the approval of the Legislature before issuing bonds for the purpose of refunding. Following such approval becoming law, upon request by the president of the Senate or the speaker of the House of Representatives pursuant to such specific approval, the authority may issue such bonds for the purpose of refunding.

Senator Vratil presented testimony in support of **SB 205** (Attachment 4). Senator Vratil noted that the intent of the legislation is to require the consent of the Legislature or the State Finance Council before refunding of bonds can take place. The Senator indicated that an amendment will be necessary to make clear the State Finance Council's authority to approve the refunding of bonds, noting that the amendment would appear on page 2, lines 13 and 14 of the bill.

Responding to a question from the Committee, Ms. Wolters stated that the current procedure has been in place since 1987. Senator Vratil indicated that he was not aware of any problems with the current procedure.

Steve Weatherford, President, Kansas Development Finance Authority, presented testimony in opposition to **SB 205** (Attachment 5). Mr. Weatherford stated that his main concern with the restructuring process as outlined in **SB 205**, concerns lost opportunities for the state to take advantage of market fluctuations. Mr. Weatherford noted that it is the goal of KDFA to monitor bonds and look for opportunities to achieve savings with refunding of bonds.

Duane Goossen, Secretary, Department of Administration, provided testimony to the Committee on **SB 205**. Mr. Goossen noted that most actions in refunding bonds results in savings for the state. The Governor's budget recommendations included the refunding of 3 bond issues - 1 bond issue in FY 2009 and 2 more bond

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 16, 2009, in Room 545-N of the Capitol.

issues in FY 2010, to extend the length of the bonds and delay payments from the State General Fund (SGF) during the economic downturn. The Secretary requested that the legislation target the three transactions proposed by the Governor rather than the whole procedure.

The hearing on SB 205 was closed.

Hearing on SB 196 - KPERS employment after retirement restrictions to apply to retirants employed by a third-party entity.

Gordon Self, Revisor, explained that **SB 196** concerns the Kansas Public Employees Retirement System (KPERS) and relates to employment after retirement. The legislation applies to retirees who are employed directly by a participating employer or employed by a third-party entity who contracts services. The legislation would amend current statute pertaining to those retirees. The legislation is a result of discussions by the Legislative Educational Planning Committee (LEPC) and the Joint Committee on Pensions, Investments and Benefits.

The Committee requested clarification of language applying to those employees employed prior to July 1, 2009.

Responding to a question from the Committee concerning previously enacted legislation, Glenn Deck, Executive Director, KPERS, stated that approximately \$3.2 million has been contributed since July 1, 2006, as a result of legislation directed at retirees who go to work for a different employer. At the current time, there are approximately 619 employees under this program.

The hearing on SB 196 will be continued on February 17, 2009.

The next meeting is scheduled for February 17, 2009.

The meeting was adjourned at 12:10 p.m.