

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on February 4, 2008, in Room 514-S of the Capitol.

All members were present except:

Representative Ty Masterson - excused

Committee staff present:

J. G. Scott, Legislative Research Department
Reed Holwegner, Legislative Research Department
Cody Gorges, Legislative Research Department
Michael Steiner, Legislative Research Department
Jarold Waltner, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nobuko Folmsbee, Revisor of Statutes
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Barbara Hinton, Legislative Post Auditor, Division of Legislative Post Audit
Roger Werholtz, Secretary, Department of Corrections
Helen Pedigo, Executive Director, Kansas Sentencing Commission

Others attending:

See attached list.

- Attachment 1 Review of Completed Audits by Division of Post Audit
- Attachment 2 Performance Audits in Progress by Division of Post Audit
- Attachment 3 Prison Population by Department of Corrections
- Attachment 4 FY 2008 Adult Inmate Population Projections by Kansas Sentencing Commission
- Attachment 5 FY 2008 Juvenile Correctional Facility Population Projects by Kansas Sentencing Commission

Introduction of Legislation

Representative Feuerborn moved to introduce three pieces of legislation appropriating the Governor's recommended budget for FY 2009, the supplemental budget for FY 2008, and the capital improvements for FY 2009. The motion was seconded by Representative Lane. Motion carried.

Representative Powell moved to introduce legislation with regard to licensing and inspection of certain establishments. The motion was seconded by Representative Watkins. Motion carried.

Representative McLeland moved to introduce legislation regarding school district reporting of receipts and expenditures. The motion was seconded by Representative Holmes. Motion carried.

Audit-Related Issues - Division of Post Audit

Barbara Hinton, Legislative Post Auditor, Division of Post Audit, presented an overview of audits completed by the Division of Post Audit since the 2007 legislative session and audits under way by the agency at the current time (Attachment 1):

Audits completed:

- K-12 Education: Reviewing Issues Related to Virtual Schools
Ms. Hinton stated that virtual school enrollment has grown tremendously over the last decade and could have implications for education funding. Ms. Hinton's testimony contains several recommendations for legislative action.

CONTINUATION SHEET

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- **K-12 Education: Reviewing the Cost of Vocational Education Programs**
Enrollment in Vocational Education programs has grown by more than 26 percent over the last 8 years while overall K-12 enrollment has dropped by 1 percent. The audit produced two areas of concern:
 - (1) In FY 2007, school districts received about \$5 million in Vocational Education funding for classes that focused on general employability and life skills, as well as general study hall period. The audit questions whether this was the intent of the Legislature.
 - (2) A major overhaul of Vocational Education at the federal level could significantly affect state funding.

The audit concluded that there is no way of knowing how much vocational education might grow as a result of recent changes in the education system, but could become costly for the State.
- **K-12 Education: Reviewing Issues Related to Special Education Funding**
Special Ed categorical aid covered between 45 and 207 percent of districts' and cooperatives' excess costs for special education. Districts and cooperatives that spent more per student had less of their excess costs covered by categorical aid. Recent changes in Medicaid will cost the State an estimated \$24 million in Medicaid funding, starting in the 2007-08 school year.
- **Business Procurement Card Program**
Electronically analyzed 271,000 transactions totaling \$42 million from 08/2005 to 09/2006. The audit uncovered problems in approximately 2 of every 3 sample transactions.
- **Statewide Expenditures: Reviewing Transactions in STARS**
Audit revealed one instance of a State employee engaged in self-dealing and several situations where State agencies may be missing opportunities to save money by contracting with vendors.

Ms. Hinton reviewed performance audits currently under way at this time or approved to be conducted ([Attachment 2](#)).

Prison Population - Department of Corrections

Roger Werholtz, Secretary, Department of Corrections, presented testimony on the cost and effectiveness of re-entry programs ([Attachment 3](#)). Secretary Werholtz reported that it is anticipated that there is sufficient capacity at the state prisons for the next 10 years if the Legislature does not change the sentencing guidelines. The Secretary noted that there has been a 44 percent reduction in the number of parolees whose parole has been revoked and sent back to prison. The reasons for this reduction is because of the Legislature's action to provide clear direction to the agency as to what is expected and the Department's work to reduce the number of absconders.

Secretary Werholtz stated that prison population is tracked on a daily basis. The reduced prison population also provides cost savings in food service and medical costs.

Responding to questions from the Committee, Secretary Werholtz noted that it is not anticipated that the Department will use the \$39.5 million bonding authority approved by the State Finance Council; however, the approval is in place if needed. Currently, \$1.7 million of the bonding authority will be expended to develop design plans for expansion at the El Dorado Correctional Facility. Secretary Werholtz stated that these plans will not become outdated and would be available if the need for additional prison space becomes a reality. Legislation enacted by the current legislature as well as future legislatures could have an impact on the prison population.

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**Adult Inmate Prison Population and Juvenile Correctional Facility Population Projects
by the Kansas Sentencing Commission**

Helen Pedigo, Executive Director, Kansas Sentencing Commission, provided testimony on FY 2008 adult inmate prison population projections (Attachment 4) and FY 2008 juvenile correctional facility population projects (Attachment 5).

The meeting was adjourned at 10:40 a.m. The next meeting will be a tour of the Kansas Juvenile Correctional Complex on February 5, 2008.

Sharon Schwartz, Chair