

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on March 13, 2006 in Room 514-S of the Capitol.

All members were present except:

Representative Bonnie Huy- excused  
Representative Kevin Yoder- excused  
Representative Tom Sawyer- excused

Committee staff present:

Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Becky Krahl, Legislative Research Department  
Matt Spurgin, Legislative Research Department  
Michele Alishahi, Legislative Research Department  
Amy Deckard, Legislative Research Department  
Julian Efird, Legislative Research Department  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Administrative Assistant  
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Shelly Starr, State Department of Corrections  
Glenn Deck, Kansas Public Employees Retirement System (KPERS)  
Chad Austin, Vice President of Government Relations, Kansas Hospital Association  
Diane Gjerstad, Wichita Public Schools  
Mark Tallman, Kansas Association of School Boards (KASB)  
Denise Moore, Director, Division of Information Systems and Communications (DISC)  
Morey Sullivan, Deputy Director, DISC

Others attending:

See attached list.

- Attachment 1 Technical corrections to **SB 480**
- Attachment 2 Proposed amendment to **SB 480**
- Attachment 3 Written testimony on **SB 340** from Roger Werholtz, Secretary, Department of Corrections
- Attachment 4 Testimony on **HB 2996** by Chad Austin, Kansas Hospital Association
- Attachment 5 Testimony on **HB 2996** by Diane Gjerstad, Wichita Public Schools
- Attachment 6 Testimony on **HB 2996** by Mark Tallman, Kansas Association of School Boards (KASB)
- Attachment 7 Written Testimony on **HB 2996** from Terry Forsyth, Kansas National Education Association (KNEA)
- Attachment 8 Presentation by Morey Sullivan, Deputy Director, DISC

Representative Powell moved to introduce legislation concerning retirement of state debt from unanticipated revenue. The motion was seconded by Representative McLeland. Motion carried.

#### **Hearing on SB 480 - Claims against the state.**

Amy Deckard, Kansas Legislative Research Department, explained that **SB 480** authorizes expenditures from the State General Fund and various special revenue funds for the payment of specific claims against the State of Kansas. The Senate Committee on Ways and Means amended the bill to add a claim for payment of an expired warrant. The bill, as amended by the Senate Committee on Ways and Means, authorized total expenditures of \$268,438, which includes \$87,963 from operating accounts of the State General Fund, and \$181,476 from other sources.

Representative Bethell moved to adopt a technical correction amendment presented by the Office

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 13, 2006 in Room 514-S of the Capitol.

of Revisor of Statutes (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

Representative Pottorff moved to amend **SB 480** by adding language in Section 9, Line 16, stating "The Department of Agriculture is hereby authorized and directed to pay the following amount from the petroleum inspection fee fund as reimbursement for damages incurred by claimant when unleaded gasoline was mistakenly returned to an underground diesel tank following an inspection, to the following claimant: Mike Frisch, 6432 E Central, Wichita, KS 67206 in the amount of \$4,228.79." (Attachment 2) The motion was seconded Representative Feuerborn.

Responding to a question from the Committee, Representative Brunk stated that the damage was caused during an inspection of the facility when diesel that had been drawn for testing was returned to the wrong tank, containing 1500 gallons of gasoline. Representative Brunk indicated that the inspection was done by a contractor employed by the Department of Agriculture. The Committee voiced concern that the contracted service should be responsible for the damage charge.

Representative Feuerborn moved for a substitute motion to delete the language in the amendment stating "petroleum inspection fee fund" and replace with language stating "operating expenditures account of the State General Fund (SGF) of the Department of Agriculture" and include a proviso to request that the Department of Agriculture collect the funds from the contracted testing service. The motion was seconded by Representative Gatewood. Motion carried.

Representative McLeland moved to allow technical corrections to be made to **SB 480** as necessary by the Office of Revisor of Statutes. The motion was seconded by Representative Pilcher-Cook. Motion carried.

Responding to a question from the Committee, Shelly Starr, Department of Corrections, stated that four payments in the legislation to be paid to inmates of the Department of Corrections, are payments for injuries which occurred when the inmates were working in prison kitchens and not covered by workers' compensation.

**The hearing on SB 480 was closed.**

Representative Feuerborn moved to recommend **SB 480** favorable for passage as amended. The motion was seconded by Representative Pottorff. Motion carried.

**Hearing on SB 340 - Cap on employer retirement contributions for security officers employed by the department of corrections.**

Julian Efird, Kansas Legislative Research Department, explained that **SB 340** would establish a statutory rate cap on annual employer contribution rate increases for the corrections officer group in the Kansas Public Employees Retirement System (KPERs). The cap would be identical to the current statutory cap on annual rate increases for all other members in KPERs State, School, and Local groups. Without the cap and the passage of **SB 340**, the Department of Corrections estimates that approximately \$1.5 million of additional expenditures from the State General Fund would be required in FY 2007; with the cap, the increase would be limited to less than \$300,000..

Written testimony from Roger Werholtz, Secretary of the State Department of Corrections, in support of **SB 340**, was distributed to the Committee (Attachment 3).

**The hearing on SB 340 was closed.**

**Hearing on HB 2996 - KPERs, benefits, employment after retirement and minimum retirement benefits for certain retirants.**

Julian Efird, Kansas Legislative Research Department, explained that **HB 2996** included three items regarding the Kansas Public Employees Retirement System (KPERs):

- Increases the minimum retirement benefit from \$500 to \$625, beginning July 1, 2006, and

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 13, 2006 in Room 514-S of the Capitol.

to \$750 beginning July 1, 2007, for retirees of the state school retirement system who had at least 20 years or more of service credit. The estimated fiscal note for this benefit is \$300,000 from the State General Fund if paid at one time to KPERS.

- Raise the working after retirement salary from \$15,000 to \$20,000 for retired KPERS members who return to work for the same employer from whom they retired. There is no cap on going to work for a different employer.
- Would require most participating KPERS employers who hire a retired KPERS employee to pay the KPERS actuarial employer and employee contribution on behalf of the retired member. There would be no payment if the employee returns to work for the same participating employer that they retired from.

Responding to questions from the Committee, Glenn Deck, Kansas Public Employees Retirement System, indicated that there are approximately 7,000 school staff personnel within the school district system who are currently eligible to retire. With regard to putting all school districts under one employer, Mr. Deck indicated that this would put all staff under the \$15,000 or \$20,000 limitation. Mr. Deck stated that the issue would need to be researched to determine if this action would raise other employment issues.

Chairman Neufeld recognized Chad Austin, Kansas Hospital Association, who presented testimony in support of **HB 2996** ([Attachment 4](#)). Mr. Austin noted that the increase from \$15,000 to \$20,000 would allow nurses to work more time throughout the year.

The Chair recognized Diane Gjerstad, Wichita Public Schools, who presented testimony in support of **HB 2996** ([Attachment 5](#)). Ms. Gjerstad indicated that she generally supported the legislation; however, felt that the section pertaining to the receiving district paying the actuarial costs, should be amended to make it clear that these retired employees who are returning to work are employees at will. This would make it clear that the district has flexibility to negotiate salary and conditions. The Committee noted that the suggestion was worthy of discussion and requested that Ms. Gjerstad develop language for an amendment to be presented to the Committee.

Chairman Neufeld recognized Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards (KASB), who presented testimony in opposition to **HB 2996** ([Attachment 6](#)). Mr. Tallman noted that his main concern is with the language which makes changes to state law regarding employment of individuals who are already retired under the KPERS system and would require the different participating employer, to pay the actuarial required employer contribution rate plus the employee rate. Mr. Tallman indicated that he would consider amendments to the legislation.

Written testimony from Terry Forsyth, Kansas National Education Association (KNEA), on **HB 2996** was distributed to the Committee.

### **The hearing on HB 2996 was closed.**

Chairman Neufeld recognized Denise Moore, Director, Division of Information Systems and Communications (DISC), who introduced Morey Sullivan, Deputy Director, to present a review of DISC services and the process used to retrieve costs for the service ([Attachment 8](#)). Mr. Sullivan stated that DISC performs services for most of state government, including payroll, and charges a fee to the agency for the service.

Mr. Sullivan indicated that rates are established each year and published in July. Mr. Sullivan noted that there has been a decline in funding from the State General Fund (SGF) since FY 2002. The Enterprise Application Rate (EAR) was established in FY 2006 and provides a method for DISC to offset the decline in funding from SGF. Prior to FY 2006, DISC had been operating at a loss. Responding to Committee questions and concerns with regard to the increase in fees charged to some state agencies, Mr. Sullivan indicated that within the new EAR system, some agencies would see declines and some agencies would see increases in the fees charged to their agency depending on the DISC services used by the agency.

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 13, 2006 in Room 514-S of the Capitol.

Chairman Neufeld thanked Mr. Sullivan for his testimony.

The meeting was adjourned at 10:45 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 14, 2006.

---

Melvin Neufeld, Chairman