

**MINUTES**

**LEGISLATIVE BUDGET COMMITTEE**

December 15, 2003  
Room 514-S—Statehouse

**Members Present**

Representative Melvin Neufeld, Chairman  
Senator Stephen Morris, Vice-Chairman  
Senator Dave Kerr  
Senator Anthony Hensley  
Representative Dean Newton  
Representative Clark Shultz

**Members Absent**

Representative Bill Feuerborn

**Staff Present**

Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Leah Robinson, Legislative Research Department  
Deb Hollon, Legislative Research Department  
Audrey Dunkel, Legislative Research Department  
Norman Furse, Revisor of Statutes  
Bruce Kinzie, Revisor of Statutes Office  
Nikki Feuerborn, Administrative Analyst, House Appropriations Committee  
Shirley Jepson, Committee Secretary

**Conferees**

Dan Lewien, Social and Rehabilitation Services  
Jim Robertson, Social and Rehabilitation Services

**Others In Attendance**

See attached list.

Chairman Neufeld called the meeting to order at 9:15 a.m. and recognized Audrey Dunkel, Legislative Research Department, who presented a review of the Paternity Establishment

Percentage (PEP) penalty assessed by the federal government against the Kansas Department of Social and Rehabilitation Services (SRS) (Attachment 1). The penalty, based on data for FFY 2001 and FFY 2002, is being assessed as a result of an audit that indicated the State is not in compliance with the federal regulations for child support guidelines. At this time, the penalty has not been imposed. SRS has reported that their data had indicated they were in compliance; however, as a result of the audit and further investigation, SRS has determined that there has been some double and inaccurate reporting of data. SRS is working to correct the problem. The Committee noted that the State is not in violation on the TANF population. The Committee requested that SRS be contacted to provide additional information later today.

The Chairman recognized Leah Robinson, Legislative Research Department, who presented an overview of the draft copy of the Committee report pertaining to the Review of the Current Status of the State Budget, Both Revenues and Expenditures (Attachment 2). The report includes topics reviewed by the Committee as well as conclusions and recommendations from earlier meetings. The Committee requested that up-to-date information on the amnesty taxes be included in the report. As requested, information from Candy Shively, SRS Deputy Secretary, pertaining to the dollar savings realized due to SRS office closures, was distributed to the Committee (Attachment 3). The Committee requested that the information in Ms. Shively's letter be included in the Committee report. The Committee also received copies of a letter from Lawrence P. Daniels, Attorney at Law, Lundin, Daniels & Knapp, correcting information which he presented to the Committee at their November meeting, concerning the amount of his billings for work performed for the Board of Indigents' Defense Services (Attachment 4).

Chairman Neufeld recognized Audrey Dunkel, Legislative Research Department, who presented an overview of the draft copy of the Committee report regarding the Community Developmental Disability Organization (CDDO) Redesign topic (Attachment 5).

The Chairman recognized Norman Furse, Revisor of Statutes, who presented a bill draft, as requested by the Committee, to address changes to the CDDO system (Attachment 6). The bill includes the following provisions:

- Separation of the service provider function from CDDO's and Community Service Provider (CSP) by June 30, 2007. The bill allows those CDDO's who are also CSP's at the present time, to continue until June 30, 2007, if they choose. An incentive is included in the bill for an early separation.
- New CDDO's, selected by the Secretary of SRS on or after June 30, 2007, shall have a minimum population area of at least 150,000.
- The Secretary of SRS shall establish the method of administering and disbursing funds to maximize the funds available for services.
- Separates the functions of client intake and service referral from client treatment and care services.
- Provides a pilot program for peer review quality control and, to the extent possible, a single case management system.

The Committee expressed concern with regard to the language in the bill draft regarding the minimum population issue of 150,000 per CDDO. There was also concern that the bill not discourage counties from their participation in the funding of the program. It was the consensus of

the Committee to request assistance from SRS in developing language in the bill and a plan addressing the items concerning the minimum population issue of 150,000, a definition of case management, and the county funding issue. The information is requested from SRS by the start of the 2004 Legislative Session. The Committee directed that the interim Committee report include this request for SRS's assistance. Dan Lewien of SRS indicated that SRS would address the issue and provide information. The Committee noted technical errors in the bill to be corrected.

*Senator Morris moved that bill draft 3rs1226 be introduced as a House bill. The motion was seconded by Representative Shultz. The motion carried.*

The Chairman recognized Jim Robertson, SRS, who appeared as requested by the Committee, to answer questions concerning the Paternity Establishment Percentage (PEP) penalty. Mr. Robertson explained that the federal government, on an annual basis, does a data reliability audit to make sure that the system is working correctly. Because all children in the State of Kansas are included in the federal report, not just the cases that SRS deals with, SRS works with the Bureau of Vital Statistics in establishing these numbers. In some instances, it was determined that children were counted when a father voluntarily admitted parentage on the birth certificate, as well as when SRS attorneys would establish parentage in court, resulting in a double count effect. There was also some problem with correct coding on some reports. Mr. Robertson indicated that SRS has worked to correct these problems. Mr. Robertson noted that because Kansas passed the informal audit in FFY 2001, SRS felt the penalty should not be imposed for that year. The Committee also expressed concern that the penalty is being imposed on TANF funding for FFY 2001, while the TANF population statistics are in compliance with federal guidelines. An appeal is in the process and a possible class action suit will be filed if the appeal fails, as well as possible legislation for a waiver.

Chairman Neufeld recognized Deb Hollon, Legislative Research Department, who presented an overview of the Committee reports on the Board of Indigents' Defense Services Funding (Attachment 7) and Capital Punishment (Attachment 8). The Committee approved the reports as drafted.

The Chairman recognized J. G. Scott, Legislative Research Department, who presented an overview of the Committee report on the Long Range Revenue Structure Planning Group (2003 SR 1842) (Attachment 9). The Committee requested that the report be updated with the amnesty tax information. The Committee also felt the Legislature should continue to address the long-range revenue structure issue.

*Senator Morris moved that a recommendation be presented to the Legislative Coordinating Council to authorize the Long Range Revenue Structure Planning Group to organize and meet under the terms of **SR 1842**. The motion was seconded by Senator Hensley. The motion carried.*

Chairman Neufeld recognized Deb Hollon, Legislative Research Department, who presented an overview of the Committee report on the Community College Operating Grant (Attachment 10). With regard to a question from the Committee concerning funding for vocational technical schools, Ms. Hollon explained that the Legislative Educational Planning Committee (LEPC) considered the issue and is recommending legislation to give them mill levy authorization.

With reference to the Committee report, the Committee recommends that an outline of the CDDO bill with reference to the items to be addressed be included in the report. The report should also include that the Legislative Post Audit report indicates that there is a conflict of inter-

est between the CDDOs and the service provider functions that cannot be addressed without legislation.

With reference to long-term budget planning, the Committee felt that the amount of money paid from the State General Fund (SGF) for school district personnel pensions should be reflected in school finance and made a part of the school finance formula because it is a direct benefit to schools. At this time, it is paid directly from the SGF to the KPERS fund.

*Senator Kerr moved to recommend in the Committee report on long term-budget planning, that the 2004 Session of the Legislature look at a plan to include the allocation of SGF moneys used to pay for KPERS pensions for school personnel, be included as a part of the school finance formula and reflected in base state aid per pupil. The motion was seconded by Senator Morris. The motion carried.*

*Senator Morris moved to approve the minutes of the November 17-18, 2003 Committee meeting as written. The motion was seconded by Senator Kerr. The motion carried.*

The tentative final draft of the Committee reports will be mailed to Committee members for their final consideration. Chairman Neufeld thanked the Committee for their attention and participation. The meeting was adjourned at 11:30 a.m.

Prepared by Shirley Jepson  
Edited by Leah Robinson

Approved by Committee on:

December 30, 2003

(date)