

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on January 23, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Kelly Kultala - excused
Senator Ty Masterson - excused
Senator Vicki Schmidt - excused
Senator Mark Taddiken - excused
Senator David Wysong - excused

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Jill Wolters, 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:

Barb Hinton, Legislative Post Auditor, Legislative Division of Post Audit

Others attending:

See attached list.

Introduction of proposed legislation

Senator Teichman moved to introduce legislation concerning electronic filling of certain reports by the Insurance Department. The motion was seconded by Senator Schodorf. Motion carried on voice vote.

Additional Information on SB 23 - Supplemental, appropriations for FY2009 for various state agencies.

Senator Lee presented additional information pertaining to **SB 23** and school finance (Attachment 1). Senator Lee explained that the calculations show a 4 percent reduction in both “across-the-board” spending and the Base State Aid Per Pupil (BSAPP). The Senator also noted that the calculations show the affect the different type of reductions have on individual school districts.

Update on Legislative Post Audits

Barb Hinton, Legislative Post Auditor, Legislative Division of Post Audit, presented a briefing on audit-related issues, performance audits of interest to the Committee, and audits currently under way that might be of interest to the Committee (Attachment 2). Highlights of Ms. Hinton’s testimony includes:

Audits that focus on effectiveness and efficiency of state programs:

- Effectiveness pertains to how effective an agency’s programs and services are at accomplishing the established goals.
- Efficiency pertains to how efficiently an agency or the State uses its resources to accomplish those goals.
- Important to recognize the difference between effectiveness and efficiency and establish a balance between the two.
- By operating effectively, an agency will normally improve the efficiency of the program.

Recent Legislative Post Audits:

- Financial Regulatory Agencies in Kansas: A K-GOAL audit determining whether functions could be combined to gain cost efficiencies (September, 2008; 08PA22).

Legislation is recommended to help achieve the goals by combining the three separate agencies that

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on January 23, 2009, in Room 545-N of the Capitol.

regulate banks, credit unions and securities. Consolidating the three agencies, all who have similar missions and functions, would reduce operating costs, and increase administrative efficiencies. The legislation would consolidate the regulation of banks and credit unions into a single agency, and consider consolidating the regulation of securities under that same financial-regulatory agency. The Legislature would need to take a number of other steps related to the consolidation.

- Agricultural-related agencies: A K-GOAL audit determining whether cost savings could be achieved by making the Animal Health Department and the Conservation Commission part of the Department of Agriculture (December, 2008; 08PA23).

Legislation is recommended to merge the Conservation Commission and Animal Health Department with the Department of Agriculture, all with similar missions and functions, into one agency to reduce operating costs, and increase administrative efficiencies. The Legislature would need to take steps to insure that fees generated by one agency would not subsidize another and determine the powers that would be given to the livestock commissioner.

The audit also produced a number of recommendations that would help the agencies become more efficient and effective, whether or not they are consolidated.

- Department of Commerce: A K-GOAL Audit reviewing the Department's management staffing levels (December, 2008; 08PA21).
- Statewide Medical Expenditures: Reviewing Medicaid Expenditures for fraud and abuse (December, 2008; 08CC02).
- Community Colleges: Examining whether there are ways to share resources to reduce costs (February, 2008; 07PA24).
- K-12 Education: Reviewing school districts' at-risk and professional development programs (school audit) (December, 2008; 08PA25).

The audit notes that the Legislature should be aware that districts who do not have a good school improvement process likely will not be successful in helping to close at-risk students' achievement gaps with the additional at-risk funding.

The audit recommends introducing legislation to clarify the law to prohibit the use of at-risk funding for the purpose of paying salaries of current teachers if the Legislature determines that it is not appropriate.

Ms. Hinton suggested it would be helpful to the Legislature and the audit process, if standards were established for all agencies. In addition, Ms. Hinton indicated there should be a review of the number of management positions within each agency, a review of the number of vacancies in each agency and whether or not the vacant positions are really needed. Ms. Hinton noted the importance of having up-to-date data in the auditing process.

Adjournment

The next meeting is scheduled for January 26, 2009.

The meeting was adjourned at 12:00 p.m.