

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on February 16, 2007, in Room 514-S of the Capitol.

All members were present except:

- Representative Pat George - excused
- Representative JoAnn Pottorff - excused
- Representative Tom Sawyer - excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Becky Krahl, Legislative Research Department
- Julian Efird, Legislative Research Department
- Aaron Klaassen, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

- Tracy Streeter, Kansas Water Office
- Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERs)

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Governmental Ethics Commission
- Attachment 2 Budget Committee Report on Department of Administration
- Attachment 3 Information presented by Tracy Streeter
- Attachment 4 Report by Joint Committee on Pensions, Investments, and Benefits regarding the State Deferred Compensation Plan
- Attachment 5 Fiscal Note on **HB 2385**
- Attachment 6 Testimony in support of **HB 2385** by Glenn Deck

Representative Bethell moved to introduce legislation with regard to the Board of Regents, Emporia State University and Kansas State University, relating to land transfer. The motion was seconded by Representative Holmes. Motion carried.

Representative Ballard moved to approve the Committee minutes as written of January 17, January 18, January 19, January 23, January 24, January 25, January 26, January 30, January 31, February 1 and February 2. The motion was seconded by Representative Kelsey. Motion carried.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Governmental Ethics Commission for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 1). The motion was seconded by Representative Beamer. Motion carried.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Governmental Ethics Commission for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Beamer. Motion carried.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Governmental Ethics Commission for FY 2009 and moved for the adoption of the Budget Committee recommendation for FY 2009 (Attachment 1). The motion was seconded by Representative Beamer. Motion carried.

Representative Yoder, Chair of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Administration for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 16, 2007, in Room 514-S of the Capitol.

(Attachment 2). The motion was seconded by Representative Beamer. Motion carried.

With reference to Item No. 1, the Budget Committee stated that \$2,448,422 is the amount of savings by re-financing the bonds on the Capitol Restoration Project. The Budget Committee noted that they had discussion about the use of these funds and ultimately determined that there would be additional savings to the State with the installation of the a new Statewide Financial Management System. At this time, the action by the Budget Committee establishes the Statewide Financial Management System Fund, transfers the \$2.448 million into the fund and allows \$0 expenditures from the fund. Their intention is to review the issue at Omnibus. The Budget Committee stated that they felt it is important to move forward on a new statewide financial management system and review the possibility of including the Board of Regents universities in the proposal.

Representative McLeland made a substitute motion to delete \$2.448 million from the State General Fund for the proposed Statewide Financial Management System. The motion was seconded by Representative Beamer. Motion failed.

Representative Yoder, Chair of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Administration for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Beamer. Motion carried.

Chair Schwartz recognized Tracy Streeter, Kansas Water Office, who presented background comments in preparation for the presentation by John Paul Woodley, Jr., Assistant Secretary of the Army, who will appear before the Committee on Wednesday, February 21, 2007 (Attachment 3).

Hearing on HB 2385 - Transfer of the administration of the state deferred compensation plan from the department of administration to the board of trustees of the Kansas Public Employees Retirement System.

Julian Efird, Legislative Research Department, explained that **HB 2385** would transfer the administration of the State's Deferred Compensation Plan from the Department of Administration to the Kansas Public Employees Retirement System (Attachment 4). This issue was discussed by the Joint Committee on Pensions, Investments and Benefits who brought forth the legislation. The fiscal note on **HB 2385** was distributed to the Committee (Attachment 5).

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERs), presented testimony in support of **HB 2385** (Attachment 6). Mr. Deck stated that moving the administration of the State's Deferred Compensation Plan to KPERs would link all facets of the retirement plans together giving employees a greater understanding of the retirement and saving plans available to them. Responding to a question from the Committee, Mr. Deck noted that federal and state law will not allow the merging of funds from the various retirement or deferred compensation plans. Mr. Deck indicated that the agency goes through a bid process approximately every five years to obtain a service provider for the funds. The current service provider is ING.

- The Committee requested additional information on the amount of investment fees paid to ING.

The hearing on HB 2385 was closed.

The meeting was adjourned at 10:15 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 19, 2007.

Sharon Schwartz, Chair