

Approved Feb. 22, 1983
Date

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by BILL BUNTEN at
Chairperson

1:30 ~~xxx~~ a.m./p.m. on Tuesday, February 15, 1983 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Marlin Rein -- Legislative Research
Lyn Entrikin-Goering -- Legislative Research
Bill Gilmore -- Legislative Research
Jim Wilson -- Office of the Revisor
LewJene Schneider -- Administrative Assistant
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee:

James Wilson -- Office of the Revisor
Robert Harder -- Secretary of SRS
Rep. James Lowther -- On HB2179
Pat Baker -- Kansas Association of School Boards
Sylvia Hoagland -- Director, Department on Aging
Rep. Don Mainey -- On HB2190
Ruth Wilkin -- Advisory Council on Aging
Hattie Norman -- private citizen
Rep. Bill Wisdom -- on HB2227
Bill Hanzlick -- Director of Kansas Fish and Game Commission
Ed Walbourn -- Kansas Association of Community Colleges
Fred Allen --
Harley Duncan -- Division of Budget

Others present: (Attachment I)

The meeting was called to order at 1:35 p.m. by Chairman Buntен.

The Chairman mentioned that some of the committee members would be coming in late and leaving early due to other commitments and they will be excused.

The first order of business today was consideration of HB2084.

House Bill No. 2084 -- "An Act concerning social welfare; relating to eligibility for certain assistance; powers and duties of the secretary of social and rehabilitation services; amending K.S.A. 39-702 and K.S.A. 1982 Supp. 39-708c and 39-709 and repealing the existing sections."

Jim Wilson was called upon by the Chairman to review the proposed substitute for House Bill 2084. (Attachment II).

Mr. Wilson pointed out that an error exists on page 12 of the substitute draft for HB2084. Re: (Sub. A), In this section beginning with "Eligibility for transitional assistance is limited..." should read, "Eligibility for general assistance, other than transitional assistance, is limited...".

Representative Holderman asked what the net effects of this proposal would be if it is passed by the legislature. Mr. Wilson stated that the effects would depend upon the rules and regulations adopted to implement the provisions.

Representative Heinemann asked if by this substitute we are arbitrarily stating that any able-bodied person who is unemployed and can't find a job, who is indeed in need, would be precluded from any General Assistance by this law rather than by a rule or regulation. Mr. Wilson indicated that this was incorrect in so far as the Secretary is to adopt standards or the criteria for establishing whether a person is able to engage in employment. Those criteria would not have to be those that fall within being able or not able to work. The Secretary is required to adopt Rules and Regulations prescribed criteria for establishing whether or not they are able to be engaged in employment.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,
 room 514-S, Statehouse, at 1:30 ~~xxx~~/p.m. on Tuesday, February 15, 1983.

Representative Heinemann further stated that we are mandating in this act, if we pass it, the able-bodied person, who through no fault of his own, cannot find work, cannot receive General Assistance. We are not giving the Secretary the discretion to decide if they might receive some form of General Assistance if the funds are available. Chairman Bunten called upon Dr. Harder to address this statement. Secretary Harder stated that, according to his interpretation, that if the funds were available the Secretary would have the discretion to use the fact that someone was unable, through no fault of his own, as creteria by which that person could continue to get regular General Assistance. He further stated that the specific interpretation would tie back to the appropriations available at the end of the session. These would be, as he sees it, the two controlling points of this issue.

Representative Holderman asked if it might be assumed that the regulations adopted by the Secretary would be those as are spelled out in HB 2084. Chairman Bunten indicated that the assumption could be safely made and that they would probably start with those regulations. The Chairman additionally stated that the SRS appropriations that are in the Senate are due out this week and whether or not they will put money in for this program is not known at this time. Chairman Bunten indicated that the sentiment on the Senate side is to include this group from 19 to 51 in on a medical program and not on a cash program.

Representative Shriver moved to amend the draft bill to include the technical omission as was indicated by Mr. Wilson on p. 12, Sub.A. Representative Louis seconded. Motion carried.

Representative Arbuthnot moved to amend House Bill 2084 by the addition of the substitute bill, as amended. Representative Louis seconded. Motion carried.

Representative Arbuthnot moved that the substitute bill, as amended, be recommended favorably for passage. Representative Dyck seconded.

Representative Holderman strongly stated that this proposal is totally unacceptable. Representative Holderman went on to say that there are thousands of people who are applying for, being rejected from and being dropped from General Assistance and the effect is extremely detrimental and shows a lack of sensitivity on the part of government to do what is responsible. That being, to see that supplemental funds are made available to assure that this program is continued at least through the present situation.

Following considerable discussion on this issue, Representative Holderman requested a roll call vote on the motion and asked that the vote be reflected in the minutes. At the discretion of Chairman Bunten, a roll call vote was taken. The results follow:

- Rep. Bunten -- Aye
 - Rep. Arbuthnot -- Aye
 - Rep. Luzzzti -- Aye
 - Rep. Hamm -- Aye
 - Rep. Miller -- Aye
 - Rep. Rolfs -- Aye
 - Rep. Wisdom -- Nay
 - Rep. Meacham -- Nay
 - Rep. Duncan -- Aye
 - Rep. Shriver -- Aye
 - Rep. Heinemann -- Nay
 - Rep. Chronister -- Aye
 - Rep. Holderman -- Nay
 - Rep. Myers -- Nay
 - Rep. Farrar -- Aye
 - Rep. Mainey -- Aye
 - Rep. Dyck -- Aye
 - Rep. Louis -- Aye
 - Rep. Bussman -- Aye
 - Rep. Solbach -- Nay
 - Rep. Lowther -- Aye
 - Rep. Hoy -- Aye
 - Rep. Teagarden -- Aye
- Motion carried 17-6. Page 2 of 4

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,

room 514-S, Statehouse, at 1:30 ~~XXXX~~ ~~XXXX~~ p.m. on Tuesday, February 15, 1983.

House Bill No. 2179 -- "An Act concerning school district finance; relating to the distribution of moneys from the school district income tax fund; amending K.S.A. 72-7067 and 72-7068, and repealing the existing section."

Representative Lowther was called upon by the Chairman to review the provisions of House Bill 2179. (Attachment III).

Representative Hamm asked what effect this would have on some of the larger districts as far as the amount of interest that would be earned.

Representative Lowther indicated that they would lose the investment of some idle funds for a period of 70 to 80 days. The greatest effect would be the loss for that period of time based on what rate they could get at that time.

Pat Baker appeared as a proponent for HB 2179. She stated that the bill is of great importance to school districts in Kansas. The enactment of this bill would result in the restructuring of the time lines for payment to the school districts, of money in the School District Income Tax Fund. She stated that K.A.S.B. acknowledges that fairness dictates that the local school districts also bear their fair share in this year of fiscal problems. They request that this bill be favorably accepted.

House Bill No. 2190 -- "An Act concerning the Kansas healing arts act; concerning applications for licensure and for renewal of license; amending K.S.A. 65-2808 and repealing the existing section."

Sylvia Hoagland was called upon by Chairman Bunten to review the provisions of HB2190 for the committee. She stated that basically this bill is a medicare assignment bill and medicare assignment relates to when a physician or hospital agrees to take what medicare pays as their full payment. She said that in reviewing the bill, their greatest concern was with regard to the rising health care costs.

Rep. Mainey appeared in behalf of Rep. Fred Weaver in support of HB2190. He read from written testimony which had been prepared by Rep. Weaver. (Attachment IV). Rep. Mainey added some personal comments regarding this issue. He stated that it is felt that when the elderly need to use medicare services, it becomes a very trying time for them because they have no idea of what their medical costs will be. This bill would give some security to the elderly who have medical problems.

Former Representative Ruth Wilkin appeared next in support of HB2190. She was speaking as a member of the Advisory Council on Aging. She passed around a directory published by the Northeast Kansas Health System Agency. Included in this directory are the names of those physicians who do or do not take medicare assignments, along with other related information. She stated that the elderly are very willing to look for good medical care that will stay within the certain limits set by medicare.

Hattie Norman, a private citizen, appeared in support of HB 2190.

House Bill No. 2227 -- "An Act relating to the issuance of hunting, fishing and furharvesting licenses; concerning service charges for issuing; amending K.S.A. 1982 Supp. 19-328 and 32-104a and repealing the existing sections."

Representative Wisdom briefly reviewed the provisions of this bill for the committee.

Bill Hanzlick, Director of the Kansas Fish and Game Commission, appeared in opposition to HB 2227. He stated that 90% of the licenses are purchased through vendors who, it is important to note, agree to sell these licenses voluntarily. Another 9% are sold through county clerks. At the present time when a vendor sells a license he collects an additional 50¢ from the purchaser, over the cost of the license. He keeps 25¢ and sends 25¢ to the county clerk. This bill would increase each of these by 25¢ which would result in a 50¢ increase to the sportsman. They feel that the possible effect of this might be that the sales of licenses would go down.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,
room 514-S, Statehouse, at 1:30 ~~XX~~ p.m. on Tuesday, February 15, 1983.

Representative Wisdom asked, over the past several years, how many increases the Fish and Game Commission has come to Rules and Regulations with.

Mr. Hanzlick stated that in 1978 the Commission came to the legislature and was able to obtain a license fee structure increase. It was a program that was to increase every other year with the limit being reached in 1986 at \$10.00.

Representative Teagarden asked how many less licenses have been sold in 1982 as compared with 1981. Mr. Hanzlick stated that the total figures for 1982 are not in yet, but overall permits appear to be up, according to the data that they have collected to date.

House Bill No. 2238 -- "An Act concerning community colleges; relating to out-district tuition and out-district state aid; amending K.S.A. 71-601 and K.S.A. 1982 Supp. 71-301 and 71-607, and repealing the existing sections."

Mr. Ed Walbourn was called upon by Chairman Bunten to review the provisions of this bill. Following the review, he made his statement from written testimony. (Attachment V).

Mr. Fred Allen appeared as an opponent to HB2238 and urged the committee to give no consideration to this bill.

Senate Bill No. 84 -- "An Act relating to the issuance of certificates of indebtedness to meet obligations of the state payable from the state general fund; amending K.S.A. 75-3711c and 75-3725a and repealing the existing section."

The Chairman recognized Mr. Harley Duncan, Division of Budget, to review the provisions of SB 84. (Attachment VI). Mr. Duncan indicated that this bill is intended only to help cash shortages and that it is an appropriate vehicle that should not be relied upon in a manner that would say that we need no ending balance or that we not pay attention to our cash flow.

Mr. Duncan made note in his concluding remarks that this bill needs to be acted upon quickly because under current law the certificate that was issued on December 30, 1982 must be redeemed by the close of business on February 28, 1983. However, they are fully expecting another cash shortfall in the general fund in mid March and mid April. The proposal is that this bill be enacted and the \$65 million certificate issued in December not be redeemed at this time but be held over to cover the shortfall that is expected to occur in March and April. He further stated that with the adoption of the change in payment dates, as well as the accelerated collection bill, there will be sufficient funds to redeem the \$65 million certificate by June 30, 1983.

The Chairman indicated that the committee would recess until 5:00 at which time they will come back and complete SB84 and SB85.

TUESDAY, FEBRUARY 15, 1983 -- 1:30 p.m.

✓ * FINAL ACTION ON 2084 -- General Assistance Bill

Jim Passed as Amend

✓ Jim Wilson
✓ Sec. Harder

* HEARINGS AND POSSIBLE FINAL ACTION ON:

HB2179 -- School district finance, distribution of money from school district income tax fund.

do not pass

CONFEREES: *Jim Lowther (Sponsor)

✓ Pat Baker - Ks. Ascn. School Boards

HB2190 -- Board of healing arts to provide names and addresses of licensees willing to accept medicare patients.

hold

CONFEREES: ✓ Sylvia Hoagland, Department of Aging will explain the bill.

(FISCAL NOTE 78)

*There may be some others from the Department of Aging that will appear to testify.

✓ *Rep. Murrey*
✓ *Cath Wilkin*
✓ *Jessy Slaughter*
✓ *Hattie Norman*

HB2227 -- Relating to the issuance of hunting, fishing and furharvesting licenses; concerning service charges for issuing such.

CONFEREES: ✓ *Rep. Wisdom*
*Representative Peterson will review provisions

bill stays in R

opp ✓ *Bill Hanzlick, Director of Kansas Fish and Game

*~~Kent Jackson, Asst. Dir. of Kansas Fish and Game~~

HB2238 -- Concerning community colleges, relating to out-district tuition and out-district state aid.

CONFEREES: No one to explain

✓ *Fred Allen, opponent

✓ *Ed Walbourn, Ks. Association of Commu. Colleges. proponent

SB84 -- Issuance of certificates of indebtedness to meet obligations from state general fund.

CONFEREES: *Harley Duncan will explain the bill

** do*
Passed
As Amended by
Com. of the whole.

SB 85-- Special payment to community colleges and Washburn University from local ad valorem tax reduction fund during FY83.

CONFEREES: *Harley Duncan will explain

Jim
Passed
As Amended

(FISCAL NOTE 28)

*A written statement will be provided by Washburn however they will not appear.

*Ed Walbourn, Ks. Association of Community Colleges
(Pro)

H.

GUESTS

DATE 2-15-83

NAME	ADDRESS	REPRESENTING
1. Elizabeth Faulkner	4201 W 29 th St ⁶⁶⁶¹⁴ Topeka	NAMP
2. Evelyn Falk	1900 Sims Topeka 66604	National Association of mature people
3. LaVerne Falk	1900 Sims Topeka 66604	NAMP
4. H. E. Faulkner	4201 W 29 th St. Topeka ⁶⁶⁶¹⁴	N.A.M.P.
5. Herb Duncan	Topeka	Budget Division
6. Ruth Franklin	Topeka	American Association of University Professors
7. Kent Jackson	Box 544 RR2 Pratt	Ks Fishing Game
8. Bill Hanzlick	"	"
9. Harry DeWolter	Wichita Ks.	AFL-CIO
10. Bruce Swanson	Lawrence	leg. intern
11. Gary Pelt	610 W. 10th St	Ks Department Agency
12. Patricia Baker	5401 S W 7 th	KASB
13. Kelly	Statehouse	UPI
14. CHARLES Anderson	Lawrence	KANSAS U.
15. Mark Lembeck	Lawrence	Reg Rold
16. Bob Wootton	Topeka	Gov. Office
17. Michele Hinds	Topeka	leg. intern
18. Marilyn Bracht	Lawrence	KINH
19. Jan Johnson	Topeka	Budget Division
20. Robert Hander	"	SOS
21. Carl Shankland	Topeka	Sen. Howard Leg. Education
22. Ken Klavi	Topeka	Gov's Office
23. Paul Johnson	Topeka	PACK
24. Ed Walbourne	Topeka	KACC
25. Roger A. McAllister	Topeka	KNS, Inc.

Attch. I

GUESTS

DATE _____

NAME	ADDRESS	REPRESENTING
1. <i>Mary R. Ruth</i>	<i>112 W. 6th</i>	<i>KLS Inc.</i>
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Substitute for HOUSE BILL NO. 2084

By Committee on Ways and Means

AN ACT concerning social welfare; relating to eligibility for certain assistance; powers and duties of the secretary of social and rehabilitation services; amending K.S.A. 39-702 and K.S.A. 1982 Supp. 39-708c and 39-709 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 39-702 is hereby amended to read as follows: 39-702. The following words and phrases when used in this act shall, for the purposes of this act, have the meanings respectively ascribed to them in this section:

(a) "Secretary" ~~shall mean~~ means the secretary of social and rehabilitation services.

(b) "Applicants" ~~shall mean~~ means all persons who, as individuals, or in whose behalf requests ~~shall be~~ are made of the secretary for aid or assistance.

(c) "Social welfare service" ~~as used in this act shall be deemed to~~ may include such functions as giving assistance, the prevention of public dependency, and promoting the rehabilitation of dependent persons or those who are approaching public dependency.

(d) "Assistance" ~~as used in this act shall be deemed to include~~ includes such items or functions as the giving or providing of money, food stamps or coupons, food, clothing, shelter, medicine, or other materials, the giving of any service, including instructive or scientific, and the providing of institutional care, which may be necessary or helpful to the recipient in providing the necessities of life for the recipient and the recipient's dependents. The definitions of social welfare service and assistance in this section shall be deemed as partially descriptive and not limiting.

(e) "Aid to families with dependent children" ~~shall--mean~~ means financial assistance with respect to or on behalf of a dependent child or dependent children and includes financial assistance for any month to meet the needs of the relative with whom any dependent child is living.

(f) "Medical assistance" ~~shall--mean~~ means the payment of all or part of the cost of necessary: (1) Medical, remedial, rehabilitative or preventive care and services which are within the scope of services to be provided under a medical care plan developed by the secretary pursuant to this act and furnished by health care providers who have a current approved provider agreement with the secretary, and (2) transportation to obtain care and services which are within the scope of services to be provided under a medical care plan developed by the secretary pursuant to this act.

(g) "Dependent children" means needy children under the age of 18, or who are under the age of ~~21~~ 19 and are full-time students regularly-attending-a-school-in-grade--12--or--below--or--regularly---attending--a--course in secondary schools or the equivalent educational program or are full-time students in a program of vocational or technical training,--ether--than--a--course provided-by-or-through-a-college-or-university,--designed--to--fit them-fer-gainful-employment if they may be reasonably expected to complete the training before attaining age 19, who have been deprived of parental or guardian support or care by reasons of the death, continued absence from the home, ~~unemployment,~~ or physical or mental incapacity of a parent or guardian, and who are living with any blood relative, including those of the half-blood, and including first cousins, ~~nephews,--nieces~~ uncles, aunts, and persons of preceding generations are denoted by prefixes of grand, great, or great-great, and including the spouses or former spouses of any persons named in the above groups, in a place of residence maintained by one or more of such relatives as their own home. The secretary may adopt rules and regulations which extend the deprivation requirement under this definition to include being deprived of parental or guardian support or care by reason of the unemployment of a parent or

guardian. The term "dependent children" shall also ~~include~~ includes children who would meet the foregoing requirements except for their removal from the home of a relative as a result of judicial determination to the effect that continuation therein would be contrary to the welfare of such children, for whose placement and care the secretary is responsible, who have been placed in a foster family home or child care institution as a result of such determination and who received aid to dependent children in or for the month in which court proceedings leading to such determination were initiated, or would have received such aid in or for such month if application had been made therefor, or in the case of a child who had been living with a relative specified above within six months prior to the month in which such proceedings were initiated, would have received such aid in or for such month if in such month such child had been living with and removed from the home of such a relative and application had been made therefor.

(h) "The blind" shall--~~mean~~ means not only those who are totally and permanently devoid of vision, but also those persons whose vision is so defective as to prevent the performance of ordinary activities for which eyesight is essential.

(i) "General assistance" shall---~~mean~~ means financial assistance in which the cost of such financial assistance is not participated in by the federal government. General assistance may be limited to transitional assistance in some instances as specified by rules and regulations adopted by the secretary.

(j) "Recipient" shall-~~mean~~ means a person who has received assistance under the terms of this act.

(k) "Intake office" shall-~~mean~~ means the place where the secretary shall maintain an office for receiving applications.

(l) "Adequate consideration" shall-~~mean~~ means consideration equal, or reasonably proportioned to the value of that for which it is given.

(m) "Transitional assistance" means a form of general assistance in which as little financial assistance as one payment may be made during each period of 12 consecutive calendar months

to an eligible and needy person and all other persons for whom such person is legally responsible.

Sec. 2. K.S.A. 1982 Supp. 39-708c is hereby amended to read as follows: 39-708c. (a) The secretary of social and rehabilitation services shall develop state plans, as provided under the federal social security act, whereby the state cooperates with the federal government in its program of assisting the states financially in furnishing assistance and services to eligible individuals. The secretary ~~of social and rehabilitation services~~ shall undertake to cooperate with the federal government on any other federal program providing federal financial assistance and services in the field of social welfare not inconsistent with this act. The secretary is not required to develop a state plan for participation or cooperation in all federal social security act programs or other federal programs that are available. The secretary ~~of social and rehabilitation services~~ shall also have the power ~~and it shall be the secretary's duty,~~ but is not required, to develop a state plan in regard to assistance and services in which the federal government does not participate.

(b) The secretary shall have the power and duty to determine the general policies relating to all forms of social welfare which are administered or supervised by the secretary and to adopt the rules and regulations therefor. ~~No rule and regulation shall be adopted which will require partiality in the amount of the public assistance or medical assistance to be given to persons of this state having approximately equal need.~~

(c) The secretary shall hire, in accordance with the provisions of the Kansas civil service act, such employees as may be needed, in the judgment of the secretary, to carry out the provisions of this act. The secretary shall advise the governor and the legislature on all social welfare matters covered in this act.

(d) The secretary shall establish and maintain intake offices throughout the state. The secretary may establish and create area offices to coordinate and supervise the

administration of the intake offices located within the area. The number and location of intake offices and area offices shall be within the discretion of the secretary, except that the secretary shall maintain at least one intake office in each county. Each intake office shall be open at least 12 hours of each working week on a regularly scheduled basis. The secretary shall supervise all social welfare activities of the intake offices and area offices. The secretary may lease office or business space, but no lease or rental contract shall be for a period to exceed 10 years. A person desiring public assistance, or if such person is incapable or incapacitated, a relative, friend, personal representative or conservator of such person shall make application at the intake office. When it is necessary, employees may take applications elsewhere at any time. The applications shall contain a statement of the amount of property, both personal and real, in which the applicant has an interest and of all income which the applicant may have at the time of the filing of the application and such other information as may be required by the secretary. When a husband and wife are living together the combined income or resources of both shall be considered in determining the eligibility of either or both for assistance unless otherwise prohibited by law. The form of application, the procedure for the determination of eligibility and the amount and kind of assistance or service shall be determined by the secretary.

(e) The secretary shall provide special inservice training for employees of the secretary and may provide such training as a part of the job or at accredited educational institutions.

(f) The secretary shall establish an adequate system of financial records. The secretary shall make annual reports to the governor and shall make such reports as required by federal agencies.

(g) The secretary shall sponsor, operate or supervise ~~work projects or~~ community work and ~~training~~ experience programs whereby recipients of assistance shall work out a part or all of their assistance and conserve work skills and develop new skills.

The compensation credited to recipients for such ~~work-projects~~ and ~~work-and-training~~ programs shall be based upon an hourly rate equal to or in excess of the federal minimum wage hourly rate ~~existing-on-the-effective-date-of-this-act~~. The programs shall be administered by the secretary. In the programs, the secretary shall provide protection to the recipient under the workmen's compensation act or shall provide comparable protection and may enter into cooperative arrangements with other public officials and agencies or with private not-for-profit corporations providing assistance to needy persons in developing, subject to the approval of the secretary, the programs under this section. ~~Any person who refuses without good cause to accept suitable employment in which such person is able to engage shall be ineligible for benefits under the social welfare acts of the state of Kansas during the time such person refuses to accept such employment.~~

(h) The secretary may receive, have custody of, protect, administer, disburse, dispose of and account for federal or private commodities, equipment, supplies and any kind of property, including food stamps or coupons, which are given, granted, loaned or advanced to the state of Kansas for social welfare works, and for any other purposes provided for by federal laws or rules and regulations or by private devise, grant or loan, or from corporations organized to act as federal agencies, and to do all things and acts which are necessary or required to perform the functions and carry out the provisions of federal laws, rules and regulations under which such commodities, equipment, supplies and other property may be given, granted, loaned or advanced to the state of Kansas, and to act as any agent of the federal government when designated as such, and do and perform all things and acts that may be required by the federal laws or rules and regulations not inconsistent with the act.

(i) The secretary may assist other departments, agencies and institutions of the state and federal government and of other states under interstate agreements, when so requested, by

performing services in conformity with the purpose of this act.

(j) The secretary shall have authority to lease real and personal property whenever such property is not available through the state or a political subdivision of the state, for carrying on the functions of the secretary.

(k) All contracts shall be made in the name of "secretary of social and rehabilitation services," and in that name the secretary may sue and be sued on such contracts. The grant of authority under this subsection shall not be construed to be a waiver of any rights retained by the state under the 11th amendment to the United States constitution and shall be subject to and shall not supercede the provisions of any appropriations act of this state.

(l) All moneys and property of any kind whatsoever received from the Kansas emergency relief committee or from any other state department or political subdivision of the state shall be used by the secretary in the administration and promotion of social welfare in the state of Kansas. Such property may be given, loaned or placed at the disposal of any county, city or state agency engaged in the promotion of social welfare.

(m) The secretary shall prepare annually, at such time and in such form as the governor may direct, a budget covering the estimated receipts and expenditures of the secretary for the ensuing year.

(n) The secretary shall have authority to make grants of funds, commodities or other needed property to local units of government under such rules and regulations as the secretary may adopt for the promotion of social welfare in such local units of government.

(o) The secretary shall have authority to sell any property in the secretary's possession received from any source whatsoever for which there is no need or use in the administration or the promotion of social welfare in the state of Kansas.

(p) The secretary shall adopt a seal.

(q) The secretary shall initiate or cooperate with other agencies in developing programs for the prevention of blindness.

the restoration of eyesight and the vocational rehabilitation of blind persons, and shall establish a division of services for the blind. The secretary may initiate or cooperate with other agencies in developing programs for the prevention and rehabilitation of other handicapped persons.

(r) The secretary shall develop a children and youth service program and shall administer or supervise program activities including the care and protection of children who are deprived, defective, illegitimate, wayward, miscreant, delinquent, children in need of care, juvenile offenders or children in danger of becoming juvenile offenders. The secretary shall cooperate with the federal government through its appropriate agency or instrumentality in establishing, extending and strengthening such services and undertake other services to children authorized by law. Nothing in this act shall be construed as authorizing any state official, agent or representative, in carrying out any of the provisions of this act, to take charge of any child over the objection of either of the parents of such child or of the person standing in loco parentis to such child except pursuant to a proper court order.

(s) The secretary shall develop plans financed by federal funds or state funds or both for providing medical care for needy persons. The secretary in developing any such plan, may enter into an agreement with an agent or intermediary, for the purpose of performing certain functions, including the making of medical payment reviews, determining the amount due the medical vendors from the state, in accordance with standards set by the secretary, preparing and certifying to the secretary, lists of medical vendors and the amounts due them and other related functions as may be determined by the secretary. The secretary may also provide such medical, remedial, preventive or rehabilitative care and services by the payment of premiums to the federal social security system for the purchase of such supplemental medical insurance benefits as may be provided by the federal social security act and amendments thereto.

(t) The secretary shall carry on research and compile

statistics relative to the entire social welfare program throughout the state, including all phases of dependency, defectiveness, delinquency and related problems; develop plans in cooperation with other public and private agencies for the prevention as well as treatment of conditions giving rise to social welfare problems.

(u) The secretary may receive grants, gifts, bequests, money or aid of any character whatsoever, for state welfare work. All moneys coming into the hands of the secretary shall be deposited in the state social welfare fund provided for in this act.

(v) The secretary shall have power to enter into agreements with other states or the welfare department of other states, in regard to the manner of determining the state of residence in disputed cases, the manner of returning persons to the place of residence and the bearing or sharing of the costs.

(w) The secretary shall perform any other duties and services necessary to carry out the purposes of this act and promote social welfare in the state of Kansas, not inconsistent with the state law.

(x) The secretary shall establish payment schedules for each group of health care providers. Any payment schedule established by the secretary shall be based, as appropriate, on either reasonable charges, reasonable costs or prospective rates and shall be subject to the federal social security act and state law and to rules and regulations adopted under that act and law. The secretary, on an annual basis, shall review any payment schedule established under this section with representatives of the appropriate group of health care providers and with representatives of recipient advocate groups.

(y) The secretary shall maintain a system of centralized payment for all welfare expenditures.

Sec. 3. K.S.A. 1982 Supp. 39-709 is hereby amended to read as follows: 39-709. (a) General eligibility requirements for assistance for which federal moneys are expended. Subject to the additional requirements below, assistance in accordance with

plans under which federal moneys are expended shall may be granted to any needy person who:

(1) Has insufficient income or resources to provide a reasonable subsistence compatible with decency and health. Where a husband and wife are living together the combined income or resources of both shall be considered in determining the eligibility of either or both for such assistance unless otherwise prohibited by law. The secretary, in determining need of any applicant for or recipient of assistance shall not take into account the financial responsibility of any individual for any applicant or recipient of assistance unless such applicant or recipient is such individual's spouse or such individual's minor child or minor stepchild if the stepchild is living with such individual. The secretary in determining need of an individual may provide such income and resource exemptions as may be permitted by federal legislation.

(2) Is a citizen of the United States or is an alien lawfully admitted to the United States and who is residing in the state of Kansas. If any person transfers or assigns property without adequate consideration or for the purpose of becoming eligible for assistance (A) within the two-year period immediately preceding the application if the value of the property so transferred or assigned is \$12,000 or less or (B) within a period of time in excess of two years, as established by rules and regulations of the secretary, if the value of the property so transferred or assigned is in excess of \$12,000, such person shall thereby become ineligible to receive assistance for such period of time as the value of the property assigned or transferred would have reasonably maintained such person at a standard compatible with decency and health. If any person without the consent of the secretary assigns or transfers property without adequate consideration while on the assistance rolls, after making application for assistance or while receiving assistance, such person shall thereby become ineligible to receive assistance for such period of time as the value of the property assigned or transferred would have reasonably maintained

such person at a standard compatible with decency and health.

(b) Assistance to families with dependent children.

Assistance ~~shall~~ may be granted under this act to any dependent child, or relative, subject to the general eligibility requirements as set out in subsection (a) ~~of this section~~, who resides in the state of Kansas or whose parent or other relative with whom the child is living resides in the state of Kansas. Such assistance shall be known as aid to families with dependent children.

(c) Applying for or receiving aid to families with dependent children constitutes an automatic assignment of support rights and limited power of attorney.

By applying for or receiving aid to families with dependent children such applicant or recipient shall be deemed to have assigned to the secretary of ~~social and rehabilitation services~~ on behalf of the state, any accrued, present or future rights to support from any other person such applicant may have in such person's own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid. The assignment of support rights shall automatically become effective upon the date of approval for or receipt of such aid without the requirement that any document be signed by the applicant or recipient. The assignment shall remain in full force and effect so long as such person is an applicant or recipient of such aid or until such other time as the secretary of ~~social and rehabilitation services~~ and the applicant or the recipient of such aid may agree. Upon the discontinuance of such aid, the assignment shall remain in effect as to unpaid support obligations due and owing at the time of the discontinuance of such aid until the claim of the secretary of social and rehabilitation services for repayment of the unreimbursed portion of such aid is satisfied. By applying for or receiving aid to dependent children assistance the applicant or recipient is also deemed to have appointed the secretary of ~~social and rehabilitation services~~, or the secretary's designee, as an attorney in fact to perform the specific act of negotiating and endorsing all drafts, checks, money orders or other

negotiable instruments representing support payments received by ~~social-and-rehabilitation-services~~ the secretary in behalf of any person applying for ~~or~~ receiving or having received such assistance. This limited power of attorney shall be effective from the date ~~social-and-rehabilitation-services~~ the secretary approves the application for aid and shall remain in full force and effect as to the respective support rights herein assigned to the secretary under this subsection (c). The secretary retains the power to endorse all drafts, checks, money orders or other negotiable instruments representing support to which the secretary retains a partial claim pursuant to subsection (c) of K.S.A. 39-754 and amendments thereto.

(d) Eligibility requirements for general assistance, the cost of which is not participated in by the federal government. Subject to the additional requirements below, assistance shall
(1) General assistance may be granted to any needy person who does eligible persons who do not qualify for financial assistance in a program in which the federal government participates and who satisfy the additional requirements prescribed by or under this subsection (d).

~~(1) Has~~ (A) To qualify for general assistance in any form a needy person must have insufficient income or resources to provide a reasonable subsistence compatible with decency and health and, except as provided for transitional assistance, be unable to engage in employment. The secretary shall adopt rules and regulations prescribing criteria for establishing whether a person is able to engage in employment, including such factors as age or physical or mental condition. Eligibility for ^{general assis/ other} transitional ~~transitional~~ assistance, is limited to an adult or family in which all legally responsible family members meet the criteria established by such rules and regulations of the secretary. Where a husband and wife are living together the combined income or resources of both shall be considered in determining the eligibility of either or both for such assistance unless otherwise prohibited by law. The secretary in determining need of any applicant for or recipient of general assistance shall not take into account the financial

responsibility of any individual for any applicant or recipient of general assistance unless such applicant or recipient is such individual's spouse or such individual's minor child or a minor stepchild if the stepchild is living with such individual. In determining the need of an individual, the secretary may provide for income and resource exemptions.

~~(2) is~~ (B) To qualify for general assistance in any form a needy person must be a citizen of the United States or is an alien lawfully admitted to the United States and who is must be residing in the state of Kansas except that assistance shall be granted to a transient person pending verification of residency but in no event shall such assistance be given for a period exceeding 30 days in any twelve month period.

(2) General assistance in the form of transitional assistance may be granted to eligible persons who do not qualify for financial assistance in a program in which the federal government participates and who satisfy the additional requirements prescribed by or under this subsection (d), but who do not meet the criteria prescribed by rules and regulations of the secretary relating to inability to engage in employment.

(3) In addition to the other requirements prescribed under this subsection (d), the secretary shall adopt rules and regulations which establish community work experience program requirements for eligibility for the receipt of general assistance in any form and which establish penalties to be imposed when a work assignment under a community work experience program requirement is not completed without good cause. The secretary may adopt rules and regulations establishing exemptions from any such community work experience program requirements. A first-time failure to complete such a work assignment requirement shall result in ineligibility to receive general assistance for a period fixed by such rules and regulations of not more than three calendar months. A subsequent failure to complete such a work assignment requirement shall result in a period fixed by such rules and regulations of ineligibility of not more than six calendar months.

(4) If any person transfers or assigns property without adequate consideration or for the purpose of becoming eligible for any form of general assistance (A) within the two-year period immediately preceding the application if the value of the property so transferred or assigned is \$12,000 or less or (B) within a period of time in excess of two years, as established by rules and regulations of the secretary, if the value of the property so transferred or assigned is in excess of \$12,000, such person shall thereby become ineligible to receive any form of general assistance for such period of time as the value of the property assigned or transferred would have reasonably maintained such person at a standard compatible with decency and health. If any person without the consent of the secretary assigns or transfers property without adequate consideration while on the assistance rolls after making application for assistance or while receiving assistance, such person shall thereby become ineligible to receive assistance for such period of time as the value of the property assigned or transferred would have reasonably maintained such person at a standard compatible with decency and health. If any person is found guilty of the crime of theft under the provisions of K.S.A. 39-720, such person shall thereby become ineligible to receive any form of general assistance under the provisions of this subsection ~~(c)~~ (d). If any person is found guilty by a court of competent jurisdiction of any state other than the state of Kansas of a crime involving welfare fraud, such person shall thereby become ineligible to receive any form of general assistance under the provisions of this subsection (d). ~~Such assistance shall be known as general assistance.~~

(e) Requirements for medical assistance for which federal moneys or state moneys or both are expended. When the secretary has adopted a medical care plan under which federal moneys or state moneys or both are expended, medical assistance in accordance with such plan shall be granted to any person who is a citizen of the United States or who is an alien lawfully admitted to the United States and who is residing in the state of Kansas, whose resources and income do not exceed the levels prescribed by

the secretary. In determining the need of an individual, the secretary may provide for income and resource exemptions and protected income and resource levels. The secretary shall exempt principal and interest held in irrevocable trust pursuant to subsection (c) of K.S.A. 16-303 and amendments thereto from the eligibility requirements of applicants for and recipients of medical assistance. Such assistance shall be known as medical assistance.

(f) Eligibility for medical assistance of resident receiving medical care outside state. A person who is receiving medical care including long-term care outside of Kansas whose health would be endangered by the postponement of medical care until return to the state or whose health would be endangered by travel to return to Kansas, may be determined eligible for medical assistance if such individual is a resident of Kansas and all other eligibility factors are met. Persons who are receiving medical care on an ongoing basis in a long-term medical care facility in a state other than Kansas and who do not return to a care facility in Kansas when they are able to do so, shall no longer be eligible to receive assistance in Kansas unless such medical care is not available in a comparable facility or program providing such medical care in Kansas. For persons who are minors or who are under guardianship, the actions of the parent or guardian shall be deemed to be the actions of the child or ward in determining whether or not the person is remaining outside the state voluntarily.

Sec. 4. K.S.A. 39-702 and K.S.A. 1982 Supp. 39-708c and 39-709 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.

HOUSE BILL 2179

Of the amount available on August 31, distribute 20 percent in each of the first 3 months, then 40 percent in Dec.

<u>Month</u>	<u>Est. Amount</u>
(Sept. 1	\$11,031,600
(Oct. 1	11,031,600
(Nov. 1	11,031,600
(Dec. 1	<u>22,063,200</u>
Subtotal	\$55,158,000
Feb. 1 Clean-up Payment	3,132,000
March 1	--
April 1	--
May 1	11,088,000
June 1	--
July 25	<u>20,592,000</u>
Total	\$89,970,000

Atch. III

FRED L. WEAVER
MINORITY LEADER
ROOM 327-S, CAPITOL BLDG.
TOPEKA, KS 66612
(913) 296-7651



TOPEKA

REPRESENTATIVE FIRST DISTRICT
CHEROKEE COUNTY
RR NO. 1
BAXTER SPRINGS, KS 66713

HOUSE OF
REPRESENTATIVES

February 15, 1983

TESTIMONY ON HB 2190 AT 1:30 P.M. BEFORE WAYS AND MEANS

Mr. Chairman, and members of the committee. Thank you for this opportunity to present testimony on HB 2190.

Last year, I introduced similar legislation. It was determined that the bill would not work. I'm back again with Plan B.

This bill would require physicians to note on their annual licensure form whether or not they take medicare assignments. When a physician agrees to take assignments, they are agreeing to take what medicare pays them and not to bill the medicare patients any additional amounts.

The Board of Healing Arts would compile this information and make it available to persons who request it at cost. Presumably, elderly service groups could purchase a copy of this and make it available to the elderly they serve.

Thank you for your consideration of HB 2190. I believe that if this bill passes, we will have really done a great service to the elderly in Kansas who are so very concerned about the cost of health care.

FLW. IV



KANSAS ASSOCIATION OF COMMUNITY COLLEGES

Columbian Title Bldg., 820 Quincy • Topeka 66612 • Phone 913-357-5156

Edwin J. Walbourn
Executive Director

Statement by Edwin J. Walbourn, Executive Director,
Kansas Association of Community Colleges, to the
House Ways & Means Committee, concerning H.B. 2238,
Tuesday, February 15, 1983.

Mr. Chairman, Members of the Committee:

I represent the Kansas Association of Community Colleges and appear here today in support of H.B. 2238.

This bill removes the 64/72 hour limitation on the payment of out-district state aid and out-district tuition. Presently, if any student has more than 64 college credit hours on his or her transcript, regardless of when or where they earned them, no payments of out-district state aid or out-district tuition are made. Perhaps some misconceptions need to be cleared up.

1. This bill has nothing to do with the number of hours or courses a community college may teach. KSA 71-601 specifically states that no community college may teach a course "at a level not higher than those subjects or courses normally offered to freshmen and sophomores in four year institutions of postsecondary education." Further, the State Board of Education must confer with the Board of Regents if there is any question about the level of a course before it may be approved. This completely prohibits community colleges from being more than freshman-sophomore level institutions.
2. The community colleges are the only institutions of the state where such a prohibition exists, and as a matter of fact, Kansas is the only state that has such a restriction on its community colleges.
3. It will not open a floodgate of new students to community colleges. They are already there and taking courses. For these students, the colleges are not being treated equally with other students.
4. If such students attended a regents institutions, or an area vocational technical school, the same payments would be made for them as for all other students.

The request for this bill is not new. We have asked before. Briefly what is happening is that more and more students are attending community colleges for re-training or new training. The students involved are primarily and by the greatest numbers the so called non-traditional student. This is the person for example who may have a degree in business and attends the closest community college for training in computers or other new advances in his field. He may be a person with a degree who cannot find a job and

(cont.)

Atch. ~~W~~

is interested in training himself for employment. It may be a housewife who is now to be the support of her family or herself who is going back to receive training for a position. These persons sit in a class, right next to a neighbor who has not earned 64 hours of credits and the college receives payments for one student but not the other. The non-traditional student population is growing.

An argument is made as to how responsible should the state and other counties be for courses taken by persons who have over 64 hours. What about the housewife who is bored and wants to take a course in English Literature? I know of no way to determine if a payment should be made only to those persons who are specifically retraining. The same question might be raised about some of the students with less than 64 hours. I know that I took a course in geology in college simply because I needed 3 hours and the course had field trips. It would seem to us that just because a person has over a certain number of college credits, that that person is no less deserving of courses than others. It would seem to us also that it is not really the community college district's responsibility to pay the full cost of the education for a person from another county who has over 64 hours of credit anymore than it is to fund the full costs of one who does not. If the person needs or desires these courses, it would seem to us that the responsibility for that student is the same as for someone without the credits.

We are aware that this is not the best times for the fiscal picture of the state and other areas of government. Unfortunately, it is not any easier on community colleges, yet it is true, not only in Kansas but in the nation, that as economic conditions worsen, community college enrollments increase. This is especially true of the non-traditional student looking for further training. Our 6 percent increase in students this year and an anticipated 5 percent increase next year are indicative of this. Someone must assume some responsibility for training or retraining persons for employment. We can do that but we feel that it should not be the full burden on the colleges for one class of people.

The estimated fiscal note on this bill would be approximately \$415,000. This is based on present rates of out-district payments and an anticipated 5 percent increase in enrollments.

EJW:am

Senate Bill No. 84

GOVERNOR'S PROPOSAL

Amendments to K.S.A. 75-3725a
Certificates of Indebtedness

Summary

The Governor proposes four changes in K.S.A. 75-3725a authorizing the issuance of certificates of indebtedness to meet State General Fund cash shortages. The amendments are designed to make the procedure a workable one through the remainder of FY 1983 and in future years. They in no way affect the obligation of the state to balance State General Fund demands and resources on an annual basis. The Governor's proposals include:

1. Remove the requirement that certificates be redeemed within 60 days of issuance and require only that they be redeemed within the fiscal year in which issued.

Current law requires redemption within 60 days, but at the same time implies that only one certificate may be issued within a fiscal year. State General Fund cash flow problems may and likely will occur more than 60 days apart. Retention of current law would leave the state unable to respond to subsequent shortages except through disrupting expenditure flows. It is extremely important that this amendment be made applicable to the certificate issued on December 30, 1982. Otherwise, alternative actions will be necessary to offset a cash shortage anticipated in March and April 1983.

2. Specifically authorize the issuance of more than one certificate within a fiscal year, if necessary, provided that all certificate are redeemed within the fiscal year in which they are issued.

A limitation of a single certificate will prevent the state from utilizing the procedure to adjust to rapidly changing circumstances that may occur subsequent to the issuance of an initial certificate. It also causes any certificate issued to be in an amount larger than projections may require because of the inability to address changing circumstances through a subsequent certificate.

Atch. VI

3. Require the affirmative vote of the Governor and a ~~majority~~ of the legislative members to issue a certificate, rather than the current unanimous approval requirements.

The current unanimous approval requirement was adopted when the Finance Council consisted of only six members. The amendment would eliminate the potential for the inavailability of one Council member to preclude the state from responding to an emergency situation.

4. Allow the Finance Council to order the issuance of a certificate of indebtedness while the Legislature is in session.

The proposed amendment will allow the state to respond quickly to situations during the session and will prevent faulty actions being taken prematurely to avoid being required to take the matter to the full Legislature.

Background

As is the case in many states, current Kansas law (K.S.A. 75-3725a) establishes a procedure for managing State General Fund cash flow shortages that occur in the course of a fiscal year. Such a procedure is necessary because of the widely fluctuating pattern of receipts and disbursements from the State General Fund. At times, demands can exceed the level of accumulated balances plus new receipts, and without a mechanism such as the certificate of indebtedness, drastic and abrupt changes in expenditure flows would be necessary to avoid a negative General Fund balance.

In its essentials, K.S.A. 75-3725a provides that if the State Finance Council finds that the expected resources of the State General Fund will be sufficient to meet all demands for the entire fiscal year but that the resources will be insufficient to meet demands in any month or months of the fiscal year, the Council may order the Pooled Money Investment Board (PMIB) to issue a "certificate of indebtedness." The certificate is to be purchased by the State Treasurer. The Treasurer and Director of Accounts and Reports are then to credit the State General Fund in the amount of the purchase. When redeemed, the Treasurer is to return the certificate to the PMIB, and the Treasurer and Director of Accounts and Reports are to make appropriate entries to reduce the State General Fund balance.

The effect of the certificate of indebtedness procedure is to increase the balance in the State General Fund temporarily so that the state can meet its obligations as they come due. The statute speaks in terms of purchasing a certificate with other non-State General Fund monies deposited in the state treasury. In actuality, however, no

funds are withdrawn from state accounts and no monies are actually transferred to the State General Fund. Instead, the transaction is handled solely through accounting entries. The State General Fund is credited in the amount of the certificate, and a future accounts payable entry is made simultaneously to offset the credit.

The certificate of indebtedness procedure was utilized for the first time (it was adopted in 1970) on December 17, 1982 when the State Finance Council, acting upon the Governor's recommendation, directed the PMIB to issue a \$65.0 million certificate in order to meet a cash shortage anticipated to occur in early and mid-January 1983. The certificate was formally credited to the State General Fund on December 30, 1982.

The certificate of indebtedness statute must be revised if it is to be a workable tool for cash flow management in the remainder of FY 1983 and in future years. Current law contains certain irreconcilably conflicting provisions that will force expenditure flow changes in the coming months unless amendments are adopted. These provisions will also limit the utility of the certificate procedure in future years. In addition certain procedural features of current law are cumbersome and impede orderly, effective cash flow management. The specific amendments proposed by Governor Carlin to resolve these problems are discussed below.

It is important to note at the outset, however, that none of the amendments in any way affect the obligation of the state to insure that State General Fund demands do not exceed resources of the Fund on an annual basis. They only make the certificate of indebtedness a workable and effective cash flow management mechanism.

Redemption Requirements

Current provisions of K.S.A. 75-3725a require that any certificate of indebtedness shall be redeemed within 60 days from issuance or by the following June 30, whichever is sooner. Yet the statute also implies that only one certificate may be issued within a fiscal year because it requires that a certificate be of a sufficient amount in the opinion of the State Finance Council to meet the estimated cash shortages in the State General Fund for each month of the remainder of the fiscal year.

These provisions are conflicting and unworkable. The reality is that several distinct cash shortages may occur within a fiscal year, and they may be separated by more than 60 days. A certificate that is sufficient to meet cash shortages more than 60 days subsequent to issuance is obviously of little value if it must be redeemed within 60 days.

The Governor recommends that K.S.A. 75-3725a be amended to eliminate the requirement that a certificate of indebtedness be redeemed within 60 days and to require only that they be redeemed by the following June 30, i.e., by the end of the fiscal year in which they are issued. The Governor's recommendation is also intended to apply to the certificate of indebtedness authorized by the State Finance Council on December 17, 1982.

The Governor's recommendations will enable the certificate of indebtedness statute to be utilized to meet the realities of the State General Fund cash flow in FY 1983 and in subsequent years. It is extremely important that this amendment be adopted for FY 1983 and be made applicable to the certificate issued in December 1982. Otherwise, substantial expenditure flow changes will be necessary in February and March 1983 to avoid a negative balance in the State General Fund during March and April. Current projections indicate that even with adoption of Governor Carlin's proposals to defer Local Ad Valorem Tax Reduction and County and City Revenue Sharing payments and to accelerate withholding, retail sales and compensating use tax collections effective April 1, 1983, State General Fund cash shortages should be expected from mid-March through April. With adoption of the Governor's deferral and acceleration proposals, the State General Fund should return to a positive balance position by the end of April and remain there through the fiscal year.

Under current law, the certificate of indebtedness issued in December must be redeemed by March 1, and thus will be unavailable to meet the March and April cash needs. Without the amendment to K.S.A. 75-3725a, deferral of certain statutorily established payments to local school districts would likely be required to avoid pushing the State General Fund into a negative unencumbered cash balance position. Those payments of sufficient magnitude to affect significantly the expected shortage are school transportation aid (\$23.0 million on February 25), special education (\$17.2 million on February 28), and general school aid (\$32.8 million on the 20th of each month). These deferrals would require legislative action because the allotment system imposed under K.S.A. 75-3722 et seq. must be withdrawn if the Legislature adopts the Governor's deferral and acceleration proposals. These actions will bring the resources of the State General Fund to a level sufficient to meet all obligations during FY 1983.

Deletion of the 60-day redemption requirement will return the certificate of indebtedness statute to the form in which it was originally introduced in the 1970 Legislature. As introduced, the bill required that a certificate be sufficient to meet estimated demands for each month remaining in the fiscal year and that a certificate be

redeemed only by the close of the fiscal year in which it was issued. The 60-day redemption feature was adopted as a floor amendment, but apparently no attempt was made to reconcile the conflict presented by the amendment.

Requiring that a certificate be redeemed within the fiscal year in which it is issued is consistent with sound cash management. It still obligates the state to balance State General Fund resources and demands each fiscal year, but it minimizes the need for the state to disrupt its expenditure patterns as would be the case in FY 1983 if no changes are made. It also recognizes that in years such as FY 1983 where substantial changes in expenditures and receipts are necessary to balance the State General Fund that these changes require time to implement and take effect and may not be able to eliminate cash flow shortages. The amendment would enable the state to continue operations as smoothly as possible with the reasonable assurance that there will be a positive State General Fund balance at the close of the fiscal year.

Multiple Certificates

As stated, current law provides no specific authorization for issuing more than one certificate in a fiscal year and in fact implies that only one certificate may be issued. This prevents the state from utilizing the certificate of indebtedness procedure to respond to rapidly changing circumstances subsequent to the initial certificate. Additionally, it is literally impossible to project with complete accuracy the day-to-day cash flow in the State General Fund for all or any substantial part of a fiscal year as is necessary in assessing the need for and amount of any certificate of indebtedness. Consequently, this limitation causes any certificate that is issued to be in an amount that is larger by some measure than estimates might indicate is necessary.

The Governor recommends that K.S.A. 75-3725a be amended to authorize specifically the issuance of more than one certificate in a fiscal year should the State Finance Council find it necessary.

The proposed amendment will not affect the requirements that accompany the issuance of a certificate of indebtedness. That is, the State Finance Council would still be required to find that the resources of the State General Fund will be sufficient to meet all demands for the fiscal year and that all certificates can be redeemed within the fiscal year in which they are issued. The amendment will simply allow the state to respond to rapidly changing circumstances that may transpire after the issuance of one certificate. This will enable state government operations, particularly aid flows to local government, to proceed as

smoothly as possible in such situations. It will also enable policymakers to focus their attention on the most effective means of achieving a year-long balance between resources and outlays. Without authority to issue subsequent certificates, it is likely that abrupt changes in expenditure flows would be required to meet cash shortages. In addition, the amendment should reduce the bias inherent in current law which causes certificates that are issued to be larger than may be required.

Unanimous Approval Requirement

Current law requires that the State Finance Council must approve the issuance of a certificate of indebtedness by a unanimous vote. This was adopted as part of the original bill in 1970 when the State Finance Council consisted only of six members -- the Governor, Lieutenant Governor, President Pro Tem of the Senate, Speaker of the House, and chairpersons of the Senate and House Ways and Means Committees. In 1974, the Council was expanded to the current membership of nine members -- the Governor and eight legislators (majority and minority leadership plus the chairpersons of the Ways and Means Committees). Since the change in membership, most actions by the Finance Council have required approval only by the Governor and five legislative members. General laws for the Finance Council (K.S.A. 75-3711) provide that such a vote is sufficient for all actions of the Council unless otherwise specifically provided by law.

While it is not likely that there will often be disagreement over the need for a certificate of indebtedness, the unanimous vote requirement could hinder the ability to move quickly on issuing a certificate if necessary. Current law requires the Governor to call a meeting within 48 hours of being notified of the need for a certificate. The inavailability of one member of the Council during this period would preclude it from acting, and if the inavailability were for an extended period of time, it could be detrimental to the operation of state government. While the need for a certificate can be reasonably anticipated, the actual details as to amounts and timing can not be projected accurately far in advance. Thus the need to schedule Council meetings to act on certificates with little advance notice is likely to continue. The unanimous vote requirement can prove a hindrance in this regard.

The Governor proposes that K.S.A. 75-3725a be amended to provide that the State Finance Council may approve the issuance of a certificate of indebtedness by an affirmative vote of the Governor plus five of the legislative members.

The proposed amendment will bring the certificate of indebtedness statute into line with the voting requirement for most other Finance Council actions and will reflect the change in Council membership adopted in 1974. It will also eliminate possible situations where the inavailability of a single Council member would preclude the Council from acting on a necessary certificate.

Action During the Legislative Session

Current law prohibits the State Finance Council from acting on the issuance of a certificate of indebtedness while the Legislature is in session, as is the case with most other functions of the Council. This can impede effective operations in one of two ways. First, it could lead the Finance Council to act prior to the legislative session on a certificate that might not be needed until some later date to avoid taking the matter to the entire Legislature early in the session. The danger is that the certificate may be issued at too early or late a date and that it may be in an amount that is less than or greater than is necessary due to the difficulties in predicting day to day cash flow very far in advance. Second, if an unforeseen cash shortage were to develop during the legislative session, it would be difficult for the entire Legislature to act quickly enough in ordering a certificate to meet such an emergency.

The Governor recommends amendments that will allow the State Finance Council to order the issuance of certificates of indebtedness while the Legislature is in session.

The Governor's proposal enables the certificate of indebtedness procedure to be utilized in the most orderly manner possible. It will avoid situations where faulty actions are taken on the basis of inaccurate forecasts. It will also enable the procedure to be utilized to meet emergencies which might arise during the legislative session when sufficient time is not available for the full body to act. The Finance Council currently has authority to approve Tort Claims Act agreements while the Legislature is in session.

The Governor's amendments will not affect the limitations on other State Finance Council powers while the Legislature is in session. The bulk of these powers are in the nature of appropriations functions with which the full Legislature is regularly and rightfully concerned.