Approved 2-28-83
Date

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by BILL BUNTEN at
Chairperson

1:30 ~~xxxx~~a.m./p.m. on Wednesday, February 23, 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
Jim Wilson -- Office of the Revisor
Lew Jene Schneider -- Administrative Assistant
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee:
Representative Lloyd Polson on HB 2431 and HB 2432
Bob Kelly, Independent College Association
Chris Graves, A.S.K.
Bill Kauffman, Board of Regents' Office
Rick VonEnde, Secretary of the University of Kansas
Dr. Scanlon, Director of Smokey Hills Family Practice Center
Harley Duncan, Division of the Budget
Dick Hayter, Kansas Energy Office

Others Present: (Attachment I).

The meeting was called to order at 1:30 p.m.

House Bill No. 2431 -- "An Act concerning state scholarships; prohibiting the awarding thereof to students under certain conditions; amending K.S.A. 72-6811 and 72-6815 and repealing the existing section."

House Bill No. 2432 -- "An Act concerning tuition grants; prohibiting the awarding thereof to students under certain conditions; amending K.S.A. 72-6108, 72-6111 and 72-6112, and repealing the existing section."

Representative Lloyd Polson was called upon by the Chairman to review the provisions of these bills simultaneously. Representative Polson read from written testimony, (Attachment II). He also made reference to other information that had been distributed to the committee that was pertinent to these two bills. (Attachments III and IV).

Representative Heinemann expressed concern with regard to punishing the student for something the parent is responsible for. Representative Polson referred to two amendments, (Attachments V and VI), that would be made to these two bills to rectify this situation in part. Representative Polson explained that these amendments would address the situation where the child is not being supported by his parents in any way, and should not be held liable for the problems of his parents.

Mr. Bob Kelly appeared in opposition to HB 2431 and HB 2432. He read from written testimony. (Attachment VII).

Ms. Chris Graves appeared in opposition to HB 2431. She read from written testimony. (Attachment VIII).

Mr. Bill Kauffman appeared in opposition to HB 2432 and HB2432. He indicated that the Board of Regents' has several major reservations concerning these bills. He stressed two of these concerns in particular. First of all, he stated that it appears that this will entertain policy decisions on the standards of the parents, that will in turn effect the children. By way of information, he mentioned that independent students represent 7.3% of the state's scholarship applicants and 19.7% are tuition grant scholarships. Secondly, he indicated that there may be a significant misconception as to the magnitude of the entire problem. For Kansas, for the year ending in 1982, Guaranteed Student Loans were 7.21%. As to the amount that are actually written off by the federal government, the figure is down to about 4%. Mr. Kauffman made reference to the Higher Education Loan Program newsletter,

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,

room 514-S, Statehouse, at 1:30 xxx/p.m. on Wednesday, February 23, 1983, 19__.

(Attachment IX). According to the writers of this newsletter, they feel they are doing a very fine job of collecting on the loans. In conclusion, Mr. Kauffman stated that he does not feel that the substantial gains contemplated by these bills will be realized, in view of the fact that they will be trying to audit applications each year, and any problems will be found in reviewing these records at that time.

Senate Bill No. 17 -- "An Act concerning Kansas affiliated family practice residency training programs; amending K.S.A. 76-368 and K.S.A. 1982 Supp. 76-370 and repealing the existing sections."

Mr. Rick Von Ende was called upon to review the provisions of this bill. He indicated that the Interim Ways and Means Committee had made two recommendatoins. First, there would be no new family practice programs established without the expressed authorization of the legislature and secondly, the statutory limits, on state general fund dollars that would go to the affiliated family practice program, would be removed and the limits would be determined by the normal appropriations process. Based on these two facts, Mr. Von Ende stated that they are in concurrence with this bill, and would recommend it's passage.

Dr. Scanlon appeared next in support of SB 17. He indicated that the program is still in it's growing stage and they have not reached full capacity. It is apparent, however, that after a number of years of developing this program, that the program is becoming very popular with Kansas medical school graduates and they anticipate that this interest will continue to grow. He indicated that even though, at this point, they have no accurate way to measure the results, in the long run it should serve the purpose that it was set up to provide to the family physicians in the state of Kansas.

House Bill No. 2434 -- "An Act establishing the Kansas office of federal energy grants management; providing for administration thereof; amending K.S.A. 1982 Supp. 58-1313, 58-1314, 58-1315, 75-46a08, 79-32,170 and 79-45a02 and repealing the existing sections; also repealing K.S.A. 74-6801, 74-6802a, 74-6805, 74-6806, 74-6807, 74-6808, 74-6809, 74-6910, 74-6811, 74-6812 and 74-6813 and K.S.A. 1982 Supp. 74-6802, 74-6803 and 74-6804."

House Bill No. 2445 -- "An Act relating to energy emergency preparedness planning; prescribing authorities and duties for the governor and the state corporation commission relating thereto."

Harley Duncan of the Budget Division was called upon by Chairman Bunten to appear on these bills. Mr. Duncan made reference to Mr. Richard Hayter for the review purposes of these bills. Mr. Hayter referred to two bill briefs that had been distributed to the members of the committee. (Attachments X and XI).

Major General Tice was called upon to appear in opposition to HB 2445. He expressed concern with the reading on lines 49-50 and 51 with regard to the Governor being able to proclaim that an energy emergency exists within this state, subject to six members of the state Finance Council approving such a proclamation. His concern with this bill deals with, if it were passed as written, whether or not it would interfere with the statutes that the Governor has available to him to declare an emergency in a state of a disaster.

The Chairman turned to consideration of subcommittee reports.

House Bill 2140, Section 19, OFFICE OF SECURITIES COMMISSIONER FY84. Representative Heinemann reported on this section. The subcommittee concurs with the Governor's FY84 recommendation with some exceptions. Representative Heinemann moved the adoption of the subcommittee report. Seconded by Representative Miller. Motion carried. (Attachment XII).

House Bill No. 2135, OFFICE OF SECURITIES COMMISSIONER FY83. Representative Heinemann reported on this section. The subcommittee concurs with the Governor's recommendation with some exceptions. Representative Heinemann moved the adoption of the subcommittee report. Seconded by Representative Miller. Motion carried. (Attachment XIII).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,

room 514-S, Statehouse, at 1:30 XXX/p.m. on Wednesday, February 23, 1983.

House Bill No. 2140, Section 18, KANSAS ENERGY OFFICE FY84. This section was reported on by Representative Rolfs at the February 21, 1983 meeting. He indicated that a substitute bill for House Bill 2434 was being proposed by the subcommittee. (Attachments XIV and XV).

At this point the Chairman broke from procedure and called upon Harley Duncan to address the committee. Mr. Duncan spoke with regard to a couple of concerns they have with the substitute bill. First, with regard to transferring the fuel allocation and emergency planning responsibilities, it is felt that the these items are best left with the K.C.C. Secondly, they have some concern with transferring the conservation fee fund into the Office of Energy Conservation Management. They feel that it establishes a practice, when general fund dollars are tight, that shouldn't be initiated. They don't believe that fee fund money should be used in agencies that lie outside of the agency that collected it.

Representative Farrar asked if this substitute bill would actually take the place of both HB 2434 and HB 2445. Representative Rolfs indicated that it would be a substitute for HB 2434 only and it is the subcommittee recommendation that HB 2445 not be acted upon. Therefore, if this substitute bill would pass, neither of the other two bills would be addressed. Following committee discussion Representative Rolfs moved that the subcommittee report on the Kansas Energy Office be adopted. The motion was seconded by Representative Meacham. Motion carried.

Representative Rolfs moved the adoption of the substitute bill for HB 2434. Representative Meacham seconded. Following some discussion this motion was withdrawn to allow consideration of a motion offered by Representative Heinemann. Representative Heinemann moved to strike the word "federal" on page one of the bill, and similar clean-up to occur in all appropriate areas of the substitute bill. Seconded by Representative Rolfs. Motion carried.

Representative Rolfs moved to adopt the substitute bill as amended. Representative Meacham seconded. Motion carried.

Representative Rolfs moved that HB 2434 be recommended favorable for passage as amended by adoption of substitute for HB 2434. Representative Meacham seconded. Motion carried.

House Bill No. 2135, Section 4, DEPARTMENT OF HUMAN RESOURCES FY83. Representative Farrar reported on this section. The subcommittee concurs with the Governor's recommendation with some exceptions. Representative Farrar moved the adoption of the subcommittee report. Seconded by Representative Mainey. Motion carried. (Attachment XVI).

House Bill No. 2140, Section 8, DEPARTMENT OF HUMAN RESOURCES FY84. Representative Farrar reported on this section. The subcommittee concurs with the Governor's recommendation with some adjustments. Representative Dyck moved that the subcommittee report be adopted. Representative Farrar seconded. Motion carried. (Attachment XVII).

House Bill No. 2140, Section 6, PUBLIC DISCLOSURE COMMISSION FY84. Representative Lowther reported on this section. The subcommittee concurs with the Governor's FY83 recommendation. The subcommittee also concurs with the Governor's FY84 recommendation with some adjustments. Representative Duncan moved to amend this subcommittee report by restoring the F.T.E., Report Examiner, position and the salary and wages, including the fringe items, necessary to support the position. Seconded by Representative Solbach. Motion lost 10-9. Representative Lowther moved the adoption of the subcommittee report. Seconded by Representative Teagarden. Motion carried. (Attachment XVIII).

At this time the Chairman indicated that the committee would recess until 5:00.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,

room 514-S, Statehouse, at 1:30 ~~a.m.~~/p.m. on Wednesday, February 23, 1983.

The committee resumed consideration of subcommittee reports at 5:05 p.m.

KANSAS BUREAU OF INVESTIGATION FY83.
Representative Chronister reported on this section. The subcommittee made several recommendations to the Governor's proposal. Representative Chronister moved the adoption of the subcommittee report. Seconded by Representative Myers. Motion carried. (Attachment XIX).

House Bill No. 2140, Section 4, KANSAS BUREAU OF INVESTIGATION FY84.
Representative Chronister reported on this section. The subcommittee concurs with the Governor's recommendation with some adjustments. Following committee discussion on items 5 and 9 of the subcommittee report, Representative Duncan moved that item 9 be deleted from the subcommittee report. Seconded by Representative Rolfs. Motion lost. Representative Chronister moved that the subcommittee report be adopted. Seconded by Representative Holderman. Motion carried. (Attachment XX).

In the absence of Chairman Bunten, Vice-Chairman Arbuthnot turned to consideration of fee agency reports.

BOARD OF BARBER EXAMINERS, FY83.
Representative Dyck reported on this agency. The subcommittee concurs with the Governor's recommendation for FY83 with some exceptions. Representative Dyck moved that the subcommittee report be adopted. Seconded by Representative Mainey. Motion carried. (Attachment XXI).

House Bill No. 2085, Section 5, BOARD OF BARBER EXAMINERS FY84.
Representative Dyck reported on this section. The subcommittee concurs with the Governor's recommendation with some exceptions. Representative Dyck moved that the subcommittee report be adopted. Seconded by Representative Mainey. Motion carried. (Attachment XXII).

House Bill No. 2135, BOARD OF HEARING AID EXAMINERS FY83.
Representative Rolfs reported on this agency. The subcommittee concurs with the Governor's recommendation with some adjustments. Representative Rolfs moved that the subcommittee report be adopted. Seconded by Representative Miller. Motion carried. (Attachment XXIII).

House Bill No. 2085, Section 11, BOARD OF HEARING AID EXAMINERS FY84.
Representative Rolfs reported on this section. The subcommittee concurs with the Governor's recommendations with some adjustments. Representative Rolfs moved the adoption of the subcommittee report. Seconded by Representative Miller. Motion carried. (AttachmentXXIV).

BOARD OF ACCOUNTANCY FY83.
Representative Lowther reported on this agency. The subcommittee concurs with the Governor's recommendations with some exceptions. Representative Lowther moved the adoption of the subcommittee report. Seconded by Representative Louis. Motion carried. (Attachment XXV).

House Bill No. 2085, Section 2, BOARD OF ACCOUNTANCY FY84.
Representative Lowther reported on this agency. The subcommittee concurs with the Governor's recommendation with some exceptions. Representative Lowther moved the adoption of the subcommittee report. Seconded by Representative Louis. Motion carried. (Attachment XXVI).

House Bill No. 2085, Section 6, BOARD OF HEALING ARTS FY84.

Representative Hamm reported on this section. The subcommittee concurs with the Governor's recommendation for FY83. The subcommittee also concurs with the recommendation for FY84 with some exceptions. Representative Hamm moved the adoption of the subcommittee report. Seconded by Representative Wisdom. Motion carried. (Attachment XXVII).

House Bill No. 2085, Section 14, BOARD OF OPTOMETRY FY84.
Representative Shriver reported on this section. The subcommittee made an adjustment to the FY83 recommendation and the subcommittee concurred with the Governor's FY84 recommendation with some exceptions. Representative Shriver moved that the subcommittee report be adopted. Seconded by Representative Chronister. Motion carried. (Attachment XXVIII).

House Bill No. 2085, Section 13, BOARD OF NURSING FY84.
Representative Miller reported on this section. The subcommittee made some adjustments to the Governor's FY83 recommendations. The subcommittee concurs with the FY84 recommendations with some adjustments. Representative Miller moved the adoption of the subcommittee report. Seconded by Representative Meacham. Motion carried. (Attachment XXIX).

GUESTS

DATE 2-23-83

1:30

NAME	ADDRESS	REPRESENTING
1. Cyndia Terres	Topeka	Speaker's office
2. Loren Busby	Lawrence	Rep. Leppert
3. Mrs. Ed Rolfs	Junction City	Ed Rolfs
4. Mrs. W. J. Stearns	Milford	
5. Mrs R. G. Waters	Junction City	"
6. Mrs W. M. Edie	Junction City	"
7. Mrs Rex Swim	Junction City	"
8. Mrs. Stanley Abel	" "	"
9. Mrs Robert Graves	" "	"
10. Mrs. LeRoy Stuckey	" "	"
11. Mrs H. L. Bunker, Jr.	" "	"
12. Mrs. A. J. Sojo	" "	"
13. Bob Kelly	Topeka	Ks Independent College Assoc.
14. M. C. WEED	Topeka	Ks Div of Emer. Prep.
15. MG RALPH TICE	TOPEKA	TAG
16. Thomas E. Kelly	Topeka	KBI
17. Tommie Smith	TOPEKA	BUDGET
18. George D Carter	Topeka	KBI
19. Terri Muschamp	Topeka	KCC
20. Phil Wedel	TOPEKA	KCC
21. Ruth Friedrich	Topeka	American Association of University Professors
22. tracey davis-couch	concordia	Closeup
23. Jim Green	Topeka	KBI
24. Mark Hallman	Topeka	ASK
25. Chris Graves	TopeKa	A.S.K.
Dana Hawkins	Topeka	ASK

Atch. I

GUESTS DATE________

NAME	ADDRESS	REPRESENTING
1. Tom Whitaker	Topeka	Ks Motor Carriers Assn
2. Dick Hayter	"	KEO
3. Lane Pierce	"	Div. of Arch. Services
4. Al Gutierrez	"	" " " "
5. Bill Belleville	"	DISC
6. Ruth Groves	"	KCCY
7. Dale Johnson	"	DISC
8. David M. Kahn	"	AEFG
9. Barry Swanson		Gov. Intern
10. Deb Miller		Gov.
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GUESTS

DATE 2-23-83 5:00

NAME	ADDRESS	REPRESENTING
1. Dennis Hambaker	Topeka	KHP
2. Jane Henry Smith	Mercer Island	self
3. Tom Kelly	Topeka	KBI
4. Jim Green	Topeka	KBI
5. George Carter	Topeka	KBI
6. J. CAREY BROWN	TOPEKA	D-of-A-DISC
7. BILL BELLEVILLE	TOPEKA	DISC
8. Dennis Williams	Topeka	Budget
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LOYD D. POLSON
REPRESENTATIVE, SIXTY-SECOND DISTRICT
[illegible] NEMAHA AND POTTAWATOMIE
COUNTIES
BOX 21
VERMILLION, KANSAS 66544

TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNME
VICE CHAIRMAN AGRICULTURE AND LIVESTOCK
MEMBER EDUCATION
JOINT COMMITTEE ON ADMINISTRATIVE
RULES AND REGULATIONS

FEBRUARY 23, 1983

TO THE MEMBERS OF THE HOUSE WAYS AND MEANS COMMITTEE:

THOSE WHO SUBSCRIBE TO THE CONCEPT OF ENTITLEMENT MAY FIND THAT THESE BILLS ADDRESS NOTHING RELEVANT.

BENOVELENT MALFEASANCE, AS PRACTICED BY THOSE, WHO IN THE NAME OF VESTED RIGHTS, OR FREEDOM OF CHOICE, OR ANY OTHER JARGON OF THE CATCHWORD SOCIETY WE EXIST IN, SHOULD NOT BE TOLERATED.

CERTAINLY THIS COMMITTEE WOULD AGREE THAT DEBTS INCURRED ARE DEBTS TO BE REPAID WHETHER TO GOVERNMENTAL ENTITIES OR TO ANY PERSON. I SUBMIT THAT ANY LENDING AGENCY, ABUSED TO THE EXTENT THAT THE FEDERAL SYSTEMS HAVE BEEN ABUSED, WOULD HAVE LONG AGO FOUND ITSELF OUT OF FUNDS AND OUT OF BUSINESS.

TO THE CREDIT OF KANSAS BORROWERS, THE DEFAULT RATE DOLLAR-WISE IS A LITTLF OVER ONE-HALF THE NATIONAL AVERAGE. FIGURES OBTAINED TODAY INDICATE THAT THERE ARE 707,925 STUDENT LOANS IN DEFAULT NATIONWIDE, TOTALING $640,737,248.00 or 11.09%. KANSAS HAS 6,056 LOANS IN DEFAULT TOTALING $6,240,857.00 or 6.16%

Atch. II

GOVERNMENT LOANS FOR THE PURPOSE OF PROVIDING EDUCATIONAL OPPORTUNITY DO NOT MANDATE REPAYMENT PROCEDURES AS STRINGENT AS MIGHT BE APPLIED BY PRIVATE LENDERS. HOWEVER, FEDERAL PROCEDURES ADOPTED FOR REPAYMENT OF STUDENT LOANS ARE NOT ADDRESSED BY HB-2431 and HB-2432. THAT IS A FEDERAL PROBLEM. WE ARE SIMPLY SAYING THAT THE STATE OF KANSAS SHOULD NOT EXPEND FUNDS FROM DEPLETED BALANCES TO STUDENTS WHOSE PARENTS ARE IN DEFAULT.

THE STATE DOES PROVIDE EXTENSIVE POST-SECONDARY EDUCATIONAL OPPORTUNITY AS WELL AS DOES THE NON-PUBLIC SECTOR. IT DOES NOT, NOR DO THEY, HOWEVER, PROVIDE ENTITLEMENT TO THEIR USE. EDUCATION IS OBTAINABLE THROUGH MANY AVENUES, SOME OF WHICH INCLUDE THE WAY MANY OF US HERE OBTAINED DEGREES, NO HELP AT ALL, BY PARENTAL ASSISTANCE, OR BY PRIVATE SCHOLARSHIPS, ALL OF WHICH ARE STILL RELEVANT.

I AM SIMPLY SAYING THAT IT IS NOT THE MANIFEST DESTINY OF THIS STATE TO BE THE GRANTOR OF EVEN MORE FUNDS TO PEOPLE WHO ARE IN DEFAULT OR FUNDS ALREADY RECEIVED.

FEDERAL LOANS ARE YOUR MONEY AND MY MONEY. I BELIEVE IT BEHOOVES THOSE OF US WHO CONTROL THE PURSE STRINGS TO DO JUST THAT.

—STUDENT LOAN

A former doctor of podiatry who had lost his license because of drug addiction did not show that he would suffer undue hardship if required to repay student loans. Although the debtor felt threatened by his possible submission to drug addiction in the future, the court was confident that the debtor could maintain his rehabilitation, considering the fact that he had a wife and a more stable home life from which to work. While the debtor did suffer epilepsy, it was not an illness which would prohibit him from working or maintaining a normal life.—In re Albert (Bkrtcy.N.D.Ohio), No. 81-0328, Oct. 28, 1982, Richard L. Speer, Bankruptcy Judge.

—STUDENT LOAN

The debtor clearly carried her burden of proving that continued repayment of her student loans would constitute an undue hardship and therefore that the obligations should be discharged. The debtor suffered from severe physical and emotional disabilities and apparently would not be holding productive employment in the future but, instead, would be supported as a ward of the state.—In re Norman (Bkrtcy.S.D.Cal.), No. 82-00027-M7, Dec. 14, 1982, James W. Meyers, Bankruptcy Judge.

—STUDENT LOAN

Repayment of the student loan incurred by a 47 year old nurses aid who had only a tenth grade education in addition to her nurse's aid training courses would impose an undue hardship on her. Her monthly take home pay was $480 to $500 a month and her other expenses more than consumed that amount. She was divorced, suffered from some ailments, and had little prospects for promotion.—In re Price (Bkrtcy.W.D.Mo.), No. 82-01164-C, Dec. 10, 1982, Frank P. Barker, Jr., Bankruptcy Judge.

—SUBMISSION OF TAX RETURNS

The debtor, having sought the protection of the bankruptcy court, was required to abide by its rules and to provide the trustee with material which he needed, including his income tax return. Any right to withhold the income tax return which the debtor might have under the Privacy Act was waived by the filing of the bankruptcy petition. Failure of the debtor to provide the trustee with the needed income tax return would result in revocation of the discharge.—In re McDonald (Bkrtcy.N.D.Ohio), No. 81-00361, Dec. 1, 1982, Richard L. Speer, Bankruptcy Judge.

—UTILITY SERVICE

Under § 366 of the Bankruptcy Code, the shopping mall which rented space for the debtor's restaurant and which supplied electricity to the debtor was a "utility." To obtain electrical service directly from the power company, the debtor would be forced to incur a large and very possibly prohibitive expense in the form of rewiring, among other things. Thus, the shopping mall could be enjoined from discontinuing the debtor's electrical service.—In re Good Time Charlie's Ltd. (Bkrtcy.E.D.Pa.), No. 82-04029, Dec. 7, 1982, Thomas M. Twardowski, Bankruptcy Judge.

BATTERY—SELF-DEFENSE

The debtor struck the plaintiff, an uninvited guest at the debtor's birthday party, in self-defense. Thus, his conduct, which would otherwise constitute battery, was excused and his debt to the plaintiff, if any, for breaking the plaintiff's jaw was dischargeable in bankruptcy.—Matter of Dilley (Bkrtcy.W.D.Wis.), No. 82-0089, Nov. 30, 1982, Robert D. Martin, Bankruptcy Judge.

ERISA—TERMINATION

Where Braniff had offered retirement benefits calculated on a formula of $14,400 for those pilots who retired prior to August of 1976 and benefits calculated on a 40% formula, after May of 1979, for those pilots who retired after January 1, 1978, it was the former amount by which category three benefits were to be computed in determining whether Braniff's plan was sufficient

for termination
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Services, Inc. (B
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ruptcy Judge.

LANDLORD AN
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17, Dec. 2, 1982
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—OPTION

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Atch. III

"on Regulations of the Higher Education Assistance Foundation (which is the guarantee agency for all Guaranteed Student Loans in Kansas).

SECTION 9 - DEATH, DISABILITY, OR BANKRUPTCY PAYMENTS

9.10 Death. In the event a borrower dies, the borrower's obligation to make any further payment of principal and/or interest on a HEAF guaranteed loan is cancelled. The determination that the borrower has died shall be made by the holder on the basis of a certified copy of the death certificate or such other official proof as conclusive under State law. If such a certificate or such proof is not available, the borrower's obligation is cancelled only upon determination by HEAF on the basis of other evidence that HEAF finds conclusive. The holder may not attempt to collect any payments from the borrower's estate nor from any endorser of the obligation, and the holder must return to the sender any payments received from the borrower's estate or any endorser of the obligation or paid on behalf of the borrower after the date of death except for any unearned funds refunded by the school.

9.11 Disability.

(A) In the event a borrower is determined to be totally and permanently disabled, the borrower's obligation to make any further payments of principal and/or interest on a HEAF guaranteed loan is cancelled. A borrower is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her loan application unless the borrower's condition has substantially deteriorated since he or she submitted the loan application.

(B) After being notified by the borrower or the borrower's representative that the borrower claims to be totally and permanently disabled, the lender may not attempt to collect on the loan from the borrower or any endorser. The lender shall promptly request that the borrower or his or her representative obtain a certification from a physician who is a doctor of medicine or osteopathy and legally authorized to practice, on a form provided by the Secretary, that the borrower is totally and permanently disabled. If the form is not submitted to the lender within 60 days of the date the lender requested it, the lender may resume collection unless the physician has notified the lender that a longer period of time is required to make the determination.

(C) If the lender receives a certification from a physician, as described in paragraph (B) of this subsection, that the borrower is totally and permanently disabled, the lender must return to the borrower any payments that it may have received from or on behalf of the borrower after being notified that the borrower claims to be totally and permanently disabled.

9.12 Bankruptcy. In the event a borrower is adjudicated a bankrupt, the HEAF will assume the borrower's liability for unpaid principal and interest. The holder may determine that a borrower has been adjudicated a bankrupt upon receipt of an Adjudication Notice, a notice of the first meeting of creditors, or other similar notice from a bankruptcy court. Once a holder determines that a borrower has been adjudicated a bankrupt, the holder may not attempt to collect on the loan and must file a bankruptcy claim with HEAF. If the loan is not discharged in bankruptcy, the lender shall not be required to repurchase the loan.

Avis – This bankruptcy procedure is not, in fact, as easy as it appears. The judge must declare that failure to discharge the obligation would impose undue hardship on the borrower. Our experience is that about 75% of the Guaranteed Student Loan obligations remain intact after declaration of bankruptcy and we continue to press for payment.

– John Conard

JOHN J. CONARD

PRESIDENT
THE HIGHER EDUCATION
LOAN PROGRAM
OF KANSAS, INC

VICE-PRESIDENT
HIGHER EDUCATION
ASSISTANCE FOUNDATION

SUITE 270
34 CORPORATE WOODS
10950 GRANDVIEW DRIVE
OVERLAND PARK, KANSAS 66210
913-642-8505

FY 83 LOAN FORGIVENESS PROGRAM

The Loan Forgiveness Program, initially authorized by the FY 81 DOD Authorization Act, Public Law (PL) 96-342, Section 902, is available nationwide for FY 83.

The only loans that will be considered for forgiveness are:

Guaranteed Student Loans (GSL) authorized by Title IV, Part B of the Higher Education Act of 1965, PL 89-329.

AND

National Direct Student Loans (NDSL) authorized by Title IV, Part E of the Higher Education Act of 1965, PL 89-329.

The loan to be considered for forgiveness must have been made after 15 Oct 75 and before military service is performed. Defaulted loans will not be considered for forgiveness.

ELIGIBILITY CRITERIA:

High school diploma graduate

Non-prior service

Armed Forces Qualifying Test score of 50 or higher

Enlist during FY 83 (1 Oct 82 through 30 Sep 83)

Enlist for specified critical skill

BENEFITS:

For Regular Army (RA) Enlistment. 33 1/3 percent or $1,500 forgiveness of loan, whichever is greater, for each complete year of service.

For US Army Reserve (USAR) Enlistment. 15 percent or $500 forgiveness of loan, whichever is greater, for each complete year of service.

Benefit of the FY 83 Loan Forgiveness Program for an RA enlistment is in addition to the basic VEAP and the Army College Fund.

GUARANTEED LOAN PROGRAM

For loans guaranteed under the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.)

Warning: Any person who knowingly makes a false statement or misrepresentation in this form shall be subject to a fine of no more than $10,000 or imprisonment for not more than five years or both, under the provisions of Sec. 20 U.S.C. 1097.

REQUEST FOR DEFERMENT OF REPAYMENT

SECTION 1 TO BE COMPLETED BY BORROWER

BORROWER NAME

SOCIAL SECURITY NUMBER

STREET ADDRESS

Deferment requested for:

CITY STATE ZIP

MM/DD/YY TO MM/DD/YY

I CERTIFY THAT I AM ELIGIBLE FOR DEFERMENT OF REPAYMENT BECAUSE I AM (circle one)

NO TIME LIMITATION

1. Pursuing full-time study at a school that is participating in the GSLP unless I am not a citizen or national of the United States and am studying at a school not located in the United States.
2. Receiving rehabilitation training under an approved program or scheduled to receive such training within 3 months. Note: certification of your status is necessary from both the government agency which recognizes the training program (section 2 below) and the program in which you are participating (section 3 below). See back of this form for additional eligibility requirements.
3. Studying full time in an eligible graduate fellowship program. (See back of this form for additional eligibility requirements.)

3 YR LIMITATION

4. Serving on active duty status in the armed forces of the United States or an officer in the Commissioned Corps of the Public Health Service.
5. Serving as a full time volunteer under the Peace Corps Act or in an action program under Title I of the Domestic Volunteer Service Act of 1973.
6. Serving as a full time volunteer in a tax exempt organization comparable to volunteer service in the Peace Corps or full-time volunteer service in an ACTION administered program. (See back of this form for additional eligibility requirements.)
7. Temporarily totally disabled (or am unable to work because of the care required of a spouse who is temporarily totally disabled). (See back of this form for additional eligibility requirements.)

2 YR LIMITATION

8. Serving in an internship or residency program approved by the Secretary of Education which must be successfully completed in order to receive recognition required to begin professional practice or service. I further certify that I have received a Baccalaureate or professional degree.

1 YR LIMITATION

9. Conscientiously seeking but unable to find full-time employment in the United States for a single period not to exceed one year.

I claim exemption from payment of the principal on my guaranteed loan(s) during the period indicated above. I agree to notify the lender immediately upon termination of my claimed status. I further agree to provide documentation annually to support my continued deferment status, unless I have an unemployment deferment, in which case I must provide documentation at least once every six months to support my deferment status.

Unless I have checked the box below, if I am eligible for a post deferment grace period on some but not all my guaranteed loans, I agree to postpone repayment on the non-eligible loans, as described in the POST DEFERMENT GRACE PERIOD section on the back of this form.

SIGNATURE OF BORROWER DATE

By checking the box below, I do not agree to the terms set forth on the back of this form and agree that I will begin repayment of my loan(s) disbursed on or after October 1, 1981, immediately following the end of any period of deferment; I will begin repayment of my loan(s) disbursed before October 1, 1981, six months later.

☐ I do not wish to postpone payments on my loans made on or after October 1, 1981, under the terms described on the back of this form.

SECTION 2 CERTIFICATION OF STATUS TO BE COMPLETED BY ORGANIZATION, SCHOOL, DOCTOR, OFFICIAL OR AGENCY.

Note: See reverse side for the title of official authorized to certify.
I certify that the above claimed status is correct for the period of ____________ to ____________ and that any additional conditions for eligibility as set forth on this form have been met.

NAME OF ORGANIZATION

SIGNATURE OF OFFICIAL

ADDRESS

TITLE (SEE REVERSE SIDE) DATE

CITY STATE ZIP ( ) AREA CODE/PHONE NUMBER

ED. SCHOOL CODE (IF APPLICABLE)

SECTION 3 CERTIFICATION OF STATUS OF REHABILITATION PROGRAM (SECTION 1 ITEM 2) TO BE COMPLETED BY AUTHORIZED OFFICIAL OF REHABILITATION TRAINING PROGRAM IN WHICH BORROWER IS PARTICIPATING.

Note: to qualify for a rehabilitation deferment, both sections 2 and 3 must be completed. See REVERSE SIDE for the title of official authorized to certify.
I certify that the above claimed status is correct and that any additional conditions for eligibility as set forth on this form have been met.

NAME OF CERTIFYING REHABILITATION TRAINING PROGRAM

ADDRESS

SIGNATURE OF OFFICIAL

CITY STATE ZIP

TITLE DATE

ADDITIONAL REQUIREMENTS

SECTION 1, ITEM 2: PURSUING REHABILITATION TRAINING PROGRAM

In order to be eligible to receive this deferment, Federal Regulations require the rehabilitation training program meet the followin requirements:

(1) Be recognized by a government agency with specific responsibilities for rehabilitation programs in the borrower's area.

(2) Agree to provide services under a written individualized plan for the borrower's rehabilitation that is specific as to the date services ar expected to end.

(3) Structured in a way that requires a substantial commitment by borrower to his or her rehabilitation.

SECTION 1, ITEM 3: PARTICIPATING IN A GRADUATE FELLOWSHIP PROGRAM

In order to be eligible to receive this deferment, Federal Regulations require that:

(1) The fellowship program:

- (i) Provide sufficient financial support to graduate fellows to allow for full-time study for at least six months;
- (ii) Require, prior to award of that financial support, a written statement from each applicant which explains the applicant's objectives
- (iii) Require a graduate fellow to submit periodic reports, projects, or other evidence of the graduate fellow's progress; and

(2) The borrower

- (i) Hold at least a Baccalaureate Degree conferred by an institution of higher education;
- (ii) is engaged in full-time study, that may be independent of an educational or cultural institution, in an academic or professional sub ject area for which the borrower has shown an interest and ability;
- (iii) Has been recommended by an institution of higher education for acceptance into the graduate fellowship program.

SECTION 1, ITEM 6: SERVING AS A VOLUNTEER IN A TAX EXEMPT ORGANIZATION

In order to be eligible to receive this deferment, Federal Regulations require that:

(1) The borrower serves in an organization which is exempt from taxation under Section 501 (C) (3) of the Internal Revenue Code of 1954

(2) The borrower provides service to low-income persons and their communities in order to assist them in eliminating poverty and poverty related, human, social and environmental conditions.

(3) The borrower's compensation does not exceed the compensation received by a full-time volunteer in the Peace Corps or in a program administered by the ACTION agency. Compensation includes a subsistence allowance, necessary travel expenses and stipends.

(4) The borrower, as part of his or her duties, does not give religious instruction, conduct worship services, engage in religious proselytizing or engage in fund raising to support religious activities.

(5) The borrower has agreed to serve on a full-time basis for a term of at least one year.

SECTION 1, ITEM 7: TEMPORARILY TOTALLY DISABLED

In order to be eligible to receive this deferment, Federal Regulations require that:

(1) The borrower who is "temporarily totally disabled" is one who, by reason of injury or illness, cannot be expected to be able to attend school or to be gainfully employed during an extended period of time needed to recover from such an injury or illness; or

(2) The borrower's spouse, subject to the above definition, requires continuous nursing or similar services.

SECTION 1, ITEM 9: UNEMPLOYMENT

In order to be eligible to receive this deferment, Federal Regulations require that:

(1) The borrowers submit a written request signed and dated to the holder of the loan.

(2) The request contain: a statement describing the borrowers' search for full-time employment; the borrower's latest permanent home address and/or temporary address; certification that the borrower has registered with a public or private employment agency; the borrower's agreement to notify the lender promptly when he or she becomes employed.

SECTION 2, TITLE: AUTHORIZED CERTIFYING OFFICIALS OR ORGANIZATIONS

(1) **Registrar of School of Attendance**

(2) **Section (2)**
Governmental Agency which recognizes training organization and
Section (3)
A State vocational rehabilitation agency;
A State agency for mental health services;
A State agency for alcohol abuse treatment; or
The Veterans Administration.

(3) Fellowship program official

(4) Commanding Officer

(5) Peace Corps or ACTION Agency official

(6) Tax exempt organization offical

(7) Physician

(8) Internship program official

POST DEFERMENT GRACE PERIOD

If I am eligible for a six-month post-deferment grace period on some but not all of my GSLP loans, I agree that, following any deferment period, the lender may postpone for six months my payments on loans made on or after October 1, 1981, which are not eligible for the post-deferment grace period. Under this agreement, the lender may consolidate my loans in a single repayment agreement, and I will not be required to make payments on two separate accounts each month when repayment commences. This means that for those loans on which payments are postponed:

- No payment of either principal or interest will be required during the six months following a period of deferment, and no bills or coupon books will be sent to me for those months;
- Interest will accrue during the six-month period;
- Unpaid accrued interest will be added to, and become part of, the outstanding principal balance of my loans at the end of the six-month period.

Any payments I may make during this post-deferment grace period will first be applied to accrued interest, and then to the principal balance of my account.

HIGHER EDUCATION ASSISTANCE FOUNDATION

Request For Deferment of Payment

Due to Inability to Find Full-Time Employment

Part I - To be completed by the borrower. Type or print clearly.

Name of Borrower:	Borrower's Social Security Number:
Borrower's Permanent Street Address:	Borrower's Temporary Address:

Name, Address, Phone Number of the Public or Private Employment Agency With Which Registered:

I hereby certify that:

a) I am seeking and unable to find any kind of full-time employment which I am physically able to perform which involves at least 30 hours of work per week and which is expected to be of at least three months in duration.

b) In the event I am unemployed as a result of an organized labor dispute with a particular employer, I am unable to find any other employment.

c) I have furnished (see back) a true and accurate statement describing my active, good faith search for employment.

d) I will notify my lender as soon as I become employed on a full-time basis.

e) I understand that making a false statement in connection with the Guaranteed Student Loan Program is a criminal offense and is punishable by a fine or imprisonment.

Borrower's Signature Date

Part II - To be completed by the lending institution.

Name, City and State of Lending Institution:	Lender I.D. Number:
	Lending Institution Official's Signature and Title:

I hereby approve a deferment based on the information and borrower's certification contained herein. In my judgement the student's description of search for full-time employment does represent an active, good faith effort.

For a period not to exceed three months, nor total requests not to exceed 12 months.

FROM MONTH/YEAR	FROM MONTH/YEAR

HEAF FORM #650 9/78

Loan Officer's Signature Date

HIGHER EDUCATION ASSISTANCE FOUNDATION

Request For Deferment of Payment

Due to Inability to Find Full-Time Employment

Part I - To be completed by the borrower. Type or print clearly.

Name of Borrower:	Borrower's Social Security Number:
Borrower's Permanent Street Address:	Borrower's Temporary Address:

Name, Address, Phone Number of the Public or Private Employment Agency With Which Registered:

I hereby certify that:

a) I am seeking and unable to find any kind of full-time employment which I am physically able to perform which involves at least 30 hours of work per week and which is expected to be of at least three months in duration.

b) In the event I am unemployed as a result of an organized labor dispute with a particular employer, I am unable to find any other employment.

c) I have furnished (see back) a true and accurate statement describing my active, good faith search for employment.

d) I will notify my lender as soon as I become employed on a full-time basis.

e) I understand that making a false statement in connection with the Guaranteed Student Loan Program is a criminal offense and is punishable by a fine or imprisonment.

Borrower's Signature   Date

Part II - To be completed by the lending institution.

Name, City and State of Lending Institution:	Lender I.D. Number:
	Lending Institution Official's Signature and Title:

I hereby approve a deferment based on the information and borrower's certification contained herein. In my judgement the student's description of search for full-time employment does represent an active, good faith effort.

For a period not to exceed three months, nor total requests not to exceed 12 months.

FROM MONTH/YEAR	FROM MONTH/YEAR

HEAF FORM #650 9/78

Loan Officer's Signature   Date

HIGHER EDUCATION ASSISTANCE FOUNDATION

REQUEST FOR DEFERMENT OF PAYMENT BECAUSE OF

STUDENT, ARMED FORCES, PEACE CORPS, OR VISTA STATUS

Part I - To be completed by the borrower.

INSTRUCTIONS: Submit this form to the lending institution which holds your loan after Parts I and II are completed. Report any change of status IMMEDIATELY to the lending institution, and confirm to the lender your status AT LEAST ONCE ANNUALLY.

Name of Borrower:	Borrower's Social Security Number:
Borrower's Permanent Street Address:	Name & Address of Lending Institution:

I certify that I am:

_______ A member of the U.S. Armed Forces on active duty

_______ In full-time service in Volunteers in Service to America (VISTA)

_______ In Peace Corps Volunteer Service

_______ Pursuing a full-time course of study at an eligible institution of post-secondary education

For the period of

From (Month and Year)	To (Month and Year)
/	/

Borrower's Signature ________ Date ________

Part II - Certification of Status

To be completed by the registrar of the educational institution in which the borrower is enrolled or the military commanding officer of the unit to which the borrower is assigned. Peace Corps volunteers should forward to DIVISION OF VOLUNTEER SUPPORT, Peace Corps, Washington, D.C. 20525, for completion of Part II. VISTA members should forward to DIVISION OF FIELD OPERATIONS, VISTA, Washington, D.C. 20506. NOTE: NO DEFERMENT ACTION IS POSSIBLE UNTIL PART II IS COMPLETED AND THIS FORM REACHES THE LENDING INSTITUTION.

I CERITFY that the information stated in Part I is true and correct. Person named above is:

_______ Enrolled as a full-time student

_______ In Armed Forces

_______ In Peace Corps Volunteer Service

_______ In full-time service in Volunteers in Service to America (VISTA)

Name of institution of postsecondary education, military organization, Peace Corps headquarters, or VISTA headquarters	Official Seal or Stamp
Name of Institution	
Address (City, State, Zip Code)	
Signature and Title	

Phone Number

Part III - To be completed by the lending institution.

I hereby acknowledge the submitted deferment.

Loan Officer's Name	Loan Officer's Signature	Date
Lending Institution	City/State	Lender I.D. Number

HEAF FORM # 600 9/78

10/82

HIGHER EDUCATION ASSISTANCE FOUNDATION

REQUEST FOR DEFERMENT OF PAYMENT BECAUSE OF

STUDENT, ARMED FORCES, PEACE CORPS, OR VISTA STATUS

Part I - To be completed by the borrower.

INSTRUCTIONS: Submit this form to the lending institution which holds your loan after Parts I and II are completed. Report any change of status IMMEDIATELY to the lending institution, and confirm to the lender your status AT LEAST ONCE ANNUALLY.

Name of Borrower:	Borrower's Social Security Number:
Borrower's Permanent Street Address:	Name & Address of Lending Institution:

I certify that I am:

______ A member of the U.S. Armed Forces on active duty

______ In full-time service in Volunteers in Service to America (VISTA)

______ In Peace Corps Volunteer Service

______ Pursuing a full-time course of study at an eligible institution of post-secondary education

For the period of | From (Month and Year) / | To (Month and Year) / |

Borrower's Signature ______ Date ______

Part II - Certification of Status

To be completed by the registrar of the educational institution in which the borrower is enrolled or the military commanding officer of the unit to which the borrower is assigned. Peace Corps volunteers should forward to DIVISION OF VOLUNTEER SUPPORT, Peace Corps, Washington, D.C. 20525, for completion of Part II. VISTA members should forward to DIVISION OF FIELD OPERATIONS, VISTA, Washington, D.C. 20506. NOTE: NO DEFERMENT ACTION IS POSSIBLE UNTIL PART II IS COMPLETED AND THIS FORM REACHES THE LENDING INSTITUTION.

I CERITFY that the information stated in Part I is true and correct. Person named above is:

______ Enrolled as a full-time student

______ In Armed Forces

______ In Peace Corps Volunteer Service

______ In full-time service in Volunteers in Service to America (VISTA)

Name of institution of postsecondary education, military organization, Peace Corps headquarters, or VISTA headquarters

Official Seal or Stamp

Name of Institution

Address (City, State, Zip Code)

Signature and Title

Phone Number

Part III - To be completed by the lending institution.

I hereby acknowledge the submitted deferment.

Loan Officer's Name ______ Loan Officer's Signature ______ Date ______

Lending Institution ______ City/State ______ Lender I.D. Number ______

HEAF FORM # 600 9/78

10/82

Topeka Capital-Journal, Sunday, November 28, 1982

Doctor debts earn 'fleece' from senator

WASHINGTON (AP) — Sen. William Proxmire, D-Wis., gave his golden fleece award Saturday to the Public Health Service for "letting well-heeled doctors welsh on student loans financed by the taxpayer."

But the senator did note that collections were improving.

Proxmire said doctors who had received the loans were delinquent in repaying $28.1 million. He noted that the average doctor earns more than $80,000 a year.

"This sorry record leads me to believe that some of these doctors must have taken the hypocritical rather than the Hippocratic oath. Paying these debts is one doctor's prescription the patient taxpayer should not have to fill," Proxmire said.

The Public Health Service administers loans for medical education, allowing repayment within 10 years

Proxmire said the Department of Health and Human Services, parent agency for the Public Health Service, employs 40 doctors who are behind in their payments and 20 of these have salaries greater than $40,000.

He said the department and participating universities had begun to improve collections, which he called "a long overdue effort."

Spokeswoman Shirley Barth of the Public Health Service said the crackdown began last year.

Proxmire said 83 delinquent doctors were employed by universities, including 25 at Harvard. He said 839 loans, valued at $1.6 million, have been delinquent more than five years and probab-'y are uncollectable.

Atch. IV

Student-Loan Programs Audit Details Abuse

By DONALD LAMBRO

May 15, 1982
Human Events

Recently I disclosed the results of a confidential three-state audit on the income of those participating in the government's nearly $3-billion guaranteed student loan program [see HUMAN EVENTS, April 24, page 16].

Conducted by the Department of Education, this preliminary survey revealed that, far from the media-hyped portrayal of threadbare college students being denied financial assistance, the loan program is benefiting largely middle-class families—many earning more than $30,000 a year.

I also reported that audits show that the default rate on these loans is more than 12 per cent; that it and other aid programs have been keeping many near-failing students in college; and that student-aid applicants often deeply distort their personal finances and those of their families in order to qualify.

According to this survey, at least 10 per cent of all borrowers are from families earning more than $30,000 annually. Nearly 5 per cent of all students surveyed, who categorized themselves as "dependents," were from families that earned more than $40,000 a year.

Now a new audit—which has yet to be released by the department—provides startling evidence that there are even greater abuses in the student-aid program.

This time, however, the scandal is in the Basic Educational Opportunity Grant (BEOG) program, which started in 1973 as a program of financial aid to truly deserving undergraduate students. Since its creation, the program has mushroomed from $47 million to $2.4 billion and the number of participants has skyrocketed from 176,000 to 2.7 million.

The study, which was conducted under a government contract by an outside consulting firm, represents an exhaustive examination of the problem. Its authors conducted more than 4,300 student interviews, talked with 3,800 parents and studied data from more than 5,000 tax returns and 270 banking institutions.

"The findings indicate substantial case error in awards to students during the 1980-81 academic year," the report states, revealing that hundreds of millions of dollars are being overpaid to grant recipients each year.

Among its findings:

- An estimated $440 million in overpayments went to 49 per cent of the grant recipients, representing 1.2 million students.
- An estimated 22 per cent of all recipients, about a half-million students, were underpaid by $128 million.
- This has resulted in a net error cost of $312 million for the year.

The report said that "even with fairly reasonable tolerances (for unavoidable errors), the error rate for 1980–81 was quite high. For example, 43.5 per cent of recipients had errors in awards in excess of $150."

The auditors said that at the time they collected their data, a significant number of recipients did not have required financial-aid records in their files. Thus, certain technical-error statistics were not factored into the above figures.

However, when these additional errors are included in the study's computations, investigators found that BEOG recipients "were awarded an average of $194 too much for the year.

"For the 2.36 million recipients represented by the sample, this translates into an estimated net overpayment of $456 million" for the year, they concluded.

The extraordinary dimension of the waste and abuse in this and other educational assistance programs is an important part of the national debate over who should really benefit from available student-aid funds.

Unfortunately, this is not the kind of information the national news media have been giving us as they report on the Administration's controversial efforts to refocus federal assistance to deserving low-income college students.

Infected by a sense of entitlement

By Joan Beck

© 1982 Chicago Tribune

AT YALE, a student complains that cuts in federal student loans not based on need would be unfair to her father, who earns $60,000 a year. She's entitled to help, she says, because she wants to go to one of the nation's most expensive schools.

Representatives of kidney-dialysis centers have held demonstrations about proposals that funds for patients' treatment be reduced slightly to encourage more dialysis at home. The nation's 72,000 victims of kidney disease are entitled to the full $1.8 billion, they say, because they have such an expensive ailment.

The working poor are entitled to food stamps and public aid because they don't earn as much as many people on welfare, and proposed reductions would create a "work disincentive," their advocates are protesting.

As estimates of federal budget deficits zing higher faster than the scores in a pinball game — $120.6 billion in 1983, $128.9 billion in 1984, maybe $139.6 billion by 1985, according to the Congressional Budget Office — the trickle of indignant news stories about victims of cutbacks — real and anticipated — has turned into a torrent.

A sense of entitlement has infected the nation, and everyone — from touring ballet dancers to cancer researchers to unemployed auto workers — is afraid the Reagan administration and a deficit-leery Congress may try to reduce the amount of money they feel entitled to take out of taxpayers' pockets as a matter of right.

Children, for example, should be entitled to a subsidized lunch because they might be hungry, the arguments against reducing school-lunch subsidies go. College students should be entitled to financial help to go to any school for which they are qualified, whether or not they can afford it, because they are entitled to freedom of choice.

The handicapped are entitled to barrier-free buildings and transit facilities regardless of cost because they are handicapped. Artists of all kinds should be entitled to at least a trickle of support because culture is important and they should have opportunity to use their talents. Tobacco farmers feel entitled to price support help so they can continue to make a living by growing carcinogens.

Chrysler claims entitlement to federal help because it has made so many management mistakes. People who live near toxic-waste dumps are entitled to have the government clean them up because no one else will. World War I veterans should be entitled to a $10,000 bonus, according to a bill introduced in Congress by Henry Gonzalez (Dem., Texas).

Indians are entitled to federal help because their ancestors were here before ours. Admirals and generals are entitled to fancy perks because they are admirals and generals. Enlisted personnel are entitled to early pensions, educational benefits and subsidized shopping because they might not sign up otherwise. States and municipalities are entitled to financial subsidies because they don't like to raise their own taxes.

Businesses are sometimes entitled to federal help because they are small and struggling or big and failing, or owned by minorities or essential to defense.

Coal miners are entitled to black-lung benefits, whether or not cigarette smoking contributed to their disability. Textile workers say they should be entitled to the same breaks because brown-lung disease is just as bad. Victims of other catastrophic illnesses argue that they should be entitled to financial help because kidney-dialysis patients get it.

The elderly are entitled to Social Security because the government promised, whether or not they ever paid enough to support their claims. The poor are entitled to first-class health care because they are poor. The unemployable are entitled to job training because they have no work skills.

Poor, single mothers are entitled to welfare because they aren't married and their children shouldn't be penalized. Teen-agers are entitled to family-planning services because they can't wait for marriage.

Oil companies feel entitled to tax breaks because they are oil companies. Former presidents have become entitled to millions of dollars in Secret Service protection and lavish expense accounts because they are former presidents. Members of Congress consider themselves entitled to enormous tax breaks because they make the rules. Business executives are entitled to lavish expense-account breaks because they generate business.

Scientists consider themselves entitled to research grants because a few of them might come up with something useful. The unemployed are entitled to compensation because they aren't working. Urban-transit services are entitled to federal help so their unions can continue to insist successfully on higher wages.

All in all, current entitlement programs cost the federal government $305.8 billion in 1981 and will increase to $458.9 billion by 1987, even without adding any of the new entitlements for which strong political pressures already exist.

One reason Ronald Reagan continues to be popular, I think, is that he is giving at least indirect recognition to the one entitled group everyone else has ignored: the taxpayers.

Their claim to be entitled to a little more of the national pie is based on a very simple argument: They made the money the old-fashioned way: they earned it.

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TRIBUNE MAR 5/82

Reagan Student Loan Cuts Are Aimed at the Non-Needy

By DONALD LAMBRO

The spectacle of preppy college students marching and lobbying to preserve their federal aid graphically illustrates the degree to which many government social programs benefit the middle class.

The nearly $3 billion Guaranteed Student Loan (GSL) program, begun in 1965, is a case in point.

The Administration wants to curtail GSLs insofar as they benefit a non-needy constituency and target them to students from deserving low-income families.

But many students who have never known poverty are taking to the streets to vent their indignation at the mere suggestion that the middle class possesses options for financing their children's college education that the poor do not.

The bank loans are issued at the below-market rate of 9 per cent—it was 7 per cent prior to 1981—and are insured by the federal government. Undergraduates may borrow $2,500 per year, up to a total of $12,500. Graduate students may borrow $5,000 per year, up to a total of $25,000. Repayment of the principal must begin within six to 12 months after leaving school. There is a needs test, but only for students of families whose income exceeds $30,000 a year.

Needless to say, there have been significant abuses.

A recent General Accounting Office investigation reveals that many college students benefiting from this and other aid-to-education programs are scraping through school on near-failing grades. The GAO found that 20 per cent of those benefiting from Department of Education aid programs and 23 per cent of those getting Social Security education assistance had cumulative grade-point averages below 2.0.

Who's really benefiting from the Guaranteed Student Loan program? A three-state survey of GSL borrowers suggests that many of the beneficiaries are hardly needy.

"In many cases, the averages were below 1.5, or the equivalent of a 'D-plus,' " a GAO audit reported.

In one case, a college student passed only 35 out of 215 credit hours over a seven-year period, yet received more than $8,400 in federal aid. In another, a student at a private four-year college was given $7,771 in aid over four semesters, but had maintained only a 0.76 grade point average—roughly between an F-plus and a D-minus.

Auditors have discovered cases in which recipients simply have reinvested their loans to reap higher interest rates.

Who's really benefiting from the GSL program? Department of Edcuation officials showed my assistant, Robert Baer, the results of a preliminary three-state survey of GSL borrowers which suggests that many of the beneficiaries are hardly needy.

In fact, according to this study, 44 per cent of "dependent" borrowers came from families making well over $20,000 a year. Ten per cent of all borrowers enjoyed an income of more than $30,000 a year. Nearly 5 per cent of those listed as "dependents" reported that their families earned more than $40,000 annually.

But the survey's figures showing 65 per cent of "independent students" in the zero-to-$10,000 income bracket are deceptive. Many are placed within this low-income category—even though they come from middle-class families—because the criteria for being declared "independent" is so easily met: It is based loosely on how long a student has lived with his parents and whether they have given their child more than $750 during the previous year. The truth is often distorted.

Throughout the program, the number of bank-loan defaults, which Uncle Sam pays off immediately, has been high. In the last fiscal year, 12.3 per cent of all borrowers defaulted. Aggressive efforts to collect on these delinquent loans eventually have brought the default rate down, but the repayment usually takes years and, in the interim, taxpayers must foot the bill.

Administration proposals for GSL reform are simple: (*1*) Hike the "origination fee" charged on new loans from 5 per cent to 10 per cent to partially cover the cost of the subsidy; (*2*) Tighten needs-test requirements and apply them to all income levels; (*3*) Eliminate the interest subsidy for graduate students.

Meanwhile, the Administration is urging expansion of a subsidiary program called PLUS, under which graduate and undergraduate students can now borrow up to $3,000 a year, but at a higher 14 per cent interest rate. The Administration is proposing that the loan limit be raised under PLUS to $8,000 a year for a maximum of $40,000 per student.

Thus, the Administration is proposing that the government's limited pool of financial resources be more tightly targeted and that those who are solidly in the middle class begin to pay their own way.

United Feature Syndicate

Soaring Federal Aid to Students Has Bloated Tuitions

Human Events / MAY 29, 1982

By WARREN BROOKES

The mounting brouhaha over President Reagan's present and proposed cuts in aid to higher education amount to a profile in hypocrisy, a paradigm for the whole madness that makes up much of the federal social spending programs.

In the first place, congressmen and senators who unflinchingly slashed food stamps and AFDC eligibilities for fiscal 1982 are suddenly blanching at the notion of slashing tuition loan subsidies for $30,000-to-$100,000-a-year families, when the median income of the average taxpaying family is less than $25,000.

In the second place, while Reagan takes heat for "cruel cuts in tuition support," the same liberal media that make these charges have unblinkingly accepted grotesque annual tuition hikes from a bloated private academic establishment that over the years has made OPEC look public-spirited by comparison.

In the same month—February 1982—when the consumer and producer prices indexes were registering less than 5 per cent annualized inflation, and the price of oil was going through the floor, Harvard University, that bastion of liberal politics (and source of most of the architects of our economic ills) announced an 18.3 per cent hike in their tuition to $8,195. They joined Yale, Brown, Cornell and Boston University, to mention but a few. And whom did they blame it on? Ronald Reagan, of course!

The sad truth is that the soaring level of federal aid to students attending private higher education institutions—student loans in force have gone from less than $500 million to more than $10 billion between 1971 and 1981—has simply served to subsidize rapid tuition hikes by an academic community no longer in need of responding to competitive price pressures or consumer resistance.

For nearly a decade these universities have simply counted on massive federal lending programs to take them off the hook. Meanwhile, millions of families and students face a crushing long-term debt, most of it going to finance by far the most costly and wasteful bureaucracy in all of America, including the government.

Lest you think this charge is harsh, we ask you to take a look at the table we have compiled. When we went to Harvard as a freshman in 1946, the tuition was $400, and the price of a gallon of regular gasoline was 23.5 cents.

Next fall, the average Harvard freshman will ante up tuition of $8,195, and fill his car with gasoline (at current projections) for about $1.19 per gallon.

In that 36-year period, the Harvard tuition has gone up 1,949 per cent (more than 20 times), while the price of gasoline has gone up 406 per cent (about five times). Harvard's costs have thus risen more than four times as fast as the cost of gasoline.

In fact, Harvard's tuition increase has been more than five times as fast as the CPI (398 per cent), four times as fast as the average weekly wage (513 per cent) and nearly three times as fast as net disposable personal income (755 per cent). That's a breath-taking record of cost explosion.

Indeed, Harvard's tuition hikes have even exceeded the spot price for crude oil by nearly 50 per cent. And the price of a midsize American automobile by nearly five times.

What you are looking at in the table is the picture of what happens to an "industry" (higher education) when it gets on the federal subsidy joyride. It no longer has to justify its wasteful excesses to its students or its alumni, because it can simply say "let 'em borrow at 7 per cent." The taxpayers thus become the unwitting props for a market that no longer cares about efficiency or cost control or the product it delivers compared to the value it offers.

Higher Edu-Flation, 1946–1982

	1946–47	*1982–83*	*% Change*
Harvard Tuition	$400	$8,195	1,949%
Consumer Price Index	58.5	291.5	398%
Per Capita Disposable Income	$1,124	$9,607	755%
Average Weekly Wage	$45.58	$279.45	513%
Gasoline Price/Gal. (Regular)	23.5¢	$1.19	406%
Crude Oil/Barrel (Spot Market)	$2.07	$28.90	1,296%
Average Price 4-dr. Mid-Sized Sedan	$1,595	$8,765	450%

Sources: Harvard University, BLS-Census Bureau, Commerce Department

This is why you should greet with a grain of salt (a whole salt mine would be more like it) the crocodile tears being shed by the fat-cat universities like Princeton, whose President William Bowen complained that with these cuts "colleges and universities are going to be hard pressed to sustain their traditional commitment to quality and opportunity."

Translated: We may have to cut the enormous non-teaching bureaucracy and overhead down to legitimate size and stop slugging undergraduates and taxpayers for costs they have nothing to do with.

While there is no doubt that the Reagan tuition loan and aid cuts will hurt middle and upper-middle-income families, they may be the only way to pound some economic reality back into a higher education system that is run far more for the benefit of the bureaucracy and academe than for the students.

In sheer appetite and raw institutional greed, nothing can quite match what this cruel bureaucracy has done to helpless middle American families—no, not even OPEC and not even the federal tax system. ■

Mr. Brookes, a specialist in economic affairs, is a columnist for the Boston Herald American, *from which this article is reprinted.*

Rep. Polson
PAH2431j

Proposed Amendment to HB 2431

On page 1, in line 42, after the period, by inserting "The provisions of this subsection do not apply to any state scholar who is an independent student. For the purposes of this subsection, the term "independent student" means any resident individual taxpayer, for the purposes of the Kansas income tax act, who is not claimed as the dependent of another resident individual taxpayer."

Atch. V

Rep. Polson
PAH2432j1

Proposed Amendment to HB 2432

On page 1, in line 42, after the period, by inserting "The provisions of this subsection do not apply to any qualified student who is an independent student. For the purposes of this subsection, the term "independent student" means any resident individual taxpayer, for the purposes of the Kansas income tax act, who is not claimed as the dependent of another resident individual taxpayer."

Atch. VI

KANSAS INDEPENDENT COLLEGE ASSOCIATION
Capitol Federal Building, Room 515, Topeka, Kansas 66603
Telephone (913) 235-9877

ROBERT N. KELLY, *Executive Director*

February 23, 1983

TESTIMONY BEFORE HOUSE WAYS AND MEANS COMMITTEE

Our association must oppose HB 2431 and 2432 as ill-conceived pieces of legislation. Some of the problems of the bills are outlined below.

Purpose

It is extremely unclear what the purpose of the bills is. Among the possibilities are: (a) punishing parents through their children; (b) encouraging GSL payments; (c) publicizing a perceived problem; or (d) limiting access to educational benefits. Unfortunately, none of these purposes is met.

Punishing Parents. History is replete with examples where the sins of the parents were inflicted on the child. The problem is who suffers: the child. The parent who defaulted may be embarrassed, but the child is denied a scholarship or possible access to the college of his or her choice. This strikes us as unfair.

Encouraging GSL Payments. If the purpose of the bill is to encourage GSL payments by parents, the timing is wrong. Within eleven years of completing study, GSL recipients will have paid their loans or, occasionally, defaulted. It is a very unusual GSL recipient who has a college-aged child within eleven years of completing school. Therefore, the vast majority of defaulted loans will have been written off the books by the time a child reaches college age.

Publicizing a Perceived Problem. One of the persistent myths of higher education is the high GSL default rate. A recent study performed for the National Commission on Student Financial Assistance found that the actual total GSL default rate in which the loan was written off completely by the government was 4.2%. The gross default rate (*i.e.*, where the commercial lender was reimbursed) was 12.5%. Of course, the Kansas gross default rate was much lower: 7.2%. In conclusion, GSL defaults are not a major national or state problem.

Limiting Access. If the purpose of the bills is to limit access to certain postsecondary educational benefits (*e.g.*, state scholarships and tuition grants) for children of defaulters, it would appear more reasonable to extend the bill's coverage to include non-eligibility for a revenue-bond-funded GSL or for the state per-student subsidy (around $3,000) provided students at all public colleges and universities.

Atch. VII

Administration

In addition to addressing no clear legislative purpose, HB 2431 and 2432 contain numerous administrative problems. Some of these are outlined below:

The GSL Program. The bill specifically refers to the GSL program. Kansas did not participate in GSL until 1977, when the Higher Education Assistance Foundation was established. Before 1977, Kansas participated primarily in the Federally Insured Student Loan (FISL), a program that truly fits its acronym. Even if 2431 and 2432 were amended to include FISL, the impact would be minimal because virtually all FISL records, including those involving defaults, are in disarray.

What is a default? As noted above, federal default statistics include those loans in which the government pays the commercial lender. After this payment, the government assumes the paper and seeks repayment. The success rate is fairly high. Is a parent who eventually repays his GSL to the government in default? Moreover, under the FISL program, where federal default payments to lenders were common, it is unclear whether the borrower knew he or she had defaulted. Governmental communications were very weak. Is non-payment of a FISL a default if no notice of non-payment is ever mailed by the government or received by the borrower? Clearly, the attorney general would have some difficult decisions to make when prosecuting parents for perjury.

What is a parent? In this era of numerous divorces and remarriages, students' parents may be individuals other than those who raise them. Who is supposed to sign the affidavit? Also, what about emancipated students or adopted children?

Records. As noted above, default records are very incomplete for the FISL program. Also, it is unclear how out-of-state parent default records are to be treated. These factors will result in inequitable enforcement. Most important, it is very unlikely that the Board of Regents can even have access to federal default records. The State of Kansas was not a party to these transactions.

Conclusions

Finally, we ask, "Why pass the bills?" The default problem, if it is a problem, truly is the problem of the federal government. It is their obligation, and they have done a commendable job in collections in recent years. Also, with so few GSL borrowers having students of college age and with so few clearly identifiable loans in default, the problem does not appear to warrant legislation. It is my estimate that less than 20 families would be affected.

I arrived at this estimate as follows: From September 1967 through 1971, about 40,000 loans were made in Kansas. These included about 32,000 FISL, 5,000 United Student Aid Funds, and 3,000 GSL. Assuming that this represents 30,000 borrowers and only 10% of these have college-aged students, of whom only 60% enroll in college, we have 1,800 people possibly affected by this legislation. Assuming that 10% defaulted, we would be down to 180 people. Realizing that state scholars and tuition grant recipients comprise 8% of the total state higher education enrollment, we are down to 15 defaulters, several of whom will not have available loan records.

ASSOCIATED STUDENTS OF KANSAS
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Statement by

CHRIS GRAVES

ASSOCIATED STUDENTS OF KANSAS
(ASK)

Before the

HOUSE WAYS & MEANS COMMITTEE

on

HB 2431

An act concerning state scholarships; prohibiting the awarding to students under certain conditions

February 23, 1983

Atch. VIII

Mr. Chairman and members of the House Ways and Means Committee, my name is Chris Graves and I am the Legislative Director of the Associated Students of Kansas, the state student association representing the over 83,000 students at the 7 public four-year universities in Kansas. I would like to thank you for this opportunity to come before you to express our opposition to HB 2431.

Comments

HB 2431 attempts to address an issue which has become a nationwide problem -- that being the default of literally thousands of student loans -- however does so in what we feel to be an unfair, unjust way. Numerous articles have appeared in the newspapers this past year detailing how the federal government plans to collect, through garnishment of wages and matching lists of defaulters with social security numbers, at least some of the $1.1 billion owed the government in loans by some 800,000 former students. The Associated Students of Kansas recognizes this problem and feels that any amount owed is too much and by any number is too many. But we feel that the way to deal with this problem is different than what is proposed in HB 2431.

First, I would like to very briefly summarize for you the federal guaranteed loan programs, of which there are 3, that the bill mentions.

The National Direct Student Loan Program (NDSL) -- started 1958, a campus-based program, federal dollars are granted directly to institutions which then choose needy recipients who then repay the loan to the institution, repayment begins 6-12 months after the student leaves school, default rate nationally - 11.12%, default rate Kansas - 6.16%

The Guaranteed Student Loan Program (GSL) -- started 1975, provides low-interest loans to help students meet the cost of attending post-secondary school of their choice. Amounts awarded per student (graduate and undergraduate) are limited as is total indebtedness. Loans cannot exceed the cost of attendance, less any other financial aid received. Loans for students whose family's adjusted gross income is greater that $30,000 are subject to needs analysis. An "origination fee" of 5% of the amount borrowed is deducted from each loan to subsidize the less that market rate interest. Repayment begins 6-12 months after the student leaves school., default rate nationally - 11.5%, default rate Kansas - 7.21%

The Parent Loans for Undergraduate Students Program (PLUS) -- started 1980, enables parents to borrow directly from many lending institutions to pay for their children's cost of attending eligible post-secondary schools. Repayment of these loans begins within 60 days of disbursement, no percentages available nationally or statewide as to default rate.

Comments on HB 2431

The above review has been important because HB 2431 requires that only parents affirm that they have not defaulted on federal guaranteed loans. Actually this would have very little effect on reducing the default rate on NDSLs and GSLs as the vast majority of students assume responsibility for the repayment of the loan in the application papers filed. The only time a parent will take out a loan as a parent is under the PLUS Program -- and default data on this Program is not yet available. Certainly default of a loan under the PLUS Program is as wrong as default under any other Program; however, we feel that it is not appropriate to penalize a student because their parent(s) has not met their obligations. This is especially true in the case of independent students who are not living with their parents, paying the cost of their education, possibly raising a family, but who, under this bill, would be held liable for their parents' defaults on loans -- possibly to help send a brother or sister through school. We also think it extremely inappropriate to suggest such provisions on a scholarship program -- a program designed to reward the student's achievements and capabilities.

Proposed Amendment

As I have stated earlier, the Associated Students of Kansas supports appropria steps to deal with the problem of default on student loans. We could support measures that would prohibit a student from receiving a state scholarship if the student is in default of a federally guaranteed loan. For example, to receive a state scholarship, the student would apply during their senior year of high school. Reapplication is then required each subsequent year to have the scholarship renewed. Even if the student leaves school for a length of time and then decides to return, they are still considered eligible and may apply to receive the award. If, at this time, it is discovered that the student is in default of a federally guaranteed loan, the state scholarship could be withheld.

Thank you for your time and consideration. I will be happy to answer any questions you may have.

HEAF News

HIGHER EDUCATION ASSISTANCE FOUNDATION FALL 1982

Student Loan Defaults: A Continuing Controversy

One of the most misunderstood areas of the Guaranteed Student Loan Program has historically centered around the public's perception about students who fail to repay their loans as scheduled.

Surely it comes as no news to anyone that the irresponsible few often destroy the good and responsible actions of the many. Most of the stories appearing in the news media about student loans have expressed positive support and understanding for the program. There are still, however, some reports which distort public perception and understanding of those who borrow under the student loan program. These reports have, in some instances, caused lenders, schools, and the public to question the integrity and desirability of the student loan program. Realizing that, generally, hard facts dispel erroneous assumptions, HEAF feels it is important to respond to some of the allegations related to student loan defaults. Hopefully, a better understanding by both program participants and others will assist in strengthening the program.

"Is it true that a lot of students don't repay their loans?" No. The fact is, the vast majority **do** repay their loans, on time, and according to the terms and conditions of the program which they agreed to when they took out the loan. So why the confusion? One reason is simple mis-statement of the facts. Various inaccurate default rates are quoted by the news media, sometimes simply because they have grouped Guaranteed Student Loans with a very different program, such as the National Direct Student Loan Program. But even when the facts are right, the impression may be completely wrong. Just because of the **size** of the program, even a low default **rate** will appear as a very large **number**. Without the proper context and explanation, this gives the impression that a very large percentage, or even a majority, of borrowers do not repay their loans. This is simply untrue.

Even when the figures on the default rate are properly presented and their significance correctly communicated, there are two crucial facts which need to be emphasized in order for people to understand what those default rate figures actually mean, both in terms of the amount of money involved, and in terms of how the word "default" can easily mislabel a student's repayment intentions.

1. The default rate can be and is being controlled by aggressive and effective activities of the program's participants. Schools, lenders, the Foundation and governmental entities have established a successful partnership to run an efficient program. Schools and lenders directly ensure that only eligible borrowers receive loans and that the terms and conditions of repayment are fully explained. The Foundation, in cooperation with lenders, has created an effective preclaims activity which currently prevents two-thirds of seriously delinquent loans from becoming default claims. Recently, at the encouragement of all program participants, federal legislation has been enacted which greatly assists in both the prevention and collection of defaulted accounts.

2. Any default rate tends to identify more directly those borrowers who are unable to **begin** repayment as scheduled. After the borrower secures employment and begins repayment, defaults are more rare. The repayment of GSL loans may begin as early as six months after graduation, and it is possible that a borrower might still be unemployed or underemployed at that time, making immediate repayment impossible. In many of these instances, after the Foundation purchases the loan from the lender, the borrower is in a position to begin repayment at a reduced schedule or will

Continued on page 2.

Atch. IX

Continued from page 1

begin repayment at such later date as the borrower's income stream allows. The Foundation does not "write off" loans but rather anticipates that at some point in the future the borrower will be in a position to begin repayment.

"Is it true that bankruptcy is a common ploy to get out of repaying loans?"

This is another misperception. To date, less than 6% of all claims paid by HEAF have been bankruptcies. This represents less than one-tenth of one percent of loans guaranteed. Such a small figure may represent the same portion of bankruptcies which involve no student loans. Although an emotionally charged subject, the actual occurrence of the discharge of a student loan through bankruptcy is very rare. Today, it is almost non-existent. The Bankruptcy Reform Act—which makes student loans non-dischargeable through bankruptcy during the first five years of repayment—is making student loan bankruptcies a thing of the past.

"Is it true that there are no penalties for students who do not repay their loans?"

There was, admittedly, a time when post-default collection efforts on student loans were not as effective as they should have been—and the word through the campus grapevine seemed to confirm that. However, as soon as this problem came to light, concerned program participants became much more aggressive relative to post-default collection activities. Laws were passed which now allow the Department of Education to secure addresses on defaults from the IRS; increased communication between guarantee agencies and credit bureaus has been mandated and put into place; automobiles of student defaulters have been seized from metropolitan Pennsylvania to Worland, Wyoming; wages have been garnished; students are being taken to court; and, in some instances, real estate has been attached. The Foundation and other agencies are expending significant resources on securing repayment from those borrowers who have the capacity to repay but who have not honored their obligation. Perhaps the recent decrease in the default rate is, at least in part, a result of word about this "get tough" policy getting around that same campus grapevine.

"Is it true the government loses so much money on these loans that the programs just aren't worth the cost?"

Is the money really "lost," or is it regained through some greater value and a greater return on the investment later on?

It is true that **any** money spent unwisely is too much. The point has been made that the government is **not** losing an inordinate amount of money through defaults, particularly in light of the billions of dollars which **are being repaid** on a timely basis by borrowers. This is particularly heartening when viewed in light of the unsecured nature of the loans, the larger loans necessary to achieve postsecondary education, the potential employment difficulties which students in our uncertain economy are now facing, and a reluctance to repay on the part of those students who have not had a successful educational experience. Neither the Foundation, lenders, schools, nor the Federal Government can guarantee the borrower's success in school, in future employment, or in life. What has been done successfully, and will continue to be the goal, is to guarantee the **opportunity** for success. The cost of this opportunity, in terms of defaults, is far outweighed by the benefits gained for students who acquire an education for and a society that enjoys a productive, enlightened citizenry.

Providing borrowers with the opportunity to acquire post-secondary education by guaranteeing a loan mechanism which allows them to pay for their education after its completion has historically proved to be successful both in scope and in administrative efficiency. The Foundation remains committed to this mission, a mission of insuring that our citizens have access to the education which enables them to participate fully in our economy and in our democracy.

Division of the Budget
February 21, 1983

HB 2434 Concerning the establishment of the Kansas Office of Federal Energy Grants Management

Section 1

- Creates the Kansas Office of Federal Energy Grants Management to be administered by a federal programs manager appointed by the Governor.
- Applies the provisions of the Kansas Sunset Law to the office and the office of federal programs manager.

Section 2

- Authorizes the federal programs manager to establish offices, divisions and administrative units and functions, powers, and duties thereto.
- Specifies that all employees must be within the classified service, except as otherwise provided in Section 4.

Section 3

Authorizes the federal programs manager to:

- adopt rules and regulations;
- develop a comprehensive state energy plan and implementation procedures according to federal requirements;
- make requests for and accept federal energy-related funds;
- be responsible for state and federal funds, except for federal funds that are received directly by state educational institutions for energy research and development projects;
- assist other state agencies and local units in making federal fund requests to the extent allowed by federal program requirements; and
- enter into contracts and agreements.

Section 4

- Allows the office to receive grants and gifts for special projects.

Atch. X

- Creates the Energy Grants Management Fund.
- Provides for unclassified special project employees.

Section 5

- Transfers fund balances, records and property from the Kansas Energy Office to the office on July 1, 1983.
- Transfers responsibility for contract and grants entered into by the Kansas Energy Office prior to July 1, 1983 to the office.
- Extends all rules and regulations, orders and directives of the Director of the Kansas Energy Office which relate to the powers of the federal programs manager and imposes them on the federal programs manager.

Section 6

- Amends K.S.A. 1982 Supp. 58-1313 to transfer responsibility for adopting rules and regulations for maximum lighting standards for public buildings from the Kansas Energy Office to the new office.

Section 7

- Amends K.S.A. 1982 Supp. 58-1314 to make the office the receiving agency for certificates of compliance with maximum lighting standards instead of the Kansas Energy Office.

Section 8

- Makes a technical amendment to K.S.A. 1982 Supp. 58-1315 which concerns maximum lighting standards.

Section 9

- Amends K.S.A. 1982 Supp. 75-46a08 to provide that the Department of Administration, in cooperation with the federal programs manager is to adopt rules and regulations for the State Vanpool Program. Under current law, the Director of the Kansas Energy Office assists the Department of Administration in this process.

Section 10

- Amends K.S.A. 1982 Supp. 79-32,170 to provide that only the Secretary of Revenue is responsible for adopting rules and regulations under the Solar Energy Systems Act. Under current law, the Director of the Kansas Energy Office is to assist with this process.

Section 11

- Amends K.S.A. 1982 Supp. 79-45a02 to provide that only the Secretary of Revenue is responsible for adopting rules and regulations concerning the Reimbursement of Taxes on Property Equipped with Solar Systems Act. Under current law, the director of the Kansas Energy Office is to assist with this process.

Section 12

- Schedules the office of federal programs manager and the Kansas Office of Federal Energy Grants Management for abolishment on July 1, 1991 under the provisions of the Kansas Sunset Law.

Section 13

- Repeals Kansas Energy Office statutes.

Section 14

- Provides that the act will take effect on its publication in the statute book.

bj

Division of the Budget
February 21, 1983

HB 2445 Relating to energy emergency preparedness planning

Section 1

- Defines "energy resource"
- Note drafting error: Reference to "director" replace with "State Corporation Commission".

Section 2

- Authorizes the Governor to proclaim an energy emergency if it is determined that the supply of energy resources, other than agricultural fertilizers, is inadequate to meet the demand in any area of the state and that the public health, safety and welfare is threatened.
- This proclamation is subject to the approval of six members of the State Finance Council.
- The emergency proclamation must: recite the Governor's findings; declare that an energy emergency exists; specify the area of the state where the emergency exists; and specify the period of time that a system of priorities for allocating available energy resources, other than agricultural fertilizers, and/or the curtailment of consumption may be imposed.
- The allocation and/or curtailment time may be extended or reduced after a reevaluation of conditions and a further proclamation of findings by the Governor.

Section 3

- Directs the State Corporation Commission to adopt rules and regulations establishing a system of priorities for the allocation of available natural gas, coal, electrical energy and liquid fuels, other than agricultural fertilizers, and for the curtailment of the consumption of these energy resources during any energy emergency proclaimed by the Governor pursuant to section 2.
- Applies such rules and regulations to all suppliers and consumers of these energy resources.

Atch. XI

Section 4

- Directs the State Corporation Commission to: prepare an emergency preparedness plan for adoption during any energy emergency proclaimed by the Governor pursuant to section 2; cooperate in the implementation of any federal emergency rationing program; and submit an annual report on the energy emergency preparedness program to the Governor and the Legislature.

Section 5

- Violation of any rule and regulation adopted pursuant to the act is classified as a class C misdemeanor.

Section 6

- The act is made effective on its publication in the statute book.

dh

SUBCOMMITTEE REPORT

Agency: Office of Securities Commissioner Bill No. 2140 Bill Sec. 19

Analyst: Galligan Analysis Pg. No. 387 Budget Pg. No. 1-177

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84	Subcommittee Adjustments
State Operations:			
All Funds	$ 522,324	$ 493,698	$ (22,638)
State General Fund	—	—	—
F.T.E. Positions	15.0	15.0	—

Agency Request/Governor's Recommendation

The Commissioner's request is for continuing operation at the current staffing level and scope of activities. The Commissioner also requested $12,947 for purchase of police radios and undercover investigatory equipment.

The Governor's recommendation for FY 1984 includes a cost-of-living adjustment for existing personnel, deleted funding for the investigatory equipment and radios, eliminated funding requested for legal services and reduced communications and printing.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. In accordance with Committee policy, deletion of the $14,476 budgeted for cost-of-living adjustments.

2. Deletion of $3,662 for removal of FY 1983 merit pool and technical adjustments to fringe benefits.

3. Reduction of travel and subsistence by $2,500.

4. Reduction of communications by $2,000.

Representative David Heinemann

Atch. XII

SUBCOMMITTEE REPORT

Agency: Office of Securities Commissioner Bill No. 2135 Bill Sec. ______

Analyst: Galligan Analysis Pg. No. 387 Budget Pg. No. 1-177

Expenditure Summary	Agency Req. FY 83	Governor's Rec. FY 83	Subcommittee Adjustments
State Operations:			
All Funds	$ 500,028	$ 459,814	$ (4,500)
State General Fund	—	—	—
F.T.E. Positions	15.0	15.0	—

Agency Request/Governor's Recommendation

The Commissioner's request for FY 1983 operating expenditures totaled $465,028 for continuation of the current scope of activities. A supplemental request of $35,000 for legal fees was also made.

The Governor's recommendation is less than the Commissioner's estimate by the amount of the FY 1983 merit pool. The Governor did not recommend the supplemental.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. A reduction of $2,000 from the amount budgeted for communications.
2. A reduction of $2,500 from the amount budgeted for travel and subsistence of the regulatory staff.
3. Reduction of the agency's expenditure limitation by $9,714 to implement the Governor's recommendations and the reductions cited above.

The Subcommittee encourages the agency to explore the possibility of purchasing a copier rather than continuing to lease the equipment. If cost savings can be achieved by purchasing, the Subcommittee recommends that the agency do so.

Representative David Heinemann

Atch. XIII

Agency: Kansas Energy Office Bill No. 2140 Bill Sec. 18

Analyst: Efird Analysis Pg. No. 384 Budget Pg. No. 1-131

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84	Subcommittee Adjustments
All Funds:			
State Operations	$ 697,652	$ 635,966	$ (176,532)
Aid to Local Units	62,275	60,665	400,000
TOTAL	$ 759,927	$ 696,631	$ 223,468
State General Fund:			
State Operations	$ 233,830	$ 43,947	$ (2,126)
F.T.E. Positions	8.0	5.5	1.0

* The agency submitted an FY 1984 budget request for an independent Kansas Energy Office. The Governor's recommendations for funding apply to a proposed new agency, the Kansas Office of Federal Energy Grants Management, addressed in 1983 H.B. 2434.

House Subcommittee Recommendations

FY 1983. The Subcommittee concurs with the Governor's recommendations for a reduction of $113,789 in the energy special projects fund expenditures because of a reduction in federal funds. The Subcommittee would point out that $2,103,600 from the petroleum violation escrow fund administered by the U.S. Department of Energy has been deposited in the Kansas Energy Office's energy special projects fund for state use as of February 7, 1983. Recommendations by the Subcommittee for use of those funds are made in the FY 1984 section of this report.

In addition, the Subcommittee notes that an additional $400,000 from the U.S. Department of Housing and Urban Development for an energy conservation loan subsidy program to be distributed through the state's financial lending institutions has been awarded the Kansas Energy Office and will be received in the near future. The Subcommittee recommends that no action be taken with regard to the HUD grant unless a Governor's budget amendment is forthcoming this Session. After the receipt of an amendment, the Subcommittee would urge careful consideration be given to how an estimated $10,000 administrative match that is required by the federal program would be financed.

FY 1984. The Subcommittee concurs with the Governor's proposal that a new energy agency be established and with the Governor's recommended expenditures, with the following exceptions:

1. Delete the 4 percent cost-of-living increase of $2,126 financed by the State General Fund and $3,829 financed by all other funds.

2. Adopt Substitute for H.B. 2434 which would establish the Kansas Office of Energy Conservation Management to administer certain federal energy conservation programs in the state and to prepare a fuel resources emergency preparedness plan.

Atch. XIV

3. Increase staffing from 5.5 to 6.5 F.T.E. positions to provide a Chief Energy Analyst to manage the fuel resources emergency preparedness planning; add $28,956 for salary and benefits for the additional position and $7,045 for other operating costs related to such duties, to be financed by a transfer from the Conservation Fee Fund of the Kansas Corporation Commission. The Governor has recommended the position be established in the Kansas Corporation Commission special division. The Subcommittee concurs with the Governor's suggested funding out of a fee fund of the Kansas Corporation Commission but recommends the position to be established in the Energy Conservation Management Office.

4. Shift federal State Energy Conservation Program funds amounting to $22,000 from the weatherization program to the residential energy conservation program at Kansas State University for continuing a toll-free energy "hot-line" and the "Energy Ingenuity" publication. (This recommendation has no fiscal impact of increasing or decreasing expenses, only how funds are to be used.)

5. Transfer the weatherization program funds of up to $206,578 that will be financed by State Energy Conservation Program monies to the Department of Social and Rehabilitation Services instead of contracting with SRS. (This results in a decrease in expenditures by the agency of up to $206,578.)

6. Transfer $1,703,600 of the petroleum violation escrow funds to SRS for use only in the weatherization program. (This has no fiscal impact on agency spending.)

7. Authorize expenditure of $400,000 of the petroleum violation escrow funds for capital improvement grants under the authority of the Institutional Building Conservation Program for energy conservation at schools and hospitals. The Subcommittee would strongly urge administrators of the schools and hospitals program to assign a high priority to cycle five energy conservation programs. The Subcommittee would note quite a significant number of technical energy audits have been completed and that those audits are required before actual energy conservation measures can be implemented with matching federal funds. The Subcommittee is of the strong opinion that with the completion of the significant number of technical audits, the focus of the schools and hospitals program should, as far as is allowed under federal regulations, be shifted to the implementation of energy conservation measures.

Expenditure Summary	Subcommittee Recommendation
All Funds:	
State Operations	$ 459,434
Aid to Local Units	460,665
TOTAL	$ 920,099
State General Fund:	
State Operations	$ 41,821
F.T.E. Positions	6.5

Ed Rolfs — Mike Meacham — Bill Wisdom

Representative Ed Rolfs, Chp. | Representative Mike Meacham | Representative Bill Wisdom

Substitute for HOUSE BILL NO. 2434

By Committee on Ways and Means

AN ACT concerning energy conservation; establishing the Kansas office of energy conservation management; providing for powers, duties, functions and administration thereof, including fuel resources emergency preparedness planning; authorizing declarations of fuel resources emergencies and prescribing powers, duties and functions for the governor and the programs manager in relation thereto; imposing certain penalties; amending K.S.A. 1982 Supp. 58-1313, 58-1314, 58-1315, 75-46a08, 79-32,170 and 79-45a02, and repealing the existing sections; also repealing K.S.A. 74-6801, 74-6802a, 74-6805, 74-6806, 74-6807, 74-6808, 74-6809, 74-6810, 74-6811, 74-6812 and 74-6813 and K.S.A. 1982 Supp. 74-6802, 74-6803 and 74-6804.

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

New Section 1. (a) There is hereby established the Kansas office of energy conservation management, which shall be administered under the direction and supervision of the programs manager. The programs manager shall be appointed by the governor and shall serve at the pleasure of the governor. The federal programs manager shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the governor.

(b) The provisions of the Kansas sunset law apply to the office of the programs manager and the Kansas office of energy conservation management established by this section and both such offices are subject to abolition thereunder.

New Sec. 2. (a) The programs manager may create and establish offices, divisions and administrative units as necessary for the efficient administration and operation of the

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Kansas office of energy conservation management and may assign functions, powers and duties to such offices, divisions and administrative units.

(b) Except as otherwise provided in this act, and subject to the Kansas civil service act, the programs manager may appoint such officers and employees as are necessary to implement the provisions of this act and all such officers and employees shall be within the classified service under the Kansas civil service act. Personnel of the Kansas office of energy conservation management shall perform such duties and exercise such powers as the programs manager may prescribe and such duties and powers as are designated by law.

New Sec. 3. In addition to other powers and duties provided by law, the programs manager of the Kansas office of energy conservation management shall:

(a) Adopt rules and regulations necessary for the administration of this act;

(b) develop a comprehensive state energy conservation plan and the procedures for implementing the plan according to federal requirements;

(c) make requests for and accept funds and other assistance from federal agencies for energy conservation and other energy-related activities in this state, including but not limited to the state energy conservation program, the energy extension service program, and the institutional building conservation program;

(d) administer federal energy conservation programs in this state;

(e) collect and compile necessary data on fuel resources and monitor fuel resources supplies in this state;

(f) prepare a fuel resources emergency preparedness plan for adoption during any fuel resources emergency proclaimed to exist by the governor under section 6, which plan shall include the system of priorities for fuel resources allocation and curtailment of fuel resources consumption established under section 7;

(g) cooperate in the implementation of any emergency energy rationing program which may be imposed by the federal government or any agency thereof;

(h) prepare and have available for public inspection an annual report which describes the fuel resources emergency preparedness program; and

(i) make and enter into all contracts and agreements and do all other acts and things necessary or incidental to the performance of functions and duties and the execution of powers under this act.

New Sec. 4. Whenever any moneys are received by the Kansas office of energy conservation management from federal agencies for energy conservation and other energy-related activities, the programs manager shall remit all such moneys to the state treasurer at least monthly. Upon receipt of any such remittance, the state treasurer shall deposit the entire amount thereof in the state treasury. The entire amount of any such deposit shall be credited to the energy grants management fund, which is hereby created in the state treasury. All expenditures from such fund shall be made in accordance with appropriation acts and any applicable contracts or agreements upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the programs manager, or by a person or persons designated by the programs manager.

New Sec. 5. As used in sections 1 to 8, inclusive, unless the context requires otherwise: "Fuel resource" means any recognized substance or process which can be utilized to obtain fuel, or any form of fuel, and includes but is not limited to: Propane, butane, gasoline, kerosene, home heating oil, diesel fuel, other middle distillates, aviation gasoline, kerosene-type jet fuel, naphtha-type jet fuel, residual fuels, crude oil, other petroleum products and hydrocarbons as may be determined to be of importance by the programs manager of the Kansas office of energy conservation management and every other fuel resource, whether natural or manmade, which the programs manager determines to be important to the production or supply of fuel.

New Sec. 6. (a) Whenever it appears from an evaluation of conditions in the state by the governor that the supply of fuel resources is inadequate to meet the demand for such fuel resources in the state or any geographic areas of the state and that the public health, safety and welfare are threatened thereby, the governor may proclaim that a fuel resources emergency exists within the state with regard to one or more types of fuel resources, subject to approval by the state finance council, by the affirmative vote of the governor and of six legislator members of the state finance council, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, except that such approval also may be given when the legislature is in session.

(b) The fuel resources emergency proclamation of the governor shall recite the governor's findings, shall declare that a fuel resources emergency exists, shall specify the area of the state in which such fuel resources emergency exists and the one or more fuel resources to which such fuel resources emergency applies, and shall specify the period of time during which a system of priorities for the allocation of available fuel resources or the curtailment of consumption of such fuel resources, or both, may be imposed. Such period of time may be extended or reduced after a reevaluation of conditions within the state and a further proclamation of findings by the governor which require such extension or reduction.

New Sec. 7. The programs manager of the Kansas office of energy conservation management shall adopt rules and regulations establishing a system of priorities for the allocation of available fuel resources or for the curtailment of the consumption of such fuel resources, or both, during any fuel resources emergency proclaimed by the governor pursuant to section 6. Such rules and regulations shall apply to all suppliers and consumers of fuel resources.

New Sec. 8. It is unlawful during any fuel resources emergency proclaimed by the governor under section 6 for any person to intentionally violate any provision of the system of priorities for the allocation of available fuel resources or for the curtailment of the consumption of such fuel resources, or both, established by any rule and regulation adopted by the programs manager of the Kansas office of energy conservation management under section 7. Such violation of any such provision by any person is a class C misdemeanor.

New Sec. 9. (a) On July 1, 1983, the unexpended balances of any appropriations for and funds available to the Kansas energy office abolished under the Kansas sunset law are hereby transferred to the Kansas office of energy conservation management to be used for the purpose of implementing the provisions of this act.

(b) On July 1, 1983, all records and property of the Kansas energy office abolished under the Kansas sunset law are hereby transferred to and conferred and imposed upon the Kansas office of energy conservation management.

(c) Whenever the Kansas energy office, or words of like effect, is referred to or designated by a contract, grant or other document, such reference or designation shall be deemed to apply to the Kansas office of energy conservation management. Whenever the director of the Kansas energy office, or words of like effect, is referred to or designated by a contract, grant or other document, such reference or designation shall be deemed to apply to the programs manager of the Kansas office of energy conservation management. All awards or grants made by the director of the Kansas energy office, which are in effect on July 1, 1983, shall continue to be effective for the duration of the period for which they were made, unless revised or nullified in accordance with law. All contracts entered into by the director of the Kansas energy office prior to July 1, 1983, and not fully executed on such date, shall remain in full force and effect until fully executed or until terminated or revoked in the manner provided in such contract or as is otherwise provided by law on the date of such contract.

(d) All rules and regulations and all orders and directives of the director of the Kansas energy office in existence immediately prior to the effective date of this act which relate to the powers, duties and functions imposed by law upon the programs manager of the Kansas office of energy conservation management shall continue to be effective and shall be deemed to be the rules and regulations and orders or directives of the programs manager, until revised, amended, repealed or nullified pursuant to law.

Sec. 10. K.S.A. 1982 Supp. 58-1313 is hereby amended to read as follows: 58-1313. (a) The ~~director-of-the-Kansas-energy office-shall~~ <u>programs manager of the Kansas office of energy conservation management may</u> adopt rules and regulations ~~to-take effect--on--January--1,--1980,~~ establishing maximum lighting standards for public buildings constructed on or after January 1, 1980. Such standards may distinguish between types of design, uses to which buildings or parts thereof are put, locations or any other applicable classifications.

(b) The ~~director--of--the-Kansas-energy-office-shall-adopt rules--and--regulations--to--take--effect--on--January--1,--1980, establishing--advisory--maximum--lighting--standards--for--public buildings-constructed-before-January-1,-1980.--In-order--to--gain voluntary--compliance--with-such-advisory-standards,-the-director of-the-Kansas-energy-office-shall-submit-to--the--legislature--by January-1,-1980,-recommended-changes-to-law-or-new-legislation-to provide--incentives-therefor~~ <u>rules and regulations adopted by the director of the Kansas energy office under this section prior to its amendment by this act, which rules and regulations established maximum lighting standards for public buildings constructed on or after January 1, 1980, and established advisory maximum lighting standards for public buildings constructed before January 1, 1980, shall continue to be effective and shall</u>

be deemed to be the rules and regulations of the programs manager until revised, amended, repealed or nullified pursuant to law.

Sec. 11. K.S.A. 1982 Supp. 58-1314 is hereby amended to read as follows: 58-1314. ~~On-and--after--January--1,--1980,~~ No electric utility shall connect or change permanent electrical service to any public building the plans for which have been prepared by an architect or engineer, or both, licensed by the state board of technical professions unless the owner thereof provides to the electric utility a certificate of compliance with the maximum lighting standards established pursuant to ~~this-act~~ K.S.A. 1982 Supp. 58-1313 and amendments thereto which is executed by such architect or engineer. The electric utility shall submit a copy of each such certificate of compliance to the Kansas ~~energy~~ office of energy conservation management.

Sec. 12. K.S.A. 1982 Supp. 58-1315 is hereby amended to read as follows: 58-1315. (a) The maximum lighting standards adopted as provided in K.S.A. 1982 Supp. 58-1313 and amendments thereto shall supercede any like standards of a local building code unless the standards of such code are more stringent than those adopted pursuant to K.S.A. 1982 Supp. 58-1313 and amendments thereto.

(b) The maximum lighting standards adopted as provided in K.S.A. 1982 Supp. 58-1313 and amendments thereto shall apply to the lighting modifications required in any renovation or addition to any existing public building which is completed after January 1, 1980.

Sec. 13. K.S.A. 1982 Supp. 75-46a08 is hereby amended to read as follows: 75-46a08. The department of administration, in cooperation with the ~~director~~ federal programs manager of the Kansas ~~energy~~ office of energy conservation management, shall develop and adopt such rules and regulations deemed necessary for the proper and efficient implementation of the provisions of K.S.A. 1982 Supp. 75-46a02 to 75-46a08, inclusive, and amendments to such sections.

Sec. 14. K.S.A. 1982 Supp. 79-32,170 is hereby amended to read as follows: 79-32,170. The secretary of revenue~~, in cooperation with the director of the Kansas energy office,~~ shall prescribe such rules and regulations as may be deemed necessary to carry out the purposes of this act.

Sec. 15. K.S.A. 1982 Supp. 79-45a02 is hereby amended to read as follows: 79-45a02. The secretary of revenue~~, in cooperation with the director of the Kansas energy office,~~ shall prescribe such rules and regulations as may be deemed necessary to carry out the purposes of this act.

New Sec. 16. Except as provided in K.S.A. 1982 Supp. 74-7246, the office of programs manager of the Kansas office of energy conservation management and the Kansas office of energy conservation management, established by section 1 of this act, shall be and are hereby abolished on July 1, 1991.

Sec. 17. K.S.A. 74-6801, 74-6802a, 74-6805, 74-6806, 74-6807, 74-6808, 74-6809, 74-6810, 74-6811, 74-6812 and 74-6813 and K.S.A. 1982 Supp. 58-1313, 58-1314, 58-1315, 74-6802, 74-6803, 74-6804, 75-46a08, 79-32,170 and 79-45a02 are hereby repealed.

Sec. 18. This act shall take effect and be in force from and after its publication in the statute book.

Agency: Department of Human Resources Bill No. 2135 Bill Sec. 4

Analyst: Efird Analysis Pg. No. 343 Budget Pg. No. 2-13

Expenditure Summary	Agency Req. FY 83	Governor's Rec. FY 83*	Subcommittee Adjustments
All Funds:			
State Operations	$ 29,358,528	$ 29,314,676	$ (887,069)
Aid to Local Units	10,047,103	10,047,103	(2,523,913)
Other Assistance	186,940,929	186,940,929	400,000
Subtotal	$226,346,560	$226,302,708	$ (3,010,982)
Capital Improvements	$ 265,441	$ 408,842	$ (143,401)
TOTAL	$226,612,001	$226,711,500	$ (3,154,383)
State General Fund:			
State Operations	$ 2,105,879	$ 2,068,404	$ (27,651)
Other Assistance	12,241	12,241	—
TOTAL	$ 2,118,120	$ 2,080,645	$ (27,651)
F.T.E. Positions	1,119.0	1,119.0	—

* Includes funding recommended in Governor's Budget Amendment No. 2.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, except for the following:

1. Increase the salary turnover savings because of vacancies in the Industrial Safety and Labor Relations programs by $16,751 and reappropriate the State General Fund savings to FY 1984.

2. Reduce the funding for travel in the Labor Relations program to reflect FY 1982 rates and reappropriate State General Fund savings of $10,000 to FY 1984.

3. Delete $900 recommended in the Governor's Budget Amendment No. 2 to pay moving expenses of the Mexican-American Affairs Committee since the State General Fund expense seems unwarranted inasmuch as the agency will have to move again in less than three years when state agencies will vacate the 503 Kansas Avenue building. If permanent space at equivalent cost is found, then the Subcommittee would reconsider the moving expenses.

4. Shift authorized expenditures for the Workers' Compensation program to computer fees by $3,900 through savings in other objects of expenditure in order to avoid a projected shortfall in funding. This recommendation has no fiscal impact beyond shifting available funds.

5. Reduce estimated CETA expenditures by $3,483,331 to reflect more accurately in the budget the expenses for the program shown in the revised State Plan which indicates expenditures of $11,542,473 in FY 1983 rather than $15,025,804 recommended by the Governor. The CETA program has a

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no-limit expenditure authority, so the Subcommittee's recommendation affects only the estimated expenditures by reducing the estimates for aid to local units by $2,623,913 and for state operations by $859,418.

6. Establish two new no-limit expenditure line items to authorize spending for two activities under the new Job Training Partnership Act: the Service Delivery Areas planning grants (estimated at $400,000 in federal funds) for other assistance and the Title III Dislocated Workers program (estimated at $100,000 in federal funds)for aid to local units. The Subcommittee suggests that the Governor send a budget amendment which addresses these expenditures.

7. Delete $143,401 recommended in the Governor's Budget Amendment No. 2 because the same expenditure was recommended previously in the Governor's Budget Report (and concurred with by the Subcommittee) for capital improvements involving emergency repairs and maintenance.

Keith Farrar
Representative Keith Farrar, Chairman

Harold P Dyck
Representative Harold Dyck

Don Mainey
Representative Don Mainey

SUBCOMMITTEE REPORT

Agency: Department of Human Resources   Bill No. 2140   Bill Sec. 8

Analyst: Efird   Analysis Pg. No. 343   Budget Pg. No. 2-13

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84*	Subcommittee Adjustments
All Funds:			
State Operations	$ 32,541,434	$ 30,847,487	$ (3,071,614)
Aid to Local Units	9,505,086	9,505,086	(7,089,361)
Other Assistance	173,307,432	173,290,932	(16,500)
Subtotal	$215,353,952	$213,643,505	$(10,177,475)
Capital Improvements	$ 391,969	$ 391,969	$ —
TOTAL	$215,745,921	$214,035,474	$(10,177,475)
State General Fund:			
State Operations	$ 2,517,319	$ 2,266,505	$ (146,297)
Other Assistance	48,000	31,500	(16,500)
TOTAL	$ 2,565,319	$ 2,298,005	$ (162,797)
F.T.E. Positions	1,124.0	1,120.0	(125.0)

* Includes funding recommended in Governor's Budget Amendment No. 2.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, except for the following adjustments:

1. Reduce the recommended F.T.E. levels in the CETA program to more accurately reflect the pattern of employment by the Department. The CETA program ends September 30, 1983, except for a six-months wind-down period of administrative activity and will be replaced by the Job Training Partnership Act which is addressed later in this report. The Governor's recommended F.T.E. complement for CETA in FY 1984 is 140.0. The Subcommittee recommends authorizing 140 positions for three months to coincide with the last three months of the CETA program, or a total of 35.0 F.T.E. positions. In addition, the Subcommittee recommends another 15 positions be authorized for six months of wind-down activities of an administrative nature, or 7.5 F.T.E. The net reduction in the recommended F.T.E. for FY 1984 would be 97.5, with an authorized level of 42.5 for the phase-out of the CETA program.

2. Reduce the expenditure estimate for the CETA program from $13,428,912 to $4,586,041 for FY 1984 to more adequately reflect spending for the last three program months and the six months of administrative wind-down activities. Since there is no-limit expenditure authority for CETA, the Subcommittee's recommendation affects only the estimated expenditures. The Subcommittee estimates the net reduction would be $8,842,871 in FY 1984 of which $1,753,510 is in state operations and $7,089,361 is in aid to local units. The Senate should reexamine these estimates after the March 1, 1983 phase-out plan becomes available.

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3. Delegate authority to the Legislative Budget Committee to review the Governor's State Plan for the new Job Training Partnership Act and the job training plans for each service delivery area (as required by the federal law in regard to there being a legislative review of such plans), along with the plan for financing and the estimate of state employees needed to carry out the state's role in implementing the new program, and for the Legislative Budget Committee to recommend to the State Finance Council the level of expenditure authority and number of F.T.E. employees required for nine months of operating the Job Training Program in FY 1984. The Subcommittee recommends the establishment of three line items in the FY 1984 appropriation bill with $0 limitations for activities associated with the new Job Training Program:

   Job Training Partnership Act — Title II-A (Disadvantaged Training)

   Job Training Partnership Act — Title II-B (Summer Youth Training)

   Job Training Partnership Act — Title III (Dislocated Workers)

   The Subcommittee would suggest that all members might refer to Budget Memo No. 83-10 for a detailed overview of the state implementation of the federal Job Training Partnership Act since it has not been presented orally to the Committee. Because the formulation of the State Plan is currently underway, the Subcommittee was unable to review any program details or expenditure estimates since they were not part of the Governor's recommended budget for the Department.

4. Reduce the recommended F.T.E. levels in the Administration and Staff Services Division to more accurately reflect the pattern of employment by the Department. The ratio of central management personnel in the Administrative and Staff Services Division is one for every 6.6 employees in other program areas based on data in the Governor's recommendations for staffing. The ratio of current vacant positions in central management to vacancies in all other other program areas is one for every two other positions. The Governor recommends 198.5 F.T.E. positions for Administrative and Staff Services Division in FY 1984. For the first six months of FY 1983 the average F.T.E. was 141.8. The Subcommittee recommends abolishing 25.5 positions, leaving a net of 173.0 F.T.E. positions for the Division in FY 1984.

5. Reduce the estimated expenditures in the Administration and Staff Services Division for the 25.5 staff positions in FY 1984 by $341,001. The Subcommittee would note that a no-limit expenditure line item authorizes payment of salaries and benefits out of the Administration Fee Fund, so the Subcommittee recommendation would reduce the estimate of expenditures rather than adjusting the expenditure limitation.

6. Delete the cost-of-living adjustment amounting to $73,494 in State General Funds and $842,806 financed by all other funds.

7. Increase salary turnover savings relative to State General Funds by $32,089 to reflect a 2 percent turnover rate in the following agencies: Mexican-American Affairs Committee ($1,612), Employment of the Handicapped Committee ($1,708), Industrial Safety ($4,390), and Labor Relations ($8,653). Because of anticipated retirements in FY 1983 and early FY 1984, hiring employees at lower steps will result in estimated turnover savings of $15,726 for the Veterans Commission.

8. Abolish two secretarial positions which are vacant all of FY 1983 for State General Fund savings of $24,301. The Subcommittee notes that these positions are located in two of the Veterans hospitals where the state Veterans Commission maintains offices staffed by field representatives and other secretarial staff positions which currently are filled.

9. Delete $16,500 financed by the State General Fund for a grant to a nongovernmental organization for the handicapped. The Subcommittee recognizes a need for funding exists, but two organizations were requesting funds and only one was recommended for a grant.

10. Reduce by $10,000 travel expenses for the Labor Relations program which is financed by the State General Fund in adjusting for FY 1982 rates.

11. Delete $6,413 of additional rental expenses recommended in the Governor's Budget Amendment No. 2 for the Mexican-American Affairs Committee since the State General Fund expenditure would be for 50 percent more space than is needed by the Committee. The Subcommittee does not believe the move is justified since the Committee would have to move again in less than three years from the 503 Kansas Avenue site and the current location in the Mills Building is less expensive. The Subcommittee would reconsider its recommendation if permanent space were found at a cost equivalent to the Mills Building rental.

12. Add $12,000 for travel expenses for the Boiler Inspection program, to be financed by its fee fund, so that adequate funds are available for inspections.

13. Include a utilities proviso in the appropriation bill limiting the use of funds budgeted for utilities to such purposes.

The Subcommittee also would like to address several other concerns:

1. A technical change in the WIN appropriations to coincide with the Governor's recommendation is required and has no fiscal impact.

2. The Governor should send a budget amendment which addresses a possible shortfall in funding required for educational grants provided by the Veterans Commission. The Subcommittee concurred with the Governor's recommendations of $12,241 in FY 1983 and $15,000 in FY 1984, but has been advised that the amounts may not be adequate.

3. The Subcommittee strongly suggests that the Department use funds from its capital outlay budget to purchase copy machines where such a procedure would prove cost-effective.

4. The Subcommittee reviewed the one reclassification budgeted in FY 1984 at a cost of $3,132 to change a Special Investigator II to III in Labor Relations and concurs with the Governor's deletion of the funds for the upgrade.

5. The Subcommittee notes the passage of H.B. 2221 which impacts the Employment Security Trust Fund. The Governor's recommendations did not anticipate the level of activity in the current fiscal year nor the passage of H.B. 2221. Because of inadequate time, the Subcommittee is unable to make recommendations and would urge the Governor and Senate to consider the budgetary implications as more adequate data become available.

6. The Subcommittee suggests that the Department study the consolidation of its two computer operations since the main center in the 503 Kansas Avenue building must move in the next three years. The logical location would be the Employment Security Systems Institute building on Topeka Avenue where the backup computer facilities are currently located. Any interim study which examines relocation of agencies housed in the 503 building or state computer operations should review this situation.

Keith Farrar

Representative Keith Farrar, Chairman

Harold Dyck

Representative Harold Dyck

Don Mainey

Representative Don Mainey

SUBCOMMITTEE REPORT

Agency: Public Disclosure Commission   Bill No. 2140   Bill Sec. 6

Analyst: Rampey   Analysis Pg. No. 339   Budget Pg. No. 1-155

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84	Subcommittee Adjustments
State Operations:			
All Funds	$ 224,998	$ 175,717	$ 1,678
State General Fund	224,998	175,717	1,678
F.T.E. Positions	6.0	5.0	—

House Subcommittee Recommendations

FY 1983. The Commission estimates expenditures of $176,401 for the current year, a reduction of $7,350 from expenditures approved by the 1982 Legislature. The Governor recommends a further reduction of $1,584 due to the removal of FY 1983 merit increases for the staff. The Subcommittee concurs with the Governor's recommendation.

FY 1984. The Commission requests $224,998 for FY 1984. The Governor recommends expenditures of $175,717. The Subcommittee makes the following adjustments to the Governor's recommendations:

1. Delete $4,205 for cost-of-living increases.

2. Add $883 for printing and advertising. The Governor recommends $9,380 for printing and advertising, all of which would be for the costs of duplicating campaign finance handbooks, forms, and other items. The Subcommittee believes the availability of the handbooks and reporting forms is essential to the operation of the Commission and therefore recommends the addition of $883 to the Governor's recommendation. The effect of the Subcommittee's action would be to authorize the expenditure of $10,263 for duplicating costs, which is the amount requested by the Commission. Actual costs for duplicating expenses in FY 1982 were $10,387.

3. Add $5,000 for fees for legal services. Actual expenditures for the services of an attorney and court reporters amounted to $13,675 in FY 1982. For the current year, $15,000 has been approved, of which $8,400 has been spent as of February 7, 1983. For FY 1984, the Commission again requests $15,000, of which $14,500 would be for fees for an attorney and $500 for the services of a court reporter. The Governor recommends expenditures of $10,000. The Subcommittee notes that, beginning in FY 1977 when the Commission first contracted for the services of an attorney, the expenses for the attorney only (excluding expenses for the court reporter) have exceeded $10,000 for each year through FY 1982. The Subcommittee also notes that the hourly fee paid to the attorney has increased once during that time, going from a rate of $35 per hour to the present rate of $40 per hour in FY 1981. It is the Subcommittee's opinion that the Governor's recommendation would not provide adequate funding to maintain the Commission's operations at the level of activity supported by the Legislature over the last several years. Therefore, the Subcommittee recommends the addition of $5,000 to the Governor's recommendation, which would bring to $15,000 the amount available for legal services. This is the amount requested by the agency and does not represent an increase over the amount approved for the current year.

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The net effect of the Subcommittee's adjustments would be to add $1,678 to the Governor's recommendation.

James Lowther

Representative James Lowther
Subcommittee Chairman

Rex B Hoy

Representative Rex Hoy

George Teagarden

Representative George Teagarden

SUBCOMMITTEE REPORT

Agency: Kansas Bureau of Investigation Bill No. __ Bill Sec. /

Analyst: McConnell Analysis Pg. No. 330 Budget Pg. No. 4-53

Expenditure Summary	Agency Req. FY 83	Governor's Rec. FY 83	Subcommittee Adjustments
State Operations:			
All Funds	$ 4,674,411	$ 4,485,959	—
State General Fund	4,547,372	4,358,920	—
F.T.E. Positions	129.0	129.0	—

Agency Request/Governor's Recommendation

The agency's revised estimate of $4,674,411 reflects the lapsing of $183,173 as part of the agency's overall 4 percent State General Fund reduction. The reductions are $79,000 in salaries realized by holding seven agent positions vacant, $59,417 in travel, $29,265 by deferring purchase of laboratory equipment and radios, and reductions totaling $15,391 in the Crime Watch Program.

The agency's revised estimate also reflects a supplemental State General Fund appropriation request of $151,215. Of that amount, $93,000 is related to increased data processing expenses while the remaining $58,215 would allow the Bureau to fill Special Agent vacancies in March, 1983.

The Governor recommends a total operating budget of $4,485,959 which is $188,452 below the agency's revised estimate. The reduced recommendation reflects deletion of the $151,215 supplemental funding request and includes a further reduction of $37,237 budgeted for merit salary increases.

House Subcommittee Recommendation

The Subcommittee does not endorse the $58,215 State General Fund request for salaries and wages which would allow the agency to fill Special Agent vacancies in March, 1983. Such a recommendation would set a dangerous precedent inasmuch as the request effectively negates a portion of the savings associated with the 4 percent reduction. Additionally, the timetable is such that the agency would not be in a position to fill vacancies as early as mid-March even if funding were authorized.

However, the Subcommittee does view the supplemental request of $93,000 associated with data processing expenses as worthy of consideration. The Subcommittee would note that a careful and detailed review of expenditures made during the first seven months of the fiscal year was made in an effort to determine the need for supplemental funding. The Subcommittee reviewed expenditures on an object code by object code basis in an attempt to determine whether or not the supplemental was truly needed and, if so, whether the size of the supplemental might be offset by anticipated savings in the current fiscal year. The Subcommittee concluded that supplemental funding is warranted but at a somewhat reduced level. The Subcommittee has received assurances that a Governor's Budget Amendment is forthcoming and that the amendment will provide for a total supplemental appropriation of $83,000. It is understood that the funding of the supplemental appropriation will be accomplished via the lapsing of $46,000 in salaries and wages and the subsequent appropriation of $83,000 in other operating expenditures (resulting in a net increase of $37,000 in the FY 1983 budget). The Subcommittee would strongly endorse such an amendment only if funded in the manner discussed above.

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Rochelle Chronister

Representative Rochelle Chronister
Subcommittee Chairman

James Holderman

Representative James Holderman

John L Myers

Representative John Myers

SUBCOMMITTEE REPORT

Agency: Kansas Bureau of Investigation Bill No. 2140 Bill Sec. 4

Analyst: McConnell Analysis Pg. No. 330 Budget Pg. No. 4-53

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84	Subcommittee Adjustments
All Funds:			
State Operations	$ 5,643,024	$ 5,024,955*	$ (154,417)
Capital Improvements	195,845	—	—
TOTAL	$ 5,838,869	$ 5,024.955	$ (154,417)
State General Fund:			
State Operations	$ 5,608,024	$ 4,989,955*	$ (154,417)
Capital Improvements	195,845	—	—
TOTAL	$ 5,803,869	$ 4,989,955	$ (154,417)
F.T.E. Positions	131.0	129.0	—

* Includes a Governor's Budget Amendment in the amount of $13,587 to correct a technical error.

Agency Request/Governor's Recommendation

The Bureau's FY 1984 request of $5,643,024 represents a 20.7 percent increase above the revised estimate of expenditures for the current fiscal year. The increase is attributed in large part to operation of the Bureau at full staff. Additionally, the Bureau is requesting two new positions (a Computer Systems Analyst III and a Clerk Typist II), an expanded Crime Watch Program, a continued phased replacement of radios, laboratory equipment purchases, and installation of a telecommunications message switcher.

The Governor recommends $5,024,955 for FY 1984 which will allow the Bureau to resume normal investigative and support operations in FY 1984. With the exception of one special agent position, sufficient funds have been recommended to finance salary and support costs for all positions presently held vacant in order to comply with the 4 percent budget reductions for the current fiscal year. Additionally, funds have been recommended in FY 1984 to restore the Community Crime Watch Program to the level authorized for FY 1983. The Governor's recommendation makes no provision for installation of a telecommunications message switcher. No additional positions are authorized for FY 1984.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Deletion of the $119,205 recommended for a 4 percent cost-of-living salary increase pending legislative determination of salary policy with respect to all state agencies.

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2. A reduction of $15,000 in the amounts budgeted for the Crime Watch Program. Of that amount, a $10,000 reduction is recommended in printing and advertising expenses which reduces the printing budget to $34,925. The remaining $5,000 reduction is made in the amounts budgeted for fee for instructors and consultants and reduces such budgeted amounts from $10,000 to $5,000.

3. Addition of $5,000 in the amounts budgeted for the purchase of radios. The Subcommittee encourages the agency to ensure that all vehicles are properly equipped with radio communication devices that are in reasonably good working order.

4. The Subcommittee recommends creation of a special No Limit fund for education and training purposes. The Subcommittee encourages the agency to charge local law enforcement agencies a minimal fee for training services provided as part of the Bureau's new agent recruit classes. When conducting its eight-week special agent course for new recruits, the Bureau typically extends a limited number of invitations (approximately 15) to local law enforcement agencies requesting their participation. While the local law enforcement agency is required to pay all travel and subsistence expenses associated with participation in the course, no fee is charged for the course itself. Should the Bureau decide to charge a minimal fee for such training courses, receipts would be deposited to this fund and the Subcommittee recommends that expenditures from the fund be allowed without limitation. Expenditures could be made for any purpose and would not be restricted to costs associated with education and training programs.

5. The Subcommittee recommends creation of a revolving fund for "buy money" for narcotics investigators. Money from this fund would be used for purchase of controlled substances, "flash money" to make contacts, information leading to illicit drug outlets and contraband and stolen property. The agency reports that in the past, approximately 30 percent of this money is later recovered and returned to the State General Fund. Creation of a revolving fund would allow monies recovered to be deposited in this fund and available to the agency for expenditure.

6. The Subcommittee recommends deletion of one Special Agent position assigned to the Investigation Division. The Governor recommends a total agent staffing complement of 34.0 F.T.E. positions; however, funding is provided for only 33.0 F.T.E. positions with the understanding that the position can only be filled if turnover in the investigative staff provides sufficient funds to do so. Consequently, the Subcommittee's decision to eliminate this position does not generate any salary savings.

7. The Subcommittee wishes to express concern regarding the future possibility of relocation of this agency. The Subcommittee notes that the present lease expires at the close of FY 1984 at which time the lease will be renegotiated as it contains no provision for automatic renewal. The Subcommittee believes that should this lease be renegotiated, the state can anticipate a <u>significant</u> increase in rental costs associated with housing this agency. The Subcommittee also notes that decisions to relocate this agency also entail costly moving expenses related to laboratory equipment, data processing equipment, etc. Planning for the potential move of this

agency has not received appropriate consideration and if deferred indefinitely could place the agency at a distinct disadvantage if faced with renegotiating its lease. The Joint Committee on State Building Construction voiced similar concerns and requested that Committee staff and staff of the state architect's office discuss this matter further and report back to the Committee regarding available space and the degree to which this potential move has received consideration by the architect's office. The Subcommittee would urge the architect's office to make a concerted effort to keep the KBI apprised of its deliberations with regard to this matter.

8. The Subcommittee inquired about applied remote sensing capabilities as it relates to the potential for detection of marijuana fields. In response to this question, the Bureau made initial contact with staff of the remote sensing laboratory at the University of Kansas and learned that it might be possible to detect marijuana fields and perhaps differentiate cultivated from uncultivated. Laboratory staff indicated that it was their understanding that law enforcement agencies in other states were making use of this technology. The Subcommittee would encourage the agency to continue to investigate this matter further.

9. The Subcommittee recommends that the Bureau be given the authority to install a criminal justice message switching computer in FY 1984. The Subcommittee is convinced that this can be accomplished without increasing State General Fund support. The Subcommittee recognizes that the new system would not be operational July 1, 1983; consequently, the data processing budget recommended by the Subcommittee assumes continued reliance on services provided by the Division of Information Systems and Computing for the first four months of FY 1984. The recommendation also assumes the addition of a Computer Systems Analyst III position budgeted for 10 months. The Subcommittee's recommendation also assumes that the Bureau will charge the Kansas Highway Patrol $29,000 for message switching services. The net effect of the Subcommittee's recommendation is a reduction of $25,212 in the amounts budgeted for data processing. The Subcommittee believes this must be done as a cooperative effort between the KBI and the Highway Patrol and both sides must be included in formulating these plans.

10. The Subcommittee recommends retention of the prior legislative practice of providing in the appropriation act a separate line item appropriation for salaries and wages and for other operating expenditures as opposed to the format recommended by the Governor.

Rochelle Chronister

Representative Rochelle Chronister
Subcommittee Chairman

James Holderman

Representative James Holderman

John L Myers

Representative John Myers

SUBCOMMITTEE REPORT

Agency: Board of Barber Examiners Bill No. NA Bill Sec. NA

Analyst: Stanfield Analysis Pg. No. 109 Budget Pg. No. 1-203

Expenditure Summary	Agency Req. FY83	Governor's Rec. FY 83	Subcommittee Adjustments
State Operations: All Funds	$ 64,747	$ 64,214	$ (1,535)
F.T.E. Positions	2.5	2.5	—

House Subcommittee Recommendations

FY 1983. The Subcommittee concurs with the Governor's recommendation with the exception being:

1. A $315 reduction in communication costs based on expenditures to date and historical patterns.
2. A $300 reduction in printing and advertising expenditures.
3. A travel and subsistence reduction of $500 based on historical patterns and expenditures to date.
4. Delete $420 in salaries and wages to reflect two existing vacancies on the Board.

Shown below is the fee fund analysis for the Board of Barber Examiners based on the Subcommittee's adjustments:

Resource Estimate	Actual FY 1982	Est. FY 1983
Beginning Balance	$ 12,220	$ 19,990
Net Receipts	74,868	71,968
Total Funds Available	$ 87,088	$ 91,968
Less: Expenditures	67,098	62,679
Ending Balance	$ 19,990	$ 29,289

Harold P. Dyck

Representative Harold P. Dyck
Subcommittee Chairman

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SUBCOMMITTEE REPORT

Agency: Board of Barber Examiners Bill No. 2085 Bill Sec. 5

Analyst: Stanfield Analysis Pg. No. 109 Budget Pg. No. 1-203

Expenditure Summary	Agency Req. FY84	Governor's Rec. FY 84	Subcommittee Adjustments
State Operations: All Funds	$ 73,296	$ 67,303	$ (1,712)
F.T.E. Positions	2.5	2.5	--

House Subcommittee Recommendations

FY 1984. The Subcommittee concurs with the Governor's recommended expenditures, except for the following:

1. Delete the 4.0 percent cost-of-living increase of $1,712.

Harold P. Dyck

Representative Harold P. Dyck
Subcommittee Chairman

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SUBCOMMITTEE REPORT

Agency: Board of Hearing Aid Examiners Bill No. 2135 Bill Sec. ____

Analyst: Goering Analysis Pg. No. 120 Budget Pg. No. 1-215

Expenditure Summary	Agency Req. FY83	Governor's Rec. FY 83	Subcommittee Adjustments
State Operations:			
All Funds	$ 6,679	$ 6,679	$ 797
State General Fund	—	—	—

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. An increase of $600 in the recommended operating budget for FY 1983 for contractual legal services. The Subcommittee recommends that the Board hire an attorney to revise the agency's rules and regulations, and that the attorney's responsibilities also include monitoring the process of submitting revised rules and regulations until such revisions are approved and adopted.

2. An increase of $197 in the recommended amount to finance salaries and wages costs for the Chairman. The Subcommittee notes that the Chairman of the Board has not requested an increase in stipend despite the approval of increases by both the 1981 and 1982 Legislatures. The Subcommittee encourages the Governor to approve such an increase in the stipend from $1,800 to the current approved sum of $2,158. The recommended adjustment corrects technical errors in the agency's revised budget submission and provides sufficient funding for the Chairman's stipend of $2,158, per diem compensation for Board members of $1,120, and all necessary fringe benefits totalling $242.

The Subcommittee notes that the current expenditure limitation of $7,043 need only be increased by $433 to allow for the recommended budget adjustments in FY 1983.

Ed C. Rolfs

Representative Ed Rolfs
Subcommittee Chairman

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SUBCOMMITTEE REPORT

Agency: Board of Hearing Aid Examiners Bill No. 2085 Bill Sec. 1

Analyst: Goering Analysis Pg. No. 120 Budget Pg. No. 1-215

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84	Subcommittee Adjustments
State Operations:			
All Funds	$ 6,273	$ 6,273	$ 203
State General Fund	—	—	—
F.T.E. Positions	—	—	—

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Increase of $203 in the recommended expenditure limitation to allow for full payment of the stipend of $2,158 approved by the 1982 Legislature for the Board Chairman. The Subcommittee notes that the budget request assumes payment of only $1,800 plus fringe benefits to the Chairman. The Subcommittee recommends no further increases in the Chairman's stipend until such time as the current authorized level is approved by the Governor. The Subcommittee notes that technical errors in the agency's budget submission allow such an adjustment by increasing the recommended expenditure limitation by only $203.

Fee Fund Analysis

	Actual FY 82	Subcommittee Rec. FY 83	Subcommittee Rec. FY 84
Beginning Balance	$34,833	$ 32,532	$ 27,976
Net Receipts	3,348	2,920	2,920
Total Funds Available	$38,181	$ 35,452	$ 30,896
Less: Expenditures	5,650	7,476	6,476
Ending Balance	$32,532	$ 27,976	$ 24,420

Note: Columns may not add to totals due to rounding.

Ed C. Rolfs

Representative Ed Rolfs
Subcommittee Chairman

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SUBCOMMITTEE REPORT

Agency: Board of Accountancy Bill No. NA Bill Sec. NA

Analyst: Stanfield Analysis Pg. No. 105 Budget Pg. No. 1-201

Expenditure Summary	Agency Req. FY 83	Governor's Rec. FY 83	Subcommittee Adjustments
State Operations:			
All Funds	$ 127,910	$ 127,363	$ (3,255)
F.T.E. Positions	2.7	2.7	—

House Subcommittee Recommendations

FY 1983. The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. A reduction of $269 in communication costs based upon historical patterns and expenditures to date.

2. A reduction of $2,408 for examination costs based on expenditures to date.

3. A reduction of $578 for travel and subsistence based on historical patterns and expenditures to date.

James E. Lowther

Representative James E. Lowther
Subcommittee Chairman

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SUBCOMMITTEE REPORT

Agency: Board of Accountancy Bill No. 2085 Bill Sec. 2

Analyst: Stanfield Analysis Pg. No. 105 Budget Pg. No. 1-201

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84	Subcommittee Adjustments
State Operations: All Funds	$ 145,178	$ 138,803	$ (2,220)
F.T.E. Positions	3.0	2.7	--

House Subcommittee Recommendations

FY 1984. The Subcommittee concurs with the Governor's recommended expenditures, with the following exceptions:

1. Reduction of $1,866 recommended to provide a 4.0 percent salary increase.
2. Reduction of $654 in communication expenditures.
3. Reduction of $1,200 for rental costs of a copying machine.
4. Increase of $1,500 in capital outlay for purchase of a desk-top copier, in lieu of renting.

The Subcommittee notes that the Board is proposing to increase the examination fees in FY 1984, therefore increasing its projected revenues by $14,850. Since even with the proposed increase in examination fee schedules the Board is not at its statutory limit, should there be a severe drop in projected revenues, fees could be increased even further to offset such. The Subcommittee concurs with the Board's proposal.

The following fee fund analysis is based upon the Subcommittee's recommendations and the Board's proposed fee increase:

Resource Estimate	Actual FY 1983	Est. FY 1983	Est. FY 1984
Beginning Balance	$ 51,335	$ 61,090	$ 45,260
Net Receipts	121,495	108,278	125,884
Total Funds Available	$172,830	$169,368	$171,144
Less: Expenditures	111,740	124,108	136,583
Ending Balance	$ 61,090	$ 45,260	$ 34,561

James Lowther

Representative James E. Lowther
Subcommittee Chairman

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Agency: Board of Healing Arts Bill No. 2085 Bill Sec. 6

Analyst: Rampey Analysis Pg. No. 110 Budget Pg. No. 1-213

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84	Subcommittee Adjustments
State Operations:			
All Funds	$ 319,467	$ 313,683	$ (3,990)
State General Fund	—	—	—
F.T.E. Positions	6.0	6.0	—

House Subcommittee Recommendations

FY 1983. The Governor recommends an expenditure limitation of $273,747, which is the amount estimated by the Board. The Subcommittee concurs with the Governor's recommendation.

FY 1984. The Board requests an expenditure limitation of $319,467 for FY 1984. The Governor recommends expenditures of $313,683, a reduction of $5,784 from the Board's request. The Subcommittee concurs with the Governor's recommendation with the following exception:

1. Delete $3,990 for cost-of-living increases.

Based upon the Subcommittee's adjustments, the ending balance in the Healing Arts Fee Fund will be $295,967 at the end of FY 1983 and $381,916 at the end of FY 1984. In the Subcommittee's opinion, the balances are unnecessarily high. Moreover, the Board recently raised a number of its fees, including the annual renewal fees for medical doctors, osteopaths, chiropractors, and podiatrists (raised from $30 to $50). The fee increases were issued as temporary rules and regulations which became effective January 1, 1983. The rules and regulations will become permanent on May 1. The increased fees are expected to generate additional revenues of $151,000 per year. The Subcommittee recommends that the Board review its resource requirements and consider the possibility of revising its fee structure in order to reduce what the Subcommittee considers an excessive balance in the Healing Arts Fee Fund.

The fee fund analysis is shown below:

Resource Estimate	Actual FY 1982	Est. FY 1983	Est. FY 1984
Beginning Balance	$183,346	$201,714	$295,967
Net Receipts	278,433	368,000	395,642
Total Funds Available	$461,779	$569,714	$691,609
Less: Expenditures	260,065	273,747	309,693
Ending Balance	$201,714	$295,967	$381,916

Lee Hamm

Representative Lee Hamm
Subcommittee Chairman

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Agency: Board of Optometry Examiners Bill No. 2085 Bill Sec. 4

Analyst: Rampey Analysis Pg. No. 126 Budget Pg. No. 1-219

Expenditure Summary	Agency Req. FY84	Governor's Rec. FY84	Subcommittee Adjustments
State Operations:			
All Funds	$ 22,104	$ 21,965	$ (300)
State General Fund	—	—	—
F.T.E. Positions	.3	.3	—

House Subcommittee Recommendations

FY 1983. The Board estimates expenditures of $21,237 for the current year, which is the amount approved by the 1982 Legislature. The Governor recommends expenditures of $21,237, which is the amount estimated by the Board and includes $33 for merit increases. The Subcommittee recommends that $33 be deleted in order to be consistent with the Governor's policy that no merit increases be granted during the current year.

FY 1984. The Board requests an expenditure limitation of $22,104 for FY 1984. The Governor recommends an expenditure limitation of $21,965. The Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. Delete $300 for cost-of-living increases.

In addition, the Subcommittee makes the following observations and recommendations:

1. The Subcommittee calls attention to S.B. 245, as introduced by the Senate Committee on Public Health and Welfare. The bill would, among other things, add a new section to the statutes administered by the Board of Optometry Examiners which would make it possible for a licensee to operate as a department or concession on the premises of a retail or mercantile establishment or to assign and transfer credit accounts to a commercial or mercantile establishment. Currently, rules and regulations of the Board (K.A.R. 65-7-12(3)(4)(5)) prohibit such arrangements. The Subcommittee takes no position on the merits of S.B. 245, but asks the Board of Optometry Examiners to be prepared to explain how the prohibitions contained in the Board's rules and regulations, which would be overturned by the passage of S.B. 245, serve to protect the public.

2. The Subcommittee recommends that the Board revise its procedures by which new licensees are notified that they may begin to practice. Currently, licensees who have successfully completed all of the requirements to practice must wait until their licenses are printed and signed by members of the Board. It has been reported to the Subcommittee that licensees sometimes wait weeks for their licenses to be printed and signed. The Subcommittee recommends that the Board adopt the practice of other regulatory boards whereby licensees are notified by letter that they have completed the requirements to practice and that the letter of notification constitutes a permit to practice until they receive their official license.

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3. The Subcommittee notes that a close relationship exists between the Board and the Kansas Optometric Association, Inc. Currently, complaints concerning optometrists are often referred to the Board by the Association. After reviewing complaints, the Board often refers them to the Association to investigate and resolve. The Subcommittee is aware that close relationships between regulatory boards and professional associations are not unusual. However, the Subcommittee would like for the Board to keep a record and prepare a report on the number of complaints it receives, noting whether the complaints were received directly or referred to it by the Association. In addition, the report should indicate how each complaint was resolved and the extent to which the Association investigated, made a recommendation to the Board, or otherwise participated in the resolution of the complaint. The report should be made available to the 1984 Legislature.

4. The Subcommittee calls attention to the close relationship which exists between certain Optometry Board members and persons employed or contracted for by the Board: The Board member who serves as secretary-treasurer is the husband of the Board's classified employee and the brother of the attorney who represents the Board on a contractual basis. While the Subcommittee finds nothing wrong with this nexus, it does find it unusual.

Based upon adjustments to the Board's budget made by the Subcommittee, the ending balance in the Optometry Board Fee Fund will be $22,583 at the end of FY 1983 and $24,446 at the end of FY 1984. The fee fund analysis is shown below:

Resource Estimate	Actual 1982	Est. 1983	Est. 1984
Beginning Balance	$26,684	$20,258	$22,583
Net Receipts	22,806	23,529	23,528
Total Funds Available	$49,490	$43,787	$46,111
Less: Expenditures	29,232	21,204	21,665
Ending Balance	$20,258	$22,583	$24,446

Representative Jack Shriver
Subcommittee Chairman

Agency: Board of Nursing Bill No. 2085 Bill Sec. 3

Analyst: Rampey Analysis Pg. No. 123 Budget Pg. No. 1-217

Expenditure Summary	Agency Req. FY 84	Governor's Rec. FY 84	Subcommittee Adjustments
State Operations:			
All Funds	$ 445,708	$ 413,190	$ (8,300)
State General Fund	—	—	—
F.T.E. positions	11.0	11.0	—

House Subcommittee Recommendations

FY 1983. The agency estimates expenditures of $409,650 for the current year, which is at the level approved for FY 1983. The Governor recommends a reduction of $22,462 from the Board's estimate. The reductions made by the Governor are in the areas of salaries ($2,462) and travel and subsistence ($20,000). The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Add $2,462 for salaries and wages. The addition would correct a technical error. (The Governor deleted $2,462 for merit increases, but the agency failed to include its merit pool and related benefits in its estimate for FY 1983. Therefore, there was no merit increase to delete.)

2. Delete $6,582 for travel and subsistence. The agency estimates expenditures of $50,582 for travel and subsistence, which was reduced to $30,582 by the Governor. Actual expenditures as of January 27, 1983, totaled $11,969. Based upon those expenditures, the Subcommittee believes an additional reduction could be made and therefor recommends an expenditure of $24,000 for travel and subsistence, a reduction of $6,582 from the Governor's recommendation.

The net effect of the Subcommittee's adjustments is to reduce the Governor's recommendations for the current year by $4,120.

FY 1984. The Board is requesting an expenditure limitation of $445,708. The Governor recommends expenditures of $413,190 for FY 1984, a reduction of $32,518 from the Board's request. The Subcommittee concurs with the Governor's recommendations with the following exceptions:

1. Delete $8,700 for cost-of-living increases.

2. Add $400 for printing an informational bulletin for licensees and health care facilities. The Board's request is, in part, a response to a finding by the Legislative Division of Post Audit in its 1982 sunset audit report of the Board of Nursing. The Division noted a low number of complaints concerning licensees which is reported to the Board and concluded that practitioners and employers may not be aware of proper reporting procedures and what constitutes violations of statutes administered by the Board. The Division recommended the dissemination of "written materials on complaint procedures on a more regular basis among practitioners and

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administrators" in order to make people aware of their obligations to report violations. The Subcommittee expects the Board to use the informational bulletin to carry out this recommendation.

3. Recommend that K.S.A. 74-1106 be amended to delete the provision that the Board shall employ an attorney whose salary shall be paid by the Board. The Board currently uses legal services provided by attorneys in the Attorney General's Office and has no funds budgeted with which to pay an attorney. The amendment to K.S.A. 74-1106 would conform the statutes to what is the current practice of the Board.

The net effect of the Subcommittee's adjustments would be to delete $8,300 from the Governor's recommendations for FY 1984.

Based upon the Subcommittee's adjustments, the ending balance in the Board of Nursing Fee Fund will be $70,507 at the end of FY 1983 and $105,342 at the end of FY 1984. The fee fund analysis is shown below:

Resource Estimate	Actual FY 1982	Est. FY 1983	Est. FY 1984
Beginning Balance	$105,743	$ 94,520	$ 70,507
Net Receipts	345,828	359,055	439,725
Total Funds Available	$451,571	$453,575	$510,232
Less: Expenditures	357,051	383,068	404,890
Ending Balance	$ 94,520	$ 70,507	$105,342

Robert H. Miller

Representative Robert H. Miller
Subcommittee Chairman