

Approved 4-23-86  
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntten at  
Chairperson

8:00 a.m./p.m. on Friday, April 11, 1986 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Jim Wilson, Revisor's Office  
Gloria Timmer, Research  
Laura Howard, Research  
Sharon Schwartz, Administrative Aide  
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Senator Walker  
Senator Daniels  
Jean Sagan, Board of Regents  
Jim Bibb, K. U.  
Sally Cullerton, Department of Corrections  
Tom Vohs, Director of Community Corrections of Wyandotte  
County  
Others present (Attachment A)

Chairman Buntten called the meeting to order at 8:10 a.m.

SB 621 -- concerning scholarships available to medical students; placing limitations on the awarding thereof; concerning repayment obligations; amending K.S.A. 76-374, 76-376 and 76-377a and K.S.A. 1985 Supp. 76-375 and repealing the existing sections.

Senator Walker presented the bill and distributed copies of his testimony (Attachment B). This bill would amend four of the statutes that relate to the state-funded medical student scholarship program. It attempts to make the options a little more flexible, allowing the student to repay his obligation by serving for the state. It also attempts to gradually reduce the program, because of a plentiful supply of students today. A technical amendment was presented (Attachment C). Rick Von Ende, speaking for the Med Center, suggested that language on lines 88 and 89 be revised to include obstetrics and gynecology.

SB 493 -- an act concerning recreation commissions; relating to tax levies thereby. Senator Daniels explained the bill to the committee. This bill deals specifically with city of Sedgwick and will expand the recreation commission board. The bill has no financial implications.

On a motion by Representative Fuller and a second by Representative Mainey, SB 493 was reported favorable for passage.

Chairman turned to final action on HB 2825. Representative Hamm reviewed for the committee the provisions of the bill, which authorizes a full law judge in place of the magistrate judge for Pratt County. Representative Hamm moved that the bill be reported favorable for passage. Representative Shriver seconded and the motion carried.

SB 642 -- an act concerning state educational institutions under the control and supervision of the state board of regents; authorizing the acquisition of insurance required for participation in study abroad programs.

Jim Bibb explained the bill. It provides that contracts for the purchase of insurance required for students abroad, would be exempt from competitive bids. The program is paid for by students who participate since the program was moved from endowment to restricted fee funds.

On a motion by Representative Mainey and a second by Representative Helgerson, SB 642 was reported favorable for passage.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514-S, Statehouse, at 8:00 a.m./~~p.m.~~ on Friday, April 11, 19 86

SB 655 -- an act concerning accident and health insurance; relating to the purchase thereof for certain students by state educational institutions under the control and supervision of the state board of regents.

Jean Sagan appeared for Board of Regents. This bill would authorize purchase of insurance for women who participate in sports at the regents' institutions. This puts in in the statute.

On a motion by Representative Solbach and a second by Representative Helgerson, SB 655 was reported favorable for passage.

SB 742 -- concerning the committee on surety bonds and insurance; authorizing the negotiation of certain insurance contracts; amending K.S.A. 75-4105 and repealing the existing section.

Rick Von Ende explained the bill. The proposal arose from an occurrence relating to liability medical insurance at the Med Center. It gives authorization to negotiate liability insurance for the hospital and health science students in order to obtain more favorable rates. On a motion by Representative Mainey, and a second by Representative Solbach, SB 742 was reported favorable for passage.

SB 168 -- Community corrections, chargebacks, custody.

Sally Cullerton, State Administrator for Department of Corrections, appeared before the committee and explained the purpose and background (Attachment D). The bill proposes to change the current per diem chargeback rate to a rolling 5-year average.

Tom Vohs, Director of Community Corrections of Wyandotte County testified in favor of the bill (Attachment E). He said this change in the chargeback mechanism would make the system more equitable while maintaining a strong incentive to divert non-violent offenders from prison.

SB 764 -- relating to school bonds for LaCygne

SB 765 -- relating to school bonds for Ottawa

SB 766 -- relating to school bonds for Hoisington

SB 767 -- relating to school bonds for Neodesha

Representative Chronister explained the bills for the committee. The bills resulted from a lawsuit that was filed against mail ballot elections and the bills are necessary to prove that those elections are legal. The elections relate to issuance of general obligation bonds.

Representative Heinemann moved that SB 764, SB 765, SB 766 and SB 767 be reported favorable for passage and referred to the Committee of the Whole. Seconded by Representative Chronister. Motion carried.

Meeting adjourned.

Date 4-11-86.

Name	Address	Representing
Tom Vohs	827 Armstrong KS KS	Kansas Community Corrections Assoc Community Corrections of Wy Co
Richard von Ende	Lawrence	Shelburne, Kansas
Tom Maack Kuth	1000 E Hancock Topeka	Kansas Community Corrections Assn Sedalia City Community Corrections
Wan Wyatt	McPherson, Ks	Ks Farmers Union
Bill Fuller	Manhattan	Kansas Farm Bureau
Paul E. Fleaner	Manhattan	Kansas Farm Bureau
Jim Mann	Topeka	Ks Bankers Assoc
Pat Schoter	Topeka	Budget Division
B. J. SABOL	Topeka	KDHE
Leann Sagan	Lawrence	Ed. of Records
James Bihl	Topeka	KU
Cliff Campbell	Belant	Lea.
Maria Davis	Senate	P.D.
Sally Peterson	Ks Dept of Corrections	

April 11, 1986

TESTIMONY ON SENATE BILL 621 BEFORE THE HOUSE WAYS AND MEANS COMMITTEE  
by Senator Jack Walker

Mr. Chairman and members of the House Ways and Means Committee:

Senate Bill 621 is before you as a result of a series of informal meetings held during the 1985 Session between various parties involved directly or indirectly with the administration of the Medical Scholarship Program. Included in the discussions were myself; Secretary Barbara Sabol of Health and Environment, who administers the program; the staff person within Health and Environment who has the day-to-day responsibility for administering the program; Speaker of the House, Mike Hayden; Mr. Rick Von Ende, representing the KU Schools and Universities; Mr. Kirt Erickson, Executive Director of a group of hospitals in Kansas; and Dr. Mike O'Dell, representing the Kansas Academy of Family Physicians.

The discussions took place mainly because there is a growing concern about a number of aspects of the program. Several areas of concern are as follows:

1. The Physician Manpower Situation. The physician manpower situation in Kansas and nationally has changed rather dramatically in the past five years. The Scholarship Program in its original concept was established to address the problem of quantity, distribution, and retention of physicians for Kansas. In 1986 - due partly to the early results of the Scholarship Program for students who have completed Medical School and Residency Training in 1983, 1984, and 1985 - but more directly due to actions which took place in the early 1970's - both nationally and in Kansas we find the situation resolved as far as the number of physicians that are needed in Kansas and to a significant degree with the distributions of physicians in Kansas. Those

*Atch. B*  
*J. Walker 4/11/86* **B**

activities which took place in the early 1970's included a national commitment to producing physicians by doubling the size of all medical school classes, including Kansas; the establishment across the country and certainly in Kansas of family practice residency training programs; establishment of a branch medical school in Wichita; and increased state support and increased numbers of other residency training programs in Kansas. As a result of these activities in the early 1980's both nationally and in Kansas, the problem of numbers of physicians and the geographic distribution of physicians has begun to change rather dramatically.

2. In Kansas, we find ourselves with the Medical Scholarship Program which as of July 1, 1985, had approximately 1273 individuals holding medical scholarships in the pipeline, and at least for the moment 50 additional scholarships available to all future entering classes. The bottom line is that there is a concern about what to do with the outpouring of physicians now in the pipeline, as the physician shortage continues to decline and concern about how much longer the program should be continued.

3. There is concern about administration of the program. The methodology for determining medically underserved areas in the state and critically medically underserved areas is considered by some to be too rigid and tends to restrict the scholarship holder's options to the extent that it may work adversely in addressing the original intent of the legislation and may - in fact - be causing a relative high rate of default (better than 50%).

4. There is concern about the financial investment the State of Kansas has already made and will continue to make in this program.



To date - and including proposed appropriations for FY '87 - approximately \$30,000,000 will have been invested. An additional <sup>#</sup> one to two million will be necessary to meet additional commitments for students currently in Medical School.

Because of the above major areas of concern it was felt that the program needed to be carefully examined and certain efforts be made during the 1986 Legislative Session to begin to address some of the problems that appear to be ahead of us.

Senate Bill 621 does two basic things:

1. It addresses the students now in the pipeline in an attempt to make the options a little more flexible which will allow the scholarship holder to repay his obligation by serving for the State of Kansas.
2. It sets forth a reasonable approach to gradually reducing the program.

FOR THE 1270 PLUS STUDENTS AND PHYSICIANS NOW IN THE PIPELINES  
IT RECOMMENDS THE FOLLOWING CHANGES:

1. It transfers the administrative responsibilities for the program to the Chancellor of the University of Kansas or his designee effective July 1, 1986. Secretary of Health and Environment, Barbara Sabol, is in agreement with this move and Mr. Von Ende, Mr. Slaughter and I agree that this is a more logical approach to administering the program. It continues to require the establishing annually of a list of critically medically underserved areas and medically underserved areas by specialty; it requires continued reporting to the legislature; it establishes an advisory committee to assist the Chancellor or his

designee in the planning and administration of the program; it provides for one additional unclassified staff health planner to assist in carrying out the mandates of the program.

2. It continues to address the students now in the pipeline (1200 plus) in an attempt to make the options a little more flexible which should allow the scholarship holder to repay the obligation by serving the State of Kansas. It does so by implementing the following changes:

A. It permits flexibility for Type I Scholarship holders prior to July 1, 1986, to meet a part of their scholarship obligation (tuition only) by serving a medically underserved area. Currently the Type I Scholarship holder must serve in a critically medically underserved area to have his/her entire obligation met. There is no provision for serving in just the medically underserved area and having a part (tuition) of the obligation met.

B. Permits flexibility by allowing a scholarship holder to establish his/her main base of practice with a group or alone in a county which is not underserved, but agrees to an affiliation agreement approved by the Chancellor of the University of Kansas or his designee that he/she would practice a reasonable amount of time in a county which is currently underserved or critically underserved. Such an arrangement would forgive the tuition portion on any obligation. We believe that there are at least ten to twelve underserved or critically underserved areas in Kansas where such an arrangement would be beneficial to the area and also assist the student in a more flexible arrangement for repaying a part of their scholarship obligation.

C. Permits a recipient of a medical scholarship to

satisfy the scholarship obligation by serving full time as a faculty person in an approved Kansas Family Practice Residency Program.

The bill also suggests changes which address the next two years of the program as follows:

1. Effective July 1, 1986, reduce the number of scholarships to 25 annually for two academic years (7/1/86 and 7/1/87).
2. Defines by contract the professional commitment that the scholarship holder must make to be eligible for the scholarship effective 7/1/86.
  - A. Must agree to enter a primary care medical specialty (primary internal medicine, primary pediatrics, family practice).
3. Defines the locale in Kansas which the scholarships awarded after 7/1/86 agree to enter the full-time medical practice to have the obligation forgiven.
  - A. Must agree to enter practice in a Kansas community of under 12,000 population - excluding the four urban counties.
4. Establishes a penalty for default of the contract obligation which requires repayment of the financial obligation with accrued interest in full within 90 days of default.
5. Sets the interest for monies advanced for scholarships awarded after 7/1/86 at 10% annually.

Note: The current SB 621 before you removes any sunset provision. The 1987 and/or 1988 Legislature can examine the program and determine how they wish to handle the program beyond the next two entering classes and if they so desire to consider the establishment of some type of



Testimony on SB 621  
by Senator Jack Walker  
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loan fund from the Medical Student Repayment Fund.


I believe there is consensus now, at least among myself, Mr. Slaughter, Mr. Von Ende, and Secretary Sabol, that the changes suggested in the version before you are reasonable, timely, and will address some of the growing concerns about some aspects of the program at this point in time. The program will continue to be carefully monitored and suggestions for additional additions, deletions, etc., can be brought before the Legislature on an annual basis as needed.

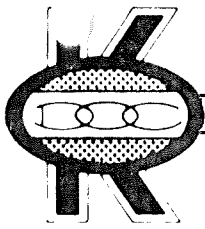
PROPOSED CLEANUP AMENDMENTS TO S.B. NO. 621

On page 6, in line 231, by striking "and" and inserting in lieu thereof a comma; also in line 231, after "(3)" by inserting "and (4)";

On page 7, by striking all in lines 247 to 252, inclusive, and inserting in lieu thereof the following:

"(2) Any person first awarded a scholarship after December 31, 1985, who fails to apply for and enter an approved three-year primary care postgraduate residency training program shall be required to repay all moneys received pursuant to an agreement entered into for any such scholarship, plus accumulated interest at an annual rate of 10%, within 90 days of graduation from the school of medicine."

*Atch. C*  
*D. Adam 4/11/86* 



# KANSAS DEPARTMENT OF CORRECTIONS

JOHN CARLIN — GOVERNOR

RICHARD A. MILLS — SECRETARY

JAYHAWK TOWERS • 700 JACKSON • TOPEKA, KANSAS • 66603-3798  
913-296-3317

**TO:** REPRESENTATIVE WILLIAM BUNTEN, CHAIRMAN  
HOUSE WAYS AND MEANS COMMITTEE

**FROM:** RICHARD A. MILLS, SECRETARY OF CORRECTIONS

**RE:** SENATE BILL 168

**DATE:** April 11, 1986

## PURPOSE:

Senate Bill 168 contains three proposed changes in the Community Corrections chargeback mechanism. Each of these amendments makes the chargeback mechanism more equitable while continuing a strong incentive to divert appropriate offenders from the prison system.

- I. The proposed amendment would change the current per diem chargeback rate to a rolling five year average.
- II. The proposed amendment provides that the per diem charge will terminate when an individual is paroled and will not resume on that commitment if the offender is reincarcerated on a revocation.
- III. Finally, the proposed amendment would provide that one half of the per diem rate is charged to a Community Corrections county when an individual is sentenced from both a participating and non-participating county.

## BACKGROUND:

I. Currently, the per diem chargeback rate is based on the previous fiscal year's cost of confinement and rehabilitation of an offender. This policy submits the counties to significant yearly fluctuations in the amount of funds available for program operation. This fluctuation in the cost of confinement is not related to a Community Corrections program's performance. Hence, a county can actually maintain or improve its performance and receive less money than the previous year with which to operate already established programs.

For example, if all other factors are constant, a decrease in prison population would result in an increase in the per diem chargeback rate. Similarly, if the prison population remains constant and the Department reduced over-crowded conditions through expanding facilities, the per diem cost of confinement would increase.

The chargeback has been demonstrated to be a strong disincentive to incarceration. However, there is no demonstrable evidence that an ever increasing chargeback rate contributes to improved program performance. It does, however, increase program instability, seriously hamper fiscal planning, and can lead to program and/or staffing cuts as the per diem rate escalates. As comparison, it is important to note that the juvenile chargeback rate set in 1978 remains in place and continues to be a strong disincentive without yearly increases.

*Atch. D*  
*R. Mills 4/11/86*

The per diem rate has consistently risen since the Community Corrections legislation was established in 1978.

Below, please see the yearly per diem rates.

<u>FY</u>	<u>*Cost</u>	<u>FY</u>	<u>*Cost</u>
1978	24.02	1982	29.39
1979	24.45	1983	30.11
1980	27.49	1984	28.00
1981	29.20	1985	29.48

\*Includes the cost of capital outlay, salary and wages, contractual services, and commodities.

FY1984 was the only year a decrease was experienced and this decrease was an anomaly. An example of how the increasing chargeback rate affects urban programs is Sedgwick County. Due to the \$1.48 per diem increase from 1985 to 1986, the program has \$53,280.00 less for operation with the same number of chargeback days budgeted as the previous year. A second urban county, Wyandotte has \$29,600.00 less.

A rolling five year average would continue to be reflective of incarceration costs while leveling out the negative impact of significant increases in the yearly incarceration cost. For example, if the proposed change were in effect for CY1986, the average would be taken for years 1981-1985 making the per diem rate \$29.24 rather than \$29.48. As an example, this would have allowed Sedgwick County \$8,640.00 and Wyandotte County \$4,800.00 more for program operation.

II. The Community Corrections Act requires charging for all chargeback category prison admissions including those offenders returned to the Department of Corrections by the Kansas Parole Board on technical parole violations. Chargebacks are intended to provide an incentive to maintain in the community those offenders who come under local control. The Advisory Board by statute includes officials who influence local sentencing decisions (ie. the administrative judge, district attorney, probation officer, sheriff). It is not a local decision when a technical violator is revoked and returned to prison. Therefore, this charge does not serve as an incentive to divert offenders as the chargeback mechanism is designed to do. The proposed amendment would exempt the counties from charges when the Kansas Parole Board, over whom Community Corrections has no control, recommit such offenders.

III. Currently, participating counties are charged the full per diem chargeback rate when both a participating and non-participating county commit an offender. If a non-participating county commits an offender, that offender will go to prison regardless of what the participating county does. If a non-participating county first sentences an offender to the Department of Corrections, the district court in the participating county is very unlikely to grant a paper probation to an offender who will be serving a sentence anyway.

Charging one-half of the per diem rate would still provide an incentive to the programs to grant probation while acknowledging the fact that sentencing in the other county is of equal importance in diverting an offender.



## COMMUNITY CORRECTIONS OF WYANDOTTE COUNTY

827 Armstrong  
Kansas City, Kansas 66101  
(913) 321-1666

TO: House Committee on Ways and Means

FROM: Tom Vohs, Director of Community Corrections of Wyandotte County  
President Kansas Community Corrections Association

RE: Senate Bill 168

DATE: April 10, 1986

I am testifying in favor of Senate Bill 168 because it promotes the long-term stability of Community Corrections Programs by making the chargeback system more equitable.

Since 1978 the per diem cost of incarcerating an adult in Kansas has increased 23%. Community Corrections Programs have no control over these increases and program entitlements do not take them into account. In Wyandotte County a per diem increase of \$1.50 would result in approximately \$30,000.00 less for programming in the subsequent year. A rolling five year average is being proposed to lessen the negative impact of annual per diem increases.

Senate Bill 168 also proposes to eliminate charges for technical parole violators. There are currently seven offenders committed from Wyandotte County that are in this category. Community Corrections Programs do not have any control over nor can they affect Kansas Parole Board revocation decisions. For these reasons it does not seem appropriate to penalize Community Corrections Programs for technical parole violators.

Community Corrections Programs are currently charged the full per diem rate when both participating and non-participating counties commit an offender. Changing the charge to one-half the per diem rate is more appropriate because it assesses penalties according to degree of responsibility.

The changes proposed in Senate Bill 168 are necessary adjustments to the chargeback mechanism. They make the system more equitable while maintaining a strong incentive to divert non-violent offenders from prison.

TV/ty  
cc: file

*Atch. E*  
*H. W. W. 4/11/86*

**Productive Solutions** for Victims, Offenders and the Community

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