

Approved 3-16-87
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Vice Chairman Rochelle Chronister at
Chairperson

12 Noon a.m./p.m. on Tuesday, March 10, 1987 in room 514-S of the Capitol.

All members were present except: Representatives Buntin, King and Wisdom (all excused)

Committee staff present: Gloria Timmer, Legislative Research
Diane Duffy, Legislative Research
Jim Wilson, Revisors Office
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Gary Stotts, Division of the Budget
Lyell Ocobock, Pooled Money Investment Board
Representative Bill Bryant
Dr. Earl Gatz, Secretary-Treasurer, State Board of
Veterinary Examiners
Art Griggs, Department of Administration
Guest List (Attachment 1)

HB 2466 -- an act concerning the Kansas veterinary practice act; authorizing State Board of Veterinary Examiners to employ an executive director; authorizing certain fees; amending K.S.A. 47-821 and 47-822 and repealing the existing sections.

Representative Ott explained the purpose of the bill, which allows Kansas State Board of Veterinary Examiners to hire either a full time or part time Executive Director. Dr. Earl Gatz addressed the committee and asked for support of the measure. He said that a veterinary in private practice simply does not have the time to devote to this responsibility. Dr. Gatz has held the position for many years, but feels that he does not have time to investigate complaints and keep up with what's going on. Representative Bryant appeared in support of the bill and presented a proposed amendment (Attachment 2) concerning fees for institutional licenses for instructors at state schools. It was inadvertently omitted from the bill.

Representative Ott moved that the amendment be adopted. Representative Heinemann seconded. Motion carried. A technical amendment was brought to the committee's attention - on line 88, should be changed to subsection d.

Representative Ott moved that HB 2466, as amended, be recommended favorable for passage. Seconded by Representative Fuller. Motion carried.

SB 162 -- an act relating to state tax levies for institutions; concerning the imposition and disposition thereof; amending K.S.A. 1986 Supp. 76-6b04, 76-6b09 and 79-5109 and repealing the existing sections.

Gary Stotts explained the bill which would split the property tax levy to allow correctional institutional building fund a gain of \$2.155 million in FY 1988 and \$933,625 in FY 1989. The funds would be used for capital improvements. After brief committee discussion, Representative Miller moved that SB 162 be recommended favorable for passage. Seconded by Representative Dyck. Motion carried.

HB 2250 - concerning the pooled money investment board; relating to repurchase agreements.

Lyell Ocobock addressed the committee in support of HB 2250 (Attachment 3). The change in statute was requested by the PMIB which allows them to transact repurchase agreements direct with the national primary dealers. Current law limits such investments by the board to be made through a Kansas bank. No action was taken by the committee.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,

room 514-S, Statehouse, at 12 Noon a.m./p.m. on Tuesday, March 10, 1987

HB 2478 -- allowances for official travel by certain public officers and employees, authorized out-of-state travel.

Art Griggs, Department of Administration addressed the committee in explanation (Attachment 4). This bill came out of the Economic Development Committee. It relates to lodging expenses and the procedures for claiming out-of-state expenses. The measure would apply to all state agencies and would permit an agency head to approve reimbursement of actual lodging Expenses in excess of the current limit. No action taken by committee.

Chairman moved to HB 2383 for consideration of final action on the bill. It was originally heard by this committee on 2-26-87. Representative Vancrum briefed the committee on the provisions of the bill and moved that HB 2383, as amended, be recommended favorable for passage. It was seconded by Representative Lowther. Motion carried.

HB 2384 -- concerning admissions standards for educational institutions under the regents. This bill was also heard originally on 2-26-87. Representative Vancrum reviewed for the committee the contents of this bill. It would give Board of Regents the discretion to set standards at any of the state universities. It's primary intent is to address the relatively high academic withdrawal rate of students. Representative Duncan agreed with the standards issue, but expressed concern about the required high school curriculum, one being the requirement for a high school student to have had foreign language. Representative Vancrum closed on his motion and a show-of-hands vote was taken. The motion carried with 11 voting aye and 9 voting no.

Chair turned back to HB 2250 (see page 1) and asked the committee's pleasure on the bill. Representative Heinemann moved that HB 2250 be recommended favorable for passage. Representative Ott seconded. Motion carried.

Meeting adjourned at 2:45 p.m.

GUESTS

Date 3-10-87

Name	Address	Representing
Alan Steppat	Topeka	McGill & Assoc.
Tom Shunk	✓	
Susan Duffly	Topeka	Budget Division
Earl E. Antz per	Pratt	Bd of Vet Examiners
George B. Marchel dom	Overbrook, Ks	✓ ✓ ✓
Art GRIGGS	Topeka	Dept. of Adm.
Tom Lumb	Topeka	Gov's Office

0046 such professional, clerical and special personnel as shall be
0047 necessary to carry out the provisions of this act ~~and~~. The board
0048 shall fix the compensation of such personnel, who shall be in the
0049 unclassified service under the Kansas civil service act. Under the
0050 supervision of the board, the executive director shall perform
0051 such duties as may be required by law or authorized by the
0052 board.

0053 (6) Purchase or rent necessary office space, equipment and
0054 supplies.

0055 (7) Appoint from its own membership one or more members
0056 to act as representatives of the board at any meeting within or
0057 without the state where such representation is deemed desir-
0058 able.

0059 (8) Authorize any member of the board to sign complaints for
0060 the bringing of proceedings in the courts for the enforcement of
0061 this act.

0062 (9) Adopt rules and regulations for the training, certification
0063 and limits of activity for assistants being trained and employed
0064 under the direct or limited supervision and responsibility of a
0065 licensed veterinarian.

0066 (10) Adopt such rules and regulations, not inconsistent with
0067 law, as may be necessary to carry out the purposes of this act and
0068 enforce the provisions thereof.

0069 (11) Have a common seal.

0070 (b) The powers of the board are granted to enable the board
0071 to effectively supervise the practice of veterinary medicine and
0072 are to be construed liberally in order to accomplish such objec-
0073 tive.

0074 Sec. 2. K.S.A. 47-822 is hereby amended to read as follows:
0075 47-822. (a) The fee for an application for a license to practice
0076 veterinary medicine in this state, as required by K.S.A. 47-824
0077 and amendments thereto, shall be not less than \$50 \$100 nor
0078 more than ~~\$150~~ \$250, as fixed by the board as provided in
0079 subsection ~~(c)~~. (d)

0080 (b) The annual fee for renewal of license required under
0081 K.S.A. 47-829 and amendments thereto shall be not less than \$5
0082 \$20 nor more than ~~\$25~~ \$75, as fixed by the board as provided in

(d) ~~0083 subsection (c)~~.

(d) ~~0084 (c)~~ The board shall determine annually the amount necessary
0085 to carry out and enforce the provisions of this act and shall fix by
0086 rules and regulations the license fee and the renewal fee within

and (c) ~~0087 the limitations provided in subsections (a) and (b)~~ of this section.

(e) ~~0088 (d)~~ The fees established under this section immediately prior
0089 to July 1, 1982, shall continue in effect until different fees are

(e) ~~0090 fixed by rules and regulations in accordance with subsection (c)~~.

0091 Sec. 3. K.S.A. 47-821 and 47-822 are hereby repealed.

0092 Sec. 4. This act shall take effect and be in force from and
0093 after its publication in the statute book.

(c) The fee for institutional licenses for instruc-
tors at state schools, as provided in K.S.A. 47-827 and
amendments thereto shall not be less than \$50 nor more
than \$100 as fixed by the board as provided in subsec-
tion (d).

Attachment 2 3/10/87
House Appropriations

DATE: March 10, 1987

TO: House Committee on Appropriations

FROM: Lyell D. Ocobock, Executive Officer, Pooled Money Investment Board

RE: Testimony on HB 2250

Mr. Chairman and Members:

I appreciate this opportunity to explain why we have requested this change which would allow us to transact repurchase agreements direct with the national primary dealers. Current law limits such investments by the board to be made through a Kansas bank.

A repurchase agreement (commonly called repo) is a short term investment wherein the investor buys securities which the seller agrees to buy back on a specified date for the same price, plus paying a specified interest rate of return. All such investments by this board are in securities guaranteed by the U.S. Government or agencies thereof, which are delivered versus payment to our state active account bank (currently Merchants National Bank, Topeka) through the Federal Reserve wire and book entry system. Upon receipt by our active account bank, the securities are then transferred into the state treasurer custodial account at the Federal Reserve Bank of Kansas City, where they are held until the repurchase date, then reversed through the active account bank for delivery versus payment.

Current policy of the Pooled Money Investment Board limits the term of repo investments to one day except for multiple day terms for weekends and holidays. Board policy also provides that securities purchased shall have a final maturity date of no more than three years and have a market value of at least equal to 100% for maturities up to one year and 103% for maturities from one to three years. Furthermore, board policy provides that the Kansas bank may transact our repo business only with a prime dealer.

A prime dealer is a firm dealing in U.S. Government securities that has been approved by, and reports daily to, the market reports division of the Federal Reserve Bank of New York.

Repurchase agreement investment authority has proven to be a very valuable and necessary investment instrument in our cash management. Two repos are transacted every day which allows us to have all moneys available for investment to be invested at all times, and the yields have consistently run higher than the yields on 91-day U.S. T-bills. Interest earnings from repos for the general fund only in FY 86 were \$6,839,000.00.

It is my understanding that at the time the law authorizing investments in repos was enacted in 1975, it was the perception of many that by limiting such investments to only with Kansas banks the effect would be to keep the money in the Kansas economy. In truth, except for very small portions, due to the nature of the investment the only market is with the large securities dealers primarily in New York City. Consequently when we currently transact a repo with a Kansas bank, the state moneys move through the Kansas bank to the New York securities market. The

state's earnings on the transaction are reduced by the spread on the interest rate taken by the bank to cover its costs and profit margin.

During the eleven years we have been transacting repurchase agreements, the board has had an open invitation for the Kansas banks to participate in our competitive bid program. Most of the largest banks in the state have from time to time participated with as many as six participating at one time. In recent years, however, there has been a declining interest demonstrated and expressed by the banks, primarily due to their lower earnings ratio compared to other earnings of the bank, to the point that as of January 1st of this year, we have only one bank bidding on our large daily repo, obviously negating our opportunity for maximizing earnings through the competitive process. Our real concern, however, is the fact that the possibility exists that we could, at some time in the future have no banks participating. This is to take nothing away from the tremendous service the Kansas banks have provided us over the past eleven years, and we would hope the banks would be able to continue to compete for our repurchase agreements.

One last item of importance is the Federal Reserve Bank has proposed some policy changes pertaining to daylight overdrafts which they plan to make effective in March 1988 that would nearly negate the possibility of transacting our repos through an intermediary.

I have estimated that the proposed amendments would provide additional income to the general fund only, in an amount of at least \$150,000.00 annually.

LDO:rk



DEPARTMENT OF ADMINISTRATION

State Capitol
Topeka 66612-1572
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H. Edward Flentje, *Secretary*

March 10, 1987

MEMORANDUM

TO: House Appropriations Committee
 FROM: Art Griggs, *Asst* Assistant Secretary of Administration
 SUBJECT: House Bill 2478

The following comments discuss the first two sections of H.B. 2478:

Section 1 - Travel Expenses of State Employees - K.S.A. 75-3207a. Current regulations on travel expenses have limits on the amount paid for lodging and meal expenses. In general, the per day lodging maximums are as follows:

IN-STATE

Shawnee, Sedgwick, Johnson and Wyandotte Counties	\$50.00
Other Kansas Counties	40.00

OUT-OF-STATE

Designated High Cost Areas	\$85.00
District of Columbia and Borough of Manhattan, New York	98.00
Other out-of-state areas	60.00

Meal allowances are posed on a per quarter-day rate as follows:

In-state	\$4.00
Out-of-state	4.50
Out-of-state, High Cost Areas	5.50

While the regulations attempt to provide equitable and reasonable policies, they may not adequately address every travel situation. For instance, when a conference or meeting is held in a particular lodging or convention facility, it may charge more than the maximum reimbursement rate allowed.

The amendments would permit an agency head to approve reimbursement of actual lodging expenses in excess of the current lodging expense limits.

We respectfully request that you consider the adoption of these amendments.

Section 2 - Out-of-State Travel Approvals - K.S.A. 75-3208. The current law has been in effect since 1937 and requires the officer who appointed the head of a department to approve any out-of-state travel. For Regents institutions, the travel requests are sent to the Board of Regents' office. For most other executive branch state agencies, the requests are sent to the Governor's office. The written approval process can be very time consuming, particularly for requests coming from state agencies outside Topeka.

For the executive branch, the proposed amendments provide for travel approval by the head of the state agency or state institution, or such individual's designee; however, the officer or board that appointed the head of the agency or institution can prescribe a different approval process. Similar provisions address the judicial and legislative branches.

The Department of Administration is supportive of the enactment of H.B. 2478

AHG:jDeS