

Approved March 21, 1988
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at
Chairperson

11:00 a.m./~~xxx~~ on March 2, 1988 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Scott Rothe, Laura Howard, Robin Hunn, Alan Conroy,
Ed Ahrens

Revisor's Office: Norman Furse

Committee Staff: Judy Bromich, Pam Parker

Conferees appearing before the committee:

SB 572 - Appropriations for FY 1989, public health and welfare agencies
and homestead property tax refunds. (Continuation)

In regard to the Senate Subcommittee Recommendation for item number eleven under SRS for FY 1989, Senator Winter made a motion requesting a study by Legislative Post Audit concerning the hospital reimbursement system and the hospital rate appeal process. Senator Kerr seconded the motion which carried on a voice vote.

Following the completion of the Chairman's review of the Subcommittee Recommendations for SRS, FY 1989, Senator Feleciano made a motion asking *the Committee to reconsider its action on his motion during the previous meeting regarding item number five of the Recommendations under SRS, FY 1989, concerning the LIEAP utility assistance program for FY 1989 and add a second amendment to the Subcommittee Report on SB 572 to take the funds from the Warner Amendment Oil Overcharge funds and add \$2.8 million. The motion was seconded by Senator Gaines and following further discussion, the motion carried.

Senator Feleciano offered a motion to amend the Subcommittee Report on SB 572 by directing SRS to submit information to the Legislature containing data from Kansas Power and Light which reports the highest energy user residences. Senator Gaines seconded the motion and following further discussion, the motion carried.

Senator Feleciano made a motion to amend the Subcommittee Report on SB 572 by adding the recommendation as per the recommendation from the Interim Proposal No. 26 that the policy of including organ transplants under the Medical Assistance program be added to the Report. Senator Gaines seconded the motion and following further discussion, the motion passed.

Senator Gaines moved, Senator Winter seconded, the request for a study to be done by the Legislative Post Audit Division relating to the Community Service Block Grant. The motion passed.

Al Nemec, Commissioner, Mental Health/Mental Retardation Services, gave a brief report on the status of the decertification of Topeka State Hospital (TSH) which is effective this date. He noted the survey team cited TSH for medical records not being updated and current with appropriate physician entries. Additionally, he stated that TSH was cited for an insufficient number of Registered Nurses.

The Chairman announced that the Committee would finish consideration of SB 550 and SB 572 at the next meeting.

Senator Doyen moved, Senator Gaines seconded, the introduction of bill draft 7 RS 2648, an act relating to cities; concerning the annexation of land and prescribing certain limitations thereon. The motion carried on a voice vote. The meeting was adjourned.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim and are reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: 3/2/88

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
John Schmidt	Topeka	SRS
Gerry Hinton	"	"
George A. Dinger	"	Ks Dept on Aging
John Stahl	Wichita	KAPS
Dr. Ronald Harper	Topeka	KDOA
Alice Knott	"	KDOA
Lewis Allen	"	KHCA
Mary Ann Bradford	"	League of Women Voters
Jan Johnson	Topeka	Budget Division
James A. Power	"	KDHE
Laura Eiler	"	KDHE
H. K. Hallett	Topeka	KDHE
Mark Intermill	Topeka	KCOA
Nancy Kubman	Topeka	KCC
Bonnie Story	Olensburg	NASU/Wash Bureau
Arthur Schuman	Topeka	KDHE
Julie Blotz	Topeka	ACMICK
Bob Meinen	Top	KWTP'S
Oliver J. Glass	"	Sen Match
Melissa L. Ness	Topeka	KCSL
Ann Hebbinger	Topeka Wichita Park	LWVK
Ric Silber		DOB
Ron Smith	Topeka	KCSA
DICK HUMMEL	TOPEKA	KHCA
James	Topeka	KPL
Rick Kready	"	"
John Strickler	"	GOVERNOR'S OFF
		SWAM 3-2-88

Kansas Legislative Research Department

March 1, 1988

LOW INCOME ENERGY ASSISTANCE PROGRAM

There are various options for the Low Income Energy Assistance Program (LIEAP) in FY 1989. Due to recent federal cutbacks, there is a projected shortfall in LIEAP funds of \$2.8 million in FY 1989. This shortfall takes into account the Governor's recommendation to spend \$3,708,670 in oil overcharge funds on the LIEAP program in FY 1989. It should be noted that the projected shortfall of \$2.8 million does not take into account any possible further reductions in the LIEAP block grant in federal FY 1989. The President's budget recommends a 24 percent reduction in the LIEAP block grant in federal FY 1989. If the President's recommendation were enacted, Kansas would face an additional shortfall of approximately \$2.1 million for the LIEAP program. (There would also be additional shortfalls for other programs financed from the LIEAP block grant, such as Weatherization and the HomeCare program.) The President's budget notes "This reduction recognizes the hundreds of millions of dollars in oil overcharge settlements available to States for these purposes."

1. Eliminate Summer Cooling Program

This program is for approximately 23,000 elderly and handicapped individuals. According to SRS, the summer cooling program provides an average benefit of \$114 per household and Kansas is one of only five or six states that provides a summer cooling program. SRS reports that this alternative is the most administratively cost efficient, since summer help, postage, and printing costs could be avoided. Elimination of this program would provide approximately \$2.8 million to offset the shortfall.

2. Lower Eligibility Standards

Federal regulations for the LIEAP program allow a maximum eligibility standard of 150 percent of the federal poverty level or 60 percent of the state's median income level, whichever is greater. In the past, Kansas has used the maximum standard of 60 percent of the state's median income. Federal regulations also do not allow states to set eligibility standards below 110 percent of the federal poverty level. If the standard were lowered to 110 percent of the federal poverty level, an estimated 12,803 households would be eliminated from the program which would produce savings of approximately \$2.8 million.

If the eligibility standard was changed to 125 percent of the federal poverty level, an estimated 7,557 households would be eliminated from the program which would produce savings of approximately \$1.5 million.

SRS states that additional administrative funding of approximately \$325,000 would be necessary if the summer program were retained. This administrative funding could be provided through non-Warner funds or the State General Fund.

3. Benefits Could Be Reduced

If only winter benefits were reduced, a reduction of approximately 22 percent would be necessary to generate \$2.8 million. This would reduce the average winter LIEAP benefit from the current \$217 to approximately \$168, or a reduction of \$49 per household.

If both winter and summer benefits were reduced, a reduction of approximately 19 percent would be necessary to generate \$2.8 million. This would reduce the average LIEAP benefit from the current \$217 to approximately \$176, or a reduction of \$41 per household. The average summer benefit would be reduced from \$114 to \$92, or a reduction of \$22 per household. It should be noted that there are higher administrative costs if both the summer and winter program are operated. SRS already faces a shortfall in administrative funding for LIEAP in FY 1988 and FY 1989. To continue the summer program in FY 1989 would cost an estimated additional \$325,000 for administration, which would have to be financed from the State General Fund or non-Warner funds.

4. Additional Oil Overcharge Funds Could Be Provided for the LIEAP Program

Additional Oil Overcharge funds could be provided to maintain the current LIEAP program. If the Warner funds were used, this would reduce the FY 1989 ending balance in the Oil Overcharge Warner funds from \$14,849,930 to \$12,044,072. This option would also require approximately \$325,000 from non-Warner funds or the State General Fund for administrative costs of the summer program.

5. Combinations

Various combinations of the above approaches could also be developed. For example, eligibility could be reduced to 125 percent of the federal poverty level and benefits (summer and winter) could be reduced by an average of 10 percent to generate the \$2.8 million savings. This would result in an average winter benefit of approximately \$195 and an average summer benefit of approximately \$103. This option would also require the additional funding for administrative costs of the summer program.

LIEAP.RH/sls