

Approved 5-15-89
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Buntin at
Chairperson

10:00 a.m./~~P.M.~~ on April 20, 1989 in room 514-S of the Capitol.

All members were present except: Representatives Fuller, Kline, Wisdom and Vancrum
(all excused)

Committee staff present: Ellen Piekalkiewicz, Debra Duncan, Karen DeViney,
Diane Duffy, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Bill Graves, Secretary of State
William Barnes, PhD., Overland Park, Kansas
Jeaniea Green, Kansas City, Kansas
Charles Walker, Topeka heart transplant recipient
Marlin Rein, University of Kansas Medical Center
Ed Reed, Lawrence, Kansas
John Alquest, Commissioner, Income Maintenance and Medical Services, SRS
Susan Irza, Director of Personnel Services, Department of Administration
Dr. James Owen, First Presbyterian Church, Topeka, Kansas
Marc Lahr, President, Historic Topeka, Inc.
Ernie Mosher, Executive Director, League of Kansas Municipalities
Mark Bannister, Associate General Counsel, Kansas Board of Regents
Jamie Corkhill, Attorney, Child Support Enforcement, SRS
Gary Stotts, Department of Corrections
Richard Gannon, Executive Director, Kansas Board of Healing Arts
Chip Wheelen, Kansas Medical Society
Duane Johnson, State Librarian
Jim Swan, Great Bend, Kansas
Glenn Plaisted, Director, Northeast Kansas Library System
Jim Marvin, Director, Topeka Public Library
David Hanson, Kansas Library Association
Claire McCurdy, Chief Counsel, Kansas Department on Aging

Others attending: see attached list.

Chairman Buntin announced that SB 365 (Supervision of masters level psychologist) and SB 377 (Regents institutions payroll deductions plan) have been removed from the agenda for today's meeting.

INTRODUCTION OF BILLS

Secretary of State Bill Graves requested introduction of a bill to increase the Uniform Commercial Code fees from \$3 to \$6 for a standard filing and from \$5 to \$6 non-standard filing, to impose a charge of \$1 for additional pages attached to the filings, and to increase the search fee from \$5 to \$8. He stated projected revenues to the fee fund are declining and these increases will enable the fund to cover budgeted expenses for FY89 of \$688,207 (Attachments 1 and 2). A draft of the proposed statute changes was distributed to the members (Attachment 3). Representative Chronister moved introduction of the bill. Representative Teagarden seconded. Motion carried.

HB 2191 - Heart transplants a covered procedure under state medical care plan for needy persons.

Chairman Buntin noted that the fiscal note on HB 2191 was \$2.3 million State General Fund for FY90, but it has been determined that this estimate is high.

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William Barnes, PhD., Overland Park, testified in support of HB 2191. He has received a heart transplant and strongly supports making this procedure available to needy persons.

Jeaniea Green, Kansas City, Kansas, wife of a heart transplant candidate, appeared in support of HB 2191. She stated the average person cannot afford the cost of a transplant.

Charles Walker, Topeka heart transplant recipient, testified in support of HB 2191. He stated the fiscal note on the bill is based on 25 heart transplants in FY90; however, in 1988, the Midwest Organ Bank procured only 31 hearts and eleven of those went to Kansas. Mr. Walker stated his costs for medicine the first year were approximately \$12,000. His average cost for medication is currently \$12/day, but he noted \$20/day would be realistic for other transplant patients.

Marlin Rein, University of Kansas Medical Center (KUMC), testified that KUMC performed its first transplant in 1984. Since that time the number of transplants per year has leveled off being limited by the availability of organs. He noted consideration of this issue is twofold--the initial cost of the procedure and the post surgery cost of medication estimated at \$10,000-12,000 per year. Mr. Rein pointed out that when this procedure is performed at KUMC, the total cost is credited to the Hospital Revenue Fund. In response to a question, Mr. Rein estimated the average cost of the procedure at \$80,000, however this may not include the physician's fee.

Ed Reed, Lawrence, appeared in support of HB 2191 and provided statistics from the Midwest Organ Bank. There are 40 states that pay for heart transplants. Last year the Midwest Organ Bank had approximately 30 hearts available. Mr. Reed stated the average working person could not afford this procedure without insurance or other financial assistance.

John Alquest, Commissioner, Income Maintenance and Medical Services, SRS, testified in opposition to HB 2191 on the basis of the estimated cost per transplant of \$150,000 to \$230,000 (Attachment 4). He noted that in funding this program, other desired services in the Medicaid program must continue to be excluded. He expressed concern at the gap in reimbursement rates paid under Medicaid and how this affects access to service. In addition, there is no adult dental program under Medicaid. Mr. Alquest believes Medicaid can only pay for heart transplants performed in certified Medicare facilities and there are currently none in Kansas. In response to a question, Mr. Alquest stated he believes most insurance policies now cover heart transplants. It was noted if the bill passed, all cases would not be eligible for full coverage, as some spenddown may be required for Medicaid assistance.

Marlin Rein, KUMC, advised that to be certified by Medicare for heart transplants a facility must perform 12 procedures per year and KUMC has not been certified for this reason.

SB 350 - Health care employees at medical center designated by board of regents to be in unclassified service.

Marlin Rein, KUMC, appeared in support of SB 350 and stated the bill would broaden the groups of employees within the Board of Regents institutions that would fall within the unclassified service by the creation of a new class titled "health care employees" at the University of Kansas Medical Center (Attachment 5). This legislation

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was requested by the Medical Center in an effort to maintain a competitive position in the metropolitan Kansas City area regarding recruitment and retention of health care employees. One problem is that under current unclassified services, the Medical Center is unable to offer shift differential or overtime pay which are standard in the health care industry. If this legislation passes, Mr. Rein stated the Medical Center would develop an unclassified personnel program initially for medical technologists and technicians, then for registered nurses and LPN's, and finally for respiratory therapists. Under this bill the Board of Regents will have to provide the same assurances for the employees who are unclassified as they now have under civil service.

To make SB 350 less broad, Mr. Rein suggested the Committee could establish a new class of health care worker and then designate the specific workers to be included in the new class.

Susan Irza, Director of Personnel Services, Department of Administration, appeared in opposition to SB 350 and provided written testimony outlining the concerns of the Department of Administration (Attachment 6). Ms. Irza suggested that KUMC's concerns are better addressed through the implementation of Phase IV than establishing the additional outside personnel system authorized in SB 350. The meeting was recessed for lunch.

Afternoon Session

Chairman Bunten reconvened the meeting at 1:40 p.m.

SB 393 - Exchange of land authorized between state of Kansas and Presbyterian church.

Dr. James Owen representing the First Presbyterian Church appeared in support of SB 393 and provided written testimony (Attachment 7). In response to a question, Dr. Owen stated should the trade of property be approved, the church will either build where the ElCamino Apartments are on Topeka Boulevard or on the lot at 8th and Harrison. Chairman Bunten asked if the state could reach some agreement to use the parking at 8th and Harrison until the decision on building has been made. Dr. Owen stated this is a possibility.

Marc Lahr, President, Historic Topeka, Inc., testified in support of SB 393 (Attachment 8). He stated a survey has determined that the Dillon house is structurally very sound. Representative Brady asked what the dollar values of these two properties are. Dr. Owen stated the appraisal value of the parking lot is approximately \$250,000 and of the house is approximately \$300,000.

SB 362 - Issuance of bonds by Kansas development finance authority for loans for improvements to public water supply systems.

Ernie Mosher, Executive Director, League of Kansas Municipalities, appeared in support of SB 362, which would authorize the Kansas Development Finance Authority (KDFA) to issue bonds to make loans for improvements to public water supply systems owned by a municipality, rural water district, or other governmental agency (Attachment 9). He noted this bill is a companion to SB 361 allowing no fund warrants in drought emergencies.

Allen Bell, President, KDFA, was unable to appear, but submitted written testimony in support of SB 362 (Attachment 10). In addition, Elmer Ronnebaum, Program Manager, Kansas Rural Water Association, submitted written testimony in support of SB 362 (Attachment 11).

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Representative Chronister moved that SB 362 be recommended favorably for passage. Representative Francisco seconded. Motion carried.

SB 376 - State board of regents authority to grant easements.

Mark Bannister, Associate General Counsel, Kansas Board of Regents, appeared in support of SB 376 and explained that the bill amends K.S.A. 74-3264 by removing the requirement that the Secretary of Administration approve easements granted by the Board of Regents before such easements may become operative (Attachment 12). Representative Solbach moved that SB 376 be recommended favorably for passage. Representative Hoy seconded. Motion carried.

SB 378 - Public assistance recipient assignment of support rights and providing support enforcement service.

Jamie Corkhill, attorney, Child Support Enforcement, SRS, explained that SB 378 concerns the creation, continuation, and termination of assignments of support rights in public assistance cases and in support enforcement cases not related to public assistance (Attachment 13). SB 378 will insure that the State of Kansas is in compliance with federal mandates and also the bill reconciles the provisions of the existing statutes regarding child support enforcement. Representative Chronister moved that SB 378 be recommended favorably for passage. Representative Shriver seconded. Motion carried.

SB 381 - Appropriations for FY89 and FY90 for Kansas correctional institution at Lansing for an inmate housing unit.

Gary Stotts, Department of Corrections, explained that SB 381 was requested by the Department to change appropriation language to better reflect the scope of the program for improvements at KCIL (Attachment 14). The plan was adjusted to include construction of one dormitory, an entrance-visitors building, renovation of the laundry, and utility, parking and site improvements. This is a \$4.2 million project as described. Representative Heinemann moved that SB 381 be recommended favorably for passage. Representative Hoy seconded. Motion carried.

SB 382 - Imprest funds of Department of Corrections.

Gary Stotts, Department of Corrections, testified that SB 382 expands the cap on the imprest funds at certain correctional facilities, establishes funds for those not having them currently, and updates institution names where appropriate (Attachment 15). Chairman Buntun proposed to amend SB 382 by requiring that the two new imprest funds and the increases in existing funds be established from existing appropriations for FY89 (Attachment 16). Representative Chronister moved adoption of the amendment to SB 382. Representative Teagarden seconded. Motion carried. Representative Chronister moved that SB 382, as amended, be recommended favorably for passage. Representative Hoy seconded. Motion carried.

SB 386 - Fees collected by state board of healing arts.

Richard Gannon, Executive Director, Board of Healing Arts, stated that SB 386 authorizes increased fees to expire on April 30, 1991 for podiatry licenses and for doctors of medicine, osteopathy, and chiropractic (Attachment 17). The fee increases are necessary to cover authorized expenditures for the Board, including funding a new computer. Mr. Gannon explained that the Board of Healing Arts has adopted temporary rules and regulations which would increase fees as proposed in SB 386 and if they are approved on April 24, 1989, enactment of the bill will be unnecessary.

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Chip Wheelen, Kansas Medical Society, appeared in support of SB 386 (Attachment 18).

A cleanup amendment was explained by staff (Attachment 19). Representative Shriver moved that SB 386 be amended by correcting Sec. 2(2) to read "the sum of \$200" and Sec. 2(3) to read "the sum of \$250." Representative Chronister seconded. Motion carried. Representative Brady moved that SB 386, as amended, be recommended favorably for passage. Representative Hoy seconded. Motion carried.

SB 388 - Distribution of payments from grant-in-aid to libraries fund.

Duane Johnson, State Librarian, explained that SB 388 changes the way grant-in-aid funds are distributed to the regional library systems (Attachment 20). The bill provides that the State Librarian should establish a formula incorporating the factors of population and square miles to distribute funding above the base grants to the regional systems. All seven regional library systems have endorsed this plan for funding.

Jim Swan, Great Bend, appeared in support of SB 388 and stated this agreement on the allocation of system aid funding is in the best interests of library cooperation in this state.

Glenn Plaisted, Director, NE Kansas Library System, testified in support of SB 388 and noted the formula does not attempt to equalize per capita aid among the systems, but does narrow the large gap in per capita aid that now exists.

Jim Marvin, Director, Topeka Public Library, appeared in support of SB 388 and provided written testimony (Attachment 21).

David Hanson, Kansas Library Association, expressed support for SB 388.

Representative Mead moved that SB 388 be recommended favorably for passage. Representative Solbach seconded. Motion carried.

SB 395 - Number and location of older Kansans employment programs.

Claire McCurdy, Chief Counsel, Kansas Department on Aging, testified that SB 395 amends current law to authorize the establishment of additional Older Kansans Employment Programs (Attachment 22). The funds for a fourth program have been appropriated in the Department on Aging's budget for FY90. Ms. McCurdy stated the total persons placed in FY88 in all three of the existing programs is 693. Representative Hoy moved that SB 395 be recommended favorably for passage. Representative Hensley seconded. Motion carried.

After a short break, the Committee began discussion of SB 393 authorizing the exchange of land between the state and the Presbyterian church. Chairman Bunten noted the Senate amended the bill to state that prior to agreement, arrangement should be made to replace the parking area lost by the State. Representative Gatlin expressed concern that the maintenance of the building will be costly to the state. Representative Helgerson asked if the State Architect has inspected the Dillon house. Representative Pottorff moved that SB 393 be recommended favorably for passage. Representative Hensley seconded. The motion failed. Representative Brady asked for an appraisal of the two properties. Chairman Bunten will contact the State Architect's office and get further information such as the size

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and value of the properties, and the Committee will discuss the bill further next week.

Regarding SB 350, Representative Chronister made a motion to amend SB 350 to include respiratory therapists, and a group of nurses at KUMC to be designated as critical care nurses to be defined to include intensive care nurses, cardiac care nurses and others as identified by the Medical Center. Representative Heinemann seconded. Representative Chronister stated this new class called "health care employee" would include medical technologists--already in the bill, respiratory therapists, and critical care nurses. It does not include floor nurses, but would include LPN's if they fall in the category of critical care nurses. The intent is to create a special class of nurses to be unclassified. Representative Brady is opposed to SB 350 and believes the job study of the Division of Personnel is the solution to the problem of the Medical Center. On a vote on the motion to amend, motion carried. Representative Chronister moved that SB 350, as amended, be recommended favorably for passage. Representative Heinemann seconded. Motion carried.

On HB 2191 regarding heart transplants, Chairman Bunten stated the fiscal note on the bill is \$5.3 million (\$2.6 million SGF) for 25 heart transplants. In research of these figures by the Appropriations office staff, it was concluded that the SRS estimate of \$152,000/transplant would be close to correct. Representative Heinemann stated he believes the Legislature can stipulate that the services must be provided in Kansas. Chairman Bunten advised that further information will be obtained from KUMC regarding Medicare certification and restricting the transplants to the Medical Center and the Committee will consider HB 2191 again next week.

Representative Heinemann moved that the minutes of March 17, 20, 21, 22, 27, and 28, 1989 be approved as presented. Representative Chronister seconded. Motion carried.

Chairman Bunten announced the Committee will meet at 10:00 a.m., Monday, April 24, to begin consideration of the Omnibus bill. He emphasized that as we consider items for omnibus, we do not want to revisit issues settled in the Conference Committees.

The meeting was adjourned at 3:50 p.m.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 4-20-89

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Mark Bannister	400 SW 8th, Suite 609	Board of Recruits
Larry Buening	TOPEKA	BOARD OF HEALING ARTS
Robert A. ...	"	"
John W. Alquest	"	SRS
Marlin Reed	Law	KU
Victoria Thomas	"	KU
Jamesia M. Evans	Topoka	DPS
SUSAN IRZA	Topoka	DPS
Clare McCurdy	Topoka	Printing
EVELYN MADDOX	TOPEKA	DPS
Janice Green	K.C. Kansas	Heart Line
TRANS GREEN	K.C. KANSAS	Heart Line
Ed Green	K.C. KS.	Heart Line
Wayne Edemann	KCL	Heart Line
Dwaine Johnson	KSL, Topoka	Library
Don Plaster	Lathe	NEKS Lib. Syst
Jim Marwin	Topoka	Top Pub Library
James Swan	Great Bend	Central KS Lib Sys
Ed Reed	Lawrence	Heart Line
JAMES L. WALKER	LEE'S SUMMIT MO 64081	KS HEARTLINE
BILL BARNES	OVERLAND PARK KS	HEARTLINE
NEAL BARNES	MISSION, KS	Heartline
Larry Hinton	Topoka	SRS
Kathy Vonachen	Gov. Div of Budget	Topoka
Charles Walker	TOPEKA	HEARTLINE

SECRETARY OF STATE - UNIFORM COMMERCIAL CODE DIVISION

	FY'85	FY'86	FY'87	FY'88	PROJECTED FY'89	TOTAL
U.C.C. FEE FUND REVENUES	\$506,637	\$1,094,341	\$1,017,265	\$892,925	\$503,268	\$4,014,436
UCC Transfer to General Fund Statutory 20% of Revenues: + Additional Transfers to General Fund:	\$126,659	\$273,585 + \$527,500	\$254,316	\$223,232 + \$200,000	\$125,817	
TOTAL ANNUAL TRANSFERS TO GENERAL FUND	\$126,659	\$801,085	\$254,316	\$423,232	\$125,817	\$1,731,109
U.C.C. EXPENDITURES	\$481,677	\$587,041	\$587,248 Plus \$475,000 data processing expenditures	\$591,100	\$688,207 Includes \$85,000 UCC office moving expenses	\$2,935,273

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Attachment 1

SECRETARY OF STATE
UNIFORM COMMERCIAL CODE DIVISION
U.C.C. FEES

	<i>Current</i>	<i>Proposed</i>	<i>Nat'l Average</i>	<i>Oklahoma</i>	<i>Missouri</i>	<i>Colorado</i>	<i>Nebraska</i>	<i>Estimated Add'l Revenues</i>
FEE FOR FILINGS	\$3 std./ \$5 non-std.	\$6 std. \$6 non-std.	\$6 std./ \$10 non-std.	\$10 std./ \$10 non-std.	\$6 std./ \$8 non-std.	\$5 std./ \$6 non-std.	\$4 std./ \$6 non-std.	\$200,000
FEE FOR ADD'L PAGES	\$0	\$1	\$1	\$5	\$1	\$1	\$0.50	\$30,000
SEARCH FEE	\$5 plus \$.25 each listing	\$8	\$8	\$6	\$8	\$7	\$7	\$150,000

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Attachment 2

84-9-403. What constitutes filing; duration of filing; effect of lapsed filing; duties of filing officer; fees. (1) Presentation for filing of a financing statement and tender of the filing fee to the filing officer constitutes filing under this article.

(2) Except as provided in subsection (6) a filed financing statement is effective for a period of five years from the date of filing. The effectiveness of a filed financing statement lapses on the expiration of the five-year period unless a continuation statement is filed prior to the lapse. If a security interest perfected by filing exists at the time insolvency proceedings are commenced by or against the debtor, the security interest remains perfected until termination of the insolvency proceedings and thereafter for a period of 60 days or until expiration of the five-year period, whichever occurs later. Upon lapse the security interest becomes unperfected, unless it is perfected without filing. If the security interest becomes unperfected upon lapse, it is deemed to have been unperfected as against a person who became a purchaser or lien creditor before lapse.

(3) A continuation statement may be filed by the secured party within six months prior to the expiration of the five-year period specified in subsection (2). Any such continuation statement must be signed by the secured party, identify the original statement by file number and state that the original statement is still effective. A continuation statement signed by a person other than the secured party of record must be accompanied by a separate written statement of assignment signed by the secured party of record and complying with subsection (2) of K.S.A. 84-9-405 and amendments thereto, including payment of the required fee. Upon timely filing of the continuation statement, the effectiveness of the original statement is continued for five years after the last date to which the filing was effective whereupon it lapses in the same manner as provided in subsection (2) unless another continuation statement is filed prior to such lapse. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the original statement. The filing officer may remove a lapsed statement from the files and destroy it immediately if the filing officer has retained a microfilm or other photographic record, or in other cases after one year after the lapse. The filing officer shall so arrange matters by physical annexation of financing statements to continuation statements or other related filings, or by other means, that if the filing officer physically destroys the financing statements of a period more than five years past, those which have been continued by a continuation statement or which are still effective under subsection (6) shall be retained.

(4) Except as provided in subsection (7) a filing officer shall mark each statement with a file number and with the date and hour of filing and shall hold the statement or a microfilm or other photographic copy thereof for public inspection. In addition the filing officer shall index the statements according to the names of

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Attachment 3

corporate officers or signatures of the debtors, shall note in the index the file number, the address of the debtor given in the statement, the date of filing, and a general description of the collateral, and shall cause the index to be accessible to the public.

(5) If the filing officer is the secretary of state, the fee for filing and indexing and for stamping a copy furnished by the secured party to show the date and place of filing for an original financing statement, any amendments thereto or for a continuation statement shall be ~~an amount fixed by rules and regulations adopted by the secretary of state, of not to exceed \$3 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be an amount fixed by rules and regulations adopted by the secretary of state of not to exceed \$5. The fees in effect on the day preceding the effective date of this act shall continue in effect until the secretary of state adopts rules and regulations fixing different fees.~~ If the filing officer is other than the secretary of state, the fee for filing and indexing and for stamping a copy furnished by the secured party to show the date and place of filing for an original financing statement, any amendments thereto or for a continuation statement shall be \$3 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be \$5.

(6) If the debtor is a transmitting utility (subsection (5) of K.S.A. 84-9-401 and amendments thereto) and a filed financing statement so states, it is effective until a termination statement is filed. A real estate mortgage which is effective as a fixture filing under subsection (6) of K.S.A. 84-9-402 and amendments thereto remains effective as a fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real estate.

(7) When a financing statement covers timber to be cut or covers minerals or the like (including oil and gas) or accounts subject to subsection (5) of K.S.A. 84-9-103 and amendments thereto, or indicates that it covers goods which are or are to become fixtures and contains the information required by K.S.A. 84-9-402 and amendments thereto, the filing officer, other than the secretary of state, shall also index the statement according to the name of the record owner of the real estate in the general real estate mortgage index.

\$6 plus \$1 for each additional page, or a lesser

84-9-407. Information from filing officer; fees; approval of fees for certain copies; immunity for filing officer and employees. (1) If the person filing any financing statement, continuation statement, termination statement, statement of assignment or statement of release, furnishes the filing officer a copy thereof, the filing officer shall upon request note upon the copy the file number and date and hour of the filing of the original and deliver or send the copy to such person.

(2) Upon written request of any person and tender of the proper fee, the filing officer shall inform the person, in writing, of whether there is on file on the date and hour stated, any presently effective financing statement naming a particular debtor and any related statement and, if there is, the date and hour of filing of each such statement and the names and addresses of each secured party therein. If the filing officer is the secretary of state, the fee for providing the information shall be ~~an amount fixed by rules and regulations adopted by the secretary of state of not to exceed \$5 and, if more than 10 financing or related statements are reported, an additional amount fixed by rules and regulations of the secretary of state of not to exceed \$.25 for each statement reported in excess of 10. The fees in effect on the day preceding the effective date of this act shall continue in effect until the secretary of state adopts rules and regulations fixing different fees.~~ If the filing officer is other than the secretary of state, the fee for providing the information shall be \$3 and an additional \$.25 for each financing statement and for each related statement reported. Upon request, the filing officer shall furnish a copy of any filed financing statement or related statement after payment of a fee of \$1 per page except that, if the filing officer is the secretary of state, the fee shall be in an amount fixed by the secretary of state and approved by the director of accounts and reports under K.S.A. 45-204 and amendments thereto.

S8, or a lesser

(3) Except with respect to willful misconduct, the state, counties and filing officers, and their employees and agents, are immune from liability for damages resulting from errors or omissions in information supplied pursuant to this section.

84-9-406. Release of collateral; duties of filing officer; fees. A secured party of record may by his or her signed statement release all or a part of any collateral described in a filed financing statement. The statement of release is sufficient if it contains a description of the collateral being released, the name and address of the debtor, the name and address of the secured party, and the file number of the financing statement. A statement of release signed by a person other than the secured party of record must be accompanied by a separate written statement of assignment signed by the secured party of record and complying with subsection (2) of K.S.A. 54-9-405 and amendments thereto, including payment of the required fee. Upon presentation of such a statement of release to the filing officer, such officer shall mark the statement with the hour and date of filing and shall note the same upon the margin of the index of the filing of the financing statement. ~~If the filing officer is the secretary of state, the fee for filing and noting such a statement of release shall be an amount fixed by rules and regulations adopted by the secretary of state of not to exceed \$3 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be an amount fixed by rules and regulations adopted by the secretary of state of not to exceed \$5. The fees in effect on the day preceding the effective date of this act shall continue in effect until the secretary of state adopts rules and regulations fixing different fees. If the filing officer is other than the secretary of state, the fee for filing and noting such a statement of release shall be \$3 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be \$5.~~

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for filing original
financing statements.

place where the original financing statement was filed, of a separate written statement of assignment signed by the secured party of record and setting forth the name of the secured party of record and the debtor, the file number and the date of filing of the financing statement and the name and address of the assignee and containing a description of the collateral assigned. A copy of the assignment is sufficient as a separate statement if it complies with the preceding sentence. On presentation to the filing officer of such a separate statement, the filing officer shall mark such separate statement with the date and hour of the filing. The filing officer shall note the assignment on the index of the financing statement or in the case of a fixture filing, or a filing covering timber to be cut, or covering minerals or the like (including oil and gas) or accounts subject to subsection (5) of K.S.A. 84-9-103 and amendments thereto, the filing officer shall index the assignment under the name of the assignor as grantor and, to the extent that the law of this state provides for indexing the assignment of a mortgage under the name of the assignee, the filing officer shall index the assignment of the financing statement under the name of the assignee. ~~If the filing officer is the secretary of state, the fee for filing, indexing and furnishing filing data about such a separate statement of assignment shall be an amount fixed by rules and regulations adopted by the secretary of state of not to exceed \$3 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be an amount fixed by rules and regulations adopted by the secretary of state of not to exceed \$5. The fees in effect on the day preceding the effective date of this act shall continue in effect until the secretary of state adopts rules and regulations fixing different fees. If the filing officer is other than the secretary of state, the fee for filing, indexing and furnishing filing data about such a separate statement of assignment shall be \$3 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be \$5. Notwithstanding the provisions of this subsection, an assignment of record of a security interest in a fixture contained in a mortgage effective as a fixture filing (subsection (6) of K.S.A. 84-9-402 and amendments thereto) may be made only by an assignment provided by the law of this state other than this act.~~

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financing statements.

(3) After the disclosure or filing of an as-

ignment under this section, the assignee is the secured party of record.

84-9-405. Assignment of security interest; duties of filing officer; fees. (1) A financing statement may disclose an assignment of a security interest in the collateral described in the financing statement by indication in the financing statement of the name and address of the assignee or by an assignment itself or a copy thereof on the face or back of the statement. On presentation to the filing officer of such a financing statement the filing officer shall mark the same as provided in subsection (4) of K.S.A. 84-9-403 and amendments thereto. ~~If the filing officer is the secretary of state, the fee for filing, indexing and furnishing filing data for a financing statement so indicating an assignment shall be an amount fixed by rules and regulations adopted by the secretary of state of not to exceed \$3 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be an amount fixed by rules and regulations adopted by the secretary of state of not to exceed \$5. The fees in effect on the day preceding the effective date of this act shall continue in effect until the secretary of state adopts rules and regulations fixing different fees. If the filing officer is other than the secretary of state, the fee for filing, indexing and furnishing filing data for a financing statement so indicating an assignment shall be \$3 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be \$5.~~

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financing statements.

(2) A secured party may assign of record all or a part of such secured party's rights under a financing statement by the filing in the

Department of Social and Rehabilitation Services

Winston Barton - Secretary

House Bill No. 2191

Title: An act concerning social welfare; including heart transplants as a covered procedure under the state medical care plan for needy persons.

Purpose: This bill would require Medicaid/MedKan to cover heart transplants with criteria outlined in regulations.

Background: Considering the enormous cost of organ transplants and the limitations of state funding for the Medicaid Program, the issue of coverage of heart transplants requires choices. It is not simply the choice to expand the Medicaid Program to include a new, helpful and life-enhancing services, but rather the choice of excluding services from the Medicaid Program or appropriating additional funds to cover desired services.

If the Kansas legislature chooses to include heart transplants as a covered service in the Medicaid Program, that decision would mean, in the absence of funding, the elimination of other health care services currently being provided which improve the quality of life for large numbers of low-income Kansans.

The costs of heart transplants can exceed \$150,000 per person. Total care for one heart transplant patient for one year may range from \$150,000 to \$230,000. Of this total cost, \$57,000 to \$86,000 will be paid for hospitalization. The remaining cost is for physician care and immunosuppressive drug therapy. The Kansas Medicaid Program does not currently pay for heart transplants, and this is chiefly because of the costs involved.

While heart transplant technology steadily improved throughout the 1970's, it was not until immunosuppressive drugs (particularly cyclosporin) were available in the 1980's that survival rates significantly improved. The numbers of heart transplants per year have risen dramatically since 1982. According to the report from the Task Force on Organ Transplantation, the high costs, not poor survival rates, are now the major deterrent to the widespread use of transplant technology as a treatment for heart failure. Certain requirements have been built in for Medicare and Medicaid to assure high quality care. Federal participation is not available to either Medicare or Medicaid if the transplant is not done in an approved center.

Medicare reimburses for transplants in very restricted situations. Persons must have less than a 25 per cent chance of surviving 6 months without a transplant. Information which could be found was not conclusive but showed very few transplants were covered, therefore, would have little effect on Medicaid payments. If covered, Medicaid would expect to pay before the situation reached the critical stage Medicare criteria imposes.

Effect of Passage: While costs for heart transplants are generally less than for liver transplants, both types of transplants are costly. There is serious debate in both the public and private sectors about the costs of

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organ transplantation. In light of the relentless increases in health care costs, the question is, is it reasonable to add even more expensive procedures to the arsenal of therapeutic efforts to prolong life? Is it reasonable to pay for additional medical efforts to prolong the length of life when efforts to improve the quality of life cannot be funded?

It costs \$454.00 to pay for a set of dentures so that an elderly person may eat a well balanced diet. Dentures are not covered by the Kansas Medicaid Program. It costs \$1,560 to pay for a year of physical therapy for a child whose development is delayed increasing physical problems. This \$1,560 investment in that child might enable him to eventually catch up with his age level in physical coordination. Yet that physical therapy is not covered by the Kansas Medicaid Program. Many persons who in the past were eligible for MediKan no longer have coverage. Finally many persons who are eligible are unable to obtain services because of very low Medicaid and MediKan rates.

In the way of comparison of choices, for \$936,000, 600 children can receive the needed therapy to aide them in becoming productive adults. For \$5,000,000 approximately 25 persons can receive heart transplants and an additional 25 people can receive immunosuppressive drugs for one year.

It is believed that reimbursement for heart transplantation would have a major fiscal impact on the Medical Program as shown in the estimated fiscal effect.

Fiscal Effect - Assuming 25 transplants each year.

	Medical Assistance Program (3100)		Medical Administration (7010)		Total	
	All Funds	SGF	All Funds	SGF	All Funds	SGF
FY 1990	\$4,633,933	\$ 316,967	\$17,000	\$8,934	\$4,650,933	\$2,325,901
FY 1991	\$4,933,933	\$2,466,967	\$17,000	\$8,934	\$4,950,933	\$2,475,901

Recommendation: It is the position of SRS that heart transplants, if covered by the Medicaid/MediKan program, should be covered only if additional funds are available for this purpose. Additionally, this service should be covered only after other needs, as requested in the budget, are funded.

John W. Alquest
 Commissioner, Income Maintenance and
 Medical Services
 (913) 296-6750

3/29/89

H-2

PROS & CONS OF HEART TRANSPLANTS

PROS

Individual could become productive citizen again.

Survival rate is better than for liver transplants.

Cost is about equal to coronary by-pass if acquisition of the organ is not covered.

Medicaid expertise has been developed to a high quality.

Another treatment alternative is now available for otherwise terminally ill recipients.

Considered by doctors to be a medically necessary procedure.

No longer an experimental procedure.

Insurance companies are covering heart transplants and often recipients still carry insurance.

CONS

Many other medically necessary and preventive procedures are not covered for adults.

Many services that would assist children in achieving healthier and more productive life styles are not covered.

Lack of supply of organs.

Lack of sufficient funds in the budget.

LKK:kaf
3-03-89

COSTS OF HEART TRANSPLANTS

<u>Costs</u>	<u>Mim Hospital #1</u>	<u>Barnes Hospital #2</u>	<u>Stanford Hospital #3</u>	<u>Houston Hospital #4</u>	<u>KUMC Hospital #5</u>	<u>Average Billed</u>
Hospital	\$40,000	\$ 45,000	\$65,000	\$102,500	\$42,333	\$ 58,966
Acquisition Cost	7,500	15-20,000	5,000	N/A	N/A	11,875
Professional Fees	15,000	15,000	15,000	N/A	N/A	15,000
Immunosuppressive Drugs						12,000*
Other Drugs						15,000*
Lab and Radiology						25,000*
Medical Evaluation Post Op (Includes Angiograms, Cardiac Catheterization, and minimum of 10 Endocardial Biopsies.)						18,000
Estimated Total Cost, including Organ Acquisition.						\$155,841
Estimated Total Cost, excluding Organ Acquisition.						143,966

*Estimated based on experience with liver transplants.

<u>Average Length of Stay</u>	14 days	10-14 days	16 days	24 days	18 days
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Survival Rate

1 year	94%	85-95%	81%	N/A	N/A
3 years	90%	80%			
5 years			59.7%	N/A	N/A

Marlin L. Rein
University of Kansas Medical Center

TESTIMONY - SENATE BILL 350

Senate Bill 350 was introduced at the request of the University of Kansas Medical Center. A simple explanation of the bill is that it would broaden the groups of employees within the Board of Regents institutions that would fall within the unclassified service by the creation of a new class titled Health Care Employees at the University of Kansas Medical Center. Currently the unclassified service within the Regents institution is limited to the Chancellor, presidents, deans, administrative officers, student health service physicians and teaching and research personnel. The University Medical Center currently has a limited number of professional positions that could be viewed as health care employees who are in the unclassified service by virtue of the fact that their responsibilities either qualify them as administrative, teaching or research personnel. As introduced, this proposal would expand the unclassified service to potentially include all health care employees at the University of Kansas Medical School. The Senate Committee amended the bill limiting its application to medical technologists.

The bill was requested by our institution in an effort to explore all alternative means with which to deal with the continuing problem of attempting to retain some reasonable competitive position in the metropolitan Kansas City area as regards recruitment and retention of health care employees. As members of this committee are very well aware, and as our budget request clearly indicates, we are again requesting salary range upgrades for a number of classes of classified positions, most notably, registered nurses and medical technologists among others. This represents the third consecutive

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year in which we have attempted to seek special consideration for Medical Center nurses. As of this date, the Division of Personnel has not acted favorably on our request.

We are aware that our continued requests for salary range adjustments for critical health care personnel causes some disruption for the State personnel system. We are also mindful of the fact that to make modifications in salary ranges for positions at the Medical Center, can often have a significant fiscal impact beyond the Medical Center itself when those classes of positions are also utilized by other State agencies and institutions. Even when such is not the case and the position class is unique to the institution, such as our Medical Center nurse class, any salary upgrade in those classes raises questions whether related classes used by other institutions and agencies should not also be elevated as well.

Our proposal is an effort to attempt to alleviate that problem which we raise each time we come forward with a request for upgrading salary ranges. It is not necessarily a first choice on our part to assume responsibility for the operation of a personnel system for all hospital employees. If the legislation were to be enacted, it would be permissive and we would probably work gradually into the development of a personnel system that could look very much like the Civil Service system, but one for which we would be responsible for administration. We believe that the Legislature has spoken on a number of occasions that they expect the University Hospital to be operated in a businesslike manner. We believe the revenue growth of the last 5-6 years attests to the fact that we have attempted to be responsive to that legislative mandate. One of the factors that has had a positive influence over this period in our being able to realize this level of revenue growth has been the fact that over that period, shortages in health care personnel have

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not been a major problem, certainly not the problem they have become over the last couple of years. If we are able to stabilize our work force, we believe we can continue to maintain census levels that are essential to both income productivity but also necessary to support our many educational programs.

In some respects, our proposal of this legislation is a rather delayed response to past legislative invitations to pursue this course. You will note attached to my testimony are copies of interim committee reports going back to both 1982 and 1983, in which the University was encouraged to come forward with a proposal to exempt hospital employees from the Civil Service system. It might appear that it has taken us nearly seven years to respond to that invitation, with Senate Bill 350. Over the past six years the institution has had complete latitude to move employees from the classified service to the unclassified service. You will also note that attached to the testimony is a copy of the appropriation bill for the current fiscal year which is identical to the format used since 1982. The position limitation for the Medical Center is a total limitation, for both classified and unclassified, whereas all the other institutions have one limitation for unclassified and a separate limitation on the number of classified positions. The reason that the Legislature has maintained a single limitation for the University of Kansas Medical Center was to permit us to move employees from the classified service to the unclassified service in order to address our staffing problems. The limited use we have made of the ability to convert classified to unclassified employees is, in large part, due to the fact that the types of positions that could be in the unclassified service are limited currently by statute, and many of the floor nurses, lab technicians, respiratory therapists and others who are in daily contact with patients do not meet any of the classes currently authorized to be in the unclassified service.

We do not take lightly the responsibility that goes with administration of a separate personnel system. On the other hand, if the institution is to continue to operate in a business-like manner and to compete effectively in recruitment and retention of health care personnel that are in short supply in the metropolitan area, it must be given the means to do so.

Attachments

: PROPOSAL NO. 36 - UNIVERSITY OF
KANSAS MEDICAL CENTER

Background

The Special Committee on the University of Kansas Medical Center was created for the purpose of reviewing the current organizational structure of the institution. Focus of the study was to be directed at the relationship of the University Hospital to the remainder of the institution to include an assessment of the merit of separating the hospital either organizationally or budgetarily. This issue first surfaced during the study conducted by the 1981 Special Committee on Ways and Means. That Committee was frustrated in its attempts to isolate hospital operating costs. The Committee concluded that if hospital costs could not be easily identified no meaningful conclusions could be reached as to the degree to which the hospital was self-supporting. The 1981 interim Committee observed that separating the hospital would make such analysis possible and might call greater attention to the proprietary nature of its operation.

Committee Activity

The Committee met for three days in September at the Kansas City campus. Most of the agenda was devoted to visitations to selected hospital, educational, and research areas. Emphasis of the visits, and the subsequent discussions, was to gain a greater understanding of the interrelationship between the hospital and the University's research and teaching activities. It was apparent that while the hospital did provide a high quality of patient care, it also served as a laboratory for the research and teaching functions. Few patient care functions are performed that do not also provide a teaching experience for either medical or nursing students. Likewise, students in various programs in the School of Allied Health are dependent upon the hospital to support their educational experience.

The Committee was provided considerable information on the University of Iowa Hospital. That institution operates

as a separate entity from the academic schools and provides a good model for assessing the advantages and disadvantages of such an organizational structure. Its stand-alone posture certainly emphasizes the proprietary nature of its operation. Though some state subsidy is provided, approximately \$22.0 million, it is expected to be largely self-supporting. Access to the state appropriated funds is dependent on "earning" the funds through provision of care to indigent patients. The Iowa Legislature exercises little budgetary control over the institution. The hospital budget is limited only by the income it generates and is not subject to any of the controls such as the number of employees, salary levels, etc., that are imposed on other state agencies.

The University expressed its reservations to any effort to organizationally sever the hospital from the remainder of the institution. Chancellor Budig cited the interdependence of the public service, education, and research components as a principal reason for opposition to a separation. Noting that the principal emphasis of any university is education, any structural change that might result in a lessening of the hospital's role as a teaching laboratory would negatively impact upon the education program. Also, the University expressed concerns as to the difficulty of separating administratively the numerous services that support both the academic and hospital programs. The Chancellor did suggest that a re-arrangement of the institution budget might be possible that would more clearly identify hospital and academic costs. He offered the assistance of the University's administrative staff to any effort to realign the budget.

Committee Conclusions and
Recommendations

The Committee is unanimous in its opposition to any separation of the University Hospital. Such move does not appear practical given the interdependence of teaching and research functions with the patient care programs. The Committee did review an alternative budget format which not only separated direct hospital, education, and research program costs, but also allocated indirect support costs among the

three principal programs. The format is a significant improvement over the current budget structure and the Committee urges the University to proceed to develop further a concept. The Committee notes that implementation of such change would require approval of the Division of the Budget and the Committee encourages the Division to cooperate with the University in this effort. Since the institution's FY 1984 budget request has already been submitted, the Legislature would have its first opportunity to examine a budget request in a revised format with the FY 1985 request.

The Committee also commends the University for the improvements that have been achieved over the past 12 months. Though housekeeping has been a recurring problem in the past, the Committee was most impressed with the cleanliness in the hospital. The new billing system became operational October 1 and is a major improvement that will provide numerous benefits. The sweeping changes associated with the new contracts entered into with the physician corporations have been set in place.

The Committee also encouraged the University to alert the Legislature of problems it was experiencing with state administrative practices and procedures that placed the hospital at an operational disadvantage when compared with other proprietary hospitals in the Kansas City area. Because of the problems experienced in the past in responding to changes in the market for health care personnel, the Committee invites the University to offer a proposal in this regard, including the feasibility of exempting all hospital employees from the state civil service system. The University was asked to have such material available for legislative review by February 1, 1983.

November 30, 1982

Sen. Ron Hein,
Vice-Chairperson
Sen. Tom Rehorn

Respectfully submitted,

Rep. William Bunten,
Chairperson
Special Committee on University of Kansas Medical Center

Rep. George Dean
Rep. Mike Hayden

continue to be made in improving the institution's internal management systems. The hospital appears to be responding positively to the many changes taking place in the health care sector. As previously noted, the Committee heard testimony from several private management firms, and carefully considered the option of contracting with a private hospital management firm. However, on balance, the Committee does not believe it necessary to pursue alternative management options at this time. Rather, the Committee wishes to provide the present management team the opportunity to demonstrate continued progress in improving administration of the hospital.

Role of the Board of Regents

The Committee reviewed the constitutional authority of the Board of Regents to operate the University of Kansas Medical Center, including Bell Memorial Hospital, and the Legislature's authority with respect thereto. The Committee recommends that the Legislative Budget Committee meet informally, on an as-needed basis, with the Board of Regents' Committee on Academic Affairs and Special Programs, which is responsible for overseeing the Medical Center. An agenda should be prepared in advance, to include not only matters of mutual concern regarding the Medical Center, but also higher education issues generally.

The Committee also encourages the Legislature to enhance efforts to involve members and staff of the Board of Regents in legislative meetings regarding the Medical Center. In particular, the Committee urges the respective Chairmen of the Ways and Means Committees to invite Board members and staff to testify or to otherwise take part in deliberations regarding the institution's budget. Ways and Means Chairmen are also urged to consider asking the appropriate subcommittee to attend the January meeting of the Board of Regents, which will be held at the University of Kansas Medical Center.

The Committee is of the opinion that improved communications between the Board and the Legislature will facilitate the sharing of information pertaining to mutual concerns regarding the Medical Center and other state institutions of higher education.

Other Matters

The Committee notes with appreciation the high degree of responsiveness the University has demonstrated with regard to legislative recommendations in recent years. One such recommendation, made by the 1982 Special Committee on the University of Kansas Medical Center, invited the institution to submit a proposal to the 1983 Legislature regarding special provisions which would facilitate the Medical Center's ability to respond to changes in the health care personnel market. Because the institution has not completed its review of the possible need for such provisions, the Committee recommends extension of the 1982 Committee's invitation, not only with regard to state civil service system policies, but also in terms of other state administrative practices and procedures which may place Bell Memorial Hospital at an operational disadvantage when compared with other hospitals in the Kansas City area.

Respectfully submitted,

November 4, 1983

Rep. R. E. Arbuthnot,
Chairperson
Legislative Budget Committee

Sen. Ross Doyen,
Vice-Chairperson
Sen. Paul Hess
Sen. Jack Steineger

Rep. William Buntin
Rep. Rochelle Chronister
Rep. Fred Weaver

Operating expenditures for utilities..... 133,460
Provided, That expenditures may be made from this account for the acquisition of natural gas or electricity, or both, by negotiating costs per unit and such expenditures shall not be subject to the competitive bid requirements of K.S.A. 75-3739 and amendments thereto: *Provided, however*, That no such expenditures for acquisition of natural gas or electricity, or both, by negotiating costs per unit may be made from this account except upon approval 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: *Provided further*, That expenditures may be made from this account for construction of a natural gas pipeline for use in connection with natural gas acquired by negotiating costs per unit: *Provided, however*, That no expenditures may be made from this account for construction of a natural gas pipeline except upon approval 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.

Engineering technology program — Wichita 67,095
 Any unencumbered balance in excess of \$100 as of June 30, 1989, in the following account is hereby reappropriated for fiscal year 1990: Major repairs, special maintenance, remodeling and energy conservation for institutions of higher education.

Total..... \$3,784,112

(b) There is appropriated for the above agency from the following special revenue funds all moneys now or hereafter lawfully credited to and available in such funds, except that expenditures shall not exceed the following:

General fees fund..... \$358,751
Provided, That any transfers of moneys from this fund to the equipment reserve fund pursuant to subsection (c) shall be deemed expenditures for the purpose of the expenditure limitation imposed on this fund.

Restricted fees fund..... No limit
Provided, That restricted fees shall be limited to receipts for the following accounts: Educational opportunity grants; recovery of expenditures from services and sales; college library resources; Title III — higher education act of 1965 — federal; veterans cost of instruction — federal; Title VIA — higher education act of 1965 — federal; parking fees; student activity fees; college work study; continuing education; conferences; workshops; seminars; proceeds from sale of land: *Provided, however*, That the state board of regents, with the approval 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, may amend or change this list of restricted fees.

Service clearing fund..... No limit
Provided, That the service clearing fund shall be used only as a working capital fund to finance such internal service activities as may be authorized by the state board of regents under K.S.A. 1988 Supp.

2148 Student union fees fund No limit
 2149 Dormitory and food service fees fund No limit
 2150 ~~2150~~ Equipment reserve fund No limit
 2155 *Provided*, That expenditures from this fund shall be made only for the purchase of equipment.
 2163 Housing system suspense fund..... No limit
 2164 Housing system operations fund No limit
 2165 Housing system repairs, equipment and improvement fund..... No limit
 2168 Sponsored research overhead fund 0

(c) The director of accounts and reports shall transfer an amount specified by the president prior to July 1, 1990, from the general fees fund to the equipment reserve fund.

Sec. 12. *Position Limitations*. (a) The number of full-time and regular part-time positions equated to full-time, in the classified service, excluding seasonal and temporary positions, paid from appropriations made in this act for the following agencies shall not exceed the following, except upon approval of the state finance council:

Agency	Number of Positions Equated To Full-Time
2181 Fort Hays State University.....	297.5
2182 Kansas State University.....	1,911.9
2183 Kansas State University Veterinary Medical Center.....	140.4
2184 Emporia State University.....	259.2
2185 Pittsburg State University.....	250.2
2186 University of Kansas.....	1,995.3
2187 Wichita State University.....	633.6

(b) The number of full-time and regular part-time positions equated to full-time, in the unclassified service, excluding seasonal and temporary positions, paid from appropriations made in this act for the following agencies shall not exceed the following, except upon approval of the state finance council:

Agency	Number of positions in the unclassified service equated to full-time
2188 Fort Hays State University.....	324.9
2189 Kansas State University.....	2,246.2
2190 Kansas State University Veterinary Medical Center.....	89.4
2191 Emporia State University.....	356.1
2192 Pittsburg State University.....	361.0
2193 University of Kansas.....	2,385.3
2195 Wichita State University.....	986.8

(c) The number of full-time and regular part-time positions equated to full-time, paid from appropriations made in this act for the university of Kansas medical center shall not exceed 4,670.5. for

Testimony to
HOUSE APPROPRIATIONS COMMITTEE

by

Susan Irza, Director of Personnel Services

April 20, 1989

Good morning, Mr. Chairman and members of the committee, my name is Susan Irza, Director of Personnel Services, Department of Administration.

I am here this morning on behalf of the Secretary and the Department of Administration to offer comments on Senate Bill 350. We wish to bring to your attention several aspects of this bill which have broad, state-wide ramifications.

We recognize that the Kansas University Medical Center is unique in the state system in that it is a tertiary care hospital providing research and teaching. It exists in a volatile labor market that has the capacity to respond to labor and wage fluctuations more rapidly and with fewer constraints than the state system as a whole. KUMC is nevertheless part of the overall state system of services that range from health care to nursing home inspection to parks to licensing professionals to roads to prisons, etc.

The Secretary and the Department of Administration believe areas for consideration are as follows:

1. We are concerned that many health care classifications used at KUMC are classifications that are state-wide.

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On the basis of equal pay for equal work, the State of Kansas would be hard pressed to justify why pay scale differences exist between other state agencies and KUMC if the work is the same.

2. We are concerned about the issue of the designation of health care employees in its broadest sense because health care employees are found in many other state agencies and institutions in addition to KUMC. We may next receive requests from these agencies and institutions to unclassify their health care employees. Further, the language in the proposed bill that would allow the Board of Regents to determine KUMC health care employees to be placed in the unclassified service is so broad that conceivably, any employee at KUMC could be considered a health care employee and thus designated as unclassified.
3. We are concerned about the potential wage escalation that could take place within KUMC if it is removed from the statewide constraints now in place. It is much harder to resist pressures for wage increases from departments with which one works on a day-to-day basis without the overall statewide system as a constraint.
4. We are concerned that placing employees in the unclassified service removes them from Civil Service procedures and protection as well as from the state pay matrix and benefits provided for classified employees.

In addition, this proposal would result in three categories of employees--classified, unclassified and health care unclassified. It is also our understanding that health care unclassified would not receive the same benefits received by other KUMC unclassified. We foresee problems with the federal tax code requirement known as Section 89, the intent of which is to eliminate benefit discrimination.

We are also aware that some previous legislative action taken to unclassify the positions in agencies has been challenged in court by some employees who were subsequently terminated.

5. We are concerned that the breadth of system required to implement this legislation at KUMC is much greater than it appears on the surface. It will require establishing a personnel management system that is a microcosm of the overall state system. To conceptualize, research, communicate and implement the required system by July 1, 1989, is an overwhelming task.

In summary, the department of administration has grave reservations about this proposal and does not support it.

For your information, a recent memorandum is attached to this testimony. It relates to instructions provided by the Governor regarding completion of the Comprehensive Classification and Job Rate Study prior to FY 1993. The study will be over 70% complete and implemented on this June 18, 1989. Since the health

care positions are in what is known as Phase IV and this is being updated and worked on at this time, we recommend that KUMC's concerns are better addressed through that vehicle and existing procedures rather than establishing the additional outside system.

Thank you, Mr. Chairman, for this opportunity to comment on Senate Bill 350. I would be pleased to respond to comments or questions.

STATE OF KANSAS



OFFICE OF THE GOVERNOR

State Capitol
Topeka 66612-1500
(913) 296-3232

Mike Hayden, Governor

March 16, 1989

M E M O R A N D U M

TO: Shelby Smith
Secretary of Administration

FROM: Mike Hayden, Governor *gmh*

SUBJECT: Comprehensive Classification and Job Rate Study

On June 18, 1989, implementation of Phase III of the Comprehensive Classification and Job Rate Study will be completed. Over 70% of all classified jobs will have been studied and implemented into new classes. I am committed to continuing this important study. The Division of Personnel Services should be instructed to complete the needed remaining classification studies prior to fiscal year 1993.

Attention should also be given to my previous guidelines: 1) studies should be brought forward for consideration in packages that require no more than the amount equivalent to a one percent cost of living adjustment for state employees in a fiscal year; and 2) the order of the study of remaining classes should take into account the degree to which classes require market adjustment. Implementation of these studies will continue to be evaluated in terms of my commitment to overall prudent fiscal policy for the state.

My program with respect to state employees is and will continue to be support for funding for step movement, health insurance, classification study and cost of living adjustments.

6610A

6-5

April 20, 1989

TO: MEMBERS, HOUSE APPROPRIATIONS COMMITTEE

RE: SB 393

I am Dr. James Owen, a member and representative of First Presbyterian Church, Topeka, and I am appearing here in support of SB 393.

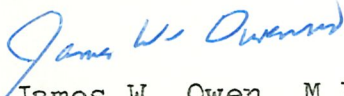
Increased program needs and membership development have dictated that First Presbyterian Church, Topeka, move into a building expansion project. We purchased the Hiram Price Dillon House in 1970 from American Home Life Insurance Company and we have used it for our Church School classes and as a facility for both local and out-of-town groups - i.e. AA groups, AAUW, special workshops, overnight events for Boy Scouts, Girl Scouts and groups from across the nation, etc. The building has served us well through the years, but our desire to continue as a downtown church and have a viable impact on the community dictates the need for larger and different types of quarters. Our downtown location and proximity to the Statehouse severely limit our options.

We purchased an apartment building directly west of us fronting on Topeka Ave. for eventual use as parking and we had an architectural firm draw up preliminary plans to add on to the south of our church - either by incorporating the Dillon House or by destroying it and building new. Both options cost the same, so by demolishing the house our congregation would necessarily have its space requirements better met. With the knowledge of the very probable decision to destroy the Dillon

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House, Historic Topeka, Inc. approached us and asked if the State had been approached for the possibility of a trade with the parking lot to the north. We held a Congregational Meeting to consider our options and the decision was unanimous to try this approach first. We have members who care deeply for the Dillon House and feel it is too beautiful to tear down. As a 130-year-old congregation in a 105-year-old building we understand history and as a downtown resident we have a desire to maintain and support the Capital area.

Historic Topeka cited many possible uses for the House by the State and I am sure that once a trade were made, more uses would be developed. It seemed a winning proposition for us all. Unfortunately, the clock is running for all of us, and a decision needs to be made as this opportunity cannot be saved for another year. SB 393 would give us that opportunity and I strongly encourage your endorsement of it.


James W. Owen, M.D.

First Presbyterian Church



HISTORIC TOPEKA INC.

P. O. BOX 903 TOPEKA, KANSAS 66601
(913) 357-8795

TESTIMONY OF HISTORIC TOPEKA, INC.
BEFORE THE
KANSAS HOUSE APPROPRIATIONS COMMITTEE

BOARD OF DIRECTORS

MARC LAHR
PRESIDENT
TIMOTHY J. CARKHUFF
VICE-PRESIDENT
LUCKY DEFRIES
TREASURER
ROYCE P. O'NEIL
SECRETARY

APRIL 20, 1989

WAYNE BENNETT
MARILYN BROWNING
DON CHUBB
NATHAN O. DEXTER
THOMAS C. FLETT
GAIL FRANKLIN
VANCE KELLEY
RUTH LAWSON
KATHY LEWMAN
ED LOVE
CAROL DUFFY McDOWELL
BARBARA MEIDINGER
CONNIE MENNINGER
JANE C. METZGER
ANN PATTERSON
LEE SCOTT
WARREN E. TAYLOR
JAMES C. TURNER
WILLIAM O. WAGNON
HAROLD G. WORSWICK

ADVISORY MEMBERS

ELIZABETH WARD
RICHARD WARD

Mr. Chairman and members of the committee, my name is Marc Lahr and I am pleased to be here this afternoon to speak in favor of SB 393 as President of Historic Topeka, Inc. Historic Topeka, Inc., a not-for-profit organization, was founded by local citizens in 1976. Our primary mission is to heighten awareness of Topeka's rich historical past and to heighten awareness of the need for preservation. Past projects of Historic Topeka which you may recognize include restoring the Ward-Meade home, founding the Railroad Days Celebration, facilitating the restoration efforts of what is now known as the Topeka Ronald MacDonald house, finding a productive use for the Menninger farm house, new home to the Heritage House bed and breakfast, and most recently facilitating the Anton Woodring house restoration. We view the Hiram Price Dillon house, 404 SW 9th Street, as a threatened property, and we stand for its continued well-being.

Last year it was brought to our attention that the First Presbyterian Church of Topeka was studying its space requirements. The fact that the Hiram Price Dillon House did not meet the current needs of the church became very obvious. The church needs to make a decision on three

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possible alternatives in the very near future. The church could raze the structure and construct an addition to the church; radically alter the architectural character of the building by linking the Dillon house to the church on the north; or with a third option, the state and the church could work a mutually beneficial property trade. Whatever the solution, decision time is running out for the church, and possibly for the Dillon House as well.

The Hiram Price Dillon House deserves protection as it is a treasure, the last of the grand residences surrounding our state capitol. This structure is both architecturally significant and historically meaningful to this community and state. State acquisition provides an excellent opportunity for saving the house and for a productive, beneficial re-use by the state of Kansas.

Decisions still would need to be made after acquisition. Historic Topeka is not in a position to unilaterally provide parking solutions nor will we attempt to direct the final use for the Dillon House. We do encourage the ultimate use of the Dillon House to be reasonably consistent with the architectural integrity of the structure.

This historic home could be used as a house to host official functions for out-of-state and international visitors; as a temporary residence for visitors, like the Blair House in Washington, D.C.; or perhaps as a conference center. It also could be used as a gallery for exhibits or for legislative hearings. Perhaps a visitor information center for the capital complex could be created or the house could be used for lectures, films and presentations for small groups, or even as offices for a state agency, because the structure consists of over 12,000 gross square feet.

In Kansas, we may never be able to impress visitors with our urbane sophistication. But with a facility having the architectural and historical character of the Hiram Price Dillon House, we could display something more meaningful and genuine: our heritage and Kansas spirit. I ask for your support of SB 393. Thank you, Chairman Bunten and the Committee, for the opportunity to make this presentation. I will be pleased to respond to any questions.



League
of Kansas
Municipalities

Municipal
Legislative
Testimony

An Instrumentality of its Member Kansas Cities. 112 West Seventh Street, Topeka, Kansas 66603 Area 913-354-9565

TO: House Committee on Appropriations
FROM: E.A. Mosher, Executive Director
RE: SB 362 -- K DFA Financing of Public Water System Improvements
DATE: April 20, 1989

SB 361 and SB 362 were companion bills, introduced by the Senate Committee on Ways and Means at the request of the League. Both bills passed the senate on March 31, by a vote of 39-0. SB 362, authorizing the Kansas Development Finance Authority to provide long-term debt financing assistance for public water suppliers, was referred to this Committee on Appropriations. SB 361, relating to short-term financing of municipal water systems, passed the house on April 8 by a vote of 121-2. To our knowledge, they are the only two bills before the 1989 Legislature relating to the financial problems of public water suppliers facing prospective drought conditions.

SB 362 is a short but meaningful bill to authorize the Kansas Development Financing Authority (K DFA) to issue bonds to make loans for public water supply system improvements. It is similar in wording to SB 134, signed by the Governor, which authorized K DFA financing of loans to community mental health and other organizations providing services to SRS. It is also somewhat similar to SB 322, approved by the Governor, as to K DFA financing of energy conservation improvements for state agencies.

K DFA is now involved in municipal water pollution control facility loan financing, under Chapter 320, 1988 Session Laws. Further, Chapter 394 of 1988 authorizes K DFA loans to cities and counties for infrastructure improvements for economic development projects under the Kansas partnership program. As a matter of state policy, adding water systems to the existing K DFA authority for sewage systems and economic development infrastructure improvements puts in place a 3-legged stool for financing those local capital intensive facilities that are or should be of special concern to the state.

K DFA now has broad authority to issue bonds to finance "industrial enterprises, agricultural business enterprises" and other private and public facilities. On first reading, K.S.A. Supp. 74-8905 appears to authorize K DFA financing of a variety of local government facilities. However, the fine print says this does not apply to capital improvements for which local bonds may be issued, unless another statute authorizes such K DFA financing. That is the purpose of SB 362 -- to specifically authorize K DFA involvement in public water system improvements.

While SB 362 would permit K DFA financing of city, rural water district or other governmental water supply system improvements, it would not financially obligate the state government of Kansas in any way. Further, there should be little operating cost demands on the state general fund. If water bonds are issued by K DFA, the preparation and development costs will be part of the bond issuance and administration costs, ultimately paid by the users (water systems).

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We cannot tell this committee how much SB 362 would be used, if enacted. There is no list of needed water project improvements, as there is for grant or loan requests for pollution control. We know there are a number of communities on the "Drought Watch List" -- see attached. We know that a number of smaller cities approved water bond projects at the April election. We suspect that most of the demand for KDFFA help may be from smaller cities and districts, and in amounts less than \$500,000, since larger borrowers may find it more advantageous to use traditional debt financing methods.

Further, while there is no guarantee that KDFFA financing will really work -- that it will be sufficiently efficient and cost saving to be used -- we know it has worked in other states, including Missouri, Oklahoma and Colorado (see attached memo from Allen Bell). We know the chance of success would be greatly enhanced if there were some general fund seed money involved, or if the state itself issued the bonds, as has happened in other states, but we suspect this is unlikely to happen in Kansas.

Conclusion

We came to you with an idea, we think, whose time has come. We know the importance of water to the future of Kansas and its communities. We think, for a variety of reasons, including the changing IRS Code, that financing local water systems on a one-on-one basis, particularly for small communities and in small amounts, will become more difficult, and expensive, in the future. We think a pooled mechanism, using KDFFA, will work. Reduced bond issuance costs, and possibly lower interest costs that can occur with a single large issue rather than several separate small issues, are at least theoretically possible. We acknowledge there is opposition to SB 362 -- all municipal bond dealers and attorneys can hardly be expected to be enthusiastic. But we think the public interest will be served if SB 362 is enacted. The League will work with KDFFA, KDHE, the Water Office and others to try and make the pooled approach practical and workable. We have much to gain, and little to lose, if SB 362 is enacted. We urge your support.

Drought Vulnerable Communities
April 3, 1989

The public water supply systems of 91 Kansas communities are considered "Drought Vulnerable" by KDHE and the Kansas Water Office. The listing includes 68 city system and 23 rural water districts (RWD) and other non-city systems. The listing below is by KDHE district.

Southcentral and Southwest Districts

Cedar Point
Arkansas City
Augusta
Valley Center
Liberal
Marion RWD 1, Lehigh
Barber RWD 1, Medicine Lodge
Sedgwick RWD 2, Valley Center

Southeast District

Blue Mound
Greeley
LaCygne
Mound City
Pleasanton
Parker
Gridley
Fort Scott
Bronson
West Mineral
Yates Center
Allen
Hamilton
Lebo
LeRoy
Madison
Virgil
Waverly
Cedar Vale
Severy
Fulton
Mulberry

Prescott
Uniontown
Caney
Chautauqua
Elk City
Grenola
Longton
Moline
Peru
Sedan
Anderson RWD 2, Westphalia
Anderson RWD 4, Westphalia
Coffey RWD 3, Waverly
Bourbon RWD 4, Bronson
Tulakes Home Development, Chanute
Cherokee RWD 1, Crestline
Crawford RWD 6, McCune
Crawford RWD 1, Mulberry
Crawford RWD 3, Mulberry
Woodson RWD 1, Neosho Falls
Crawford RWD 5, Pittsburg

Northcentral District

Council Grove
Concordia
Clyde
Scandia
Abilene
Galva
Gypsum
Tescott
Saline RWD 2, Gypsum

Northwest District

Downs
Bison
Ellinwood
Hill City
Phillipsburg
Gove
Russell RWD 1, Russell
Rooks RWD 1, Stockton

Northeast District

Bonner Springs
Easton

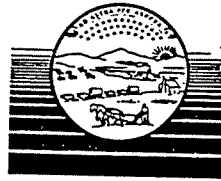
Alma
Harveyville

Effingham
Gardner
Leavenworth
Louisburg
McLouth
Olathe
Richmond
Williamsburg
Kansas City

Morrill
Quenemo
Sabetha
Summerfield
Leavenworth RWD 7, Basehor
Johnson RWD 1, DeSoto
Douglas RWD 5, Lawrence
Kansas City Water Company, Prairie
Village

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KDFA
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DEVELOPMENT FINANCE
AUTHORITY

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Landon State Office Building
900 S.W. Jackson
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KANS-A-N 561-6747

MARTY BLOOMQUIST, ASSISTANT

September 27, 1988

M E M O R A N D U M

TO: The Special Committee on Energy and Natural Resources
FROM: Allen Bell, President
Kansas Development Finance Authority
SUBJECT: Financing Local Water Projects

Cities and rural water districts in this state have traditionally issued their own general obligation bonds and revenue bonds to pay the costs of local water projects. As a former underwriter of municipal bonds in Kansas, I can testify that this system of local initiative and control in the area of waterworks finance has worked very well. Kansas municipalities have generally been able to sell their bonds without difficulty into an active Kansas bond market at interest rates as low as anywhere in the country. Up to now, it has not been deemed necessary for the state to operate a central bonding program to help the smaller communities finance their water projects.

In 1987, the Kansas Legislature created the Kansas Development Finance Authority (KDFFA) for the purpose of enhancing the access to capital markets for state agencies, political subdivisions, public and private organizations, and private business enterprises. In the case of smaller local communities, the access to broader regional and national capital markets is impaired by the relatively small-scale capital needs that are typically generated by small communities. The larger underwriting firms of Chicago and New York are not going to take the trouble of analyzing the credits of small Kansas communities who rarely issue bonds above \$500,000. These communities' needs are served only by the local underwriting firms that specialize in Kansas municipal bonds. In my opinion, these firms have served those needs quite well up to now. The Legislature apparently shared this confidence in the ability of the local bond market to meet local needs when it limited the ability of KDFFA to issue bonds on behalf of political subdivisions.

Memorandum
Energy and Natural Resources Committee
September 27, 1988
Page Two

Subsection (a) of K.S.A. 1987 Supp. 74-8905 states that KDFA cannot issue bonds for local projects for which local bonding authority exists, unless the KDFA bonds are taxable pooled bonds. Taxable bonds, even pooled taxable bonds, will almost always carry a higher interest rate than tax-exempt bonds issued by even the smallest municipality. This provision has the practical effect of completely eliminating the issuance of KDFA bonds for local projects, unless an exception is created by the Legislature. In the 1988 Session, two bills were passed that provided such an exception. Senate Bill 472 (the Kansas Water Pollution Control Revolving Fund Act) and Senate Bill 574 (the Kansas Partnership Act) both contained language that provided for a specific exception to the restrictions outlined above. Both of these programs have specialized purposes which are enhanced by the ability of KDFA to issue bonds in support of the programs.

Because of these statutory restrictions, KDFA does not presently have plans to initiate a local water finance program. However, many states in all parts of the country have had statewide water financing programs for many years. Missouri, Oklahoma and Colorado, among our neighbors, are included in this group. Colorado and Missouri have created statewide authorities with the primary purpose of financing local water projects. The model for several statewide programs is that of the Ohio Water Development Authority. At the time of its creation in 1968, the Ohio Legislature appropriated \$100,000,000 to the Authority for the purpose of establishing a perpetual financing program for sewage treatment and water supply. The Authority made direct loans to municipalities with this money during the first years of the program, and has since been issuing revenue bonds to keep the program going without additional appropriations. The bonds issued by the Authority are secured by and paid from the cashflow that results from the repayment stream from prior loans.

There are many examples around the country of very successful statewide programs which have resulted in construction of billions of dollars of water projects at interest rates well below the local bond market's interest rates. However, almost all of these programs included some kind or degree of state subsidy in order to be justified as an alternative to local issuance of bonds. If the Kansas Legislature wishes it, and an exception were provided to overcome the statutory restrictions, KDFA would be pleased to work with the Kansas Water Office and KDHE to fashion such a program for Kansas.

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DENNIS MCKINNEY
HARRY WIGNER

ALLEN BELL, PRESIDENT



KDFFA
KANSAS
DEVELOPMENT FINANCE
AUTHORITY

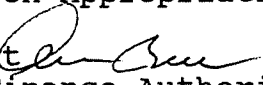
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Topeka, KS 66603

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KANS-A-N 561-6747
FAX (913) 296-6810

MARTY BLOOMQUIST, ASSISTANT

April 19, 1989

M E M O R A N D U M

TO: The House Committee on Appropriations
FROM: Allen Bell, President 
Kansas Development Finance Authority
SUBJECT: Testimony in Support of Senate Bill No. 362

The Kansas Development Finance Authority (KDFFA) supports the provisions contained in Senate Bill No. 362 which will allow KDFFA to work with the League of Kansas Municipalities to develop a program aimed at helping smaller Kansas communities respond to the threat of water shortages caused by drought. The program would allow municipalities and rural water districts to issue general obligation or revenue bonds and market them on a pooled basis through KDFFA at lower costs and at lower interest rates than they would otherwise be able to on their own.

SB 362 will create an exception for water supply projects to the general prohibition against financing local government projects that was amended into KDFFA's enabling legislation in 1987 at the request of Kansas bond underwriters. Similar exceptions were enacted by the 1988 Legislature for local waste water treatment facilities (1988 SB 472) and for local economic development infrastructure projects (1988 SB 574). It is not KDFFA's intention to do general municipal bond banking. Passage of SB 362 will allow us to participate in a specific, drought-related water supply financing program for Kansas communities. I urge its favorable recommendation.

KRWA

April 19, 1989

TO: House Appropriations Committee

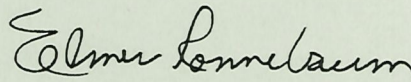
The Kansas Rural Water Association appreciates this opportunity to offer comments before this Committee.

The concept of pooling for financing of public water supply system improvements may be critical in light of continued drought conditions across much of Kansas. The availability of feasible financing for system improvements may be essential for many drought vulnerable systems.

In 1987, The Kansas Rural Water Association worked to create a Finance Authority under existing statutory authority, K.S.A. 12-2901. The Kansas Rural Water Finance Authority has been instrumental in providing an option for its members when considering other financing proposals. The pooling concept promoted by the Kansas Rural Water Financing Authority has demonstrated cost savings to member systems.

Because of our experiences in this regard, the Kansas Rural Water Association supports Senate Bill 362.

Respectfully,



Elmer Ronnebaum
Program Manager

HA KANSAS RURAL WATER ASSOCIATION
4-20-89 P.O. Box 226
Attachment 11 Seneca, Kansas 66538
(913) 336-3760

The Testimony of

Mark C. Bannister
Associate General Counsel
Kansas Board of Regents

before

THE HOUSE APPROPRIATIONS COMMITTEE
1989 Legislative Session

in re
Senate Bill 376

April 20, 1989

HA
4-20-89
Attachment 12

Mr. Chairman and Members of the Committee:

My name is Mark C. Bannister and I am Associate General Counsel to the Kansas Board of Regents. It is my pleasure to appear before the House Appropriations Committee to testify in support of Senate Bill 376.

Senate Bill 376 was introduced at the behest of the Kansas Board of Regents, having been approved as a legislative initiative by that body. The purpose of Senate Bill 376 is to reduce the procedural steps required for the Board of Regents to grant easements.

Some of you may recall Senate Bill 745 (Ch. 333, 1988 Session Laws) which was passed by the 1988 Legislature. It amended K.S.A. 75-2131, the general statute relating to easements granted by the State, in the same manner as Senate Bill 376 proposes to amend K.S.A. 74-3264, a more specific statute relating to easements granted by the Board of Regents.

We have discussed this bill with Mr. Art Griggs of the Department of Administration. I can advise you, on his instruction, that the Department of Administration has no problem with the intent of S.B. 376.

Department of Social and Rehabilitation Services

Winston Barton - Secretary

Statement Regarding Senate Bill 378

The primary responsibility of the SRS Child Support Enforcement Program is to help children by establishing regular and adequate support payments and by enforcing past due support obligations. From that perspective, SRS has requested introduction of this bill.

This bill concerns the creation, continuation, and termination of assignments of support rights in public assistance cases (ADC, medical assistance, and foster care) and in support enforcement cases not related to public assistance ("Non-ADC").

The impetus for change is a recent federal regulation concerning continuation of Child Support Enforcement (CSE) services after closure of an Aid to Families with Dependent Children (ADC) case. Under the new regulation, states must now extend CSE services indefinitely and automatically, without further application by the recipient, unless the recipient requests that the services be stopped. Previously, the automatic continuation was limited to five months, extended thereafter only upon the recipient's authorization. It should be noted that collections on support obligations due after a public assistance case closes are distributed to the family.

The changes related to the continuation of CSE services would be made in part by deleting the existing language related to partial termination of assignments in KSA 39-709(c) (page 3, lines 85-94 and lines 116-137), KSA 39-709(g) (page 8, lines 281-285), and KSA 39-709(h) (page 9, lines 327-337). The provisions for continuation of CSE services would be incorporated into KSA 39-756 (page 11, lines 399-426), which governs all other Non-ADC cases.

In addition, the states are now required to provide full CSE services, without further application, to recipients of federally funded medical assistance who do not received ADC, i.e., "Medical Only" cases. Previously, states were only required to provide limited, medical support services in such cases (for example, trying to obtain health insurance for the child), not the entire range of CSE services. Collections specifically related to medical support would be retained by SRS, but other support collections would be distributed to the family.

The necessary change in the assignment of rights in "Medical Only" cases would be made by striking the word "medical" in KSA 39-709(g) (page 8, line 274). So long as a "Medical Only" case remained open, support collections would be distributed according to the amendment on page 9, lines 304-312.

These changes in the scope and duration of CSE services related to public assistance cases necessitate changes in KSA 39-756, the Non-ADC statute. The addition of subsection (b) to KSA 39-756 (page 11, lines 399-421) makes it clear that former public assistance cases and open "Medical Only" cases have the status of Non-ADC CSE cases, with respect to support that is not subject to SRS'

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claim for reimbursement. The distribution of collections for all Non-ADC cases would be controlled by KSA 39-756(d) (page 12, lines 427-439), as amended.

In order to treat all Non-ADC cases uniformly, an amendment to KSA 39-756 (page 10, lines 374-394) provides an assignment of support rights by operation of law in all Non-ADC cases not related to public assistance. When a public assistance case closes and CSE services are continued automatically, the assignment also continues automatically -- the participant is not required to execute a written assignment. However, when a person not receiving public assistance applies for CSE services, a written assignment must be executed. This additional paperwork burdens the Non-ADC applicant, slows the intake process, and increases the chance for error because it is inconsistent with all other CSE cases. It should be noted that the assignment in Non-ADC cases is necessary to authorize SRS to endorse and handle support payments and to prevent conflict of interest and other legal problems.

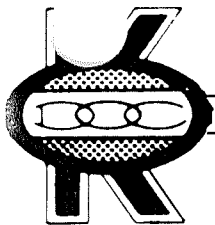
Currently the provisions for partially or fully terminating the assignment of support rights and limited power of attorney in public assistance cases are scattered through subsections (c), (g), and (h) of KSA 39-709. New Section 3 (page 13, lines 452-473) would consolidate and reconcile the provisions for partial and full termination of assignments, as well as implementing the new federal requirements concerning continued CSE services.

Fiscally, the sanctions that could be imposed for failing to meet federal program standards would be significant. Sanctions include all federal funding for the Title IV-D (CSE) program, all incentive payments on support collections, 1 to 5 percent penalties for the Title IV-A (ADC) program, and ultimately loss of all funding for the Title IV-A (ADC) program. Imposition of all sanctions would cost Kansas approximately \$45 million.

Outside of avoiding the expense of federal sanctions, the fiscal impact of this legislation is expected to be minor. Automatically providing full CSE services in "Medical Only" cases is expected to add few cases because most "Medical Only" recipients either are adults without minor children or are already receiving CSE services because of a prior ADC case. The cases added would tend to increase Non-ADC collection totals, for which the federal government pays the State an incentive. Elimination of the written assignment in Non-ADC cases would eliminate a form, reduce paperwork for both SRS and the clerks of court, and would increase collections to the extent that the intake process is faster.

We believe that this bill would benefit the State of Kansas by insuring compliance with federal mandates, reducing paperwork, and reconciling the provisions of the existing statutes. For these reasons, SRS urges passage of this legislation.

Jamie L. Corkhill
Child Support Enforcement
Social and Rehabilitation Services
296-3237



KANSAS DEPARTMENT OF CORRECTIONS

MIKE HAYDEN, GOVERNOR

ROGER V. ENDELL, SECRETARY

LONDON STATE OFFICE BUILDING — 900 SW JACKSON
TOPEKA, KANSAS — 66612-1284
913-296-3317

TO: House Appropriations Committee
Bill Buntten, Chairperson

FROM: Department of Corrections

DATE: April 19, 1989

SUBJECT: SB 381

Last summer we met with State Building Committee to receive approval on a revised program for improvements at KCIL. Originally, the plan called for \$18.0 million for two housing units and other major improvements. The plan was adjusted to one dormitory similar to that constructed at the Hutchinson Correctional Work Facility, an entrance-visitors building, renovation of the laundry, utility, parking and site improvements. The appropriation language, however, specifies only construction of a dormitory housing unit. It is our opinion it would be best to have the appropriation better reflect the scope of the project. SB 381 is to accomplish this objective.

GS:mkb

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4-20-89
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KANSAS DEPARTMENT OF CORRECTIONS

MIKE HAYDEN, GOVERNOR

ROGER V. ENDELL, SECRETARY

LONDON STATE OFFICE BUILDING — 900 SW JACKSON
TOPEKA, KANSAS — 66612-1284
913-296-3317

TO: House Appropriations Committee
Bill Buntten, Chairperson

FROM: Department of Corrections

DATE: April 19, 1989

RE: SB 382 - Imprest Funds

SB 382 amends K.S.A. 75-3058 to expand the cap on the imprest funds at certain correctional facilities, establish funds for those not now having such, and updates institution names where appropriate

Imprest funds allow facilities to maintain cash balances to meet obligations for inmate pay and gratuities, emergency travel to pick up inmates, and statutory travel costs for inmates upon release.

Once established the funds are replenished from operating funds. The fiscal note on SB 382 totals \$25,000.

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4-20-89
Attachment 15

SENATE BILL No. 382

By Committee on Ways and Means

3-22

14 AN ACT concerning imprest funds of the department of corrections;
15 amending K.S.A. 1988 Supp. 75-3058 and repealing the existing
16 section.
17

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

19 Section 1. K.S.A. 1988 Supp. 75-3058 is hereby amended to read
20 as follows: 75-3058. The following imprest funds are hereby estab-
21 lished for institutions, other units or functions of the department of
22 corrections:

Table with 2 columns: Facility Name and Amount. Includes items like Kansas state penitentiary (\$40,000), State industrial reformatory (5,000), etc.

or as soon thereafter as the transactions can be accomplished

issue warrants payable

pursuant to vouchers approved by the secretary of corrections, payable from moneys appropriated for the fiscal year ending June 30, 1989, for the department of corrections, each in

or as soon thereafter as the transactions can be accomplished

issue a warrant payable

pursuant to a voucher approved by the secretary of corrections, payable from moneys appropriated for the fiscal year ending June 30, 1989, for the department of corrections or for the correctional institution or facility for which the imprest fund balance is increased, in

44 New Sec. 2. (a) On the effective date of this act, the director
45 of accounts and reports shall [transfer from the state general fund] to
46 each imprest fund increased by section 1] an amount equal to the
47 increase in the specific balance in each such imprest fund as provided
48 in section 1.

49 (b) On the effective date of this act, the director of accounts and
50 reports shall [transfer from the state general fund] to the imprest
51 funds created by section 1] an amount equal to the specific balance
52 for each such imprest fund as provided in section 1.

4-20-89
HA
Attachment 16

State of Kansas

Office of

RICHARD G. GANNON, EXECUTIVE DIRECTOR
CHARLENE K. ABBOTT, ADMINISTRATIVE ASSISTANT
LAWRENCE T. BUENING, JR., GENERAL COUNSEL
JOSEPH M. FURJANIC, DISCIPLINARY COUNSEL



Landon State Building
900 S.W. JACKSON, SUITE 553
TOPEKA, KS 66612-1256
(913) 296-7413

Board of Healing Arts

TO: House Committee on Appropriations
FROM: Richard G. Gannon, Executive Director
DATE: April 20, 1989
RE: **TESTIMONY ON SB-386**

This bill was actually suggested by the Senate Subcommittee on Ways and Means following its review of our authorized expenditures and its approval of those expenditures in HB 2030. It became obvious that if the Board expended the funds authorized by HB 2030 that additional revenues would have to be generated in order to maintain an appropriate fee fund balance. Alternative methods were explored to determine the best manner in which to increase fees and thereby raise additional revenues.

By way of overview, the licenses for each of the three branches of the healing arts and podiatrists expire June 30 each year. By statute, the Board must mail renewal notices "at least 30 days before the expiration". Several weeks of preparation are required by board staff and the state printer prior to mailing the more than 6500 renewals. These preparations include printing of the renewal forms and address labels, attaching labels, stuffing envelopes, etc.

The Board's General Counsel advised me that it takes at least 60 days and more likely almost 120 days for a permanent amendment to fee rules and regulations to become adopted and be effective. Further, Mr. Buening advised that a temporary rule and regulation can only be adopted if it meets one of the four criteria stated in K.S.A. 1988 Supp. 77-422.

The Board at its meeting April 15, 1989, adopted temporary rules and regulations which would increase the fees identical to that being requested in SB 386. These rules and regulations are now set for hearing before the Rules and Regulations Board at 8:15 a.m. on Monday, April 24. If the Rules and Regulations Board approves the temporary rules and regulations, then enactment of SB 386 will be

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JOHN B. HIEBERT, M.D., LAWRENCE
GLENN I. KERBS, DODGE CITY

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GRACIELA MARION, EUDORA
TOM REHORN, SHAWNEE MISSION
IRWIN WAXMAN, D.P.M., PRAIRIE VILLAGE
KENNETH D. WEDEL, M.D., MINNEAPOLIS
JOHN P. WHITE, D.O., PITTSBURG

HA
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Testimony RE: SB-386
April 20, 1989
Page 2

unnecessary. On the other hand, if the Rules and Regulations Board does not approve these temporary rules and regulations, then passage of SB 386 is absolutely necessary in order for the Board to generate the revenues to maintain appropriate fund balances and still be able to expend the funds authorized by HB 2030.

I urge this Committee's favorable recommendation on SB 386. If the Rules and Regulations Board approves on Monday the rules and regulations as adopted by the Board at its meeting April 15, then I will forthwith advise the house leadership that SB 386 may be removed from the House Calendar and no action need be taken on the bill this session.

Thank you very much for the opportunity to appear before you today and for your prompt scheduling of the hearing on this bill. I would be happy to answer any questions you might have.

RGG:LTB:sl

17-2



KANSAS MEDICAL SOCIETY

1300 Topeka Avenue • Topeka, Kansas 66612 • (913) 235-2383
Kansas WATS 800-332-0156 FAX 913-235-5114

April 20, 1989

TO: House Appropriations Committee
FROM: Kansas Medical Society *Chip Wooten*
SUBJECT: Senate Bill 386; Healing Arts Licensure Fees

The Kansas Medical Society wishes to express its endorsement of the provisions of SB 386. As always, we support those measures necessary to make the Board of Healing Arts an effective licensure and regulatory agency.

The fee increases prescribed by SB 386 are for the purpose of assuring adequate revenues to finance expenditures authorized by way of HB 2030. Because of the cash flow characteristics of physician licensure, it is necessary to request statutory fee increases rather than wait for administrative rules and regulations to become effective.

For these reasons we respectfully request that you recommend SB 386 for passage. Thank you for your consideration.

CW:lg

*HA -
4-20-89
Attachment 18*

For Consideration by House Appropriations
4-20-89

- 1 ~~(h)~~ (8) for a temporary permit, an amount of not more than \$30;
- 2 ~~(i)~~ (9) for a temporary license, an amount of not more than \$25;
- 3 ~~(j)~~ (10) for any examination given by the board, an amount equal
- 4 to the cost to the board of the examination and its administration;
- 5 ~~(k)~~ (11) for a certified statement from the board that a licensee
- 6 is licensed to practice podiatry in this state, an amount of not more
- 7 than \$15; and
- 8 ~~(l)~~ (12) for any copy of any license issued by the board, an amount
- 9 of not more than \$15.

10 Sec. 2. K.S.A. 1988 Supp. 65-2852 is hereby amended to read
 11 as follows: 65-2852. (a) *On and after the effective date of this act*
 12 *and prior to May 1, 1991, the board shall collect:*

- 13 (1) For the annual renewal of a license, the sum of \$150;
- 14 (2) for the second notice renewal of a license, the sum of ~~\$250~~;
- 15 (3) for reinstatement of a lapsed license, the sum of ~~\$200~~; and
- 16 (4) for renewal of an exempt license, the sum of \$115.

\$200
\$250

17 *The provisions of this subsection shall expire on May 1, 1991.*

18 (b) The following fees shall be established by the board by rules
 19 and regulations and, *except as provided in subsection (a), shall be*
 20 collected by the board:

- 21 ~~(a)~~ (1) For a license, issued upon the basis of an examination
- 22 given by the board, in a sum of not more than \$150;
- 23 ~~(b)~~ (2) for a license, issued without examination and by endorse-
- 24 ment, in a sum of not more than \$150;
- 25 ~~(c)~~ (3) for a license, issued upon a certificate from the national
- 26 boards, in a sum of not more than \$150;
- 27 ~~(d)~~ (4) for the annual renewal of a license, the sum of not more
- 28 than \$150;
- 29 ~~(e)~~ (5) for a temporary permit, in a sum of not more than \$30;
- 30 ~~(f)~~ (6) for an institutional license, in a sum of not more than
- 31 \$150;
- 32 ~~(g)~~ (7) for a visiting professor temporary license, in a sum of not
- 33 more than \$25;
- 34 ~~(h)~~ (8) for a certified statement from the board that a licensee
- 35 is licensed in this state, the sum of not more than \$15;
- 36 ~~(i)~~ (9) for any copy of any license issued by the board, the sum
- 37 of not more than \$15;
- 38 ~~(j)~~ (10) for any examination given by the board, a sum in an
- 39 amount equal to the cost to the board of the examination;
- 40 ~~(k)~~ (11) for application for and issuance of a special permit under
- 41 K.S.A. 65-2811a and amendments thereto, the sum of not more than
- 42 \$30;
- 43 ~~(l)~~ (12) for an exempt license or renewal of an exempt license,
- 44

Attachment 19
4-20-89

House Appropriations Committee, April 20, 1989

Subject: Senate Bill 388

Effect: Would amend K. S. A. 75-2555, within the Grant-In-Aid to Libraries Act, which identifies the method of allocation of the state aid funding.

Objective: To establish authorization for a formula to be used for the allocation of the one-third of the annual aid funding which goes to the regional systems of cooperating libraries. Current wording of the statute stipulates that two-thirds of the annual authorization shall be distributed per capita among eligible library districts, and one-third shall be divided equally among the seven regional library systems.

Background:

1. In recent years there has been increasing feeling among some of the regional library system boards and system librarians that the equal division of the system state aid is unfair in that a disproportionate amount of the funding goes to the least populous areas of the state.
2. It has been asserted that service demands and related expenses in the more populous areas require a greater concentration of the funding.
3. It is also asserted that service delivery in the more rural system areas is made more expensive than similar service delivery in the urban areas because of the large territory over which the service must be delivered.
4. The formula for the allocation of the system aid funding which has been negotiated would establish a base grant for each system in the amount of the current level of grant allocation. Any additional funding received into the program would be allocated by a formula which would place a percent of the additional funding in the base grant and then divide the remainder of additional funding using a formula which includes the two factors of square miles of territory in each library system and the total population in each library system.
5. The proposed formula would be defined in a regulation of the State Library.
6. All of the seven regional library systems of cooperating libraries have participated in the negotiation to define the characteristics of this proposed change and the related formula and each has given endorsement.
7. This amendment does not cause increased cost to state government.

HA
4-20-89
Attachment 20

April 20, 1989

Comments prepared for delivery to
Kansas House of Representatives
Appropriation Committee regarding SB388

James C. Marvin, Director, Topeka Public Library

I am pleased to have a few minutes in your busy schedule to speak on behalf of SB388, proposed legislation regarding the distribution of grant-in-aid funds to Regional Library Systems.

It may be claiming too much to say I originated the idea of distributing grants-in-aid in seven equal parts to our Regional Systems, when state-aid first became a reality in Kansas. It is certainly accurate that I jumped on the bandwagon with support at once when the proposal surfaced at one of the many meetings called to consider this matter.

Back then, when our institutional poverty was even greater, any help at all seemed direct from heaven. Further, each area of the State had needs so great that money, for years to come, would be needed just to get the ambitious multi-county service units going.

Our Kansas librarians are all concerned for and dedicated to excellent library service for Kansans. We differ sometimes in just how to go about it, but not what to do. At that time, no elements that would be divisive were needed. There was plenty to do without them.

Over the years, we have come to realize that good library service to people involves factoring in the size of the population served and the geographic expanse involved in getting service to them.

HA
4-20-89
Attachment 21

It is gratifying to know personally that the administrators of all the regional systems have approved a plan whereby the State Library of Kansas can create a formula for distributing funds which will consider the factors of base costs, numbers of people served and the square miles over which they live. This is a giant step in the direction of equitable, high quality library service for all Kansans.

HOUSE APPROPRIATIONS COMMITTEE

April 20, 1989

Senate Bill 395

Presentation by Claire McCurdy
Chief Counsel/Special Assistant
Kansas Department on Aging

HA
4-20-89
Attachment 22

Thank you Mr. Chairman and members of the committee for this opportunity to speak in favor of S.B. No. 395.

The purpose of this legislation is simple. The enabling statute that established the Older Kansans Employment Program (OKEP) in 1982 is K.S.A. 75-5924. As it currently stands the statute authorizes three employment programs, and sets forth some criteria for selecting those sites. Based upon the urban, intermediate and rural population requirements programs are currently located in Wichita, Manhattan and Chanute.

The 1989 Legislature has appropriated \$36,000 in the Kansas Department on Aging's budget to establish a fourth program somewhere in northeast Kansas. As K.S.A. 75-5924 currently reads however, only three programs are authorized. Consequently, without S.B. No. 395's amendment to current law the Department will have money in its budget without the authority to spend it because of the statute's three program limit.

Senate Bill No. 395 removes the three program limit by inserting the words "not less than three" and giving the Secretary the discretion to choose the future locations. Also, by incorporating the "within the limits of appropriations therefore..." language it eliminates the necessity of the legislature having to amend the enabling statute each time it wishes to expand the OKEP program.

As you can see, this is a technical amendment to current existing law. As a result, we urge you to recommend S.B. No. 395 favorable for passage.

Thank you.

CKM:mj
2.1058