

Approved: 3-6-91
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:30 p.m. on February 25, 1991 in room 514-S of the Capitol.

All members were present except: Representative Fuller (excused)

Committee staff present:

Ellen Piekalkiewicz, Legislative Research Department
Debra Duncan, Legislative Research Department
Jim Wilson, Revisor of Statutes
Susan Miller, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Representative Carol Sader
Charles L. Stuart, United School Administrators
Connie Hafenstine, Personnel Director, Kansas Department of Transportation
Jeff Sonnich, Vice-President, Kansas-Nebraska League of Savings Institutions
James Maag, Senior Vice-President, Kansas Bankers Association
Bill Dean, Board Member, National Kidney Foundation of Kansas
Elizabeth Witten, Master Social Worker and Board Member, National Kidney Foundation of Ks.
Robert S. Wunsch, University of Kansas Medical Center

Others attending: see attached list.

HB 2058 - KPERS, employment after retirement.

Richard Ryan, Director, Kansas Legislative Research Department, explained that HB 2058 raises from \$6,000 to \$9,720 the calendar year earnings limitation applicable to retirants under KPERS who are subject to an earnings limitation. A "draft" supplemental note on HB 2058 was distributed (Attachment 1).

Representative Carol Sader appeared in support of HB 2058 and provided written testimony (Attachment 2). Representative Sader stated allowing KPERS retirants more part-time earnings would encourage many older adults to remain active and productive members of the work force for a longer period of time.

Charles L. Stuart, United School Administrators of Kansas, testified in support of HB 2058 (Attachment 3).

Connie Hafenstine, Personnel Director, KDOT, appeared in support of HB 2058 stating KDOT believes its ability to re-employ retired civil engineers for approximately 3-4 months under the earnings limitation of \$9,720 before affecting their retirement benefits is extremely beneficial to the Comprehensive Highway Program (Attachment 4).

HB 2042 - Savings banks and savings and loan associations allowed to bid on certain active accounts.

Richard Ryan, Director, Kansas Legislative Research Department, explained that HB 2042 amends the state moneys law to make savings banks and savings and loan associations eligible to receive state fee agency accounts subject to approval by the Pooled Money Investment Board. A "draft" supplemental note is included (Attachment 5).

Jeff Sonnich, Vice-President, Kansas-Nebraska League of Savings Institutions, testified in support of HB 2042 and provided written testimony (Attachment 6). He stated passage of the bill would end a discriminatory practice whereby only commercial banks are authorized to hold state fee agency accounts and he feels a competitive atmosphere would be created whereby state fee agencies would benefit by receiving the highest possible bids for their money.

James Maag, Senior Vice-President, Kansas Bankers Association, testified in support of HB 2042 as amended by the Committee on Pensions, Investments and Benefits (Attachment 7). The amendment requires those eligible to receive state fee agency accounts to meet the minimum capital requirements for a commercial bank as required by the F.D.I.C. and was requested by the Kansas Bankers Association.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 1:30 p.m. on February 25, 1991.

HB 2016 - Establishing the advisory commission on end stage renal disease. Re Proposal No. 29

Dr. William Wolff, Kansas Legislative Research Department, distributed a supplemental note on HB 2016 and stated the bill would create a new end stage renal disease (ESRD) program for Kansas (Attachment 8). The program would be operated by the University of Kansas Medical Center and the executive director and support staff would be employed by the Medical Center. The bill creates an Advisory Commission on End Stage Renal Disease to advise the executive director on rules and regulations for eligibility. It was noted this bill was recommended by an interim Committee under Proposal No. 29. Regarding the cost of the program, proponents of the bill suggested the fiscal note on the program would be \$3.356 million; however, the bill states the program would be offered within the limits of appropriations. There are approximately 1,500 ESRD patients in Kansas.

Bill Dean, Board Member, National Kidney Foundation of Kansas, introduced Elizabeth Witten, Master Social Worker and Board Member, National Kidney Foundation of Kansas, who appeared in support of HB 2016 (Attachment 9). Ms. Witten advised that there are approximately 1,522 Kansans suffering from end stage renal disease (kidney failure). She noted that life expectancy of patients with renal failure has been dramatically improved by the treatments of dialysis and transplantation. Ms. Witten stated the proposed ESRD program would be a program of last resort and no funds generated with this legislation will replace existing funding resources. In response to a question, Ms. Witten stated that on the average Cyclosporine costs a patient approximately \$6,000 per year.

Robert S. Wunsch, University of Kansas Medical Center, appeared in support of HB 2016 and provided written testimony (Attachment 10). Mr. Wunsch proposed an amendment to HB 2016 to include the specific mention of research in the bill in line 5, page 3. In addition, he asked that "research" be added in section 5 to the list of priorities for funding in the program. Mr. Wunsch also asked the Committee to express its intent as to whether the priorities for expenditure of moneys listed in the bill are ranked as listed or are equal. It was noted that KUMC and its staff would enthusiastically implement and administer this ESRD program if HB 2016 is enacted. Representative Gatlin requested Mr. Wunsch to advise the number of research dollars the Nephrology faculty at KUMC has attracted in FY91 or in recent years.

The Chairman turned to final action. Representative Wisdom moved that HB 2058 be amended as recommended by the Committee on Pensions, Investments and Benefits and the bill be passed as amended. Representative Blumenthal seconded. Motion carried.

Representative Wisdom moved that HB 2042 be amended as recommended by the Committee on Pensions, Investments and Benefits and the bill be passed as amended. Representative Chronister seconded. Motion carried.

Staff distributed a draft copy of HB 2020 which highlighted proposed amendments to the bill, including a provision for a protest petition when a county is planning to enter a district agreement and a provision that the Attorney General must review and approve a proposed district agreement for compliance with Kansas law (Attachment 11). Technical amendments were also noted by staff. Representative Chronister moved to amend HB 2020 according to the amendments proposed, including clean up language and by adding on page 4, line 17 the words "or general election." Representative Turnquist seconded. Motion carried. Representative Hochhauser made a motion to recommend HB 2020, as amended, favorably for passage. Representative Dean seconded. Motion carried.

Representative Gatlin moved approval of the minutes of February 18, 1991 as presented. Representative Wisdom seconded. Motion carried.

INTRODUCTION OF BILLS

Chairman Teagarden requested introduction of three bills: (1) a bill regarding the presidential preference primary election; (2) a bill concerning state finance relating to transfers from the SGF; and (3) a bill terminating longevity pay for state officers and employees. Representative Dean moved introduction of the bills. Representative Turnquist seconded. Motion carried.

The meeting was adjourned at 3:20 p.m. The next meeting is scheduled for Tuesday, February 26 at 1:30 p.m. in 514-S.

*Not printed pending action of
House Committee on Appropriations*

SESSION OF 1991

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2058

As Amended by House Committee on
Pensions, Investments, and Benefits

Brief*

H.B. 2058 raises from \$6,000 to \$9,720 the calendar year earnings limitation applicable to retirants under KPERS who are subject to an earnings limitation.

Background

There is no earnings limitation for KPERS retirants who retired before July 1, 1988. For those who retired after June 30, 1988, there also is no limitation unless the retirant is employed by the same employer for whom he or she worked during the last two years of KPERS participation. In such cases, retirants may receive KPERS benefits until earnings equal \$6,000 in a calendar year, and at that point they may elect to terminate employment and continue to receive benefits, or continue employment with benefits suspended, or revoke their retirement and again become a participating member of KPERS. Exempted from the earnings restriction are substitute teachers, elected officials, and officers, employees, and appointees of the Legislature.

As introduced, H.B. 2058 raised the amount of the earnings limitation from \$6,000 to \$9,360, which was the limit applicable to Social Security beneficiaries between ages 65 and 69 in 1990. The House Committee on Pensions, Investments, and Benefits amended the bill to make the limitation \$9,720, or the same as the Social Security limit in 1991.

The bill was supported by Representative Carol Sader, the United School Administrators, the personnel officer of the Department of Transportation, and Helen Gill from Olathe.

* Supplemental Notes are prepared by the Legislative Research Department and do not express legislative intent.

*NA
2-25-91
Attachment 1*

STATE OF KANSAS

CAROL H. SADER
REPRESENTATIVE, TWENTY-SECOND DISTRICT
JOHNSON COUNTY
8612 LINDEN DR.
SHAWNEE MISSION, KANSAS 66207
HOME: (913) 341-9440
CAPITOL OFFICE: (913) 296-7675



TOPEKA

HOUSE OF
REPRESENTATIVES

TESTIMONY ON HB 2058
HOUSE APPROPRIATIONS COMMITTEE

February 25, 1991

COMMITTEE ASSIGNMENTS
CHAIRPERSON: PUBLIC HEALTH AND WELFARE
VICE-CHAIRPERSON: ECONOMIC DEVELOPMENT
VICE-CHAIRPERSON: JOINT COMMITTEE ON HEALTH CARE DECISIONS FOR THE 1990'S
RANKING DEMOCRATIC MEMBER: SRS TASK FORCE
MEMBER: PENSIONS, INVESTMENTS AND BENEFITS
JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

Mr. Chairman and Members of the Committee:

I speak as a sponsor and proponent of HB 2058. This bill provides that any retirant who retired on or after July 1, 1988 who is re-employed by the same participating employer for whom the retiree worked during his or her last two years before retiring may earn up to \$9,720 per year, instead of \$6,000 per year, and still continue to receive full retirement benefits. The \$9,720 figure is the maximum allowed at the federal level for social security. The change from \$6,000, which most KPERS retirees are now restricted to, would simply raise the KPERS threshhold amount of earnings to conform to the federal threshold.

An interim committee considered this matter this summer and recommended this change. It appears as a provision in SB 28 along with another provision which might be somewhat controversial. HB 2058 would accomplish the recommended change without being jeopardized by an accompanying controversial provision.

The bill has minimal fiscal impact. The estimated actuarial impact is expected to be negligible and it will not affect employer contribution rates.

In place of the simple change in dollar amount which is the subject of this bill, the committee might wish to consider two amendments that might clarify the policy intent and simplify the process even further. One would be to round off the dollar amount to \$10,000 so that it would be unnecessary to re-visit this again next year when the Social Security maximum is expected to increase again. The other suggestion would be to provide that the salary limitation imposed, be applicable for just three years subsequent to retirement. If the purpose is to prevent the "revolving door", a three year period between retirement and part-time re-employment would probably achieve the objective.

HA
2-25-91
Attachment 2

Representative Carol Sader
Testimony on HB 2058
February 25, 1991
Page 2.

With or without these two additional suggestions, this bill would encourage many older adults to remain active, participating, and productive members of the work force for a longer period of time. Presently, the restrictive provisions of the existing law, passed in 1989, do not apply to substitute school teachers or elected officials including officers, employees and appointees of the Legislature. HB 2058 would liberalize the restrictions, in some small degree, for other KPERS retirees as well.

I urge the passage of HB 2058 in the interests of equity, simplification of the process, and economic and psychological benefits to retirants who wish to remain in the workplace on a part-time basis.

Thank you.

Carol H. Sader



HB 2058

Testimony presented before the House Committee on Appropriations
by Charles L. "Chuck" Stuart, Legislative Liaison
United School Administrators of Kansas

February 25, 1991

Mr. Chairman and members of the committee, United School Administrators of Kansas supports the increase in earnings allowable for school employees who are recent retirees. The change from \$6,000 to \$9,720 allowable without jeopardizing retirement benefits could allow some hourly employees or part-time teachers to enter into a contract for employment which could be beneficial to both the employee and school district.

United School Administrators supports the change in HB 2058 and urges a favorable report from this committee.

hb2058/bam

HA
2-25-91
Attachment 3

Kansas Department of Transportation

February 25, 1991

MEMORANDUM TO: REPRESENTATIVE GEORGE TEAGARDEN, CHAIRMAN
HOUSE APPROPRIATIONS COMMITTEE

FROM: KANSAS DEPARTMENT OF TRANSPORTATION

REGARDING: HOUSE BILL 2058, RELATING TO EMPLOYMENT AFTER
RETIREMENT

KDOT employs individuals on a temporary basis who have retired from the agency when a need for their skills exists. A temporary appointment would allow the retiree to work up to 999 hours in a one-year period. Currently K.S.A 74-4914 limits retirees to earn up to \$6,000 in a calendar year or revoke their retirement benefit. To work the maximum 999 hours and stay below the \$6,000 limit, the rate of pay would be \$6.00 per hour. We are re-employing retirees who are civil engineers who have more than 30 years of experience prior to retirement. The state pay rate for a beginning civil engineer without experience is \$11.61 per hour. On the average, we are paying \$15 - \$16 per hour for the retirees currently working. Based upon the \$15 per hour figure, a retiree could work approximately 2 1/2 months. If the limit is raised to \$9,720, the retiree could work approximately 3 1/2 months. The \$9,720 figure is the amount of yearly earnings allowed by Social Security before Social Security benefits are affected.

KDOT believes the expertise provided by our retirees is extremely beneficial to the Comprehensive Highway Program.

HA
2-25-91
Attachment 4

*Not printed pending action of
House Committee on Appropriations*

SESSION OF 1991

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2042

As Amended by House Committee on
Pensions, Investments, and Benefits

Brief*

H.B. 2042 amends the state moneys law to make savings banks and savings and loan associations insured by the F.D.I.C. and doing business in Kansas eligible to receive fee agency accounts, subject to designation or approval by the Pooled Money Investment Board. To be eligible, such financial institutions and Kansas banks would have to meet the minimum capital requirements for a commercial bank as required by the F.D.I.C.

Background

A "fee agency account" is an account of any state agency or institution consisting of fees, tuition, or charges authorized by law prior to remittance to the State Treasurer. Under current law, only Kansas banks are eligible to have such accounts. H.B. 2042, as introduced, was supported by the Kansas-Nebraska League of Savings Institutions. The Kansas Bankers Association had no objection to the bill provided that it were amended to establish minimum capital requirements for eligibility to receive fee agency accounts. Such an amendment was made by the House Committee on Pensions, Investments, and Benefits.

* Supplemental Notes are prepared by the Legislative Research Department and do not express legislative intent.

HA
2-25-91
Attachment 5

**Kansas-Nebraska
League of
Savings
Institutions**

Jeffrey D. Sonnich, Vice-President

Suite 512
700 Kansas Avenue
Topeka, Kansas 66603
(913) 232-8215

February 25, 1991

TO: HOUSE COMMITTEE ON APPROPRIATIONS
FROM: JEFF SONNICH
RE: H.B. 2042 (STATE FEE AGENCY ACCOUNTS)

Mr. Chairman. Members of the Committee. The Kansas-Nebraska League of Savings Institutions appreciates the opportunity to appear before the House Committee on Appropriations, in support of the passage of House Bill No. 2042 which would allow savings and loan institutions to bid on State fee agency accounts.

The bill amends Chapter 75 pertaining to state moneys to allow Federally-chartered savings banks and federally and state-chartered savings and loan associations to participate as depository for State fee agency accounts as well as amending the statute to include the Federal Home Loan Bank of Topeka as a safe-keeping depository for pledged securities. We have attached a list of the present fee agency accounts within the State, as of November, 1990, all of which are with commercial banks.

Passage of this bill would end a discriminatory practice whereby only commercial banks are authorized to hold these fee agency accounts. Past arguments against the passage of this bill centered around the financial security of the FSLIC and the lower capital requirements of savings and loans and savings banks. These arguments have served more to confuse than inform the committee and removed the focus from the real issue.....are the deposits safe? Any deposits above the insured amount must be secured by pledge securities to be held by the treasurer, an approved bank, the Federal Reserve of Kansas City, or the Federal Home Loan Bank of Topeka.

Why amend the statute? The Kansas-Nebraska League of Savings Institutions feels that the question comes down to one of parity. If the provisions of H.B. 2042 require equal protection to these public funds by Kansas savings institutions and Kansas banks then why should not Kansas savings institutions be allowed to make their facilities, services, and rates available on a competitive basis to these State fee agencies?

HA
2-25-91
Attachment 6



House Committee on Appropriations
Page 2
February 25, 1991

Certainly in an era of budgetary constraints State agencies are cognizant of how their funds are invested. Passage of this bill would, in certain circumstances, create a competitive atmosphere whereby State fee agencies would benefit by receiving the highest possible bids for their money.

I'd like to share with you an example that points to the inequity of the current statute. A national bank located in a university town held a substantial quantity of the university's fee funds. In October of 1986 the institution changed its charter from a national bank to a federal savings bank. They changed no personnel, continued a strong capital position, and their philosophy of business did not change. However, by virtue of the statute they could no longer bid on those funds. This institution was an aggressive bidder for the university's fee accounts and offered an attractive rate of return and favorable servicing fees.

In 1986 the Kansas Legislature amended the local public fund statutes to allow for competitive bidding for city, county, and school district funds among banks and savings and loans. Although there was some concern that a dramatic shift of these funds would occur, that has not been the case. We expect the same will hold true for fee agency accounts if the provisions of H.B. 2042 are enacted. Nevertheless we feel an opportunity should exist for those instances where competitive bidding would provide for better interest rates and better service to the fee agency. H.B. 2042 would provide that opportunity.

The House Committee on Pensions, Investments and Benefits amended H.B. 2042 prior to recommending it for favorable passage. The amendment would require that all banks, savings banks and savings and loans meet the minimum bank capital standards set by the FDIC prior to holding these accounts.

We feel that Kansas is the winner if this bill passes. It allows more bidders for State fee funds which will allow the bids to be more competitive. It provides for safety of the funds and provides additional opportunity for savings institutions to continue to serve Kansas communities by investing in loans in Kansas.

Accordingly, we would request that the House Committee Appropriation report H.B. 2042 favorably for passage.

Jeffrey Sonnich, Vice President
Kansas-Nebraska League of Savings Institutions

FEE ACCOUNTS

Atchison County:

Atchison

City National Bank
S. R. S. Fee
Dept. of Rev., Dr. License Exam Dist #5 Fee
Youth Center at Atchison Fee

Barber County:

Kiowa

First State Bank
KHP, Motor Carrier Inspection #31 Fee
Medicine Lodge
First National Bank
Dept. of Rev., Dr. License Exam Dist #34 Fee

Barton County:

Great Bend

American State Bank
Kansas Lottery Fee
First National Bank
Dept. of Rev., Dr. License Exam Dist #29 Fee

Bourbon County:

Fort Scott

Citizens National Bank
KHP, Motor Carrier Inspection #14 Fee
Dept. of Rev., Dr. License Exam Dist #11 Fee

Brown County:

Hiawatha

Morrill & Janes Bank
KHP, Motor Carrier Inspection #65 Fee
Citizens Bank & Trust
S. R. S. Fee

Butler County:

El Dorado

Bank IV Butler County, N. A., El Dorado
S. R. S. Fee
National Bank of El Dorado
Wildlife & Parks, El Dorado State Park Fee
Dept. of Rev., Dr. License Exam Dist #20 Fee
Walnut Valley Bank
Dept. of Corr., El Dorado Honor Camp Fee

Cherokee County:

Baxter Springs
American National Bank
KHP, Motor Carrier Inspection #17A Fee

Cloud County:

Concordia
Cloud County Bank
Dept. of Rev., Dr. License Exam Dist #27 Fee
First Bank & Trust
S. R. S. Fee

Coffey County:

Burlington
Peoples National Bank
Dept. of Rev., Dr. License Exam Dist #15 Fee

Cowley County:

Winfield
First National Bank
S. R. S. Fee
The State Bank
Winfield Correctional Facility Fee
Citizens State Bank
Winfield State Hospital Fee

Crawford County:

Girard
Girard National Bank
Wildlife & Parks, Lake Crawford State Park Fee
Pittsburg
Bank IV Pittsburg
Dept. of Health & Environment Mined Land Cons. Fee
Pittsburg State University Fee
City National Bank
Dept. of Rev., Dr. License Exam Dist #1 Fee
First State Bank
S. R. S. Fee

Douglas County:

Lawrence

The Bank of Kansas/Lawrence
Wildlife & Parks, Clinton State Park Fee
First National Bank
The University of Kansas Fee
S. R. S. Fee
Dept. of Rev., Dr. License Exam Dist #6 Fee

Ellis County:

Ellis

Ellis State Bank
Wildlife & Parks, Cedar Bluff State Park Fee

Hays

Farmers State Bank
KU Med Ctr., NW Area Health Education Ctr. Fee
Wildlife & Parks, Hays Regional Office Fee
Dept. of Rev., Dr. License Exam Dist #32 Fee
KSU, Ft. Hays Experiment Station Fee
Emprise Bank, N. A.
S. R. S. Fee
Ft. Hays State University Fee

Ellsworth County:

Ellsworth

Citizens State Bank
Ellsworth Correctional Facility Fee

Finney County:

Garden City

Bank IV Garden City, N.A.
KSU, SW Ks. Experiment Station Fee
Western State Bank
S. R. S. Fee
Dept. of Rev., Dr. License Exam Dist #37 Fee
KU Med Ctr., SW Area Health Education Ctr. Fee

Ford County:

Dodge City

Bank of the Southwest
Kansas Soldiers Home Fee
Fidelity State Bank
Wildlife & Parks, S. W. Regional Office Fee
S. R. S. Fee
Dept. of Rev., Dr. License Exam Dist #35 Fee

6-5
~~6-5~~

Franklin County:

Ottawa

First National Bank
Dept. of Rev., Dr. License Exam Dist #10 Fee
Kansas State Bank
S. R. S. Fee

Geary County:

Junction City

Central National Bank
Dept. of Rev., Dr. License Exam Dist #18 Fee
First National Bank
Wildlife & Parks, Milford State Park Fee

Harvey County:

Newton

First Bank of Newton
S. R. S. Fee

Hodgeman County:

Jetmore

Farmers State Bank
Abstracters Board of Examiners Fee

Jefferson County:

Perry

Bank of Perry
Wildlife & Parks, Perry State Park Fee

Johnson County:

Lenexa

Bank IV K.C., Olathe, Lenexa Branch
Wildlife & Parks Fee
Country Hill Bank
Dept. of Rev., Dr. License Exam Dist #3 Fee

Olathe

Bank IV Kansas City, N.A.
S. R. S. Fee
First National Bank
School for the Deaf Fee
The Olathe Bank
KHP, Motor Carrier Insp. #23W Fee
KHP, Motor Carrier Insp. #24W Fee

Overland Park

First Continental Bank
University of Kansas Regents Center Library Fee
Metcalf State Bank
Kansas Lottery Fee

Labette County:

Chetopa

Chetopa State Bank
KHP, Motor Carrier Insp. #21 Fee

Parsons

Commercial Bank
S. R. S. Fee
Parsons State Hospital Fee
KSU, S.E. Ks. Experiment Station Fee

Leavenworth County:

Lansing

First State Bank
Lansing Correctional Facility Fee

Leavenworth

First National Bank
S. R. S. Fee
Manufacturers State Bank
Dept. of Rev., Dr. License Exam Dist #4 Fee

Linn County:

Pleasanton

Farmers State Bank, Blue Mound, Pleasanton Branch
Wildlife & Parks, Marais des Cygnes Wildlife Fee

Lyon County:

Emporia

Bank IV Emporia
Wildlife & Parks, District Office Fee
Emporia State Bank
S. R. S. Fee
Lyon County State Bank
Dept. of Rev., Dr. License Exam Dist #16 Fee
First National Bank
Emporia State University Fee

Marshall County:

Marysville

Citizens State Bank
KHP, Motor Carrier Insp. #62 Fee

McPherson County:

Marquette

Marquette Farmers State Bank
Wildlife & Parks, Kanopolis State Park Fee

McPherson

Bank IV McPherson, N.A.
Dept. of Rev., Dr. License Exam Dist #25 Fee

Meade County:

Meade

First National Bank, Garden City, Meade Branch
Wildlife & Parks, Meade State Park Fee

Miami County:

Osawatomie

American State Bank
S. R. S. Fee
Osawatomie State Hospital Fee
First National Bank
Dept. of Corr., Osawatomie Corr. Facility Fee

Mitchell County:

Beloit

First National Bank
Youth Center at Beloit Fee

Glen Elder

Traders State Bank
Wildlife & Parks, Glen Elder State Park Fee

Montgomery County:

Caney

Caney Valley National Bank
KHP, Motor Carrier Insp. #23 Fee

Coffeyville

Bank IV Coffeyville
KHP, Motor Carrier Insp. #22 Fee

Independence

Citadel Bank
S. R. S. Fee
Citizens National Bank
Wildlife & Parks, Elk City State Park Fee
Dept. of Rev., Dr. License Exam Dist #13 Fee

Nemaha County:

Sabetha

Farmers State Bank
Dept. of Rev., Dr. License Exam Dist #19 Fee
Morrill State Bank
KHP, Motor Carrier Insp. #64 Fee

Neosho County:

Chanute

Bank of Commerce
Wildlife & Parks Fee
Dept. of Rev., Dr. License Exam Dist #14 Fee
KU Med Ctr., S.E. Area Health Education Ctr. Fee

Norton County:

Norton

First Security Bank
Wildlife & Parks, Prairie Dog State Park Fee
Norton Correctional Facility Fee
First State Bank
KHP, Motor Carrier Insp. #51 Fee

Osage County:

Lyndon

Lyndon State Bank
Wildlife & Parks, Melvern State Park Fee
Wildlife & Parks, Pomona State Park Fee

Pawnee County:

Larned

First National Bank
Dept. of Rev., Dr. License Exam Dist #33 Fee
First State Bank
Larned State Hospital Fee

Phillips County:

Agra

Farmers National Bank, Phillipsburg, Agra Branch
KHP, Motor Carrier Insp. #53 Fee

Phillipsburg

First National Bank
Dept. of Rev., Dr. License Exam Dist #31 Fee

Pratt County:

Pratt

The Peoples Bank
Wildlife & Parks Fee
S. R. S. Fee

Reno County:

Haven

Haven State Bank
Wildlife & Parks, Cheney State Park Fee

Hutchinson

Central Bank & Trust
Hutch Correctional Work Facility Fee
Dept. of Rev., Dr. License Exam Dist #28 Fee
Emprise Bank, N.A.
Hutch Correctional Facility Fee
Kansas State Fair Fee
Kansas State Fair Special Cash Fund Fee
Kansas State Fair Non Fair Days Events Fee
First National Bank
S. R. S. Fee

Republic County:

Belleville

First National Bank
KHP, Motor Carrier Insp. #58 Fee

Courtland

Swedish-American State Bank
Wildlife & Parks, Lovewell State Park Fee

Riley County:

Manhattan

Citizens Bank & Trust
S. R. S. Fee
Kansas State Bank
Kansas Wheat Commission Fee
Union National Bank
Wildlife & Parks, Tuttle Creek State Park Fee
Dept. of Rev., Dr. License Exam Dist #17 Fee
Kansas State University Fee

Rooks County:

Stockton

Stockton National Bank
Wildlife & Parks, Webster State Park Fee
Stockton Corr. Facility Fee

Russell County:

Lucas

Farmers State Bank
Wildlife & Parks, Wilson State Park Fee Fund

Russell

First National Bank, Salina, Russell Branch
Dept. of Rev., Dr. License Exam Dist #30 Fee

Saline County:

Salina

Bank IV Salina
Dept. of Rev., Dr. License Exam Dist #26 Fee
First Bank & Trust
S.R.S., Vocational Rehab. Center Fee
National Bank of America
Kansas College of Technology Fee
S. R. S. Fee

Scott County:

Scott City

First National Bank
Wildlife & Parks, Lake Scott State Park Fee
Security State Bank
Dept. of Rev., Dr. License Exam Dist #38 Fee

Sedgwick County:

Valley Center

Arkansas Valley State Bank
Wildlife & Parks Fee

Wichita

Bank IV Wichita
Kansas Lottery Fee
Wichita State University Fee
Univ. of Ks., Kansas Geological Survey Fee
City Bank & Trust
Dept. of Rev., Drivers License Exam Dist 22 Fee
Emprise Bank
State Board of Optometry Examiners Fee
Dept. of Rev., Drivers License Exam Dist 23 Fee
First National Bank
Kansas Corporation Commission Conserv. Div. Fee
Southwest National Bank
S. R. S. Fee

Seward County:

Liberal

Citizens State Bank
KHP, Motor Carrier Insp. #37 Fee
KHP, Motor Carrier Insp. #37A Fee
First National Bank
Dept. of Rev., Dr. License Exam Dist #36 Fee
Peoples National Bank
S. R. S. Fee

Shawnee County:

Topeka

Commerce Bank & Trust
Dept. of Rev., Dr. License Exam Dist #7 Fee
Dept. of Rev., Motor Carrier Permit & License Fee
Fidelity State Bank & Trust
Wildlife & Parks, N. E. Regional Office Fee
Secretary of State Fee (Credit Card Account)
Dept. of Human Resources Fee (Credit Card Account)

Smith County:

Lebanon

First National Bank
KHP, Motor Carrier Insp. #55 Fee

Sumner County:

Caldwell

Caldwell State Bank
KHP, Motor Carrier Insp. #26A Fee

Wellington

Security State Bank
Dept. of Rev., Dr. License Exam Dist #21 Fee

Thomas County:

Colby

Farmers & Merchants Bank
KSU, Colby Experiment Station Fee
Thomas County National Bank
Dept. of Rev., Dr. License Exam Dist #39 Fee

Wabaunsee County:

Alma

First National Bank

KHP, Motor Carrier Insp. #21W Fee

KHP, Motor Carrier Insp. #22W Fee

Woodson County:

Toronto

Emprise Bank, Iola, Toronto Branch

Wildlife & Parks, Fall River/Toronto St. Park Fee

Dept. of Corr., Toronto Honor Camp Fee

Wyandotte County:

Kansas City

Brotherhood Bank

Dept. of Rev., Dr. License Exam Dist #2 Fee

Douglass Bank

S. R. S. Fee

First State Bank

Rainbow Mental Health Facility Fee

Guaranty Bank

KHP, Motor Carrier Insp. #5A Fee

School for the Visually Handicapped Fee

Twin City State Bank

K. U. Medical Center Fee

Commercial National Bank

Dept. of Rev., K.C. Regional Office Fee

163 Fee Accounts as of November, 1990

6-13
~~6-8~~



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

February 25, 1991

TO: House Committee on Appropriations
RE: **HB 2042** - State Fee Agency Accounts

Mr. Chairman and Members of the Committee:

Thank your for the opportunity to discuss with the Committee the provisions of **HB 2042** which would amend existing state law to allow savings banks and savings and loan associations (S&Ls) to serve as depositories for fee accounts of state agencies. The KBA does have some reservations about the bill in its present form.

The fee agency statute (K.S.A. 75-4214) has been in existence for more than 20 years and has served state government well. These accounts, which number over 150 throughout the state, range in size from small agency accounts in rural counties to the accounts of the institutions controlled by the Board of Regents. The average daily balances in those large accounts will be in excess of \$5 million. The compensating balances and the service arrangements are determined by bids with the Pooled Money Investment Board (PMIB) on the Regents accounts and with the state agencies on the smaller accounts. Any changes in how these accounts are handled and by whom they are handled should be very carefully considered.

The passage of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) has altered the deposit insurance and capital requirements for banks as well as savings banks and S&Ls. The deposit insurance fund for banks is now known as the Bank Insurance Fund (BIF) and the fund for S&Ls and savings banks is known as the Savings Association Insurance Fund (SAIF). Both of these funds are under the general control of the Federal Deposit Insurance Corporation (FDIC).

HA

2-25-91

Office of Executive Vice President • 1500 Merchants National Building
Eighth and Jackson • Topeka, Kansas 66612 • (913) 232-3444
FAX (913) 232-3484

Attachment 7

FIRREA also requires S&Ls and savings banks to ultimately raise their capital standards to those of banks. However, those standards will not be equal until at least 1993 and until that occurs it would obviously give S&Ls and savings banks an advantage in bidding on fee accounts. That is why the KBA requested the amendment to **HB 2042** which was adopted by the House Committee on Pensions and Investments.

That amendment restricts the bidding to those S&Ls and savings banks with capital (or net worth) equal to that of banks meeting the minimum capital requirements of their regulatory agencies. Those requirements are shown on the attached sheet. An analysis of banks holding state fee agency accounts last year showed an average capital ratio in excess of 9%.

The KBA has no objection to the passage of **HB 2042** as amended. Again, we appreciate the opportunity to discuss this issue with the committee.



James S. Maag
Senior Vice President

Summary of Bank Capital Standards

Capital adequacy is recognized as one of the critical factors analyzed by regulators when evaluating the safety and soundness of any financial institution.

Banks currently must comply with two separate standards for measuring adequacy of capital: the leverage ratio and risk-based capital.

For years, banks have been required to maintain a certain level of capital-to-total assets leverage ratio. This minimum capital level has just recently been reset at 3% - that is, a bank is required to hold 3% of capital to total assets. This 3% minimum applies only to the most highly rated institutions (those receiving a CAMEL rating of 1), that are not experiencing or expecting significant growth. All other institutions are required to meet a minimum leverage level of 4-5%.

Risk-based capital is a fairly new phenomenon which ties capital requirements to the riskiness of a particular bank's assets and off-balance sheet activities.

Assets are placed into one of four risk categories, based on that asset's credit risk. For example, assets in the 0% risk category, such as cash, have **no** credit risk and therefore require **no** capital. Capital is required for the remaining risk categories - 20%, 50% or 100%, depending on the credit risk of that asset.

Banks must have total capital equaling or exceeding 7.25% of the risk-weighted assets for that bank (this percentage increases to 8% by December 31, 1992).

Remember these are minimum standards and most banks will and do operate at capital levels well above the minimums.

Requirements: Leverage Ratio - 3% minimum for CAMEL 1 banks
4-5% for all other banks

Risk-based - 7.25% of risk-weighted assets
8% after 12-31-92

SESSION OF 1991

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2016

As Amended by House Committee on
Public Health and Welfare

Brief*

H.B. 2016, as amended, would create a new end stage renal disease (ESRD) program for Kansas. The program would be operated under the auspices of the University of Kansas Medical Center. An executive director and support staff would be employed by the Medical Center to carry out the program. The bill also creates an Advisory Commission on End Stage Renal Disease which would advise the executive director in the development of rules and regulations to determine standards for eligibility for financial assistance to persons suffering from end stage renal disease.

The executive director would:

Within the limits of appropriations therefor, establish a program to assist ESRD patients in obtaining care and treatment, including, financial assistance and medical, nursing, pharmaceutical, transportation, and technical services.

Within the limits of appropriations therefor, institute and carry on educational programs among professionals, patients, the public, and family members concerning ESRD, including programs on prevention of the disease and the care and treatment of patients.

Within the limits of appropriations therefor, assist in the development of programs which focus on the prevention of ESRD.

In addition, the executive director would cooperate with various groups, public and private to bring about and maximize financial assistance available; would adopt rules and regulations to establish criteria and standards for evaluating the financial ability of persons with ESRD to pay for their own care; and would accept

* Supplemental Notes are prepared by the Legislative Research Department and do not express legislative intent.

HA
2-25-91
Attachment 8

gifts, grants, and donations to defray costs incurred by persons suffering from ESRD.

As amended by the House Committee on Public Health and Welfare, the bill would establish the following priorities for the expenditure of moneys under the act: transportation assistance; payment of premiums of Medicare and supplemental private insurance; administration and staff education; and medications.

Background

H.B. 2016 was recommended by the interim Special Committee on Public Health and Welfare which concluded that some Kansans with ESRD would benefit "by legislation that targeted them and their disease or condition for state financial assistance." (See *Report on Kansas Legislative Interim Studies to the 1991 Legislature*, Proposal No. 29 -- State Renal Disease Program, pages 251-262.)

As originally introduced, H.B. 2016 had a fiscal note prepared by the proponents of the measure of \$3.356 million.

8-2

BACKGROUND

◆ End stage renal disease (kidney failure) was a universally fatal condition as recently as the 1950's.

◆ During 1988 there were 172,506 ESRD patients in the Medicare system. This figure represents a 9.8% increase over the past five years.

◆ Technology has advanced the life-sustaining treatments of hemodialysis, peritoneal dialysis, and transplantation.

◆ ESRD patients frequently have more than one treatment modality during their illness. The treatment pattern can be very simple or very complex with multiple switches among dialysis modalities and multiple transplants with intervening periods of dialysis.

End stage renal disease (kidney failure) was a universally fatal condition as recently as the 1950's. End stage renal disease (ESRD) is diagnosed when kidney function has deteriorated to ten percent or less of normal kidney function and the condition is determined to be irreversible.

The damage to the kidneys which leads to ESRD can occur for a number of reasons including:

- ▼ diabetes 29.9%
- ▼ hypertension 26.0%
- ▼ glomerulonephritis 14.4%
- ▼ cystic kidney disease 3.6%
(primarily adult polycystic kidney disease)
- ▼ other urological diseases 6.0%
- ▼ other identifiable diseases 5.8%
- ▼ causes unknown 14.3%

(It is not unusual for patients to seek medical attention when their chronic renal failure is so far advanced that it is exemplified by shrunken kidneys. At such a late stage it is impossible to determine the actual cause.)

During 1988 there were 172,506 ESRD patients in the Medicare system. This figure represents a 9.8% increase over the past five years according to the 1990 United States Renal Data Systems Report. There are approximately 1,522 Kansans suffering from end stage renal disease as reported in 1990 by the End Stage Renal Disease Network 12, a federal data collection entity for Kansas, Missouri, Iowa, and Nebraska. ESRD patients reside in 100 of the 105 counties in Kansas.

Technology has developed the life-sustaining treatments of dialysis and transplantation. Three basic treatment modalities are available to all persons suffering from chronic renal failure as follows:

HA
2-25-91
Attachment 9

Hemodialysis: Hemodialysis provides removal of toxins, electrolytes and fluid via circulation of blood through an artificial kidney (dialyzer) outside the body. Treatments last from three to five hours and are required three times per week. Treatment is performed in a hospital-based or free-standing unit. Treatment can be done at home with a trained assistant under specific conditions.

Peritoneal Dialysis: Peritoneal dialysis requires placement of a catheter into the abdominal cavity. Several options are available under this modality. This modality is used for patients who prefer the independence of self-care or for those who have difficulty with vascular access or cardiovascular problems resulting in a selection of both stable and unstable patients.

Transplantation: Transplantation of a kidney may be from a living donor, usually a blood relative, or a cadaver donor. Candidates must meet strict medical and psychological criteria. Not all patients are candidates. Survival of the transplanted kidney may be influenced by a variety of factors. The drug cyclosporine, available toward the end of 1983, has made a dramatic difference in survival rates, but is not without its side effects.

ESRD patients frequently have more than one treatment modality during their illness. The treatment pattern can be very simple or very complex with multiple switches among dialysis modalities and multiple transplants with intervening periods of dialysis. Treatment modalities being used by Kansans as of August, 1990 include:

Center hemodialysis	792
Home dialysis	356
Transplants	374

On an annual basis, each dialysis patient incurs costs of approximately \$35,600.00. Medicare pays 80% or \$29,400.00 leaving \$6,190.00 per year as the patient's or third party payer's (Insurance) responsibility. Added to the patient's responsibility is the one time deductible of \$100.00 annually and the \$29.90 per month insurance premium for Part B Medicare coverage. The patient is also responsible for Medicare non-covered expenses, i.e. take-home drugs, treatment related transportation, and a host of other related costs.

Hospitalizations are a fact of life for most ESRD patients. In the cases of transplantation and vascular access or peritoneal catheter placement, the stay is part of the therapy. It can also be an indication of the severity of the illness or presence of contributing illness factors. In all cases, it is a measure of the quality of life and the financial burden of end stage renal disease. Statistics reflect that hospital stays during the first year of ESRD averaged 8.4 days and was reduced to 6.5 days after two years of therapy. Patients benefiting from State Kidney Programs, on the average, have reduced their hospital days by an additional average of two days. Professionals generally assume that this directly correlates with access to medications and other services for those who fall within various income guidelines and are often refused assistance with medications.

THE PROBLEM

◆ Critical gaps exist in the level and type of assistance currently available for 1,522 Kansans who are diagnosed with kidney failure.

◆ Medicare targeted the ESRD population in 1973 when legislation was expanded to cover 80% of all treatment costs.

◆ Transplant coverage under Medicare ends three years post transplant. Coverage for Cyclosporine ends one year post transplant.

◆ The truly destitute ESRD patient, who has an income of \$407.00 per month, an income below the federal poverty level, is assumed to be eligible and covered by state Medicaid, but often is not.

◆ Aged, with limited savings and now on limited fixed incomes and persons on disability incomes are generally excluded from Medicaid assistance. These persons fall into a class of medically indigent patients, many of whom have inadequate or no insurance.

◆ It has become an accepted fact of life that as long as health care costs continue to outrun our ability to pay many more patients will have to beg for their lives.

Critical gaps exist in the level and type of assistance available currently for 1,522 Kansans who are diagnosed with kidney failure (end stage renal disease). Many misconceptions surround the availability of governmental financial assistance in paying for treatments. Medicare targeted this special population group in 1973 when legislation expanded the Medicare program to cover 80% of the cost of dialysis. Philosophically, the federal government, through Medicare, made dialysis treatments accessible to everyone. But, this availability subsidy still leaves 20% for treatment plus responsibilities for drug costs, lab costs, physician fees, and other ancillary costs as patient obligation.

The truly destitute ESRD patient, who has an income of \$407.00 per month or less, an income below the standard federal poverty level, is assumed to be eligible and covered by state Medicaid. Medicaid does not fill many of the gaps not covered by Medicare. Aged, with limited savings accumulated over their healthy years, or persons who have disability incomes are generally excluded from Medicaid assistance. These persons fall into a class of medically indigent patients, many of whom have inadequate or no insurance.

Nowhere is this more evident than in the Cyclosporine issue. Cyclosporine therapy following kidney transplant has improved success rates of cadaveric transplants from 60% to 80%. Kansas City transplant facilities report that Missouri patients who are eligible for free Cyclosporine through the Missouri Kidney Program, have greatly benefited from this medication. Meanwhile, Kansas patients, who do not have adequate insurance, must be managed by less effective drugs or refuse transplantation because limited finances make long term use of Cyclosporine impossible. The unfortunate aspect of this issue is that transplantation is a more cost-effective treatment modality and usually allows a greater degree of normalcy and rehabilitation than dialysis.

The National Kidney Disease and Kidney Transplant Study estimates that nearly one-third of all ESRD patients are living in households with incomes below the poverty

guideline. Twenty-three percent of all transplant recipients compared with forty-two percent of in-center hemodialysis patients have incomes below the poverty level. ESRD patients are not in a position to absorb the ever-increasing costs of immunosuppressive therapy. The conclusion made by the report is that it is quite possible that patients will have to choose between dialysis and transplantation on the basis of ability to pay for continuous drug therapy.

Insurers note that cost-effective medical care is in the best interest of the patient and society. Transplantation may be the preferred treatment for ESRD because of cost-effectiveness, but not every patient is a candidate for a variety of reasons including the inability to pay for costly drugs that protect against rejection. One year post-transplant these drugs become the sole responsibility of the patient. All other expenses covered by Medicare become the patient's responsibility three years post transplant.

"Nothing is more frustrating to me personally as a physician than to see a patient's possibility for transplantation deferred because they do not have the supplementary insurance or adequate personal funds to complete the medical evaluation or pre-transplant treatment that may be necessary to be placed on transplantation lists and receive a form of renal replacement therapy that is more economical with an improved lifestyle."

*Dennis Artzer, M.D.
Topeka, Kansas*

"One hundred percent of my patients have financial concerns and many are severe. Three primary areas focus on medication, hospitalization, and transportation."

*Kirk Duncan, M.D.
Overland Park, Kansas*

"25% of my patients are Medicaid eligible and many others are medically indigent although not within Medicaid guidelines. Medicaid and insurance do not cover the over-the-counter medications required. Because of expenses, many patients do not take medications as ordered...making them at risk of complications. Financial stresses take their toll on the overall psychological state of the patient. Depression is very common and takes away motivation. To survive end stage renal disease requires motivation.....and the will to live."

*Richard Huseman, M.D.
Lenexa, Kansas*

Survival and quality of life are the two major considerations of successful medical treatment. The ultimate goal for every ESRD patient is to rehabilitate to the highest level of the functioning ability attained prior to the initiation of treatment. Kidney failure is a term that haunts those persons who suffer from its effects, their family members, and renal professionals. It is a disease that can attack anyone regardless of age, race, or economic status. Kidney failure is a phrase that elicits feelings of fear, anxiety, and often depression. Modern technology now offers a sense of hope, but the pressing reality is a radical lifestyle change. The life expectancy of patients with renal failure has been

dramatically improved by the treatments of dialysis and transplantation. Mortality rates compared to the general population may be considered high, but rates for ESRD populations are significantly better than other chronic illnesses. Chronic illness is devastating regardless of the type of illness. But, research has made a difference in the impact of some diseases. Polio is no longer a killer threat because of the Salk vaccine. Kidney failure is no longer a killer threat because of the life-sustaining treatment of dialysis and transplantation. Other catastrophic illnesses have developed preventive treatments with a "potential" for saving lives, but none of these treatments can specifically earmark a person whose life has been saved. We can identify over 1,500 Kansans today, whose life has been sustained because of dialysis or transplantation.

The health care dilemma is discussed daily. It has become an accepted fact of life that as long as health care costs continue to outrun our ability to pay many more patients will have to beg for their lives.

"Sometimes I think about stopping my dialysis treatments because of the constant stress related to finances. I know this is the only thing keeping me alive, so I continue. The stress I feel sometimes causes problems in my home.

*Alice N. Davis
Polycystic Kidney Disease Patient
Wyandotte County*

"The stresses of finances, transportation, and trying to follow a renal diet affect not only the dialysis patient, but the entire family."

*Karen Longnecker
Topeka*

"It is very frustrating dealing with kidney failure and then to have your insurance drop you. It is a wonder that I am still sane. I wonder how many people have chosen death over dealing with this---you just might be very surprised! And we all call ourselves HUMANITARIANS!"

*Michael Dickman
Oakley Kansas
Family of five*

"Emotionally I have lived under constant stress for the last ten years. My wife and I weren't living a life of luxury when I was a firefighter, but the 60% cut in pay was devastating.....My wife is the one working who has kept food on the table....she is my rock. I have tried to work, but I was let go from my last job. This setback was a blow to my self-confidence, our income, and our future....It's depressing to ask others for help. I have to pay high premiums to keep my insurance and we have to pay for medications "up front " and be reimbursed. They don't care who pays, as long as the bill's paid.....Too bad pride and dignity can't pay bills. I could have laid down and given up several times since my illness. I could have taken disability and not worked another day. But, that's not who I am.

*Louis Shores
Lenexa, Kansas*

Solutions

◆ The Kansas Kidney Program, as proposed, is designed to assist only Kansas ESRD patients who meet eligibility guidelines as opposed to Medicare which is universal assisting everyone without regard to income.

◆ Initial precedence for governmental intervention in ESRD was set in 1973 when Medicare legislation was expanded to meet the needs of this special population.

◆ No hard data exists regarding how many Kansans have died because of a lack of education about dialysis, limited financial resources, a lack of transportation, or not wanting to burden their families; but every renal professional has experienced multiple situations where this has occurred.

◆ Approximately one-third to one-half of all patients seen delay or never obtain needed procedures because of cost. Obviously, untreated illness leads to more disease and increased utilization of the health care dollar.

◆ No matter how people plan the cost of chronic illness can leave families destitute. Processing glitches and reapplications can take enough time to let families lose their homes and their children go without adequate food and clothing.

The National Kidney Foundation of Kansas & Western Missouri strongly supports the establishment of a Kansas Kidney Program as a program of last resort to help meet the needs of Kansans suffering from end stage renal disease.

A public program designed to help people help themselves is one of the most important responsibilities of government and among the most cost-effective that tax dollars can buy. Initial costs represent a sound investment that will be "paid back" in a variety of cost-saving plans. If all projected "eligible patients", as identified in the proposed budget became destitute enough to qualify for Medicaid funds, the cost to the state via the Medicaid program would be \$4.4 million the first year. Assuming that fewer than one-third became eligible, the cost would still exceed the budget requested for the Kansas Kidney Program at a fully funded level. State funds will also be saved through the payment of insurance premiums at an estimated \$587,400; payment for medications of 599 patients will save two hospital days per year or one Medicare deductible totalling \$359,400; and an additional \$31,824 which will help 68 transplant patients maintain their transplant with Cyclosporine. The cumulative savings to the State of Kansas makes the Kansas Kidney Program a positive investment for Kansans without consideration of the many intangible savings Kansans and the state will reap.

We contend that the lack of a state kidney program is impacting renal patients in Kansas daily. In 1989 a total of 167 persons died from kidney failure prior to initiation of renal replacement therapy. Access to a facility is a major factor as documented by 1988 data reflecting 199 persons dying, when fewer facilities were available in Kansas. It is widely accepted that between one-third and one-half of all ESRD patients are noncompliant and do not take medications as prescribed. Although there can be numerous reasons for noncompliance, the most common is financial. Financial concerns not only affect compliance issues but also quality of life.

A Kansas Kidney Program would provide accessibility to medications as prescribed without restrictions based on ability to pay. This program will also impact the quality of life of over 1,522 Kansans as Kansas provides a stepladder to more independence for its residents.

We are not proposing that the state bear total responsibility for assisting this population group. Dialysis units, renal professionals, and the volunteer leadership of the National Kidney Foundation of Kansas & Western Missouri stand ready to continue their present level of support. No funds generated with this legislation will replace existing funding resources but will move us collectively forward in meeting the needs of this population.

"ESRD is fraught with ambiguities. It is impossible from one treatment to the next to know how I will feel afterwards or whether my shunt will clot, requiring surgery. Whereas disabilities resulting from an accident can more easily be understood as happening "to" someone, I have frequently been asked what I did to "cause" my renal failure. In our health-conscious society, illness itself is seen as a kind of "failure". At this time I do not have access to the level of health care I require...I am someone who falls through the cracks of our healthcare system and unfortunately there are many others like me who need your help. This bill, if passed, would be a start."

*Patricia Pooley
Topeka, Kansas
Former Stock Broker*

KANSAS KIDNEY PROGRAM
FINANCIAL PROJECTIONS
(Based on 1990 ESRD Population)

DIRECT TREATMENT-RELATED EXPENSES

- | | | |
|----|--|---------------|
| A. | Hospital Benefits
25 new patients have no coverage for surgery or inpatient expenses during 3 month Medicare waiting period @ \$10,000/patient

76 patients have no secondary coverage for inpatient hospital expenses @ \$1,200/patient

10 patients have no secondary coverage for transplant work-up, hospital surgery, etc. @ \$6,000 | \$ 401,200.00 |
| B. | Outpatient Dialysis Benefits
25 new patients have no coverage for dialysis during Medicare waiting period @ \$5,000/patient

76 patients require dialysis and have no secondary insurance @ \$4,000/patient | \$ 809,000.00 |

INDIRECT TREATMENT-RELATED EXPENSES

- | | | |
|----|--|---------------|
| A. | Transportation
171 patients need transportation assistance @ \$1,200/patient/year | \$ 205,200.00 |
| B. | EPO
25 patients have no coverage for EPO during Medicare 3 month waiting periods @ \$1,560/patient

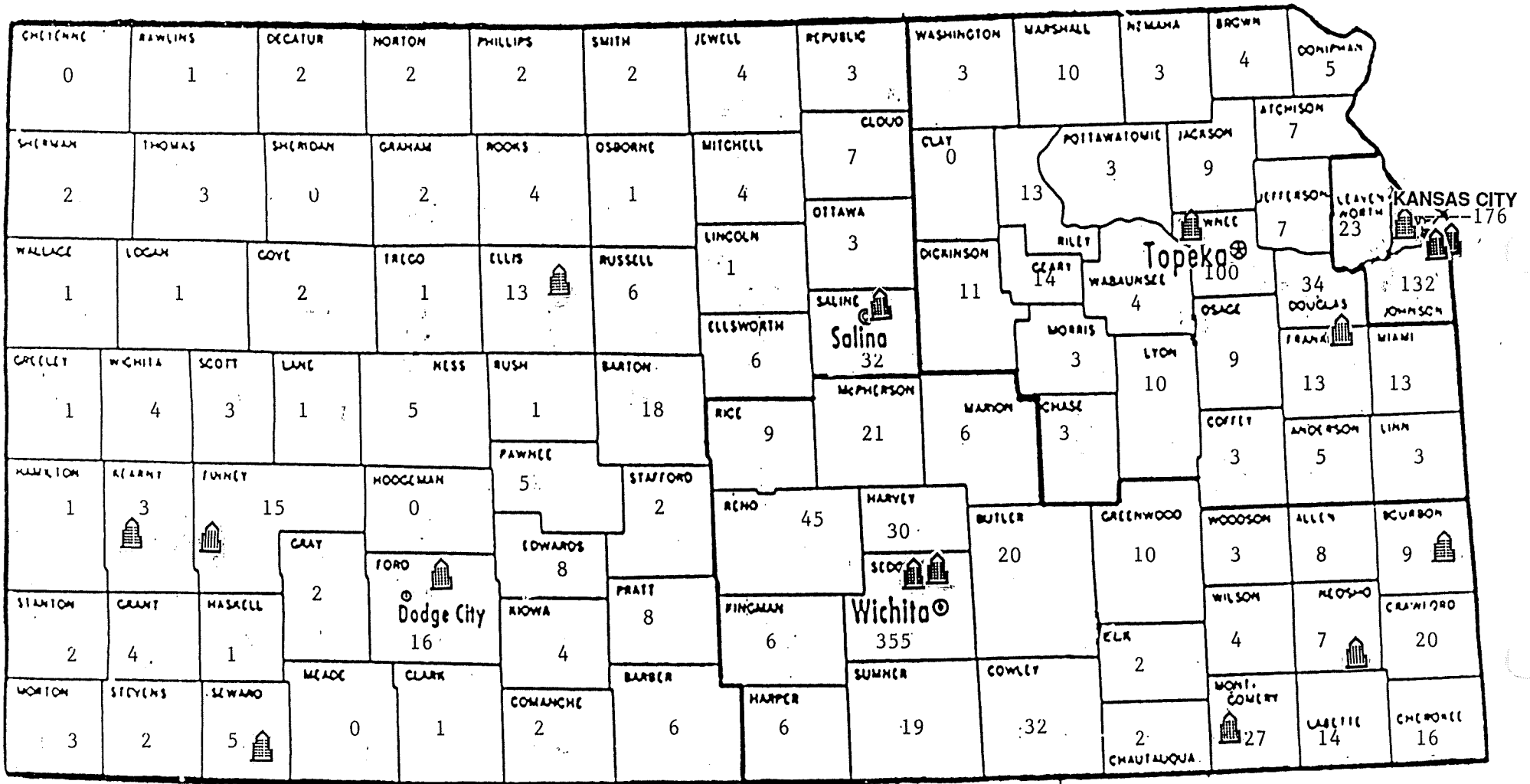
19 patients have Medicaid only - no coverage for EPO @ \$6,240/patient

238 patients have no secondary coverage for EPO @ \$1,248/patient | \$ 454,584.00 |
| C. | Cyclosporine (anti-rejection)
34 patients have no secondary coverage @ \$1,200/patient/year

34 patients have no coverage after first year post-transplant @ \$6,000/patient | \$ 244,800.00 |

D.	Other Medications 599 patients need financial assistance for medications @ \$1,200/patient /year	\$ 718,800.00
E.	Premiums 105 patients need Plan D (under 65) @ \$1,200/patient/year 48 patients need assistance paying Medicare Part B @ \$360/patient/year	\$ 198,684.00
F.	Education In-community pre-dialysis education for patients, donor awareness education for community, professional education	\$ 37,962.00
G..	Research Prevention, innovations and cost- containment	\$ 75,000.00
	ADMINISTRATIVE COSTS Includes staff salaries and fringe benefits, travel & communications, printing & dissemination of information, and \$30,000 one time start-up cost	\$ 211,200.00
	TOTAL BUDGET REQUESTED	\$3,356,430.00

ESRD NETWORK #12



KANSAS

DIALYSIS UNITS/DIALYSIS TRANSPLANT PATIENTS

9-10

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
---	---	---	---	---	---	---	---	---	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	-----

Little Rock, Arkansas and Memphis, Tennessee
 Fort Scott Hotel, Site, and Heart Cem., I-24
 Little House on the Prairie, I-21
 Manninger Foundation, O-6
 Museum of Natural History (University of Kansas), E-22
 Old Fort Hero Museum and Frontier Historical Park, F-10
 State Capitol (Painting of John Brown), O-7

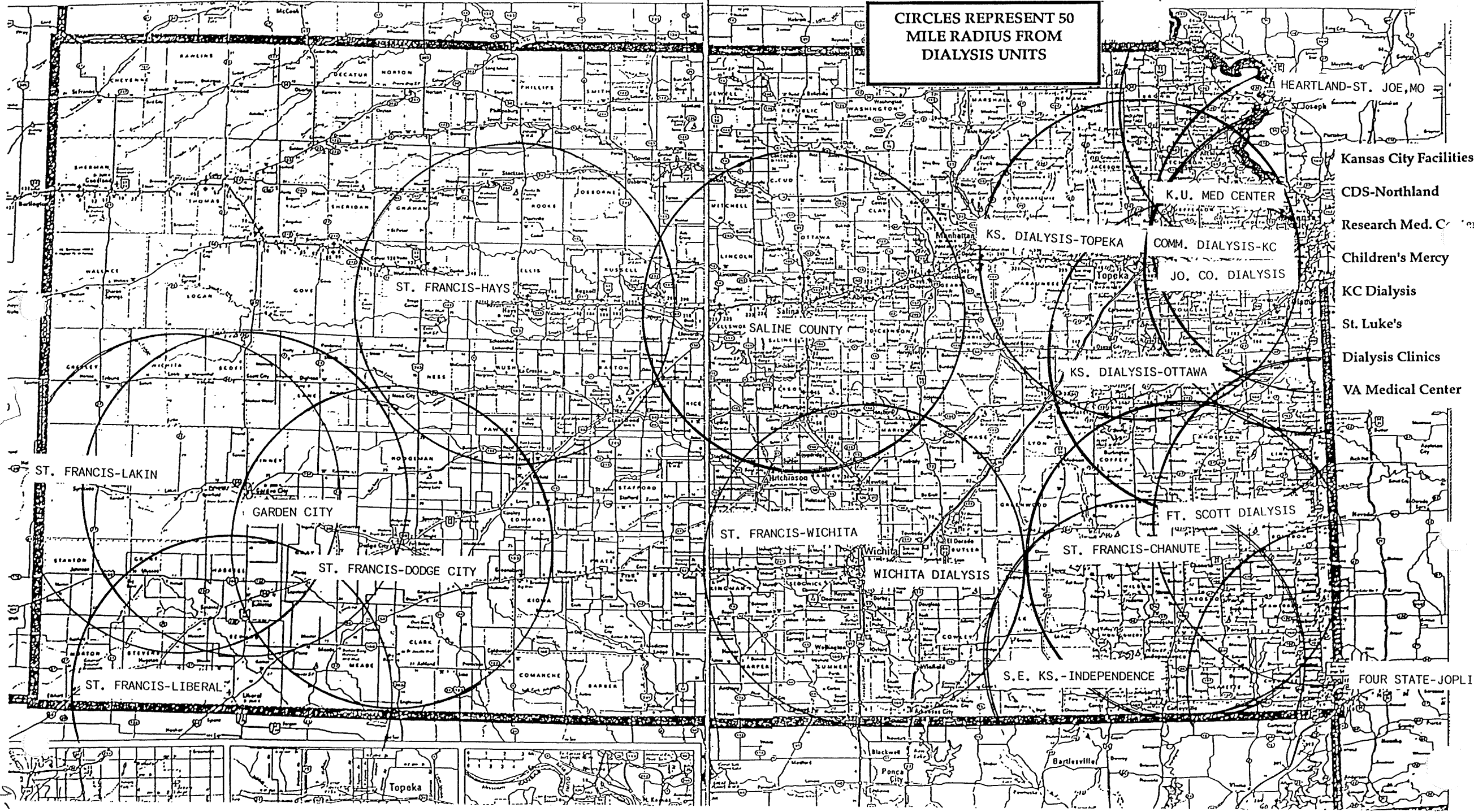
Legend:

- State Parks (without camping facilities)
- Waydotted Roads, Parks
- Campsites
- Airports
- Point of Interest
- Other Four Lane Limited Highways
- Principal Highways
- Other Through Highways
- Other Roads
- Unpaved Roads
- Scenic Routes
- State Parks (with facilities)
- Rural Area (partial facility)
- State Parks
- State Forests
- State Reserves

Scale: 1 inch = 10 miles

Map Area: 81,763 sq. mi. (178)
 Population: 3,344,336 (177)
 Dimensions: N. 8 206 miles, E. 99 416 miles
 Highest Point: Mount Neva (Elevation 4,239 ft., E-7)
 Capital: Topeka (E-21)
 Largest City: Wichita, J-14
 Index page 127

CIRCLES REPRESENT 50 MILE RADIUS FROM DIALYSIS UNITS



1990 STATE KIDNEY PROGRAMS COMPARISON

STATES	BUDGET	CASE LOAD	DIALYSIS PAYOR LAST RESORT	MEDICARE CO-INS.	HOME DIALYSIS EQUIP/SUPP	DRUG CO-PYMT	PRESCRIPT. DRUGS	TRANSP.	TRANSPLANT	LIVING DONOR COST	TRANSPLANT DRUGS	EDUCATION	ADMIN. ENTITY	ELIGIBILITY
ALASKA		50-55	♦					♦			♦		Independent	♦
ARIZONA	\$ 100,000					♦	♦	♦					NKF Arizona	
ARKANSAS	\$ 828,083	1,504	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦		♦
DELAWARE	\$ 228,200	260				♦	♦	♦					Public Health	♦
FLORIDA	\$ 621,046	8,000	♦		♦			♦	♦				Health Rehab. Ser.	♦
GEORGIA	\$ 400,000	200	♦	♦	♦								Dept. Human Reso.	♦
HAWAII	\$ 454,000		♦		♦	♦	♦	♦	♦	♦	♦		Dept. Health	
ILLINOIS	\$ 1,970,000	1,000	♦		♦								Dept. Health	
INDIANA			♦	♦	♦		♦			♦			Bd. of Health	
IOWA	\$ 675,000	463	♦	♦	♦	♦	♦			♦			Dept. of Health	♦
MICHIGAN	\$ 194,900	5,340												
MISSOURI	\$ 3,936,595	2,600	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	Univ. Missouri	♦
MONTANA	\$ 125,000	600	♦	♦	♦	♦	♦	♦	♦		♦		Dept. Health	♦
NEBRASKA	\$ 820,338	355	♦	♦	♦		♦						Dept. Health	♦
NEW JERSEY	\$ 438,000	5,000					♦						Dept. Health	♦
NEW YORK	\$ 3,274,300	140	♦		♦		♦						Dept. Health	♦
N. CAROLINA	\$ 1,172,000	2,182	♦	♦	♦		♦	♦					Environ. Health	♦
PENNSYLVANIA	\$ 6,520,000	10,231	♦	♦	♦	♦	♦	♦	♦		♦		Dept. Health	♦
TENNESSEE	\$ 1,223,000	1,730	♦				♦	♦	♦	♦	♦		Dept. Health	♦
TEXAS	\$ 11,340,300	9,800	♦		♦	♦	♦	♦	♦	♦	♦		Dept. Health	♦
VERMONT	\$	20-25	♦		♦	♦	♦	Children Only Are Served By This Program				♦	Dept. Health	♦
WASHINGTON	\$ 3,100,000	300	♦	♦	♦	♦	♦	♦	♦	♦	♦		Dept. Health	♦
WISCONSIN	\$ 1,200,000	90-3,000	♦	♦	♦	♦	♦		♦	♦	♦		Dept. Health	♦
WYOMING	\$ 500,000	100	♦	♦	♦	♦	♦	♦					Div. Health	♦

21-6

Testimony before the House Appropriations Committee
on HB 2016

February 25, 1991

Robert S. Wunsch
University of Kansas Medical Center

Thank you Mr. Chairman. I am appearing as a conferee on behalf of the University of Kansas Medical Center.

At the University of Kansas Medical Center, we feel very strongly about our state-wide responsibility for health care programs and the quality of health services available to Kansas citizens and would wholeheartedly endorse almost any proposal which would enhance or improve the quality of health care for our citizens. Because the Medical Center is located near the Kansas-Missouri state line, we provide health services for a large number of patients from Missouri and, therefore, are very familiar with the Missouri kidney program. Many additional services provided to Missouri residents under the auspices of this program are not available to Kansas residents. Oftentimes, our Kansas patients have difficulty understanding why they are not entitled to the same benefits that Missouri residents receive. With the expansion of Medicare coverage for End Stage Renal Disease (ESRD) in 1972, the quality of life for persons suffering from renal disease was significantly improved; however, there are still limitations to that coverage. Some Kansans are without adequate coverage when their Medicare benefits are exhausted.

Other conferees will suggest that Kansas should reinstate a renal dialysis program similar to the current program in Missouri. We concur in the opinion that the Missouri plan is an excellent model for state considering the establishment of a similar program. The Missouri program includes a research component allowing grants to health care providers

HA
2-25-91
Attachment 10

and medical schools who are conducting research in End Stage Renal Dialysis. Our own Nephrology faculty have received awards from the Missouri program for such research undertakings during recent years.

Should the Legislature determine that a renal dialysis program be reinstated in Kansas we at the University of Kansas Medical Center would be willing to be of assistance in its implementation and administration. Approximately 3/4 of the nephrologists in Kansas were trained at the Medical Center. We feel we have an excellent base upon which this program could develop and prosper.

It is noted that the recommendations of the 1990 summer committee considering Proposal 29 included research as a part of a desired program. Research as such does not appear specifically in the bill, and we would think that it should be included certainly in keeping with the recommendation of the summer committee. We would suggest that the words "and research" be added in line 5 page 3 after the word "educational".

We are concerned about new section 5. Does it remove the discretion otherwise afforded the executive director and commission in the administration of the program? If such discretion is removed, is it appropriate for the legislature to restrict those who might be best able to determine the best use of appropriated funds.

If subsections a through d of new section 5 are equal in standing in the opinion of this committee, we would ask that your minutes reflect such an intent.

If prevention of this disease through research is deemed to be an appropriate part of this program, we would suggest that research should be added as an additional subparagraph to new subsection 5.

We have given to division of the budget a revised fiscal note and attached to my testimony is a copy of the same. These administrative costs are what we would judge to be bottom line cost regardless of the amount of any appropriation.

If the legislature enacts and funds House Bill 2016 please know that the faculty and staff at the University of Kansas Medical Center will be wholehearted in it's support of and commitment to this program and will enthusiastically implement and administer the same.

Thank you.

The University of Kansas Medical Center

Office of the Executive Vice Chancellor

February 25, 1991

David Dallam
Division of the Budget
Room 152-E
State Capitol Bldg
Topeka, KS 66612-1578

RE: Revised HB 2016-Fiscal Note

Dear Mr. Dallam:

We have revised our earlier fiscal note deleting some of the items of cost as they appear elsewhere in the cost of the program itself. The following are revised estimates of the administrative costs for a full years operation of the proposed program:

.	Salaries	Executive Director	\$ 40,000
		Accounting Staff	\$ 25,000
		Administrative Staff	\$ 20,000
		1 Clerical Staff	<u>\$ 16,000</u>
		TOTAL	\$101,000
.	Fringe Benefits (20%)		<u>\$ 20,200</u>
			\$121,200
.	Travel + Communication		\$ 15,000
	Office Expenses		\$ 20,000
	Printing information & dissemination		<u>\$ 25,000</u>
			\$181,200
.	One time equipment & software		\$ 30,000

David Dallam
February 25, 1991
Page Two

We have no estimate of the cost for the purchase of services for patient care. The ultimate cost would depend on the eligibility criteria established by the commission.

In the testimony this summer much attention was given to the Missouri program. As we understand it, there is a research component in the Missouri program which the current bill does not seem to address. The research component of this program is deemed very valuable. We feel that the \$75,000 research figure of the National Kidney Foundation of Kansas and Western Missouri is adequate at this point. As prevention is the ultimate goal, one might expect additional expenditures for research in years to come.

Most sincerely,



D. Kay Clawson, M.D.
Executive Vice Chancellor

DKC:sr

cc: Renee Peterson

Proposed

Substitute for HOUSE BILL NO. 2020

2 - 25 - 91

1 AN ACT concerning agricultural extension programs; authorizing
2 establishment of extension districts; prescribing powers,
3 duties and functions therefor; authorizing certain tax
4 levies; amending K.S.A. 2-608 and 2-609 and K.S.A. 1990
5 Supp. 2-615 and 2-616 and repealing the existing sections.

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

7 New Section 1. (a) Prior to July 1 of any year, any two or
8 more county extension councils may establish an extension
9 district composed of all of the counties of such councils by
10 entering into an agreement in accordance with this section to
11 combine the extension programs for each county involved into one
12 extension program serving the extension district. No such
13 agreement shall be effective unless such agreement has received
14 the prior approval of (1) the board of county commissioners of
15 each county included in the proposed extension district and,
16 subject to the provisions of subsection (i); (2) the executive
17 board of the extension council of each county included in the
18 proposed extension district and the director of extension of
19 Kansas state university of agriculture and applied science, or
20 the director's authorized representative, acting together as a
21 body; and (3) the attorney general in accordance with subsection
22 (h).

23 (b) Prior to July 1 of any year, one or more county
24 extension councils and the governing body of any existing
25 extension district may establish a new extension district by
26 entering into an agreement in accordance with this section to
27 combine the extension programs for each such county and such
28 district into one extension program serving a new extension
29 district composed of all counties represented by such county

1 extension councils and the area served by the existing extension
2 district. No such agreement shall be effective unless such
3 agreement has received the prior approval of (1) the board of
4 county commissioners of each county being added to the existing
5 extension district and, subject to the provisions of subsection
6 (i); (2) the executive board of the county extension council of
7 each county being added to the existing extension district, the
8 governing body of the existing extension district and the
9 director of extension of Kansas state university of agriculture
10 and applied science, or the director's authorized representative,
11 acting together as a body; and (3) the attorney general in
12 accordance with subsection (h).

13 (c) On January 1 after the approval under subsection (a) or
14 (b) of an agreement to establish an extension district, such
15 extension district is hereby established and shall constitute a
16 body corporate and politic possessing the usual powers of a
17 corporation for public purposes under the name of "extension
18 district no. _____ (the number designated by the director of
19 extension), _____ counties (naming the counties included
20 within the district), state of Kansas." Each extension district
21 is a taxing subdivision and has the power to contract, sue and be
22 sued and to acquire, hold and convey real and personal property
23 in accordance with law.

24 (d) Upon the establishment of an extension district under
25 subsection (a) or (b), all of the personnel and property of each
26 of the extension programs which are combined into the new
27 district extension programs shall be transferred to the new
28 extension district and shall be subject to the authority of the
29 governing body of the extension district in accordance with the
30 agreement to establish the extension district.

31 (e) Upon the establishment of an extension district under
32 subsection (a), the agreement shall provide for the election of
33 the first members of the governing body of the new extension
34 district. The election shall be held prior to the January 1 on
35 which the extension district is to be established and otherwise

11-2

1 in accordance with section 2 and amendments thereto.

2 (f) In the case of one or more counties being included in an
3 existing extension district under subsection (b), the agreement
4 shall provide for the election of the members representing the
5 counties being added to the existing extension district in
6 accordance with section 2 and amendments thereto. The offices of
7 the members of the governing body of the existing extension
8 district shall continue in existence and the persons in such
9 offices shall be members of the governing body of the expanded
10 extension district which is established on January 1 for the
11 remainder of their existing terms of office.

12 (g) In addition to other required provisions, each agreement
13 entered into under this section shall specify the permissible
14 method or methods to be employed in disposing of the assets and
15 liabilities of the extension district in the event that one or
16 more counties withdrew from the extension district under section
17 6 and amendments thereto.

18 (h) Each agreement entered into under this section or under
19 section 6 and amendments thereto, prior to and as a condition
20 precedent to its entry into force, shall be submitted to the
21 attorney general who shall determine whether the agreement is in
22 proper form and compatible with this act and the other laws of
23 Kansas. The attorney general shall approve any agreement
24 submitted for approval under this section or section 6 and
25 amendments thereto unless the attorney general finds that the
26 submitted agreement does not meet the requirements of this act.
27 In such case, the attorney general shall specify in writing to
28 the proposed parties to the agreement and to each other entity
29 required to approve the agreement, the specific respects in which
30 the proposed agreement fails to meet the requirements of law.
31 Failure by the attorney general to disapprove an agreement
32 submitted pursuant to this subsection within 90 days of its
33 submission shall constitute approval of the agreement by the
34 attorney general.

35 (i) Prior to approving an agreement under this section, the

1 board of county commissioners of each county to be included in a
2 proposed extension district under subsection (a) or to be added
3 to an existing extension district under subsection (b), as the
4 case may be, shall adopt a resolution stating the intention of
5 the board of county commissioners to approve such agreement and
6 specifying the counties that are to be included in the extension
7 district. Such resolution shall be published once each week for
8 two consecutive weeks in the official county newspaper. If,
9 within 60 days following the last publication of the resolution,
10 a petition in opposition to the approval of the agreement and the
11 inclusion of the county in the extension district is signed by
12 not less than 5% of the qualified electors of the county and is
13 filed with the county election officer, such board of county
14 commissioners shall not approve such agreement and the county
15 shall not be included in the extension district unless and until
16 the same is approved by a majority of the qualified electors of
17 the county voting thereon at a special election called and held
18 for such purpose. Any such election shall be called, noticed and
19 held in accordance with the provisions of K.S.A. 10-120, and
20 amendments thereto.

21 New Sec. 2. (a) The governing body of each extension
22 district shall be composed of four representatives from each
23 county included in the extension district. The four members
24 representing each county in an extension district shall be
25 elected in a county-wide election by the qualified electors of
26 the county.

27 (b) Each member of the governing body shall hold office for
28 a term of four years and until such member's successor is elected
29 and qualified, except that of the first four members elected to
30 represent a county, two members shall be elected for terms of
31 office of four years and two members shall be elected for terms
32 of office of two years, so that 1/2 of the representatives from
33 each county shall be elected every two years. Each such term of
34 office shall commence on the January 1 that such county is
35 included in an extension district and shall continue until the

11-4

1 member's successor is elected and qualified.

2 (c) (1) Except as otherwise provided in this act, an
3 election to change successors to members of the governing body
4 whose terms are expiring shall be held on the first Tuesday in
5 April in each year that a member's term expires, in the county
6 unrepresented by such member.

7 (2) Elections to choose members of the governing board of an
8 extension district shall be conducted, the returns made and the
9 results ascertained in the manner provided by law for general
10 county elections except as otherwise provided by this act, and
11 all persons desiring to be voted upon as a member of the
12 governing board, in any election, not later than 12:00 noon of
13 the Wednesday next following the primary election as such term is
14 defined in subsection (b) of K.S.A. 25-2502 and amendments
15 thereto, shall file a declaration of candidacy with the county
16 election officer of the county represented by the member of the
17 governing board whose successor is to be elected, as a candidate
18 in such election, and the election officer in making up the
19 ballots and in placing the names thereon shall place the names on
20 the ballots in alphabetical order.

21 (3) The county election officer of each county within the
22 extension district shall appoint election boards as provided by
23 law for other elections and shall designate places for holding
24 the election. The county clerk shall cause to be ascertained the
25 names of all persons within the district who are also qualified
26 electors, and shall furnish lists thereof to the judges of the
27 election. Notice of the time and place of holding each election,
28 signed by the county election officer, shall be given in a
29 newspaper published in the county and posted in a conspicuous
30 place in the office of the board of directors at least five days
31 before the holding thereof.

32 (4) All election expenses shall be paid for out of the
33 general fund of the drainage district. Election officials shall
34 receive the same compensation as provided under the general
35 election laws.

11-5

1 ~~(e)~~ (d) Any vacancy in the membership of the governing body
2 of an extension district shall be filled by appointment by the
3 governing body for the unexpired term of office. Each member so
4 appointed shall be a resident of the county which was represented
5 by the member creating the vacancy.

6 ~~(d)~~ (e) The governing body of each extension district shall
7 organize annually in January by electing from among its members a
8 chairperson, vice-chairperson, secretary and treasurer.

9 New Sec. 3. (a) The governing body of each extension
10 district shall plan and conduct the educational extension
11 programs for the extension district in accordance with this act.
12 The governing body of the extension district shall appoint
13 program development committees to develop educational program
14 plans on extension work in agricultural pursuits, in home
15 economics work, in 4-H club and youth work, and in economic
16 development initiatives. Each program development committee shall
17 consist of six or more members from each county. Each program
18 development committee shall be chaired by a member of the
19 governing body of the extension district and shall meet as needed
20 to plan educational programs to meet the needs of the extension
21 district. All program plans shall be subject to final approval of
22 the governing body of the extension district.

23 (b) The governing body of the extension district and the
24 director of extension of Kansas state university of agriculture
25 and applied science, or the director's authorized representative,
26 shall meet and adopt the annual budget for the extension district
27 to provide for the extension programs, acting together as a body,
28 in accordance with and subject to the provisions of K.S.A.
29 79-~~29~~25 et seq., and amendments thereto, regarding the budgets of
30 taxing subdivisions, except as otherwise specified by this act.

31 ~~(c)~~ The governing body of the extension district, in the
32 same manner as provided by law applying to other taxing
33 subdivisions, may make an annual tax levy upon all the taxable
34 tangible property of the extension district for the purpose of
35 raising funds to be used to plan and conduct the educational

11-6

1 extension programs of the extension district, to be levied and
2 collected as other taxes, at a rate fixed in accordance with the
3 approved budget and of not to exceed the greater of (1) the rate
4 of 2.5 mills or (2) the rate determined to yield an amount equal
5 to the product of \$75,000 multiplied by the number of counties
6 within the extension district. The governing body shall certify
7 the levy so fixed to the county clerk of each county in the
8 extension district who is hereby authorized and required to place
9 such levy on the tax rolls of the county to be collected by the
10 county treasurer and paid by the county treasurer to the
11 treasurer of the extension district.

12 New Sec. 4. (a) The secretary of the governing body of the
13 extension district shall: (1) Record the proceedings of all
14 meetings of the governing body in books provided for that purpose
15 within 20 days following the meeting; (2) prepare and submit to
16 each meeting of the governing body a report on the work and
17 activities of the extension district since the last meeting of
18 the governing body; and (3) perform such other duties as are
19 usually performed by secretaries and as may be prescribed by the
20 governing body.

21 (b) The records of the secretary shall be open to public
22 inspection at all reasonable times.

23 New Sec. 5. (a) Upon taking office, the treasurer for an
24 extension district shall give bond in an amount fixed and
25 approved by the governing body of the extension district for the
26 safekeeping and due disbursement of all funds of the extension
27 district in the custody of the treasurer.

28 (b) All moneys received by the treasurer for an extension
29 district shall be deposited by the treasurer in a bank designated
30 by the governing body of the extension district and authorized to
31 receive public deposits. The treasurer shall make all payments
32 for the extension district on the warrant of the secretary of the
33 governing body of the extension district or by a combination
34 warrant check signed by the chairperson of the governing body.
35 The treasurer shall not pay any sum from the funds of the

11-7

1 extension district in any other manner.

2 (c) The treasurer shall keep a record of all the moneys
3 received and disbursed which specify the person or persons from
4 whom money was received and to whom money was paid and the object
5 for which the money was paid. The treasurer shall present to the
6 governing body of the extension district at each regular meeting
7 a report in writing containing a statement of all moneys received
8 from each county treasurer and from any other source since the
9 last regular meeting of the governing body and a statement of the
10 disbursements made with the items of such disbursements, and
11 exhibit the warrants or checks or combination warrants and checks
12 therefor. This report shall be recorded by the secretary of the
13 governing body.

14 (d) At the close of the treasurer's term of office, the
15 treasurer shall settle with the governing body of the extension
16 district and shall hand over to the treasurer's successor all
17 records and papers received as treasurer, together with all
18 moneys remaining in the hands of the treasurer.

19 New Sec. 6. (a) Prior to July 1 of any year, the board of
20 county commissioners of any county included within an extension
21 district may withdraw such county from the extension district by
22 adopting a resolution therefor. Any such resolution withdrawing a
23 county from an extension district shall be effective on the
24 January 1 occurring after adoption of such resolution. No such
25 resolution may be adopted by a board of county commissioners
26 unless the proposed withdrawal resolution is on the published
27 agenda of the meeting at which it is to be considered for
28 adoption and the governing body of the extension district and the
29 board of county commissioners of each other county included
30 within the extension district have received written notice of the
31 proposed withdrawal resolution prior to such meeting.

32 (b) If one county withdraws from an extension district
33 composed of two counties, the extension district is dissolved on
34 the January 1 occurring after adoption of the withdrawal
35 resolution. The property and obligations of the dissolved

1 extension district shall be transferred to and assumed by the two
 2 counties in accordance with an the agreement entered into to
 3 establish or expand the extension district under section 1, as
 4 the case may be, or in accordance with a supplemental agreement
 5 which ~~shall~~ may be entered into by such counties for that
 6 purpose.

7 (c) If a county withdraws on January 1 of any year from an
 8 extension district composed of three or more counties, the
 9 extension district shall continue in existence and shall be
 10 composed of all counties remaining within the extension district.
 11 On the January 1 that a county withdraws from an extension
 12 district, the governing body of the extension district shall be
 13 reconstituted and shall be composed of those persons who were
 14 members of the governing body prior to January 1 and who were
 15 elected by the electors of counties remaining within the
 16 extension district. The members of the reconstituted governing
 17 body shall continue to serve for the remainder of the terms to
 18 which they were elected and shall organize as provided in section
 19 2 and amendments thereto. All property and obligations of the
 20 extension district prior to any such January 1 shall remain the
 21 property and obligations of the extension district unless
 22 otherwise agreed to under an the agreement entered into to
 23 establish or expand the extension district under section 1, as
 24 the case may be, or in accordance with a supplemental agreement
 25 which may be entered into by the board of county commissioners of
 26 the withdrawn county and the reconstituted governing body of the
 27 continued extension district for that purpose.

28 Sec. 7. K.S.A. 2-608 is hereby amended to read as follows:
 29 2-608. ~~Whenever there shall be~~ If a county extension council has
 30 been organized in--any--county--of--the--state--of--Kansas--a--county
 31 extension--council as specified in K.S.A. 2-611, ~~and~~ having and
 32 amendments thereto or an extension district has been established
 33 under section 1 and amendments thereto, for ~~its~~ the purpose the
 34 of giving of instruction in agriculture, marketing, home
 35 economics, 4-H club and youth work, community and resource

1 development, and economic development initiatives to the people
2 of ~~said~~ the county or extension district, as the case may be,
3 through practical demonstrations, meetings, publications, and
4 otherwise, and the employment of an extension agent or agents to
5 prosecute such instructions, the Kansas state university of
6 agriculture and applied science shall contribute from federal and
7 state funds granted for cooperative extension work an amount of
8 not less than ~~one-thousand-five-hundred-dollars-(\$1,500)~~ \$1,500,
9 as far as such funds are available, towards the salary of each
10 county extension agent employed.

11 Sec. 8. K.S.A. 2-609 is hereby amended to read as follows:
12 2-609. (a) Before ~~such~~ allocations of funds are made by the
13 director of extension of Kansas state university of agriculture
14 and applied science pursuant to K.S.A. 2-608 and amendments
15 thereto, the county extension council shall present to the
16 director of extension and to the board of county commissioners of
17 its county, a list of members of the extension council and of
18 its executive board and the officers of the governing body, with
19 the statement signed by the ~~chairman~~ chairperson of the board
20 certifying that these members and officers have been duly elected
21 as specified in K.S.A. 2-611 and amendments thereto.

22 (b) Before allocations of funds are made by the director of
23 extension of Kansas state university of agriculture and applied
24 science pursuant to K.S.A. 2-608 and amendments thereto, the
25 governing body of the extension district shall present to the
26 director of extension a list of members of the governing body of
27 the extension district and the officers of the governing body,
28 with the statement signed by the chairperson of the governing
29 body certifying that these members and officers have been duly
30 elected as specified in section 2 and amendments thereto.

31 Sec. 9. K.S.A. 1990 Supp. 2-615 is hereby amended to read as
32 follows: 2-615. (a) Except as otherwise provided for jointly
33 employed agents, the executive board of the county extension
34 council or the governing body of the extension district, as the
35 case may be, and the director of extension, or the director's

1 authorized representative, shall appoint a-county an extension
2 agent and determine the amount of the extension agent's
3 compensation. The extension agent shall be under the general
4 supervision of the executive board or the governing body of the
5 extension district, as the case may be, and the director of
6 extension. The director of extension of Kansas state university
7 of agriculture and applied science shall determine the
8 qualifications of each county extension agent.

9 (b) The executive boards of two or more county extension
10 councils and the director of extension, or the director's
11 authorized representative, may enter into an agreement to jointly
12 employ a-county an extension agent or agents under like
13 conditions as the executive board of a single county. Any such
14 agreement may determine the amount of compensation to be paid for
15 each such agent by each executive board of the county extension
16 council and the director of extension, the program and service
17 priorities that will be applicable to each such agent and the
18 time each such agent is to spend in each county. In any case
19 where one or more county extension agents are to be jointly
20 employed pursuant to such an agreement, each such agent may be
21 employed and supervised by a multicounty extension governing
22 board and the director of extension, or the director's authorized
23 representative, in accordance with the agreement entered into by
24 the executive boards of the county extension councils of the
25 respective counties. Any such multicounty extension governing
26 board shall be composed of the chairperson, vice-chairperson,
27 secretary and treasurer of each executive board entering into the
28 agreement. ~~County-extension-councils-may-elect,--subject--to--the~~
29 ~~approval--of--the--board--of--county-commissioners-of-each-county~~
30 ~~involved,--to--form--an--extension--district,--An--extension--district~~
31 ~~shall--be--composed--of--two--or--more--counties--that--have--agreed--to~~
32 ~~combine--the--extension--programs--into--one--program--serving--the~~
33 ~~district,--When--districts--are--formed,--the--responsibility--of--the~~
34 ~~extension-council--and--board--for--programs,--staffing--and--management~~
35 ~~are--those--identified--for--a--county,--The--council--shall--be--elected~~

1 ~~on--an-at-large-basis-with-equal-representation-from-each-county-~~
2 ~~Funding-and-budget-approval-processes-shall-require--approval--as~~
3 ~~previously-described-by-the-county-commissioners,-extension-board~~
4 ~~chairperson--and--director--of--extension--or--the-director's-duty~~
5 ~~authorized-representative.~~

6 (c) All accounts and all expenditures of funds of the county
7 extension council or the governing body of an extension district,
8 as the case may be, from whatever source derived shall be subject
9 to the approval of the executive board and the director of
10 extension of Kansas state university of agriculture and applied
11 science.

12 Sec. 10. K.S.A. 1990 Supp. 2-616 is hereby amended to read
13 as follows: 2-616. (a) The Each county extension council or
14 extension district shall have for its sole purpose the giving of
15 instruction and practical demonstrations in agriculture,
16 marketing, home economics, 4-H club and youth work, community and
17 resource development, and economic development initiatives to all
18 persons in the county or extension district, as the case may be,
19 and the imparting to such persons of information on those
20 subjects through practical demonstrations, meetings,
21 publications, or otherwise, in accordance with the program and
22 service prescribed by the council or the governing body of the
23 extension district, as the case may be. ~~Such~~ Extension councils
24 and extension districts shall not engage in commercial or other
25 private enterprises, legislative programs, or other activities
26 not authorized by this act and shall not give preferred service
27 to any individual, group or organization.

28 (b) County extension councils and the governing bodies of
29 extension districts may collect fees for specific services which
30 require special equipment or personnel, such as a soil testing
31 laboratory, seed testing service or other educational service,
32 but they such councils and governing bodies shall not collect
33 membership dues nor shall they such councils and governing bodies
34 collect dues for or pay dues to any local, state or national
35 organization or association. The furnishing of supplies or

1 services deemed necessary by the director of extension and the
2 executive board of the county extension council or the governing
3 body of the extension district, as the case may be, to the
4 conduct of any educational program authorized under this act
5 shall not be considered private enterprise or commercial activity
6 within the meaning of this act.

7 (c) Nothing in this act or any act amendatory thereof shall
8 prevent ~~the~~ any county extension council, any multicounty
9 extension governing board, or any extension district, or any
10 extension agents employed by such council, board or district,
11 from using or seeking opportunities to reach an audience of
12 persons interested in extension work through the help of
13 interested farm organizations, civic organizations or any other
14 group. In using or seeking such opportunities the county
15 extension council, ~~or any~~ multicounty extension governing board,
16 or extension district, or the agents employed by such council,
17 board or district, shall make available to all groups and
18 organizations in the county, multicounty area or extension
19 district, as the case may be, equal opportunity to cooperate in
20 the educational extension program. County Extension agents shall
21 not require uniform bylaws, rules, regulations and methods of
22 procedure in groups, clubs or organizations wishing to do
23 extension work. This prohibition shall not prevent county
24 extension agents from suggesting bylaws, regulations and methods
25 of procedure for such groups, clubs or organizations.

26 Sec. 11. K.S.A. 2-608 and 2-609 and K.S.A. 1990 Supp. 2-615
27 and 2-616 are hereby repealed.

28 Sec. 12. This act shall take effect and be in force from and
29 after its publication in the statute book.