

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 11:11 a.m. on February 10, 1992 in Room 123-S of the Capitol.

All members were present except:

No one was absent

Conferees appearing before the committee:

Ed Redmon, State Fire Marshal
 Jim Coder, Legal Counsel, Fire Marshal's Office
 Jerry Marlatt, Kansas Council of Firefighters
 Jim Todd, Kansas State Firefighters Association
 Dr. Charles Krider, Director of Business Research, Institute of Public Policy and Business Research
 Gloria Timmer, Director, Division of the Budget
 Gary Stotts, Secretary, Department of Corrections
 Jaymee Metzenthin, Mental Health & Retardation Services

Chairman Bogina noted the Attorney General's request to introduce a bill concerning the disposition of unclaimed property. Senator Feleciano moved, Senator Harder seconded, the introduction of the bill which carried on a voice vote.

Senator Gaines moved, Senator Kerr seconded, that the minutes of the February 3 and 4, 1992 meetings be approved. Senator Feleciano stated that he wanted the minutes of February 4, 1992 to reflect his no vote as well as his reasons for voting no on HB 2626. The Chair requested that he provide that information in writing. Chairman Bogina queried if there was any objection to amending the motion by striking the minutes of February 4, 1992. There being none, the amended motion carried on a voice vote.

HB 2611 - State fire marshal, fees credited to fire marshal fee fund.

Mr. Edward Redmon appeared in support of HB 2611 and submitted Attachment 1. He introduced Jim Coder who distributed and reviewed copies of Attachment 2. There was discussion regarding the proposed fee fund, the amount that could be used from it by the fire marshal's office, and the function of the legislative process in appropriations. Contrary to Mr. Coder's testimony, Chairman Bogina noted that he did not interpret K.S.A. 75-1508 to mean that there must be a fee fund. In answer to a question, it was stated that the fire marshal's appropriation for FY92 was approximately \$1.4 million. Senator Feleciano noted that the important aspect is how much money the agency needs rather than the funding source.

Senator Rock suggested that the Legislature examine statutory obligations placed on the agency which he believes are potential liability issues for the state and the agency.

Senator Winter concluded that if there is a requirement to use fee fund monies for fire inspection, HB 2611 would not answer the threat of mandamus action because 20% of the fee fund would be used for administrative purposes rather than fire inspection. He suggested reducing the levy on insurance agencies to the exact amount used by the fire marshal's office or placing an additional tax on the insurance agencies, placing that money in the State General Fund, and changing K.S.A. 75-1508. The suggestion of raising fees generated a discussion of retaliatory taxes.

Jerry Marlatt appeared before the Committee in support of HB 2611 and reviewed Attachment 3. In answer to a question, he stated that the levy on insurance premiums has not been 1.2% in the past, so more monies will flow into the SGF.

Appearing before the Committee in support of HB 2611, Jim Todd reviewed Attachment 4.

The Chairman announced that HB 2611 would be held in Committee for further

discussion.

HB 2648 - State gaming revenues, distribution of, establishing general facilities building fund

In reviewing Attachment 5, Gloria Timmer explained that the main strategy areas listed on Attachment 5-4 were identified by interim committees as recommendations for EDIF monies. She stated that the EPSCoR matching fund monies were from the SGF.

Dr. Charles Krider presented testimony in opposition to **HB 2648**, Attachment 6. In answer to Senator Kerr's request, Dr. Krider noted that he would provide information to the Committee regarding the amount of monies spent on hard-core economic development programs. He defined hard-core economic development programs as those whose strategy has been developed and outlined by Kansas, Inc. He stated that viable programs would not have an adequate impact on economic development if underfunded. Concern was expressed that percentages dedicated to funds are meaningless unless programs earmarked for the funds are defined.

Secretary Stotts appeared before the Committee in support of **HB 2648**, and reviewed Attachment 7. In answer to a question from the Chairman, Sec. Stotts noted that monies received from the gaming revenues fund are used for specific projects or general maintenance. He stated that none of the \$2.8 million is allocated to juvenile facilities.

SB 530 - Liability for support of patients in certain state institutions, exception for correctional inmates.

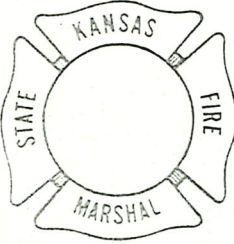
Secretary Stotts presented his testimony (Attachment 8). In compliance with the Secretary's request, the Chairman agreed to defer action on **SB 530** until questions regarding disproportionate share funding were resolved.

Jaymee Metzenthin appeared before the Committee on behalf of Mental Health and Retardation Services and noted that SRS is working with the Department of Corrections and will be gathering data regarding the cost of **SB 530** to state hospitals.

SB 531 - Transfer of assets and liabilities of state surplus property fee fund to correctional industries fund.

Secretary Stotts distributed and reviewed Attachment 9 in support of **SB 531**.

The Chairman adjourned the meeting at 12:15 p.m.



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"Serving Kansans Through Fire Safety Education,
Fire Prevention Inspections and Investigation"

**TESTIMONY OF EDWARD C. REDMON
KANSAS STATE FIRE MARSHAL
BEFORE THE SENATE WAYS AND MEANS COMMITTEE
HB 2611**

As Kansas State Fire Marshal, I support HB 2611. Passage of this bill will allow the funds collected to be used for the purpose intended when the office was established in 1913.

By making the State Fire Marshal's Office a fee fund agency again, you will be providing a stable base of operations for the agency and will improve fire and life safety for the citizens of this great state.

As you know, 2611 originated from the House Appropriations Committee last Fiscal Year. This Committee recognized the serious nature of the funding problems for this agency. The House concurred with their assessment as they passed this bill by a large margin of votes.

In the interest of saving time, Jim Coder, the Assistant Attorney General assigned to the Fire Marshal's Office, will present a legal view of this legislation.

Thank you for your time.



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*"Serving Kansans Through Fire Safety Education,
Fire Prevention Inspections and Investigation"*

TESTIMONY OF JIM CODER
ASSISTANT ATTORNEY GENERAL
STATE FIRE MARSHAL DEPARTMENT
BEFORE SENATE WAYS AND MEANS COMMITTEE
HB 2611

The office of the State Fire Marshal was established in 1913. The original law provided for the purpose of operating and maintaining the State Fire Marshal office, each insurance company was required to pay a levy determined by the State Fire Marshal. This worked fine until the early 1980's. At that point, there were some cash flow problems created by the timing of the levy collection. These problems have since been rectified.

As a result of these problems in FY 1984, this money was placed in the General Fund and the agency's budget was funded from there. HB 2611 simply restores the agency to legitimate fee fund status.

In my opinion there are some possible legal ramifications which necessitate passage of this bill.

K.S.A. 75-1508 reads in pertinent part that "For the purpose of maintaining the department of the State Fire Marshal and the payment of the expenses thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance...such levy as may be made by the State Fire Marshal. The levy shall not be more than 1.25% of a sum equal to the gross cash receipts as premiums of such company of all fire business transacted by it in the State of Kansas."

When this agency became a general fund agency that statute wasn't changed. In my legal opinion this area is ripe for a mandamus action. The State Fire Marshal is required to adopt rules and regulations for the safeguarding of life and property from the hazards of fire and explosion. (K.S.A. 31-133) The fund in 75-1508 is supposed to go for these purposes. To the extent that the money does not go to that purpose, there is a significant possibility that a mandamus action could be considered appropriate.

An Equal Opportunity Employer

*SWAM
Attachment 2
February 10, 1992*

Passage of this bill would help recognize that fire safety is an important enough objective so as to not force us into the usual struggle for general fund dollars.

Passage of this bill would also help alleviate concerns regarding liability of the State.

I want to make you aware of some of the legal ramifications which arise out of the State Fire Marshal budget.

The agency is mandated to take action to safeguard life and property from fire and explosion. We have been given fire safety responsibility over hotels, motels, apartment houses, adult care homes, childcare facilities, hospitals, restaurants and any other place where people live, work, or congregate except 1 or 2 family dwelling. We are also required to annually inspect all school buildings and all correctional facilities. (K.S.A. 31-133, 31-144, 31-147, 31-148) We are also required to investigate any fire or explosion or any attempt to cause any fire or explosion.

Insufficient funding to carry out required legislative mandates brings up some significant liability concerns. At first blush it would appear that this office's activities fall within the protections of the Tort Claims Act. However, some case law leads me to believe that it might not be quite that simple.

In Allen v City of Kansas City, Kan. 660 F. Supp. 489 (D. Kan 1987) there is problematic dicta. In that case the city housing authority was sued for a wrongful death which occurred as a result of a fire in a housing project owned and operated by the city housing authority. The court held that the city was not immune from liability for negligently failing to conduct adequate inspections, to appropriate sufficient funding and to provide proper devices and personnel for fire protection in the housing complex.

We also have potential problems due to the fact that we are in the licensing process for certain facilities such as nursing homes and hospitals. A question arises as to whether this licensing inspection has created a legal duty which cannot be covered by the Tort Claims Act. Dougan v Rossville Drainage District 243 Kan. 315 (1988).

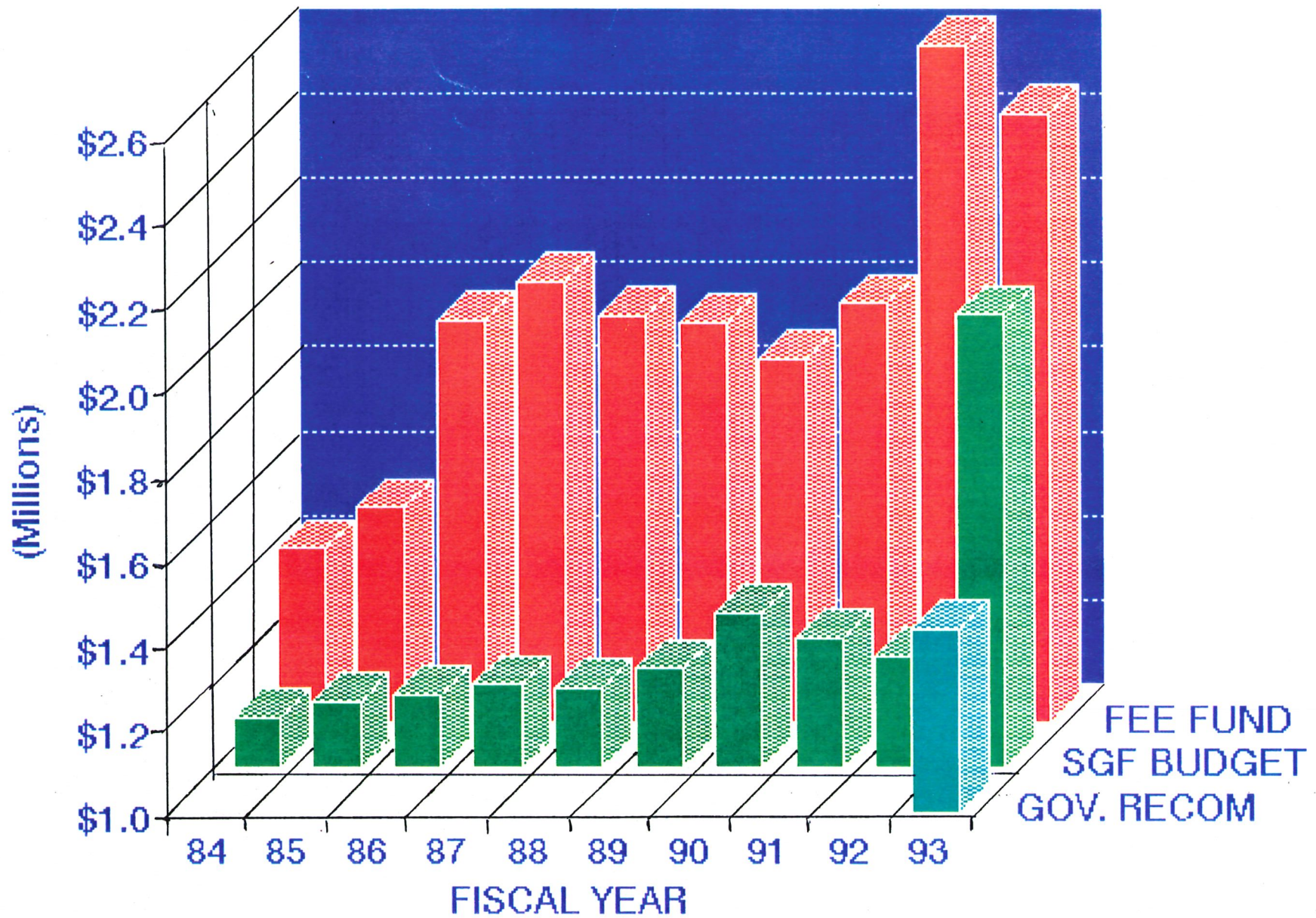
Finally, the lack of adequate funding for training causes problems. In Canton v Harris 489 US 378 (1989) the Supreme Court held that failure to train employees which resulted in constitutional deprivation were cognizable under the federal civil rights law, and a governmental entity could be held liable when it was shown that a failure to train reflected deliberate indifference to the constitutional rights of its inhabitants.

We simply have not had the money to train. Our investigators are law enforcement officers with the power to make arrests. Clearly, constitutional implications exist. Our inspectors have the ability to shut a person's business down. Clearly, constitutional due process implications exist. When adequate funding is available, but not provided, I think an argument could be made that that action was the deliberate indifference cited in Canton.

You may hear the argument that this bill will take \$2.5 million worth of revenue away from the state general fund. That is true, but it is only part of the story. This proposal would also take \$2 plus million out of the general fund expense. In addition, we will be contributing \$400,000 to the State General Fund.

For these reasons, I urge you to support passage of HB 2611.

FEE FUND CONTRIBUTIONS VS BUDGET



"PROGRESS THROUGH UNITY"

KANSAS STATE COUNCIL OF FIRE FIGHTERS



Affiliated With
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS • KANSAS STATE FEDERATION OF LABOR • CENTRAL LABOR BODIES

TESTIMONY OF JERRY MARLATT
KANSAS STATE COUNCIL OF FIREFIGHTERS
BEFORE SENATE WAYS AND MEANS COMMITTEE
HB 2611

We the Kansas State Council of Firefighters support HB 2611 in its entirety for all the reasons given in previous testimony.

HB 2611 is important for the entire fire service in the State of Kansas. This bill is supported by the Kansas Fire Service Council which is made up of representatives from every major fire service organization in the State of Kansas. The Council includes the Kansas State Council of Firefighters, Fire Education Association of Kansas, Kansas Community College Fire Training, Kansas State University Division of Forestry, University of Kansas Fire Service Training, Fire Marshal's Association of Kansas, Kansas Chapter of the International Association of Arson Investigators, Kansas Society of Fire Service Instructors, Kansas State Association of Fire Chiefs, Kansas State Fire Fighters Association and the Kansas State Fire Marshal Department. Representatives from all of these organizations have met and have discussed HB 2611. They unanimously support HB 2611.

This bill is very important for public safety as well as firefighter safety. The passing of HB 2611 would supply adequate funding for the State Fire Marshal's Department. This would allow adequate inspections and investigations to be done in the State of Kansas. It would allow inspections to be done in advance of fires so that firefighters would be aware of the hazards they may encounter. Public safety and the safety of the firefighters in our state is the most important issue.

We appreciate the opportunity to have this hearing and hope you will favorably consider passage of HB 2611. Thank you for your consideration.

SWAM
February 10, 1992
Attachment 3

Kansas State FireFighters' Association, Inc.



ORGANIZED AUGUST 13, 1887

TESTIMONY OF JIM TODD
KANSAS STATE FIREFIGHTERS ASSOCIATION
BEFORE THE SENATE WAYS AND MEANS COMMITTEE
HB 2611

The Kansas State Firefighters Association supports HB 2611 and all testimony previously given. At the State Conference last year we voted to support HB 2611. This represents all firefighters in the State of Kansas.

In representing the volunteer firefighters in the State of Kansas, support of HB 2611 makes the State Fire Marshal's Office the focal point of the fire service. It will allow the State Fire Marshal's Office to have the ability to perform its job in providing inspections and investigations throughout the State. The State Fire Marshal's Office must provide the expertise in inspections and investigations that volunteers do not have. We urge you to pass HB 2611.

SWAM
February 10, 1992
Attachment 4

STATE OF KANSAS



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JOAN FINNEY, GOVERNOR
GLORIA M. TIMMER, Director

MEMORANDUM

TO: Senate Committee on Ways and Means
FROM: Gloria M. Timmer, Director of the Budget
DATE: February 10, 1992
SUBJECT: Testimony on House Bill 2648

House Bill 2648, as amended by the House Committee of the Whole, includes many of the concepts for distribution of the State Gaming Revenues Fund which are proposed by Governor Finney in her 1992 Budget Report for FY 1993. The bill recommends that a 70 percent share of the State Gaming Revenues Fund be credited to the Economic Development Initiatives Fund (EDIF), 15 percent to the newly-created General Facilities Building Fund (GFBF) and 15 percent to the Correctional Institutions Building Fund (CIBF). Governor Finney proposed in her budget for FY 1993 that the distribution of the State Gaming Revenues Fund be 65 percent to the EDIF, 15 percent to the GFBF, and 20 percent to the CIBF.

General Facilities Building Fund

The need for a dedicated source of funding for those state facilities which do not have access to the CIBF, the State Institutions Building Fund (SIBF), or the Educational Building Fund (EBF) has been clear for many years. The state owns many buildings and areas which are in need of repair, on-going general maintenance and renovation. Funding for such needs has been available only from the State General Fund, a source which has not had adequate resources for such projects for many years. The state's investment in those facilities must be protected through regular maintenance of the buildings and grounds. The 15 percent transfer recommended will provide approximately \$4.2 million annually for these facilities.

SWAM
February 10, 1992
Attachment 5

Correctional Institutions Building Fund

It also remains clear that the needs of correctional facilities will not diminish in the near future. The number of facilities which must be maintained has grown significantly in recent years and facilities continue to age. Additionally, the facilities often must be renovated to accommodate changing inmate populations. A stable and adequate source of funding for these facilities must be found, and it is clear that the current 10 percent transfer from the State Gaming Revenues Fund is simply not enough. The Governor recommends that the transfer be increased to 20 percent. That level of transfer will provide approximately \$5.6 million annually to the CIBF.

It should be noted that in recent years, the existing ¹⁰ percent transfer to the CIBF has been supplemented by a transfer from the State Institutions Building Fund in order to allow adequate funding for correctional institutions. The proposed transfer of 20 percent will preclude the need for such raids and allow the Department of Social and Rehabilitation Services to plan for and meet the needs of its facilities and institutions. It should also be noted that HB 2648 in its current amended form includes a one-year transfer of five percent of the CIBF to the Juvenile Detention Facilities Fund. The Governor believes that the funds for juvenile detention facilities which currently exist in SRS should be used for those facilities and no transfer should be made from the CIBF.

Economic Development Initiatives Fund

The proposed changes in the above-mentioned building funds clearly reduce the funding available to the EDIF. In her recommendations for FY 1993, the Governor endeavored to fund those requests and activities which are clearly related to the comprehensive economic development strategy for the state. The recommendations are aimed at those activities which attract investments to Kansas, encourage local competitiveness, train workers, promote tourism and assist technology transfer and product development.

In order to be able to fund all of those activities out of the reduced funding, the Governor found resources for those activities previously funded out of the EDIF which have only tangential economic development functions from other sources. For example, the Arts Commission received no EDIF funds in the FY 1993 recommendations but is instead funded at approximately FY 1992 levels from the State General Fund. The Governor's recommended EDIF transfer of 65 percent of the State Gaming Revenues Fund will provide approximately \$18.3 million for the EDIF in FY 1993 and provides funding for the Department of Commerce, Kansas Technology Enterprise Corporation, Kansas, Inc., the State Water Plan, Area Vocational Technical School programs and the Agricultural Marketing Program at approximately the level of funding in FY 1992.

House Bill 2648 provides the opportunity to meet the capital improvement needs of the correctional institutions and general state facilities with a stable and more adequate funding base. In addition, the economic development needs of the state continue to be addressed with the recommended transfer. The Governor requests that the bill be amended to include the transfer amounts recommended in her budget.

1442

**Governor's FY 1993 Recommendations – State Funding
by Foundation of Economic Development Strategy**

	<u>FY 1992</u> <u>Approved</u>	<u>FY 1993</u> <u>Gov Rec</u>
Human Capital		
Department of Commerce		
KIT and KIR Programs	2,250,000	2,250,000
Kansas Technology Enterprise Corporation		
Training Equipment Grants	150,000	150,000
Technology/Innovation		
Kansas Technology Enterprise Corporation		
Applied Research Matching Grants	1,349,684	1,350,000
Centers of Excellence	3,215,000	3,215,000
Research Equipment Grants	—	—
Small Business Innovation Research Grants	25,000	25,000
Agricultural Value Added Grants	419,525	400,000
Data Base	40,000	35,000
MAMTC	1,000,000	1,000,000
Kansas, Inc.		
EPSCoR Matching Fund	—	1,500,000
Capacity		
Department of Commerce		
Field Offices	205,234	267,007
Strategic Planning Grants	445,000	445,000
Certified Development Company Grants	475,000	475,000
Small Business Development Center Grants	325,000	325,000
Data Base Development	—	100,000
Kansas Technology Enterprise Corporation		
Industrial Liaison Offices	300,000	300,000
Special Projects	428,325	239,366
Business Environment		
Department of Commerce		
Trade Show Grants	200,000	220,894
International Trade Representation	450,000	450,000
National Marketing	339,846	441,000
Tourism General Promotion	933,629	879,381
Tourism Grants	40,000	290,000
Infrastructure Capital		
Department of Commerce		
Kansas Partnership Revolving Loans	98,658	138,750

INSTITUTE FOR PUBLIC POLICY AND BUSINESS RESEARCH
THE UNIVERSITY OF KANSAS

TESTIMONY ON

PROPOSED CHANGES TO THE ECONOMIC DEVELOPMENT INITIATIVES FUND
HB 2648

presented by

Dr. Anthony Redwood
Professor of Business, and
Executive Director

and

Dr. Charles Krider
Professor of Business, and
Director of Business Research

presented to

The Senate Ways and Means Committee

February 10, 1992

SWAM
February 10, 1992
Attachment 6

Thank you for this opportunity to testify against HB 2648 which would, in essence, reduce the amount of funds from the State Gaming Revenues Fund that are credited to the Economic Development Initiatives Fund (EDIF) from 90% to 70%. It seems that we at the Institute have testified against similar proposed reductions in the EDIF every year or so, and we are opposed to this proposal as well.

When the people of Kansas were asked to amend the Kansas constitution in 1986 to permit the lottery and parimutuel betting, they were told explicitly that the state revenues gained from this activity would be dedicated to new economic development initiatives. As a result, you, the Legislature made the commitment to dedicate the bulk of the net lottery proceeds to economic development initiatives, and it was satisfying to finally reach the stage, in 1990, when the law allowed for the level of financial commitment to reach the goal of 90% of the State Gaming Revenues Fund. Over the years, we have opposed proposals that would have critically weakened the EDIF including the use of EDIF monies to substitute for previously appropriated State General Fund monies, the use of EDIF funds to finance programs that do not clearly relate to the economic development strategy, the use of EDIF monies to fund salaries, and overall reductions in the amount of Gaming Revenues to be credited to the EDIF. Unfortunately, we are here again to oppose the later.

To enhance its competitiveness, Kansas has created a sound economic development strategy based on investments in the seven strategic foundations; namely financial capital, human capital, infrastructure capital, capacity capital, business environment,

quality of life, and innovation/technology capital. The strategy has been widely endorsed by internal groups, including both political parties, as well as external economic development experts. Recent, external reviews of the state's economic development strategy clearly confirm that we are on the right track and are spending the limited funds that are available in a highly effective manner. The question before us is whether or not the state is going to continue to fund our economic development strategy.

The primary vehicle for Kansas to materially improve the its competitive position by encouraging entrepreneurship, expansion, retention, and recruitment of business has been the EDIF. The fund was created because we recognized the need for a visible commitment to economic development, and the need for an integrated approach to developing and implementing the economic development programs. We have ensured that EDIF monies are used in an optimal fashion by requiring strict oversight over how the funds are allocated across programs and timely evaluations of those programs. HB 2648, if adopted, would undo much of what we have already accomplished, and would seriously dissipate our long-term effort to promote economic development. To illustrate this point, several studies conducted at the Institute deserve mention.

The first study, completed last year by the Institute, in conjunction with Kansas Inc. and the Kansas Department of Commerce, compared the level of economic development expenditures in FY 1989 and FY 1990 of Kansas with those of nine peer states. The comparison states were chosen largely based upon their geographic

proximity to Kansas or because they had similar funding sources. In FY 1990, Kansas tied for last place with Nebraska in total funding for economic development programs, and on a per capita basis, Kansas ranked eight out of ten.

Frankly, this shows that our current funding effort is relatively weak. We have always felt that Kansas needed to commit preferably \$35-\$40 million annually for hard-core economic development programs, and certainly a minimum of \$30 million. The fiscal note for the proposed reduction from 90% to 70% indicates that anticipated receipts to the EDIF for FY 1992 would have been reduced from \$24 million to \$18 million (FY 1991 fiscal note).

The second study, recently completed by the Institute, in conjunction with Kansas Inc., evaluated selected divisions and programs within the Kansas Department of Commerce. These included the Division of Travel and Tourism, the Industrial Development Division, the Trade Development Division, Kansas Industrial Training and Retraining Programs, and other programs selected by Kansas Inc. The research concluded that these divisions are operating at a minimum funding and staff resource level, and that to fully implement the necessary changes would be impossible without additional funding. Even without implementing the changes and enhancements suggested in the study, KDOC and Division-level funding remains constrained. These research findings imply that a continuation of the current "funding to get by" attitude will result in curtailing or reducing programs important to the State.

To succeed, economic development in Kansas must be adequately funded to ensure the state's competitiveness. The

previously mentioned research reveals that Kansas' funding for economic development is not adequate and lags behind neighboring states. To further weaken the effort by reducing the amount of funds to be transferred from the State Gaming Fund to the EDIF would have severe negative implications for the state's economy.

Some conferees may argue that the reason to cut the level to be transferred from 90% to 70% is to cut out expenditures for programs that are not hard-core economic development oriented. However, we must remind the committee that these programs were not funded at the recommendation of the economic development committees or experts in the first place, but rather constituted political compromise as the EDIF was raided to fund other programs. We agree that programs funded by the EDIF should clearly identify with the economic development strategy, and therefore should relate with at least one of the seven foundations of our strategy.

Our point of disagreement is that the current level of funding for the state's economic development effort is already inadequate and any further reductions will seriously dissipate our long-term effort to promote economic development. Kansas' economic performance appears to have converged on U.S. averages in 1989 and 1990, and even surpassed U.S. averages in 1991. These were clear objectives at the onset of developing and implementing our economic development strategy, and we have achieved them. We have done so, in large part, because of our commitment to fund economic development initiatives. Now is not the time to discard that commitment as the challenges ahead are even greater than those of the past, and doing so will only reverse the trend.

STATE OF KANSAS



DEPARTMENT OF CORRECTIONS

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Joan Finney
Governor

Gary Stotts
Secretary

M E M O R A N D U M

TO: Senate Committee on Ways and Means
FROM: Gary Stotts, *Gary Stotts* Secretary of Corrections
DATE: February 10, 1992
SUBJECT: House Bill No. 2648

For FY 1993, the Governor has recommended that the percentage of state gaming revenues credited to the Correctional Institutions Building Fund be increased from 10 to 20 percent. This increase results in additional receipts of \$2.8 million (total receipts of \$5.6 million). I am recommending that House Bill No. 2648 be amended to incorporate the Governor's recommendation. This level of funding:

- Reflects the need for additional funding due to the expansion of the correctional system.
- Should provide sufficient funding for the correctional system to address facility improvement needs, excluding any major new construction or renovation project, thereby diminishing the need to request funding for capital improvements from the State General Fund or a portion of the property tax levy for the State Institutions Building Fund.
- For FY 1993, provides for an increase in the amount appropriated for systemwide rehabilitation and repair projects from \$2.8 million to \$4.275 million, an increase of \$1.475 million.
- For FY 1993, finances other capital improvement projects for the Lansing and Hutchinson correctional facilities, the recommended expenditures for which total \$1.6 million.

SWAM
February 10, 1992
Attachment 7

Senate Ways and Means
February 10, 1992
Page 2

If the Governor's recommendation is not adopted, there would be a delay in the financing of needed projects. This would necessitate requesting funding from other sources.

The attached table illustrates the impact that would occur, if the Governor's recommendation is not adopted.

GS:DW:dj

2-10-92

Status of Correctional Institutions Building Fund

	<u>Governor's Recommendation FY 1992</u>	<u>Governor's Recommendation FY 1993</u>	<u>Current Law FY 1993</u>
Beginning Balance	\$ 5,216,794	\$ 689,963	\$ 689,963
Add: Ad Valorem Taxes	1,166,837	--	--
Receipts from Gaming Revenues Fund	<u>3,063,781</u>	<u>5,634,352</u>	<u>2,817,176</u>
Total Available Resources	\$ 9,447,412	\$ 6,324,315	\$ 3,507,139
Less: Balance Forward	<u>689,963</u>	<u>445,614</u>	<u>245,500</u>
Expenditures	<u>\$ 8,757,449</u>	<u>\$ 5,878,701</u>	<u>\$ 3,261,639</u>
Reduction in Expenditures	--	--	\$ 2,617,062

STATE OF KANSAS



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Joan Finney
Governor

Gary Stotts
Secretary

M E M O R A N D U M

TO: Senate Committee on Ways and Means
FROM: Gary Stotts, Secretary of Corrections
DATE: February 10, 1992
SUBJECT: Senate Bill No. 530

SB 530 would amend K.S.A. 59-2006 by exempting inmates from the provision that they or any person bound by law to support them are liable for the costs of their treatment and maintenance while at a state hospital. This exemption would apply only to that period during which the inmate would have otherwise been incarcerated had the transfer to the state hospital not occurred.

The statutory provision for billing an inmate's spouse or parents has been in place for a number of years. However, SRS has only recently become more aggressive in its collection of these costs, which has led to expression of concerns by inmate family members, the Ombudsman for Corrections, and Legal Services for Prisoners.

The Department of Corrections has approximately 74 inmates at Larned State Hospital for mental health treatment at any given time. Another 43 inmates are placed there for substance abuse programs. If these inmates were incarcerated in a correctional facility they would not be billed for the costs of their maintenance and treatment. This raises a question of fairness. Inmate placements at Larned State Hospital are made on the basis of departmental determination, not inmate request. Inmates placed at Larned State Hospital are charged for their care and treatment while inmates remaining at a correctional facility are not, with the exception of those in work release or private industry employment.

SWAM
February 10, 1992
Attachment 8

Senate Committee on Ways and Means
February 10, 1992
Page 2

Since the department requested introduction of this bill, additional discussions with the Department of Social and Rehabilitation Services have resulted in questions being raised as to the extent of fiscal impact on SRS, as well as the implications regarding disproportionate share funding. Until these questions can be fully answered and resolved, the department requests that the committee defer any further action on SB 530.

STATE OF KANSAS



DEPARTMENT OF CORRECTIONS

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Joan Finney
Governor

Gary Stotts
Secretary

M E M O R A N D U M

TO: Senate Committee on Ways and Means
FROM: Gary Stotts, *Gary Stotts* Secretary of Corrections
DATE: February 10, 1992
SUBJECT: Senate Bill No. 531

Senate Bill No. 531 would abolish the Surplus Property Fee Fund. This fund is not currently being used. The surplus property program is currently being financed from the Correctional Industries Fund.

The Surplus Property program is one of 18 divisions of Correctional Industries. Receipts from surplus property transactions are now being deposited in the Correctional Industries Fund as are receipts from the other 17 divisions, each with its own subaccounting. The budget reflects this organization, since the expenditures for each division are included in the overall expenditure limitation on the Correctional Industries Fund.

Enactment of this legislation will conform the statute with actual practice in this area. No fiscal impact is anticipated.

SWAM
February 10, 1992
Attachment 9