

Approved: 3/7/95 ka
Date

MINUTES OF THE HOUSE COMMITTEE ON BUSINESS, COMMERCE & LABOR.

The meeting was called to order by Chairperson Al Lane at 9:05 a.m. on February 7, 1995 in Room 526-S of the Capitol.

All members were present except: Rep. David Heinemann - excused

Committee staff present: Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Bev Adams, Committee Secretary

Conferees appearing before the committee: Rep. Doug Mays
John Wine, Securities Commissioner
Anita Larson, Security Benefit Group

Others attending: See attached list

Rep. Boston made a motion to approve the minutes of January 20 and 24. It was seconded by Rep. Geringer. The motion passed.

Hearing on: HB 2139 - Open-end investment companies, amending articles of incorporation

Chairman Lane introduced Rep. Doug Mays, who appeared as a proponent for HB 2139. The State Securities regulations in Kansas call for the protection of shareholders. Open-end investment companies (also known as mutual funds) in Kansas are registered or incorporated under the same statutes as any corporation, but they are two different kinds of entities. He stated that this bill would change the corporate code slightly to conform more with the way that open-ended mutual funds do business as opposed to a normal corporation. It would allow an open-end investment company, under the Investment Company Act of 1940, whose articles of incorporation are in Kansas, to increase or decrease their aggregate number of shares without calling a shareholders meeting. Rep Mays concluded by answering questions from the committee.

John Wine, Securities Commissioner, appeared before the committee to testify as a proponent for HB 2139. He said there is a very limited applicability of this amendment. It is only applicable to those mutual funds that are registered under the Investment Company Act of 1940. The bill has no effect on general corporations in Kansas. He can think of no negatives from this bill because of its limited application. His department supports the bill.

Chairman Lane asked Roger Walter, General Counsel for the Securities Commission, who was sitting in the audience if he had anything to add on HB 2139. Mr. Walter concurred with the remarks made before.

Anita Larson, Security Benefit Group, appeared in support of HB 2139. Security Management Company, a member of Security Benefit Group, provides advisory services to seven open-end investment companies, more commonly called mutual funds. Each of the funds is organized as a Kansas corporation and is registered under the Investment Company Act of 1940. She stated that eliminating the need for a shareholder meeting to change the number of authorized shares will save shareholders of mutual funds money (see Attachment 1).

Chairman Lane asked if there were any more in the audience who wanted to testify on HB 2139. Seeing none, he closed the hearing on HB 2139. He announced there would be possible final action on the bill tomorrow, February 8.

A letter from George Gomez with attachments was handed out to the committee members. It was in regard to questions asked by committee members of Roger Aeschliman, and referred to the Director, Mr. Gomez (see Attachment 2).

Also handed out was information on the KanWork/JOBS program. It was sent to Chairman Lane in response to questions asked during the KanWork presentation (see Attachment 3).

The meeting adjourned at 9:25 a.m.

The next meeting is scheduled for February 8, 1995.

HOUSE BUSINESS, COMMERCE & LABOR COMMITTEE
GUEST LIST

DATE February 7, 1995

NAME	REPRESENTING
James Sumner	KS Governmental Consulting
B. Warts	Baylor
John Kriss	Boston
Roger Walter	KS Secretary Commissioner
John Wine	" " "
Anita Larson	Security Benefit Group Inc
Chris Swickard	" " "

February 7, 1995

Subj: House Bill No. 2139
Amendments to Articles of Incorporation of an Open-end Investment
Company

Dear Chairman and Committee Members:

The Security Benefit Group of Companies is a diversified financial services organization offering life insurance, mutual funds, annuities and retirement plans. The parent company, Security Benefit Life Insurance Company, has been in business for over 100 years. The Security Benefit Group of Companies has over \$4 billion in assets under management and employs approximately 550 Kansans. We support House Bill 2139.

Security Management Company, a member of Security Benefit Group, is an investment adviser registered with the Security and Exchange Commission (the "SEC"). Security Management Company provides investment advisory services to seven open-end investment companies, more commonly called mutual funds. Each of the funds is organized as a Kansas corporation and is registered under the Investment Company Act of 1940.

K.S.A. 17-6602 presently provides that a corporation may not increase or decrease its authorized capital stock or otherwise affect such shares without stockholder approval. House Bill 2139 would amend this statute to provide that the board of directors of a mutual fund may, without shareholder approval, by resolution amend the corporation's articles to (i) increase or decrease the number of authorized shares of the corporation or (ii) authorize the issuance of an indefinite number of shares of the corporation.

Eliminating the need for a shareholder meeting to change the number of authorized shares will save shareholders of mutual funds money. For example, a shareholder meeting can cost the shareholders of one of our larger funds as much as \$30,000 in printing and mailing costs.

The change in the number of authorized shares will not harm the shareholders. The proposed amendment only applies to open-end investment companies or mutual funds. It does not apply to other corporations. Open-end mutual funds are not like other corporations. Unlike other types of corporations, the sole purpose of mutual funds is to sell shares, take the money raised, and invest it in stocks, bonds, or other securities. As the description "open-end" suggests, if all of a mutual fund's authorized shares are sold, more shares are authorized. When an investor sells shares, the shares are redeemed, not resold on the secondary market.

Business, Commerce & Labor
2/7/95
Attachment 1

The issuance of additional mutual fund shares does not dilute the value or earnings of those previously issued. The earnings per share and value per share are not effected by the total number of shares issued. The value of a mutual fund share is derived by dividing the value of the mutual fund portfolio by the number of shares outstanding.

Shareholders benefit when the fund sells additional shares. As a mutual fund sells more shares, the fund's fixed expenses, which are paid by the shareholders, are spread among more shares. Also, as the fund grows, it benefits from the economies of scale. For example, due to increased volume and larger trades, the fund may pay reduced brokerage fees or commissions. These savings are passed directly to the shareholders.

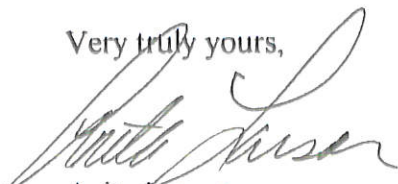
Even if House Bill 2139 is enacted, open-end mutual funds will still have shareholder meetings. Shareholders will continue to have meetings to amend the fund's fundamental investment policies, increase investment advisory fees and make other material changes in the fund's operations. Furthermore, the holders of 10% of a fund's outstanding shares can demand that a shareholder meeting be held.

A provision similar to House Bill 2139 has been adopted in Maryland. A number of mutual funds are organized under the laws of that state. In addition, the Security and Exchange Commission allows open-end mutual funds to register an indefinite number of authorized shares. Likewise, I have been informed by the Securities Commissioner for the State of Kansas that he supports this measure.

Mutual funds offer investors many advantages, including diversification and professional management. House Bill 2139, and similar measures, may create an incentive for other mutual funds to organize as Kansas corporations and may eliminate an incentive for Kansas funds to reorganize elsewhere.

Thank you for your time and consideration. I would be happy to address any questions you have.

Very truly yours,



Anita Larson



Kansas Department of Human Resources

Jean Finney, Governor
Joe Dick, Secretary

DIRECTOR'S OFFICE
296-4000
REHABILITATION
296-2050
BENEFIT REVIEW
296-0848
INVESTIGATION
296-8392

DIVISION OF WORKERS COMPENSATION
800 S.W. JACKSON STREET, SUITE 600
TOPEKA, KANSAS 66612-1227

INFORMATION (913) 296-3441
FAX NUMBER (913) 296-0839

OMBUDSMAN/
CLAIMS ADVISORY
296-2998
SELF INSURANCE
296-3608
MEDICAL SERVICES
296-0848
DATA COLLECTION
296-4120

January 31, 1995

The Honorable Al Lane, Chairperson
Business, Commerce & Labor Committee
State Capitol, Room 115-S
Topeka, Kansas 66612

Dear Representative Lane:

Roger Aeschliman, Assistant Secretary of the Kansas Department of Human Resources, referred your questions concerning workers compensation to me.

If you need to pass along some tentative legislation to the Workers Compensation Advisory Council, I am the chairperson of that council. If you forward the legislative requests for the Advisory Council to me, I will make sure it is sent to the members as soon as possible.

The Division of Workers Compensation endeavors to provide technical assistance any advisory council member would need in terms of research requests. The Advisory Council is appointed by five business representatives and five labor representatives. Members are chosen by the Governor (via the Secretary of Human Resources).


Enclosed please find a list of the employees of the Division of Workers Compensation, complete with phone numbers. Always feel free to call me at 296-4000. We have an older phone system and that is the closest thing I have to a desk line. If I am not immediately available, David Shufelt, the Assistant Director, should be able to help you. Linda Eckhart is the secretary who can directly assist you if I am not available; Marcelle Shrake is David Shufelt's secretary and can also assist you if David and/or I are not immediately available. I have noted key people on the enclosed phone list by asterisks and hi-light for each section of the Division in case you need to call someone directly.

I hope this information is of assistance to you in your endeavors.

*Business, Commerce & Labor
2/7/95
Attachment 2*

The Honorable Al Lane
January 31, 1995
Page 2

Sincerely,



George Gomez
Workers Compensation Director

GG:lre

Enclosure

cc: Assistant Secretary Roger Aeschliman

WORKERS COMPENSATION PHONE LIST

(1-800-332-0383 INJURED WORKERS ONLY)

FAX 8TH 913-298-0839
FAX 7TH 913-298-0025
FAX 8TH 913-298-7710
FAX 10TH 913-298-7098
FAX 14TH 913-298-8499

6TH FLOOR

SELF-INS HUB & ACCT SECTION 6-3800

22 RICHARD SMELSER (DICK)*
29 JOHN BOUILLET
23 LOUISE SUMNER

6TH FLOOR

DATA COLLECTION 6-4120

6-8498 MURLENE PRIEST*
49 JAMIE BELETZ #4000
6-4189 GEORGIE COKER
6-3620
42 AL STANTON #3441
6-8827 DOUG CORNETT
6-8485 ALBERTA BAYLESS
6-8487 JOANN CARSON
6-4120 IRENE RICE
6-5380 DANNY KUCKELMAN
6-4120 CARLA PARTRIDGE (CJ)
6-8486 JODI LEFTWICH

6TH FLOOR

STATS & SERVICE SECTION 3441

28 MARGIE KUFAHL
27 MARITA PETERSON
24 PHYLLIS NESBITT
25 ELIZABETH SPIKER (ANN)

19 SHARON HARRY
18 LINDA GARDNER
20 ANDREW BELL
21 PAM HOFELT
16 JEAN MARTIN
17 VIRGINIA ALLEN

12 GLORIA FEBLES
13 SHERRY AUSTIN
15 NANCY HAWKINS

11 MINDY TOY
10 TRUDY PARKER
14 JOAN SCHIFFBAUER (TEMP)
31 JEAN DELONG (TEMP)

7TH FLOOR

DIRECTORS OFFICE 6-4000

37 GEORGE GOMEZ (DIRECTOR)*
45 DAVID SHUFELT (ASST DIRECTOR)*
52 LINDA ECKHART*
51 MARCELLE SHRAKE

7TH FLOOR

REHABILITATION SECTION 6-2050

33 RICHARD THOMAS (DICK)*
43 MARK CONBOY
38 THERESA RENFROW
39 VERONICA JORDAN
40 SUSAN LABRADOR

7TH FLOOR

BENEFIT REVIEW 6-8848

6-8481 BRYCE BENEDICT*
6-8782 GREG SKINNER
6-8483 ALLYSON HARTLEY
6-8483 NILESH PATEL (NEIL)
6-8482 M J WILLOUGHBY (TEMP)
6-0848 RUTH NORRIS
6-0849 VIVIAN DUNN
6-4977 MARY TREINEN

7TH FLOOR

COMMUNICMAN 6-2999

6-8929 DAVE WALKER*
6-8787 DON PALMER
6-8095 DEAN FOUQUET
6-8078 JOSEPH NAVE (JOE)
6-8894 ART ANDERSON
6-2757 JOSE CASTILLO (SPANISH INTERPRETER)
CINDA JONAGAN
SHELLY YOUNG
RACHEL GRIEGO (SPANISH INTERPRETER)
MARY NEWINS
ANITA M STUFFLEBEAN
KIMBERLY SMERCHEK (KIM)
6-2998 ZOANN POPEJOY
6-2054
6-0954 ANITA RAMIREZ

8TH FLOOR

FRAUD & ABUSE INVESTIGATION 6-6392

6-8398 SUSAN STANLEY (ASST ATTY GENERAL)*
6-6486 DIANA TOY
6-6489 PHIL CLANTON
6-4865 GEORGE SCHUREMAN
6-6392 LOU ANN GODFREY

10TH FLOOR

JUDGES 6-7012

6-7012 FLOYD PALMER (VAN)
6-7012 JAMES WARD (JIM)
6-7012 DEBBIE ATHERTON
6-7012 BARBARA ZELLER
6-7012 SONJA SMITH (TEMP)

10TH FLOOR

MEDICAL SERVICES 6-0846

1-3045 DR TERRY TRACY MD
6-0850 J KURTIS CARLSON (KURT)*
6-0846 JILL MCGANN

10TH FLOOR

6-6648 MARY ALLEN

14TH FLOOR

APPEALS REVIEW BOARD 6-8484

6-8490 GARY PETERSON (CHAIR)*
6-8489 KENTON WIRTH
6-8491 DONALD RAMSAY (DON)
6-8492 GARY KORTE
6-8493 DUNCAN WHITTIER
6-8484 ELIZABETH WATSON (BETTY)*
6-8495 JANICE ZIMMERS (JAN)
6-8494 KAREN GILLILAND
6-8480 GRETCHEN MITHEN
6-8488 CONNIE WOLLIN (TEMP)



BILL GRAVES, GOVERNOR OF THE STATE OF KANSAS

KANSAS DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

JANET SCHALANSKY, ACTING SECRETARY

January 31, 1995

The Honorable Al Lane
State Representative
Chairman
House Committee on Business, Labor, and Commerce
Room 112-S
State Capitol
Topeka Kansas, 66612

Dear Representative Lane:

This is to provide you with information on the KanWork/JOBS program in response to your committee's questions.

1. Breakdown of KanWork/JOBS Client Services, including Child Care.

<u>Service</u>	<u>FY 1995 Expenditures</u>
Transportation	\$ 1,463,228
Education and Training	1,199,021
Special Services	717,659
Contracted Employment	1,682,709
Subtotal	<u>5,062,617</u>
Child Care	9,147,600
Transitional Child Care	4,428,000
Subtotal	<u>13,575,000</u>
Total Expenditures	\$ 18,637,617

Business, Commerce & Labor
2/7/95
Attachment 3

2. Breakdown of Participant Activity.

Activity	Percent	Number
Assessment	6%	412
Education	18%	1,315
Training	41%	2,926
Employment Skills	14%	1,004
Employed	13%	932
Other	9%	636
Total		7,225
Waiting List		6,025

3. Number of Clients Completing Education and Progressing to Employment Skills.

Detailed data on the movement of participants from one activity to another is not available at this time. However, the number of participants completing activities which prepare for employment (such as education and training) is known, as well as the number who obtain employment. This data follows:

	As of Dec 1994	FY 1995 Projected
<u>Intermediate Outcomes</u>		
Education Completions	326	443
Training Completions	445	948
<u>Final Outcomes</u>		
Full-Time Employment	1,127	1,697
Part-Time Employments	941	1,527
Total Employments	2,068	3,224

Of the participants who become employed, 59% occur while the participant is in an activity, 15% occur after the completion of training, and 29% occur prior to the participant entering the program. The employments occurring prior to program entry point to an important aspect of the KanWork program - many participants will seek and obtain employment to avoid the requirements of the KanWork program.

4. Number of KanWork staff in Butler County.

Presently, there are 6 positions assigned to Butler County: 1 employment preparation supervisor, 4 employment preparation specialist I positions, and 1 program support worker.

The Honorable Al Lane
January 31, 1995
Page Three

5. Feedback from Employers

The following is a list of employers from the private sector who have offered comments on KanWork employees and the program in general. Their statements have been documented on a video tape which is available if you wish to review it.

CESSNA - 21 Street Project

Mr. Russ Meyer - Chairman and CEO
Mr. John Moore - Senior Vice President of Human Resources
Mr. John Cartledge - 21 Street Project Facility Plant Manager
Mr. Sam Hewlett - Citation Assembly Superintendent
Mr. Larry - Bromer

Wichita 911

Ms. Becky Stewart - Acting Director
Ms. Diane Gage - Training Director

DETAMC

Mr. George Johnson - President and CEO
Mr. Julius McLaurian - Academics Manager
Mr. Rip Gooch - Wichita City Councilman

Thank you for the opportunity to respond to your questions. If you have further questions, please do not hesitate to contact me.

Sincerely,



Janet Schalansky

Acting Secretary

Department of Social and Rehabilitation
Services

JS:kp