

Approved: 1-30-96
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p.m. on January 25, 1996 in Room 514-S of the Capitol.

All members were present except: Representative Minor
Representative Kline
Representative Gross
Representative Nichols
Representative Goosen

Committee staff present: Alan Conroy, Russell Mills, Susan Wieggers, Legislative Research Department
Jim Wilson, Revisor of Statutes
Tim Kukula, Appropriations Secretary; Todd Fertig, Administrative Aide

Conferees appearing before the committee: Charles Simmons, Secretary of Corrections
Mark Powell, Office of Representative Beggs
Lawrence J. Logback, Asst. Attorney General

Others attending: See attached list

Chairman Jennison recognized Secretary of Corrections, Charles Simmons to appear before the committee as a proponent of **HB 2585**, a bill offering set-off of certain inmate moneys for court ordered restitution. No questions or comments were asked of Simmons (Attachment 1).

No one else wished to appear before the committee as a conferee of **HB 2585** and Chairman Jennison closed the hearings on **HB 2585**.

Chairman Jennison the recognized Secretary Simmons, Lawrence Logback and Mark Powell to address the committee as proponents of **HB 2612**, a bill that requires reimbursement by inmates of cost of care while in prison. All three distributed testimony and answered questions fielded by the committee (Attachments 2, 3 & 4). Represented Helgerson requested a copy of the Fiscal Note which was distributed (Attachment 5).

Chairman Jennison closed the hearings on **HB 2612**.

Chairman Jennison then recognized Gary Bothwell and Jamie Clover Adams to testify as proponents on **HB 2595**. Both distributed their testimony and stood for questioning by the committee. No other testimonies were given and Chariman Jennison closed the hearings on **HB 2595**. (Attachment 6 and Attachment 7)

A motion was made by Representative Farmer, seconded by representative Reinhardt to pass HB 2595. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Wilk to approve the minutes from the January 23rd meeting. The motion carried.

The meeting adjourned at 2:35 p.m.

The next meeting is scheduled for January 30, 1996.



DEPARTMENT OF CORRECTIONS
OFFICE OF THE SECRETARY
Landon State Office Building
900 S.W. Jackson — Suite 400-N
Topeka, Kansas 66612-1284
(913) 296-3317

Bill Graves
Governor

Charles E. Simmons
Secretary

MEMORANDUM

Date: January 25, 1996
To: House Appropriations Committee
From: Charles E. Simmons, *Secretary*
Subject: HB 2585

If an inmate has unpaid court-ordered restitution obligations and receives money from the state for settlement of a claim or as a result of a settlement or judgment in a civil case, HB 2585 authorizes the Secretary of Corrections to withdraw funds from the inmate's trust account as a set-off of moneys received from the state in order to meet the inmate's restitution obligations. The Department of Corrections supports this bill because it serves the dual purpose of reinforcing offender accountability and responsibility, and also compensating victims, at least in part, for their losses.

As currently written, the bill applies only to inmates who receive monetary settlements or judgments from the state. We propose that the bill be expanded to also apply to offenders on postincarceration supervision. Because these offenders do not have inmate trust accounts subject to set-off by action of the Secretary, a different collection method would be required for offenders on parole or postrelease supervision. We suggest that the Division of Accounts and Reports be authorized to execute the set-off in these circumstances, after first checking with the Department of Corrections to determine whether the offender has unmet restitution obligations. Restitution set-offs would be transferred to the district court originating the restitution order, and the court would then make the appropriate disbursements.

CES:jj

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Attachment
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DEPARTMENT OF CORRECTIONS
OFFICE OF THE SECRETARY
Landon State Office Building
900 S.W. Jackson — Suite 400-N
Topeka, Kansas 66612-1284
(913) 296-3317

Bill Graves
Governor

Charles E. Simmons
Secretary

MEMORANDUM

Date: January 25, 1996
To: House Appropriations Committee
From: Charles E. Simmons, Secretary
Subject: HB 2612

HB 2612 provides procedures for the state to attempt to recover the costs of care for persons in the custody of the Secretary of Corrections.

The Department of Corrections is supportive of the intended goal of this bill. It is consistent with the view that offenders should be held accountable for their actions, and it complements other initiatives taken recently by the department to encourage and reinforce the acceptance of responsibility by offenders. Effective January 1, 1996, the department began implementation of a new offender management system whereby offenders must earn privileges while in prison and on postrelease supervision. Approximately a year ago, the department initiated several new fees as a means of promoting offender accountability, including the imposition of supervision fees upon offenders on postincarceration supervision. Likewise, HB 2612 serves the goal of offender accountability by requiring inmates to reimburse the state, at least in part, for the costs of care if they have resources to do so.

In reviewing the specific provisions of HB 2612, we have identified some procedural issues and also developed suggestions about how they might be addressed. A mark-up of the bill with suggested amendments is attached. Concerns addressed by the proposed amendments are summarized below:

- Section 1 defines inmate as any person in the custody of the Secretary. We suggest language to clarify that the bill applies only to persons who are incarcerated. Supervision fees are already in place for offenders on parole and postrelease supervision.

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- As currently written, the bill provides that cost of care be estimated, based on future costs and projected lengths of stay. Using this approach requires that a number of assumptions be made in order to calculate future costs and inmates' length of stay (the latter being subject to variation based on good time earnings, returns for revocation of conditions of parole or postrelease supervision, and decisions of the Kansas Parole Board for offenders with indeterminate sentences). The bill provides no direction for making these assumptions. We have offered an alternative approach, whereby the Attorney General would initially file for a pre-judgment lien on an offender's assets to secure them, followed by a subsequent filing(s) for judgment based on actual incurred costs. Judgments could be sought annually or at other time intervals based on individual case circumstances. This approach would allow reimbursement based on actual costs, thus avoiding the need to make assumptions and projections, often several years into the future, about costs and length of time to be served. If our suggested alternative is not adopted, we suggest that the bill include provisions about the methods to be used in estimating future costs of care and lengths of stay.
- Section 4(c) requires that KDOC report any amounts previously recovered from the inmate pursuant to the act. This information would not be readily available to the department, since it is possible that an inmate could be sued multiple times in a variety of courts and no reporting mechanism is in place. Since the Attorney General would be a party to these actions, that office would have more ready access to information about the status of judgments already rendered. We suggest an amendment providing that the Attorney General's office monitor the enforcement of judgments it has obtained pursuant to the act.
- Section 4(c) requires that KDOC notify the Attorney General of an inmate's release date not less than 60 days prior to release. This is not possible in all cases, particularly for those offenders with indeterminate sentences whose release is determined by action of the Kansas Parole Board. Because the 60-day notice provision cannot always be met, we suggest that it be modified.
- Section 9 provides that the Secretary furnish "all information and assistance possible" to the Attorney General in securing reimbursements under the act. The bill contains very specific responsibilities for the department in implementing its provisions, and we are uncertain as to what other duties and functions might be envisioned by this section. We suggest that this provision be deleted and that any other anticipated duties be specified so the department can prepare fully for the bill's implementation.

- Minor terminology changes are recommended in several sections (such as using the term "inmate" instead of "prisoner" in page 1, line 18; deleting "bonuses" in page 1, line 28; clarifying that average per capita costs are systemwide averages in page 1, line 30; and using "awarding" instead of "determining" in reference to good time in page 2, lines 33-34).
- Section 5 provides sanctions for inmates who do not cooperate in providing financial information required by the bill. We do not have specific recommendations for change, but would point out that the listed sanctions do not apply to all inmates. Inmates with determinate sentences do not appear before the Kansas Parole Board. Other inmates have mandatory release dates, such as conditional release or expiration of sentence dates, which are unaffected by either good time or the KPB.

Regarding fiscal impact on the department, in our fiscal note we estimated one-time costs of \$25,000 for computer programming to generate the necessary financial reports to the Attorney General. In further analysis of the bill, we believe that some costs may also be incurred in escorting and transporting inmates to hearings in those instances where the Attorney General files an action. The extent to which this would be required is not known, and no cost estimates have been developed to date.

The department supports HB 2612 because we believe that inmates with financial resources should be expected to reimburse the state for a portion of the costs incurred in incarcerating them. However, we must be realistic in our expectations about the amounts to be recovered. It is likely that most inmates will never have the financial resources to reimburse significant amounts to the state. We have no reliable data at the present time about offender assets. However, we do have one indicator of indigence: of the journal entries recorded in the department's database since enactment of sentencing guidelines, approximately 80% involved offenders who were represented by a public defender or appointed counsel.

In closing, we request that the committee favorably consider the amendments we have suggested and support the bill for passage.

HOUSE BILL No. 2612

By Representatives Beggs

1-5

9 AN ACT providing for reimbursement of the state for costs of care of
10 persons in the custody of the secretary of corrections.

11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. This act shall be known and may be cited as the state
13 corrections reimbursement act.

14 Sec. 2. As used in this act: -

15 (a) "Assets" means property, tangible or intangible, real or personal,
16 belonging to or due an inmate or former inmate, including income or
17 payments to such prisoner from social security, workers compensation,
18 veteran's compensation, pension benefits, previously earned salary or
19 wages, bonuses, annuities, retirement benefits or any other source what-
20 soever. Assets does not include:

- 21 (1) The homestead of the inmate, up to \$50,000 in value;
- 22 (2) money received by the inmate from the state as settlement of a
23 claim against the department by the inmate;
- 24 (3) money judgment received by the inmate from the state as the
25 result of a civil action in which an officer or employee of the department
26 was a named defendant and found to be liable; or
- 27 (4) money saved by the inmate from wages and bonuses paid the
28 inmate while the inmate was in the custody of the secretary.

29 (b) "Cost of care" means the ~~average per capita cost~~ to the depart-
30 ment of corrections for transportation, room, board, clothing, security,
31 medical and other normal living expenses of inmates, as determined by
32 the secretary, less amounts paid by an inmate pursuant to K.S.A. 75-5211,
33 75-5268 or 75-5275, and amendments thereto, for food, lodging or trans-
34 portation or pursuant to K.S.A. 1995 Supp. 75-52,139 and amendments
35 thereto for services provided to the inmate.

36 (c) "Department" means the department of corrections.

37 (d) "Inmate" means any person committed to the custody of the sec-
38 retary.

39 (e) "Secretary" means the secretary of corrections.

40 Sec. 3. (a) On or before August 1, 1996, the secretary shall adopt a
41 form to be used by the department to obtain information from each in-
42 mate regarding the inmate's assets. The department shall submit the form
43

system wide average per capita cost

in any given fiscal year

incarcerated under

2-4

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1 to each inmate in the secretary's custody at the time the form is developed
2 and to each inmate sentenced to the custody of the secretary thereafter.
3 The department may resubmit the form to an inmate at any time for the
4 purpose of obtaining current information regarding the inmate's assets.

5 (b) Each inmate shall complete the form provided for by this section,
6 or shall cause the form to be completed, and shall affirm under oath that
7 the information provided is complete and accurate, to the best of the
8 inmate's knowledge.

9 Sec. 4. (a) The secretary of corrections shall forward to the attorney
10 general a report on each inmate containing the inmate's completed form
11 provided for by section 3, together with all other information available on
12 the assets of the inmate, and an estimate of the total cost of care for the
13 inmate.

14 (b) The attorney general shall investigate or cause to be investigated
15 each report furnished under subsection (a). If upon completing the in-
16 vestigation the attorney general has good cause to believe that the inmate
17 has sufficient assets to recover not less than 10% of the estimated cost of
18 care of the inmate or 10% of the estimated cost of care of the inmate for
19 two years, whichever is less, the attorney general shall seek to ~~secure~~
20 reimbursement for the expense to the state for the cost of care of the
21 inmate.

22 (c) Not less than 60 days before release of an inmate, ~~the secretary~~
23 shall notify the attorney general of the date of release. The secretary shall
24 forward to the attorney general the most recent information that the
25 secretary has regarding the inmate's assets and a statement of the total
26 cost of care for the inmate, ~~less any amounts previously recovered from~~
27 ~~the inmate pursuant to this act.~~

28 Sec. 5. Each inmate shall fully cooperate with the state by providing
29 complete financial information for the purposes of this act. The failure of
30 an inmate to fully cooperate may subject the inmate to disciplinary action
31 in accordance with rules and regulations of the secretary and may be
32 considered by the Kansas parole board for purposes of determining
33 whether to parole an inmate and by the secretary for purposes of deter-
34 mining good time credits.

35 Sec. 6. (a) At any time while an inmate is in the custody of the sec-
36 retary or upon the release of an inmate from the custody of the secretary
37 of corrections, the attorney general may file a complaint in the district
38 court, stating that the defendant is or has been an inmate and that there
39 is good cause to believe that the defendant has assets, and praying that
40 the assets be used to reimburse the state for the cost of care of the
41 defendant. The complaint shall be filed in the county where the inmate
42 is in custody or, if a former inmate, where the former inmate was sen-
43 tenced or where the former inmate resides.

place a lien upon the inmates' assets for

when feasible,

(d) The attorney general at any time may require the secretary to report the cost of care for any time period the inmate has been incarcerated

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1 (b) Upon the filing of the complaint under this section, the court shall
2 issue an order to show cause why the prayer of the complainant should
3 not be granted. The complaint and order shall be served upon the defend-
4 ant personally at least 30 days before the date of hearing on the com-
5 plaint and order.

6 (c) At the time of the hearing on the complaint and order, if it appears
7 that the defendant has any assets which ought to be subjected to the claim
8 of the state under this act, the court shall issue an order requiring any
9 person, corporation or other legal entity possessed or having custody of
10 those assets to appropriate and apply the assets or a portion thereof to-
11 ward reimbursing the state as provided for under this act.

12 (d) At the hearing on the complaint and order and before entering
13 any order on behalf of the state against the defendant, the court shall
14 take into consideration any legal obligation of the defendant to support a
15 spouse, minor children or other dependents and any moral obligation to
16 support dependents to whom the defendant is providing or has in fact
17 provided support.

18 (e) If the person, corporation or other legal entity neglects or refuses
19 to comply with an order under subsection (c), the court shall order the
20 person, corporation or other legal entity to appear before the court at
21 such time as the court directs and to show cause why the person, cor-
22 poration or other legal entity should not be considered in contempt of
23 court.

24 (f) If, in the opinion of the court, the assets of the defendant are
25 sufficient to pay the cost of the proceedings under this act, the assets shall
26 be liable for those costs upon order of the court.

27 (g) The state may recover the cost of care of an inmate for the entire
28 period or periods the defendant is or was an inmate.

29 Sec. 7. (a) Except as provided in subsection (c), in seeking to secure
30 reimbursement under this act, the attorney general may use any remedy,
31 interim order or enforcement procedure allowed by law or court rule,
32 including an *ex parte* restraining order to restrain the inmate or any other
33 person or legal entity in possession or having custody of the estate of the
34 inmate from disposing of certain property pending a hearing on an order
35 to show cause why the particular property should not be applied to re-
36 imburse the state as provided for under this act.

37 (b) To protect and maintain assets pending resolution of an action
38 under this act, the court, upon request, may appoint a receiver.

39 (c) The attorney general shall not enforce any judgment obtained
40 under this act by means of execution against the homestead of the former
41 inmate.

42 Sec. 8. The attorney general shall enforce the provisions of this act
43 except that the attorney general may request the county or district attor-

the court shall grant a judgment to the state for the cost of confinement

also

judgment

1 ney of the county where the inmate was sentenced or the prosecuting
2 attorney of the county where any asset of a former inmate is located to
3 make an investigation or assist in legal proceedings under this act.

4 Sec. 9. ~~The sentencing judge, the sheriff of the county and the sec-
5 retary shall furnish to the attorney general or prosecuting attorney all
6 information and assistance possible to enable the attorney general or
7 county or district attorney to secure reimbursement for the state under
8 this act.~~

shall furnish to the attorney general information regarding the assets of an offender sentenced to the custody of the secretary at the time of sentencing.

9 Sec. 10. Amounts recovered pursuant to this act to reimburse ex-
10 penses incurred by the state for the cost of care of an inmate shall be
11 remitted to the state treasurer who shall deposit the entire amount in the
12 state treasury and credit it to the state general fund.

paid through the clerk of the district court in which the judgment is entered and

13 Sec. 11. If a person has been ordered to pay reimbursement under
14 this act and has diligently paid such reimbursement for at least 10 years,
15 the governor may excuse the person from being required to make further
16 payments pursuant to this act.

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



State of Kansas

Office of the Attorney General

301 S.W. 10TH AVENUE, TOPEKA 66612-1597

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HOUSE COMMITTEE ON APPROPRIATIONS

TESTIMONY IN SUPPORT

OF

HOUSE BILL 2612

by

Lawrence J. Logback
Assistant Attorney General
January 25, 1995

Mr. Chairman, members of the committee, my name is Lawrence Logback, I am an Assistant Attorney General for the State of Kansas. I appear before you today on behalf of Attorney General Carla Stovall to ask for your support of House Bill 2612. I serve in the civil litigation division, primarily defending the state against actions filed by inmates.

Currently, the Kansas Department of Corrections houses, clothes and feeds 7,047 inmates. In addition to providing these convicted criminals with the essentials, the Department of Corrections also provides them with libraries, recreational facilities and educational programs, as well as work opportunities. All but a few inmates staying at the correctional facilities live there "rent free." See K.S.A. 75-5268. House Bill 2612 is intended to stop this free ride.

Under Bill 2612, inmates would be made accountable for the cost of their incarceration. Inmates would be required to report their assets to the Department of Corrections. If it is determined that an inmate has sufficient assets to warrant seeking reimbursement, the Attorney General's Office would seek a Court order

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attaching the inmate's assets, thus requiring the inmate to pay the state for caring for him.

House Bill 2612 is based in large part on Michigan's Prison Reimbursement Act. Michigan currently spends an average of \$53.85 a day incarcerating 38,704 inmates. Under this act, however, Michigan was able to recoup \$429,686 of the cost of incarcerating inmates last year. In the three previous years, their collections under the Reimbursement Act averaged over \$395,000.

The Michigan Attorney General's Offices pursues an average of 100 cases a year. The assets Michigan's office has attached have ranged from pensions to income tax refunds. Michigan also mentioned to our office that the majority of the inmates who they have been able to collect from were convicted of sex crimes.

Additionally, based upon further study, our office has determined less staff would be needed to implement House Bill 2612 than was originally estimated. It is believed our office would require only one full time attorney, one secretary and one investigator to carry out the provision of the bill. Therefore, this would reduce the affect of the fiscal note filed by this office.

Each and every law abiding citizen is required to pay their own rent. As private citizens, we must pay for our own food, clothes, education and entertainment. House Bill 2612 sends the message to criminals that there are no more free rides. Once again we will be able to say "Crime doesn't pay."

On behalf of the Attorney General, I urge your favorable consideration of House Bill 2612.

CAROL EDWARD BEGGS

REPRESENTATIVE, DISTRICT 71

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TOPEKA

HOUSE OF

REPRESENTATIVES

Statement from the Office of State Representative Beggs
January 25, 1996

Mark J. Powell

Mr. Chairman and Members of the Committee:

It is my pleasure to represent Representative Beggs before you today. I have had the ability since June 1994 to work closely with Representative Beggs on this concept. This journey which takes us up to today was a long and exacting one. I never knew just how much tenacity it takes to get legislation moved along in the process. We are pleased you are hearing the merits of this bill so soon in the session.

Representative Beggs was gratified to have the input of the Office of the Attorney General and the Department of Corrections, namely, Attorney General Carla Stovall and Secretary Charles Simmons and their staff members. The assistance of Nancy Lindberg, Larry Logback, and John Campbell from the Attorney General's office and Jan Johnson from DOC was needed and deeply appreciated. The collaborative relationship established over the past months is a clear indication that both branches of state government do work together for a common purpose that will benefit the people of Kansas.

I am pleased to rise in support of HB 2612. Inasmuch as any law is a reasonable decision promulgated by competent authority for the common good, this bill before you addresses a variety of questions in a crystal clear manner.

First, would the passage of this bill be reasonable? Let us consider for a moment one reason why a person steals from another person. The rise of crime might come from the desire for money. The money is used to buy a variety of material and psychological desires. The person who steals does not calculate the consequences of the cost of incarceration if that person is caught, convicted and sentenced to a state corrections facility. Indeed, the high rate of repeat offenders in the current system calls out for the need of a strong public policy statement to the next generation of potential criminals. Our statement should be: THE INNOCENT CITIZENS OF KANSAS WILL NO LONGER SUPPORT YOUR FREE WILL CHOICE FOR CRIME. House Bill 2612 if enacted will send that specific message to the criminal element in our society.

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This proposal is truly reasonable. Innocent citizens paying for inmate cost of care is a flaw to our current system. We have the opportunity using this legislative vehicle to drive home the point that violators of the innocent will be fully accountable for their free will actions.

In our understanding of law, we must be prudent and purposeful. The foundation of HB 2612 is found in the Michigan State Correctional Facilities Reimbursement Act. The State of Michigan has had success with this legislation. By investing state resources in minimal staffing, Michigan has been able to get a return on expenditure and send a strong message to the criminal mind at the same time.

We believe this proposal is for the common good. We must make the notion of Justice crystal clear. HB 2612 advances the notion of civil order in our society. What civil order is there when the innocent pay for the guilty? What civil order is there when education funding, infrastructure funding and all the other pressing needs of our state are diminished because of the inmate cost of care appropriation? Our current system still has not fully recognized the breakdown of civil order in our society. This proposal seeks to initiate a new way of thinking about these serious issues.

In closing, this proposed legislation speaks to the fundamental duty of every citizen in our society to serve the common good. It was once said, "A perfect state of society is where what is right in theory exists in fact". This day, you have the opportunity to aid in turning theory into fact. Idea into reality. Injustice for all into justice for all. Our proposal is open to your input and amendment, our common goal of providing for the common good should be the outcome of this public policy.

Mr. Chairman and members of the committee for your kindness in reviewing my testimony regarding this legislation, I thank you.

STATE OF KANSAS



DIVISION OF THE BUDGET
Room 152-E
State Capitol Building
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Bill Graves
Governor

Gloria M. Timmer
Director

January 24, 1996

The Honorable Robin Jennison, Chairperson
House Committee on Appropriations
Statehouse, Room 514-S
Topeka, Kansas 66612

Dear Representative Jennison:

SUBJECT: Fiscal Note for HB 2612 by Representative Beggs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2612 is respectfully submitted to your committee.

HB 2612 would establish the State Corrections Reimbursement Act to provide the state with a mechanism to obtain from inmates in the custody of the Secretary of Corrections reimbursement for the cost of confinement in a correctional facility. The bill would require the Department of Corrections to develop a form by August 1, 1996, on which inmates would provide financial asset information. Once the form is completed, it would be forwarded to the Attorney General who would conduct an investigation of the inmate's assets and provide an estimated cost of care for each inmate. Reimbursement would be sought for the cost of care if an investigation determines that the inmate has sufficient assets to recover the lesser of (1) 10 percent of the inmates estimated cost of care, or (2) 10 percent of the inmate's cost of care for two years. Funds recovered from inmates would be deposited in the State General Fund.

The bill would require the Department of Corrections to provide the inmate's financial information to the Attorney General within 60 days of the inmate's release. The Attorney General would also be given authorization to file a complaint in district court to collect reimbursement from the offender. Under provisions of the bill, the Governor would be given authorization to release an inmate from making further payments if the offender has made reimbursement payments for 10 years of more.

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The Honorable Robin Jennison, Chairperson

January 24, 1996

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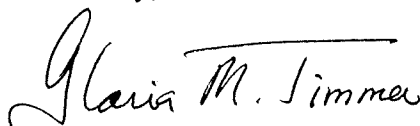
According to agency estimates, HB 2612 would require State General Fund expenditures of \$25,000 in FY 1996 and \$321,000 in FY 1997. The FY 1997 estimate includes 5.0 new FTE positions. These expenditures exceed amounts contained in *The 1997 Governor's Budget Report*.

The FY 1996 expenditure would be related to costs incurred by the Secretary of Corrections to establish procedures to collect and update information on the financial condition of all inmates in the custody of the Secretary of Corrections by August 1, 1996, and on all inmates sentenced subsequent to that date. The Department states that it would contract for programming services to upgrade computer capacity to a level that will allow the collection and manipulation of inmate financial information.

During FY 1997, it is estimated that approximately 10,330 initial financial reports would have to be completed. Commencing with FY 1998, the number of financial reports would be limited to the number of court commitments, estimated at 3,000 annually. Because it is not known how many inmates would be required to reimburse the state and the amount these inmates would pay annually, it is not possible to provide a reliable estimate of the reimbursements that will be recovered under the provisions of HB 2612. The systemwide correctional per capita cost of inmate care is estimated at \$17,827 for FY 1997. In other words, each inmate could be responsible for reimbursing the state for this amount in that fiscal year.

The Attorney General indicates that the agency's estimated need for \$321,000 and 5.0 FTE positions would result because of the investigation requirements contained in the bill. The agency states that it would need \$88,056 for two additional attorneys, \$65,664 for two investigators and \$25,728 for one legal assistant to investigate the financial status of inmates in the system and handle legal actions stemming from the reimbursement requirements in the bill. Fringe benefits for the positions total \$33,421. The estimate includes \$33,850 for capital outlay and \$74,281 for other operating expenses.

Sincerely,



Gloria M. Timmer
Director of the Budget

cc: Jan Johnson, Department of Corrections
Neil Woerman, Attorney General's Office

THE STATE OF KANSAS

BILL GRAVES
GOVERNOR



GARY M. BOTHWELL
DIRECTOR

GRAIN INSPECTION DEPARTMENT

GENERAL OFFICE

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INSPECTION POINTS

ATCHISON	KANSAS CITY
COLBY	SALINA
DODGE CITY	TOPEKA
HUTCHINSON	WICHITA

INSPECTION DIVISION

WAREHOUSE DIVISION

PHONE (913) 296-3451

Chairman Jennison and distinguished members of the Committee, I am Gary Bothwell, Director of the Kansas Grain Inspection Department (KGID). Thank you for allowing me to appear before you today.

Governor Graves appointed me to this position on January 9, 1995. When he and I visited about my appointment, he expressed confidence that my experience and knowledge from 36 years of service as a civil servant at KGID would enable me to make necessary changes. Our FY 1996 budget requested \$131,000 in state general funds to supplement industry fees in the warehouse program. This was only the second time in the nearly 90 year history of the warehouse program that state general funds were needed. While your committee agreed to give us \$90,000, you also requested we develop a plan for financing the Warehouse Division without state general fund dollars.

As you requested, we have developed a plan and have submitted our FY 1997 budget requesting no state general funds. Before I get into the nuts and bolts of H.B. 2595, which is also part of our self-sufficiency plan, I would like to outline what we have done administratively to cut costs at KGID. A table showing total estimated savings follows.

1. We changed the examiner's standard work week to four nine-hour days and four hours on Friday. They are required to be home on Thursday evening and to work on files on Friday. We estimate the **annual per diem savings at approximately \$20,000.**

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2. We increased the minimum mileage for an overnight stay to 60 miles. The annual per diem savings is included in the figure in number one.
3. We exchanged the mini vans leased from the central motor pool for compact cars. We estimate an **\$8,000 savings each year.**
4. We obtained new office space in North Topeka and are combining our general office with the North Topeka laboratory. The Department is **saving approximately \$27,000 per year** in lease costs.
5. The Warehouse Division examiners and headquarters management now hold one meeting annually instead of two.
6. The Inspection Division is now operating under fluctuating hours with a savings in overtime of approximately \$26,000 so far this year. This will lead to an **approximate annual savings of \$45,000.**

ADMINISTRATIVE CHANGES

ANNUAL SAVINGS

Proposal 1 - Work Week & Overnight Stay	\$ 20,000
Proposal 3 - Compact Cars	8,000
Proposal 4 - New Office Space	27,000
Proposal 6 - Fluctuating Hours	45,000
TOTAL ANNUAL SAVINGS	\$100,000

In addition to these administrative changes, we have proposed a package of legislation that has been submitted as three separate bills. H.B. 2595 -- the focus of our discussion today -- would allow us to retain the interest on our fee fund. We make this request because of changes made during the reauthorization of the Federal Grain Inspection Service (FGIS) by Congress in 1993. In part, the changes state "a state...governmental agency will not use any moneys collected pursuant to the charging of fees for any purpose other than the maintenance of the official inspection operation of the State...government agency." Since FGIS designates KGID as the official grain inspection agency in Kansas, KGID is subject to their regulation.

Governor Graves supports this bill and so we have included the interest on the fee fund in our FY 97 budget. We estimate the Inspection Division portion at approximately \$64,324.

Further, I also requested and the Governor and Budget Director agreed that we could propose that the Warehouse Division also be able to retain its portion of the interest on the fee fund. We estimate the Warehouse Division share to be approximately \$4,800 per year. While this may seem like a small amount, all these small amounts add up and help us reach the goal set by this committee last year -- self-sufficiency of the Warehouse Division.

I would also like to quickly outline the other items in our legislative package. Full hearings on these two proposals will be held in the Agriculture Committees. H.B. 2641 proposes to raise the maximum charge for amending a warehouse license and to raise the hourly maximum charge for additional voluntary audits. H.B. 2643 would allow KGID to license elevators across state lines that have headquarters in Kansas. We estimate this will raise an additional \$10,000 annually. The bill also allows elevators to file once instead of annually their maximum and minimum charges unless there is a change. This will eliminate a nonproductive paperwork exercise for both the elevator and Warehouse Division personnel. Finally, H.B. 2643 gives KGID more authority to set inspection fees. The director would set the fees, receive approval from the Grain Advisory Commission and the Federal Grain Inspection Service (FGIS). Under our designation, all fees must be approved by FGIS.

Thank you for allowing me to appear today. H.B. 2595 allows Kansas Grain Inspection to retain the interest on its fee fund and is an important component in our self-sufficiency plan.

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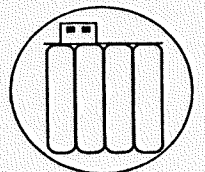
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STATEMENT OF THE
KANSAS GRAIN AND FEED ASSOCIATION
TO THE
HOUSE APPROPRIATIONS COMMITTEE
REGARDING H.B. 2595
JANUARY 25, 1996

KGFA, promoting a viable business climate through sound public policy for nearly a century.



Attachment
7

1-25-96

HOUSE APPROPRIATIONS

The Kansas Grain and Feed Association

..... a voluntary state organization founded in 1896 providing governmental representation, educational opportunities and a wide variety of other services to the vast and indispensable grain and feed marketing system. The 1200 members of the KGFA include country elevators, subterminal and terminal elevators, feed manufacturers, grain merchandisers and allied industries such as railroads, grain exchanges, equipment manufacturers and insurance firms.

Mr. Chairman and members of the Committee, I am Jamie Clover Adams, Vice President of Government Affairs for the Kansas Grain and Feed Association (KGFA). We appreciate the opportunity to appear today in support of H.B. 2595.

KGFA is a voluntary state organization founded in 1896 providing governmental representation, educational opportunities and a wide variety of other services to the vast and indispensable grain and feed marketing system. The 1200 members of the KGFA include country elevators, subterminal and terminal elevators, feed manufacturers, grain merchandisers and allied industries such as railroads, grain exchanges, equipment manufacturers and insurance firms.

I have attached two pieces of background material I felt would be useful to the Committee. First, is an organizational chart of the Kansas Grain Inspection Department (KGID). As you can see, the Department is divided into two divisions. I would call your attention to the permissive nature of the Inspection Division. Elevators are only required to obtain official grades when requested by the buyer. Parties to a contract can agree to use unofficial grading services. Second, I have included two bar graphs that highlight the tremendous change the grain industry has undergone in the past decade. The number of state licensed facilities in Kansas has dropped nearly 40% since 1986.

KGID is the agency designated by the Federal Grain Inspection Service (FGIS) to perform official grading services in Kansas. No other entity can issue official grades in the state. KGID derives their authority to issue official grades from their FGIS designation which must be renewed every three years. The current designation runs through August, 1997. Currently, 8 coastal states are FGIS delegated (FGIS does the work in those states) and 10 states are designated (like Kansas). The remainder of the country is covered by 48 different private agencies.

H.B. 2595 permits KGID to retain the interest on their fee fund. We make this request because of language passed by Congress in 1993 when they reauthorized FGIS. The legislation stated that a FGIS designated state government agency must not use any moneys collected pursuant to the charging of fees for any purpose other than the maintenance of the official inspection operation. Since that time, FGIS has ruled that interest on fee funds falls within this

requirement. The Department estimates that interest on the total fee fund will be approximately \$69,124 annually -- \$64,324 to the Inspection Division and \$4800 to the Warehouse Division. Governor Graves supports the inclusion of the Warehouse Division interest in this proposal even though the FGIS ruling does not have jurisdiction over this function of KGID.

Thank you for this opportunity to appear today. I would be happy to answer any questions you may have.

KANSAS GRAIN INSPECTION DEPARTMENT

Gary Bothwell
 Director
 Oversees Inspection & Regulatory Functions
 Appointed by Governor Graves

Grain Advisory Commission
 5 members appointed by Governor
 Farmer, Banker, Terminal Elevator, Country Elevator, Cooperative Elevator
 Has limited power over fees

Tom Meyer
 Assistant Grain Director
 Oversees **Permissive Inspection Services**
 Official Federal Designated Agency

Ron Scheibmeir
 Warehouse Administrator
 Oversees Warehouse Examination Program
Regulatory Function

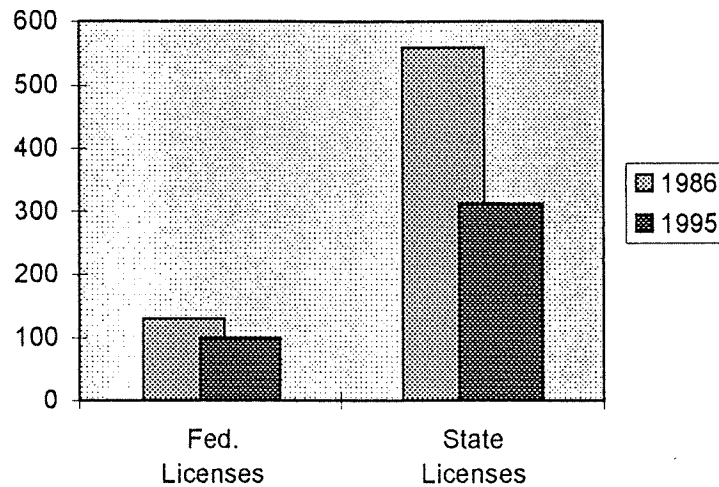
8 stations located in
 Atchison, Colby, Dodge City, Salina,
 Kansas City, Hutchinson, Topeka & Wichita

8 examiners across the state

Grain Industry History

In the last decade, the grain industry has undergone tremendous change. Capacity has dropped nearly 13% in large part due to the record number of acres idled in Kansas under farm programs. Further, the number of licensed facilities in Kansas has dropped nearly 40% since 1986.

**Federal & State Licensed Elevators
1986 & 1995**



**Federal & State Capacity
1986 & 1995**

