

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on February 1, 1996 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Eric Milstead, Legislative Research Department
Pat Mah, Legislative Research Department
Susan Wieggers, Legislative Research Department
Patricia Pierron, Legislative Research Department
Leah Robinson, Legislative Research Department
Don Cawby, Legislative Research Department
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Lenny Ewell, Director of Administration for Kansas Correctional Industries
Gloria Timmer, Director, Division of the Budget

Others attending: See attached list

Senator Burke moved, Senator Salisbury seconded that the minutes of the January 24, 29, and 30 meetings be approved. The motion carried on a voice vote.

It was moved by Senator Burke and seconded by Senator Salisbury that bill draft 5 RS 1933 as requested by KUMC be introduced. The motion carried on a voice vote.

Senator Burke moved and Senator Salisbury seconded that bill draft 5 RS 1934 be introduced as requested by the University of Kansas. The motion carried on a voice vote.

It was moved by Senator Burke and seconded by Senator Salisbury that bill draft 5 RS 1935 be introduced as requested by KUMC. The motion carried on a voice vote.

Senator Burke moved, Senator Salisbury seconded, that bill draft 5 RS 1936 be introduced as requested by KUMC. The motion carried on a voice vote.

SB 433: Appropriations for FY 97, Kansas public employees retirement system, commission on governmental standards and conduct, human rights commission, corporation commission, citizens' utility ratepayer board, department of administration

Chairman Kerr reviewed the FY 96 and FY 97 subcommittee reports for the State Bank Commissioner, the Real Estate Appraisal Board, the Board of Optometry, the Board of Healing Arts, the Board of Nursing, and the Behavioral Sciences Regulatory Board (Attachment 1). He noted that these fee boards are part of the biennial budgeting process and the subcommittee recommendations were made in response to appeals for changes that were made this year.

Senator Petty moved, Senator Lawrence seconded, that the FY 96 and FY 97 subcommittee reports for the Real Estate Appraisal Board, the Board of Optometry, the Board of Healing Arts, the Board of Nursing, and the Behavioral Sciences Regulatory Board be adopted. The motion carried on a voice vote.

SB 359: Correctional industries fund; providing for accrual of interest; farming operations account abolished

Lenny Ewell, representing the Department of Corrections, appeared before the Committee in support of **SB**

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 1, 1996.

359, noting that the Department had requested introduction of the bill during the 1995 legislative session. He informed the Committee that the Department continues to endorse the abolishment of the farming operations account of the Correctional Industries Fund, but suggests that the bill be amended to delete the provision regarding interest earnings (Attachment 2).

It was moved by Senator Rock and seconded by Senator Salisbury that SB 359 be amended by deletion of the provision regarding interest earnings and that SB 359 as amended be recommended favorable for passage. The motion carried on a roll call vote.

SB 508: Abolition of ombudsman of corrections, position and functions

Staff from the Research Department explained that SB 508 provides for the abolishment of the office of Ombudsman of Corrections as of July 1, 1996, provides for the transfer of any records to Legal Services for Prisoners, and provides that any unexpended balances be lapsed as of July 1, 1996. The Governor's recommendation for FY 97 provides \$85,000 in the budget of the Board of Indigents' Defense Services for a contract with Legal Services to provide ombudsman services.

It was the consensus of the Committee that the Office of the Ombudsman of Corrections resolves conflicts that might otherwise go through the court system and that the role of the ombudsman should be maintained. It was noted that action on this bill might be premature until a determination is made on the proposal to abolish the Board of Indigents' Defense Services (SB 557). Senator Brady, member of the Corrections subcommittee, expressed reservations about acting on SB 508 prior to subcommittee meetings on the Department of Corrections, noting that he wished to explore alternative ways to fund the services provided by the Ombudsman.

The Chairman called upon Don Stumbaugh, Ombudsman of Corrections, to answer Committee questions. Mr. Stumbaugh explained that opposing this bill would not be in his best interest and stated that he is pleased to see that there is an effort to preserve the function of the Ombudsman. He mentioned his concern about the effectiveness of the program with only two positions to handle the caseload.

In answer to questions, he stated that currently three persons handle a caseload of approximately 1200-1400 cases per year. Answering Senator Salisbury's questions, he stated that the Committee on Special Claims Against the State refers claims to the Ombudsman of Corrections. The Ombudsman has authority to negotiate those claims with the inmate and the facility. Approximately 40% of the claims are resolved. In answer to Senator Brady, Mr. Stumbaugh stated that staffing since 1989 has been reduced from six positions though the caseload has increased. Senator Karr inquired whether Mr. Stumbaugh believed there was still a need for the services he provided. Mr. Stumbaugh answered that he believes preserving the function of the office would be important.

Gloria Timmer, Director of the Division of the Budget, appeared before the Committee and distributed copies of her written testimony in support of SB 508 (Attachment 3). She commented that when the Governor reviewed the budget, it became apparent that there are three levels at which inmates can submit claims -- through the grievance process of the Department of Corrections, through Legal Services, and through the Ombudsman of Corrections. Ms. Timmer stated that the Ombudsman of Corrections is a third level which is not necessary and not required by law but which is duplicative. She noted that the Ombudsman of Corrections was created before the Department was accredited and the recommendation to abolish this agency does not eliminate the rights of inmates. In answer to Senator Brady, Ms. Timmer stated that the \$85,000 recommended by the Governor is intended to be dedicated to third party services which Legal Services can provide.

The Chairman assigned SB 508 to the Ombudsman of Corrections subcommittee. He noted that the subcommittee report on the Board of Indigents' Defense Services is not due in Committee until the second half of the session, so it would be his intent to hear SB 557 prior to that time.

The Chairman adjourned the meeting at 11:55 A.M. The next meeting is scheduled for February 5, 1996.

SUBCOMMITTEE REPORT

Agency: Biennial Budget Agencies

Bill Nos. 433 and 488

Analyst: Wiegers

Analysis Pg. No. 939 **Budget Page Nos.** 579, 483,
593, 599, 601, 605

	Agency Est. FY 96	Gov. Rec. FY 96	Senate Subc. Adjust.	Agency Est. FY 97	Gov. Rec. FY 97	Senate Subc. Adjust.
Bank Commissioner	\$ 3,551,616	\$ 3,523,484	-	\$ 3,727,330	\$ 3,677,126	-
Board of Healing Arts	1,608,611	1,603,885	-	1,744,861	1,756,937	-
Behavioral Sciences Regulatory Bd.	352,382	349,409	-	360,124	356,661	-
Board of Nursing	889,639	870,353	-	906,257	884,773	-
Optometry Board	80,517	60,064	-	61,359	60,903	-
Real Estate Appraisal Bd.	126,739	125,934	-	192,243	129,275	-

* Adjustments made by the Governor shown in the chart above which are not discussed in the chart below were not the result of an agency request for change, but instead were due to decreased health insurance rates and other pay plan adjustments.

Agency Estimate/Governor's Recommendation/Legislative Consideration

All Agencies

The Governor made adjustments in FY 1996 and FY 1997 for pay plan adjustments and decreased health insurance rates. The FY 1997 recommendations for all biennial budget agencies include classified step movement, a 2.5 percent unclassified merit pool for six months and longevity pay for employees at the end of their range.

State Bank Commissioner

The agency requests an expenditure limitation increase of \$31,357 in FY 1996 and \$119,390 in FY 1997 to cover higher salaries and wages expenses due to miscalculations in the recommended salaries and wages during the 1995 Session. **The Governor recommends** increases of \$3,225 in FY 1996 and \$69,186 in FY 1997.

Senate Subcommittee Recommendation. The Subcommittee concurs with the Governor's recommendations for FY 1996 and FY 1997.

Real Estate Appraisal Board

The Kansas Real Estate Appraisal Board requests no change from the \$126,739 approved by the 1995 Legislature and adjusted by the State Finance Council. The Governor recommends a reduction of \$805 from the Board's current year expenditure limitation (from \$126,739 to \$125,934). The recommendation includes moneys for an adjustment to the base salary of the Executive Director from \$38,379 to \$42,642, which became effective at the beginning of FY 1996. There were no adjustments made by Legislature last year to provide for the higher salary. In addition, the Governor's recommendation includes a 3.5 percent increase for the Executive Director. However, the Governor's staff indicates that the inclusion of the 3.5 percent increase was inadvertent. The Governor finances the higher salary by shifting moneys from other operating to salary expenses. Under the Governor's recommendation, other operating expenses would be reduced by \$6,392 (from \$44,068 to \$37,676).

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Attachment 1*

Senate Subcommittee Recommendation. The Senate Subcommittee concurs with the Governor's recommendation, except that moneys inadvertently included for the 3.5 percent salary upgrade (\$1,683) are shifted back to other operating expenses.

FY 1997. The Board requests an expenditure limitation increase of \$62,487 (from \$129,756 to \$192,243), of which \$6,531 would be for the salary of the existing Executive Director and \$55,956 would be for a new 1.0 FTE Special Investigator position. The requested \$6,531 would provide \$4,838 (including fringe benefits) to fully fund the existing salary of the Executive Director. (As mentioned in the FY 1996 report, the annual base salary of the Executive Director is \$42,642 instead of the \$38,379 provided for in both the FY 1996 and FY 1997 approved budgets.) The remaining \$1,693 would provide for the cost of a 3.5 percent increase.

The Governor does not recommend the requested new FTE position. With regard to the salary of the Executive Director, the Governor's FY 1997 recommendation includes moneys for the salary as requested and additional moneys to provide a 2.5 percent increase for the last six months of FY 1997. The higher salary is financed by shifting moneys from other operating to salary expenses. Under the Governor's recommendation, other operating expenses would be reduced by \$7,022 (from \$46,125 to \$39,103).

Senate Subcommittee Recommendation. The Senate Subcommittee concurs with the Governor's recommendation, except that moneys included for the requested 3.5 percent salary upgrade (\$1,665) are shifted back to other operating expenses. The Subcommittee understands that, as was the case for FY 1996, the inclusion of the 3.5 percent increase in the Governor's FY 1997 recommendation was inadvertent.

Board of Optometry

For FY 1996, the agency requests an expenditure limitation increase of \$20,000 in order to deal with pending legal actions. **The Governor** does not recommend the increase.

Senate Subcommittee Recommendation. The Senate Subcommittee concurs with the Governor's recommendation.

Board of Healing Arts

For FY 1996, the Board requests an expenditure limitation increase of \$3,506 to fund the additional salary and benefits attributable to the reallocation of a previous Administrative Officer II to a Public Service Administrator II position as a result of the Comprehensive Classification and Job Rate Study. **For FY 1997,** agency requests \$3,327 for the same reallocation costs and \$10,000 for a predicted increase in telecommunications expenses. **The Governor** does not recommend an increase for FY 1996 or FY 1997.

Senate Subcommittee Recommendation. The Senate Subcommittee concurs with the Governor's recommendation.

Board of Nursing

For FY 1996, the agency requests an expenditure limitation increase of \$11,397 for the addition of a 0.5 FTE Office Assistant III position. **For FY 1997,** the agency requests an increase of \$22,531 for the requested new position. **The Governor recommends** the 0.5 FTE position in FY 1996 and FY 1997 but adjusts the amount for revised health insurance rates.

Senate Subcommittee Recommendation. The Senate Subcommittee concurs with the Governor's recommendations for FY 1996 and FY 1997.


Behavioral Sciences Regulatory Board

For FY 1996, the Board requests reduced expenditures of \$81,040 to make expenditures consistent with revised fee receipt estimates. For FY 1997, the agency requests a reduction of \$99,590 for the same reason. The Governor concurs with the agency requests for FY 1996 and FY 1997.

Senate Subcommittee Recommendation. The Senate Subcommittee concurs with the Governor's recommendations for FY 1996 and FY 1997.

Technical Adjustments

Make a technical adjustment to reflect the Governor's recommendation to S.B. 433 by including the Board of Veterinary Medical Examiners and the Abstracters Board, which were inadvertently excluded from the bill.



Senator Dave Kerr
Subcommittee Chair



Senator Marge Petty



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Bill Graves
Governor

Charles E. Simmons
Secretary

MEMORANDUM

Date: February 1, 1996
To: Senate Ways and Means Committee
From: Charles E. Simmons, *Secretary*
Subject: SB 359

SB 359 was introduced during the 1995 session at the request of the Department of Corrections. As introduced, the bill contains two major provisions: (1) it provides that interest earned on moneys in the Correctional Industries Fund be credited to that fund instead of the State General Fund; and (2) it abolishes the farming operations account of the Correctional Industries Fund.

Upon further consideration, the department has decided not to pursue the provision regarding interest earnings, and we suggest that the bill be amended accordingly. We still request, however, that the farming operations account be abolished. SB 359 would eliminate the current statutory requirement that accounting procedures and an expenditure limitation be maintained for this account, separate and apart from the Correctional Industries Fund. Under current statute, the farm operation is the only component of the industries program whose receipts and expenditures are required to be maintained in a completely separate account. If the bill is approved, accounting for the farm operation would be handled like all other KCI industries.

CES:jj

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Attachment 2

STATE OF KANSAS



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Bill Graves
Governor

Gloria M. Timmer
Director

MEMORANDUM

TO: Senate Ways and Means Committee
Senator Dave Kerr, Chairperson

FROM: Gloria M. Timmer, Director of the Budget

DATE: January 31, 1996

SUBJECT: SB 508

Senator Kerr and members of the Senate Ways and Means Committee, I appreciate the opportunity to appear before you today, on behalf of the Governor, in support of SB 508 which proposes to discontinue the Ombudsman for Corrections and transfer responsibilities to Legal Services for Prisoners, Inc.

SB 508 would implement the Governor's budget recommendation for the Ombudsman for Corrections by abolishing the office effective June 30, 1996. The Governor's FY 1997 budget would eliminate State General Fund expenditures of \$175,000, including the salaries of all four staff positions. The Governor also recommends \$85,000 be appropriated to the Board of Indigents' Defense Services to increase the grant amount awarded to Legal Services for Prisoners, Inc. to provide the nonprofit organization the resources to handle the few grievances which require third party involvement, as well as other inmate claims not filed with the Department of Corrections.

As you know, the Ombudsman currently investigates claims submitted to the Legislature for lost, damaged or stolen property and investigates claims for compensation for injuries sustained by offenders while in the custody of the Department of Corrections. The Ombudsman also serves in an advisory capacity regarding complaints about the policies and procedures of the Department of Corrections. The same type of investigations conducted by the Ombudsman's Office are also conducted by the Department of Corrections. The Department of Correction's grievance procedures, which have been certified by the United States Department of Justice and the United States District

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Attachment 3*

Court for the District of Kansas, do not include the process of appealing to the Ombudsman for Corrections. Further, the Kansas Department of Corrections is one of the few state correctional systems which has achieved full accreditation from the American Correctional Association.

Inmates also have access to administrative and legal services provided by Legal Services for Prisoners, Inc. This organization provides such assistance to offenders, as required by the Constitution, and is qualified to handle any grievances including those which may require third party involvement.

Thank you for this opportunity, and I will be glad to answer any questions at this time.

OMBUDS.508