

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 13, 1996 in Room 123-S of the Capitol.

All members were present except: Senator Vancrum, who was excused

Committee staff present: Alan Conroy, Legislative Research Department
Kathy Porter, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Gloria Timmer, Director of the Budget
Robert Wunsch, Legislative Liaison for University of Kansas Medical Center
Jon Josserand, Legislative Liaison for University of Kansas

Others attending: See attached list

The Chairman made the following announcements:

-**SB 465** (Appropriations for FY 97, homestead tax refunds, department of human resources, commission on veteran affairs, department of health and environment, department on aging and corporation for change) The subcommittee report will be reviewed in full Committee on February 22.

-**SB 508** (Abolition of ombudsman of corrections, position and functions) is assigned to the Ombudsman of Corrections subcommittee.

-**SB 590** (University of Kansas hospital depreciation reserve fund, creation, interest credited) and **SB 587** (University of Kansas medical center, medical student loans, criteria for awarding) are assigned to the KUMC subcommittee.

-**SB 554** (Purchase of additional benefits for service in the U.S. Peace Corps), **SB 614** (Compensation and benefits, laid off employees of closed institutions), and **SB 616** (KPERs, benefits for certain members who are laid off) are referred to the KPERs issues subcommittee.

It was moved by Senator Salisbury and seconded by Senator Brady that bill draft 5 RS 2190 as requested by the Board of Regents be introduced. The motion carried on a voice vote.

Senator Salisbury moved, Senator Brady seconded, that bill draft 5 RS 2189 as requested by the Board of Regents be introduced. The motion carried on a voice vote.

SB 556: Use of moneys credited to state gaming revenues fund

Gloria Timmer, Director, Division of the Budget, testified as a proponent for **SB 556** and reviewed her written testimony (Attachment 1). She explained that the bill would advance the date of transfer of receipts to the SGF from the State Gaming Revenues Fund from July 15 to June 25 of a given year beginning in FY 97. Chairman Kerr pointed out that as the bill is drafted, the July 15, 1996 transfer would not take place. He suggested that a technical amendment be made to the bill that would allow two transfers to occur in FY 97 and thereafter would allow one transfer at the end of each fiscal year. Senator Morris moved, Senator Salisbury seconded that SB 556 be amended to allow two transfers from the State Gaming Revenues Fund to the SGF to occur in FY 97 and one transfer to occur annually on June 25 thereafter. Senator Rock expressed his concern that EDIF monies "seem to have special status and are not subject to the same cuts as other budgets." Members debated this issue, with the Chairman noting that the transfer provides additional monies in the current year to address some concerns and that budget cuts will be discussed at length during the session. The motion to amend carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 13, 1996.

Senator Salisbury moved, Senator Burke seconded, that **SB 556 as amended** be recommended favorably for passage.

Senator Brady offered a substitute motion which was seconded by Senator Rock to further amend **SB 556** by reducing the total amount credited to the State Gaming Revenues Fund in any one fiscal year from \$50,000,000 to \$48,000,000. Senator Salisbury noted for the Committee that reductions have occurred in programs that are funded by the EDIF. In answer to Senator Kerr, it was stated that the affect of the substitute motion would be to reduce the amount transferred from the State Gaming Revenues Fund to the EDIF, the Juvenile Detention Facilities Fund, and to the CIBF. There was lengthy discussion about the historical use of EDIF monies and about funding priorities in general. Senator Brady stated that he made the motion because of a concern he has that the Committee never looks at the total picture in regard to EDIF monies. The substitute motion failed on a voice vote. A division was called for. The motion failed on a show of hands. Senator Salisbury called for the question. The primary motion carried on a roll call vote.

SB 588: University of Kansas medical center, purchasing exemption, certain privately funded capital improvement projects

Robert Wunsch, Legislative Liaison for the University of Kansas Medical Center, distributed and reviewed copies of his written testimony in support of **SB 588 (Attachment 2)**. He noted that the bill would allow certain capital improvement projects of less than \$500,000 in private monies to be exempt from competitive bid purchasing statutes. He told members that 1993 SB 386 included the same provisions but expired in June, 1995. In answer to Senator Karr, a representative from KUMC stated that the proposal is prospective authorization and that KUMC has no construction or remodeling projects pending. Mr. Wunsch pointed out that the authorization applies only to projects funded totally from private monies. It was moved by Senator Rock and seconded by Senator Salisbury that **SB 588** be amended to include an expiration date of June 30, 2001. Senator Brady expressed concern that maintenance costs are never fully considered when projects are completed and turned over to the state. Chairman Kerr concurred, but noted that that issue is larger than the scope of this bill. He stated that he would discuss with Senator Morris, a member of the Joint Committee on Building Construction, ways of encouraging the Joint Committee to address the issue of maintenance costs when considering approval of projects. The motion carried on a voice vote.

The Revisor stated that the bill would need to be technically amended with revival language. It was moved by Senator Rock and seconded by Senator Salisbury that **SB 588** be further amended by inclusion of language that would revive the temporary statute and that the bill, as amended, be recommended favorably for passage. The motion carried on a roll call vote.

SB 589: State educational institutions, authorizing certain insurance for study abroad programs

Jon Jossierand, Legislative Liaison for Kansas University, presented his written testimony in support of **SB 589 (Attachment 3)**. He noted that though the University requires the students to review their medical insurance, it is often difficult to determine coverage because of the specialized services that are needed for medical evacuation and repatriation of remains. He told members that the bill was introduced because of the medical expertise of insurance companies who are familiar with details of the medical community in foreign countries, i.e., where hospitals and physicians are located and how to get blood into the area. In answer to Senator Kerr, he stated that getting blood to the student would be included under provisions of the original law. Senator Burke moved, Senator Salisbury seconded, that **SB 589** be recommended favorably for passage. The motion carried on a roll call vote.

It was moved by Senator Burke and seconded by Senator Salisbury that the minutes of the February 8 meeting be approved. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:30 P.M.

The next meeting is scheduled for February 15, 1996.

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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: February 13, 1996

SUBJECT: SB 556

I appreciate the opportunity to visit with you today in support of the passage of SB 556. This bill is a piece of the legislative package introduced on behalf of the Governor to support recommendations contained in *The FY 1997 Governor's Budget Report*.

Specifically, the bill would advance the date for transfer of receipts to the State General Fund from the State Gaming Revenues Fund from July 15 to June 25 of a given year beginning in 1997. As a reminder, funds transferred to the State General Fund are all dollars that accrue to the State Gaming Revenues Fund in a given fiscal year above \$50.0 million. The effect of this change is to move the transfer date, in the first year, from July 15 of FY 1998 to June 25 of FY 1997. This increases State General Fund receipts in FY 1997 by \$8.8 million compared to the current law Consensus Revenue Estimate.

As you are well aware by now through your review of the FY 1997 budget, the fiscal constraints on the State General Fund are severe and this recommended change in the timing of the transfer provides some additional flexibility. In addition to providing resources in FY 1997, the proposed change in the date of the transfer reflects the financial transactions in the year they occur. Generally-accepted accounting principles for governmental bodies support this change by recommending that receipts should be recognized in the reporting period in which they become available and measurable.

*Senate Ways & Means
February 13, 1996
Attachment 1*

This piece of the Governor's package of legislation to support the budget recommendations was drafted and requested for introduction to comply with budget statute KSA 1995 Supp. 75-3721, that states that "part three shall consist of a draft of a legislative measure or measures reflecting the incoming governor's budget for all of the fiscal years included in the budget report." Some confusion appears to exist on this point. The two limitations on Governor's recommendations that require changes in current law are found in this budget statute. These limitations are that the Governor's budget recommendation cannot use resources devoted to the 7.5 percent ending balance requirement or expenditures of income attributed to legislation that would provide additional *revenues* from either current or proposed new sources of revenues. Clearly, transfers from one fund to another are not new revenues as they do not change overall receipts of state government. This is further documented by the Division of Accounts and Reports classification of these transactions as *non-revenue* receipts.

Again, I appreciate the opportunity to testify on the behalf of passage of SB 556 and would be happy to stand for any questions you may have.

GAMING.556

TESTIMONY BEFORE THE SENATE WAYS AND MEANS COMMITTEE

SB 588

Robert S. Wunsch

February 13, 1996

Thank you, Mr. Chairman. My name is Bob Wunsch and I am here today representing the University of Kansas Medical Center to testify in support of Senate Bill 588.

This bill is identical to SB 386 which was passed by the Legislature in 1993. SB 386 by its own provision expired on June 30, 1995. SB 588 would reinstate the law, K.S.A. 76-883, without any expiration provision.

Both bills allow totally private funded capital improvement projects at the KU Medical Center of less than \$500,000 to be free from certain state purchasing requirements. These projects would require approval of the Board of Regents and the Secretary of Administration and inspection by the Division of Architectural Services. The Board of Regents could not approve any project without having first advised and consulted with the Joint Committee on State Building Construction.

There is law in K.S.A. 76-757, which allows the endowment association to construct buildings, do repairs and remodeling, etc. free of all of the various purchasing and contracting requirements such as are set forth in K.S.A. 75-3739, et seq. The endowment association does not involve itself in such smaller projects and thus there was and still is a need for the likes of old SB 386 and this SB 588.

It is my recollection that the June 30, 1995 expiration was inserted in SB 386 to make sure that use of these provisions did not get out of hand. Suffice it to say the use of this law has been limited to one occasion. It was important when used, however. This authority was utilized in the Radiation Oncology/Shielding project which had a cost of \$343,000. Even with limited use it does afford the Medical Center the opportunity of assuring private donors of projects under the \$500,000 cap that their projects will be free of much government red tape which is not understood by many private donors. This law should allow for a quicker and perhaps more satisfactory completion of such projects much to the satisfaction of such private donors.

I would be pleased to answer any questions.

*Senate Ways & Means
February 13, 1996
Attachment 2*

Testimony - SB 589
Senate Committee on Ways and Means
February 13, 1996

SB 589 was introduced at the request of the University of Kansas.

SB 589 would amend K.S.A. 76-749 which creates a narrow exemption to the state law containing the general prohibition that state agencies not purchase insurance. The bill would allow educational institutions to purchase insurance for study abroad participants for the purpose of providing emergency medical evacuation and for the repatriation of remains. The cost for this insurance would be recovered by a fee charged to those who participate in these programs.

As you know, the University of Kansas, like other Regents schools, supports an active program of study abroad opportunities. As the world becomes more interconnected, the interest of students in this area continues to grow. At KU, on an annual basis, over 750 students participate in some type of an international study experience. Some travel for a summer to attend one of our twenty-four summer language institutes. Others can stay for a year or more in a more extended educational experience. We currently provide opportunities to study in more than sixty countries.

Unfortunately, it is true that the quality of medical care in the rest of the world is not always as high as we are accustomed to in the United States. As the number of students participating in study abroad opportunities increase, so does the chance that we will encounter the possibility for one of our students to be seriously injured in a location where the student and family would require assistance. In fact, our students have encountered these situations.

We require our study abroad participants to review their individual medical health insurance situation before traveling abroad. As you might imagine, individual family circumstances and insurance policies can vary widely. Many do afford some coverage in a foreign country, even though the mechanics of reimbursement can be complicated.

From the experience of other foreign travel programs nationally, and from our recent experiences, we believe it would be prudent to afford an umbrella type of protection to our study abroad students for the purposes of medical evacuation and repatriation of remains. These could be obtained on a group basis for a nominal cost (\$5 to \$10 per student per month) by any of a number of insurance companies which have specialized in the area of international travelers insurance. This type of policy would not only afford financial protection for this type of a catastrophe, but it also purchases a great deal of professional expertise when such an incident happens. This expertise is needed when dealing with a foreign country's law's, regulations, and bureaucracy on an emergency basis.

Senate Ways & Means
February 13, 1996
Attachment 3

As an example of a situations which demonstrate the difficulty of these situations I would note a couple of examples. One is a student a few years ago who experienced a broken leg on a remote beach in Mexico. The location and condition of the student suggested a helicopter airlift, which cost in the range of 16 thousand dollars which fortunately was covered by that student's policy. A second situation was that of the KSU student from Emporia who was fatally injured in a bus incident in Spain nearly one year ago to this date. The cost to have her body prepared and returned to Emporia was approximately \$8,000. This did not include the \$700 to \$800 of phone calls and FAX's and the countless hours which were required as members of the University staff worked with Spanish and American officials to work out the necessary details. Again, luckily, the cost of repatriation was not a cost in this incident, but I hope this gives you an idea for the complexity and cost which can occur in these situations.

Today I have with me Mary Elizabeth Debicki, who is the director of our Study Abroad Program, and also Ellen Strubert, one the Advisors in this office. I would be glad to answer any questions with their assistance.