

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 MARCH 12, 1997 in Room 123-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

Others attending: See attached list

Senator Salmans moved, Senator Lawrence seconded, that the minutes for February 27 and March 5 be approved. The motion carried on a voice vote.

Chairman Kerr informed Committee members of the updated EDIF handout which was for their review (Attachment 1).

**SB 373:** **University of Kansas Hospital Authority**

Senator Ranson distributed a balloon which addressed concerns regarding **SB 373**. Senator Ranson advised **SB 373** changes the governance from KU Hospital and is a major step.

Senator Ranson recommended a mission statement for **SB 373** which reads: "The needs of the citizens of the state of Kansas and of the university of Kansas medical center and its health sciences schools will be best served if the university of Kansas hospital is transferred to and operated by an independent public authority charged with the mission of operating a teaching hospital for the benefit of the university of Kansas medical center, providing high quality patient care and providing a site for medical and biomedical research".

Senator Ranson advised Section 4, subsection (b), (page 3), describes the makeup of the board and proposed the making of a 15 member board, 9 members would be representatives of the general public to include health care providers, and education or government. Of the nine members, there would be at least one member from each congressional district. Six members would be ex-officio members. Committee members reviewed the membership status of the board.

After a lengthy discussion among Committee members, Senator Ranson moved to amend the board so that 8 of the members would be representatives of the general public and three members would be ex-officio voting members, the Chancellor, the Executive Vice-Chancellor, and the Dean of the Medical School and there would be three ex-officio non-voting members, seconded by Senator Lawrence.

Senator Downey made a substitute motion to reinsert the clinical facility members to the voting member board and make the board a total of 13 members, seconded by Senator Gilstrap. Senator Downey clarified that the ex-officio voting members would include the Chancellor, Vice-Chancellor, Dean of the School of Medicine and the ex-officio non-voting members would include

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MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 12, 1997.

Chief of Staff, President of Hospital Authority, and Dean of the School of Nursing. The substitute motion failed on a show of hands.

Chairman Kerr requested that Senator Ranson clarify the ex-officio members for the original motion. Senator Ranson advised the ex-officio non-voting members would be the Chief of Staff, the President of the Hospital Authority and the Dean of Nursing. Chairman Kerr called for a vote on the original motion. The motion passed on a show of hands.

Senator Ranson moved to delete Items 1-6 in Section 2, (page 1), and delete (a) in Section 2, (page 1). The motion was seconded and carried on a voice vote.

Senator Ranson moved, Senator Lawrence seconded, to delete Section 4 (e), (page 4), and change the rest of the lettering through the remainder of Section 4; and to change from five to seven in Section 4 (k). The motion carried on a voice vote.

Senator Ranson moved to strike "not-for-profit" on line 31, (page 5), strike "state" on line 32 (page 5) and add the words "Kansas legislature", seconded by Senator Lawrence. The motion carried on a voice vote.

Senator Ranson moved that the word "voting" be inserted between the words "total" and "membership" on line 18 (page 6), seconded by Senator Salisbury. The motion carried on a voice vote.

Senator Ranson moved to clarify that any member of the board shall file a written statement of substantial interest,(page 7), seconded by Senator Salisbury. The motion carried on a voice vote.

Senator Ranson moved that the authority shall submit a complete and detailed annual operating and financial statement and include any comprehensive information regarding all audit reports performed in the year, including any legislative post audit report (page 15), seconded by Senator Salisbury. The motion carried on a voice vote.

Senator Ranson moved, Senator Lawrence seconded, to include the wording "may be" in line 31, (page 17). The motion carried on a voice vote.

Senator Ranson moved that "care to the medically indigent" be taken out because of the possible ramifications of bonding issues, funding, etc.(page 9, line 25). After a brief discussion among Committee members, Senator Ranson withdrew the motion.

Victoria Thomas, Legal Counsel, University of Kansas Medical Center, appeared before Committee members with amendments to **SB 373** (Attachment 2).

Ms. Thomas asked that in Section 5 (b), amend (b) (1) and (b) (2) to provide that the records described in those subsections will be closed only when the disclosure of the information in the records would be harmful to the competitive position of the Authority. Senator Ranson moved, seconded by Senator Salisbury, to accept the amendment. The motion carried on a voice vote.

Ms. Thomas further asked that in Section 5 (b), amend (b) (1) and (b) (2) to provide that the items described in those subsections could be addressed in executive session when disclosure of the items would be harmful to the competitive position of the Authority. Senator Lawrence moved, seconded by Senator Jordan, to accept the amendment. The motion carried on a voice vote.

Ms. Thomas referred to Section 11 (c) and asked the Committee to amend the section to provide that all current university hospital employees shall transfer to the Hospital Authority and that the Authority and KUMC would jointly determine any other KUMC employees to be transferred. Senator Feleciano moved, seconded by Senator Salisbury, to accept the amendment. The motion carried on a voice vote.

Ms. Thomas asked that Section 11 (i) and (j) be amended to delete the authority of the Hospital Authority to establish a retirement plan for its employees and provide instead that the employees of the authority (either those currently employed by the university hospital or new employees of the authority) will participate in either the Kansas public employees retirement system, or the Kansas board of regents basic retirement plan, or any other sponsored plan providing retirement benefits to employees of KUMC. Further, provide that the Authority will be a participating employer for purposes of KPERS. Correct the reference to K.S.A. 74-4934 et seq. in connection with the

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MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 12, 1997.

amendments otherwise necessary concerning retirement plans. Further, amend the provisions of K.S.A. 74-4910 (participating employers - KPERS), K.S.A. 74-4911 (eligible employees - KPERS), and K.S.A. 74-4925 (retirement annuities - employees of regents institutions). Senator Feleciano moved, seconded by Senator Petty, to accept the amendment. The motion carried on a voice vote.

Ms. Thomas asked that a new Section 16 be added to amend K.S.A. 75-6117 to provide that when a payment is made from the Kansas tort claims fund on behalf of the Authority, the Authority shall transfer to the tort claims fund an amount equal to the payment made by the tort claims fund on behalf of the authority. Senator Salisbury moved, seconded by Senator Lawrence, to accept the amendment. The motion carried on a voice vote.

Ms. Thomas asked for a new Section 17 to amend provisions of K.S.A. 76-745 (a) and (b) to delete references to collection services on for hospital revenue collection for KUMC. Senator Ranson moved, seconded by Senator Gilstrap, to accept the amendment. The motion carried on a voice vote.

Chairman Kerr advised Committee members that he had received a letter from Shirley Moses, Director of Accounts and Reports, Department of Administration, regarding the setoff fees which go to Accounts and Reports for write-offs and late payments. The letter stated the Division of Accounts and Reports expects to lose net funding of approximately \$120,000 in the first fiscal year and an additional \$96,000 in each of the next four fiscal years. This loss of funding is due to (1) the exclusion of the Authority from K.S.A.'s 75-3728a through 75-3728d which govern the write-off of uncollectible accounts receivable by state agencies; and (2) the possible loss of participation by the Authority in the Accounts Receivable Setoff Program. Two options existed to sustain the current level of funding and current service levels within the Division of Accounts and Reports: (1) replace the loss of funding with SGF monies; or (2) to amend SB 373 to include the Authority in the statutes which govern the write-off of accounts receivable and retain the ability of the Director of Accounts and Reports to require participation in the Setoff Program.

Ms. Thomas proposed a new Section 18 to provide that legislative authorization is required before leasing the hospital to another institution (in addition to what is currently provided in the section - no sale or merger without legislative approval). Senator Lawrence moved, seconded by Senator Salisbury, to accept the amendment. The motion carried on a voice vote.

Chairman Kerr advised the Director of Architectural Services, Department of Administration has expressed concerns whether or not the Authority will be sufficiently subject to the Architectural Services review usually required for approval in capital projects to insure safety. Senator Petty made a conceptual motion, seconded by Senator Salmans, to make it clear that if it isn't made clear, that the Authority is subject to local code enforcement. The motion carried on a voice vote.

Senator Ranson advised in Section 8, Subsection 15, (page 8), the Legislature is authorizing the power of eminent domain. After a brief discussion among Committee members, Senator Feleciano moved, Senator Lawrence seconded, to strike the eminent domain clause. The motion carried on a voice vote.

Senator Salisbury moved, Senator Ranson, seconded, that the bill be approved as amended. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 1:30 p.m.

The next meeting is scheduled for March 13, 1997.

# SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3-12-97

NAME	REPRESENTING
Marlene Reed	KU
Jon Jackson	KU
Victoria Thomas	KU
Juene Cumming	KU
Elaine Frisbie	Division of the Budget
Doug Smith	KSSA
Rich Gutterie	Health Midwest
Ann Hager	KU
Jerry Swacater	KMS
Thonda Lebray	Visitor
Marshall Kent	State Treasurer of
Debra L. Butth	State Treasurer of
Marvin Burrows	BoD of Regents
Jon Jossel	KU
Meg Hanson	KMS
Allen Humphrey	Department of Admin.
Pat Higgins	Dept of Admin.
Dorey Reid	KSNA
Kim Behr	KHA

**ECONOMIC DEVELOPMENT INITIATIVES FUND - FY 1998\*\***

Agency/Program	GOV.REC. FY 1998	HOUSE ADJ. FY 1998	SEN. ADJ. FY 1998	CONF. ADJ. FY 1998
<b>Department of Commerce and Housing</b>				
Agency Operations	\$ 7,245,784	\$ (188,440)	\$ --	\$ --
Small Business Development Centers	525,000	--	--	--
Certified Development Companies	475,000	--	--	--
Kansas Industrial Training/Retraining	3,250,000	--	--	--
Trade Show Promotion Grants	270,000	--	--	--
Strategic Planning/Action Grants	250,000	(165,000)	--	--
Economic Opportunity Initiative Fund	4,000,000	--	--	--
High Performance Incentive Grants	75,000	--	--	--
Existing Industry Expansion	950,000	--	--	--
Tourism Promotion Grants	479,600	(99,250)	--	--
Mid-America World Trade Center	--	50,000	--	--
Micro Loan Program	--	--	--	--
Mainstreet Grant and Development Prog.	200,000	--	--	--
Agriculture Product Development	350,000	--	--	--
Training Equipment Grants	500,000	--	--	--
Railroad Mitigation Fund	500,000	(500,000)	--	--
Travel Information Center Repairs	35,000	--	--	--
Community Capacity Building Grants	--	165,000	--	--
Subtotal - KDCH	\$ 19,105,384	\$ (737,690)	\$ --	\$ --
<b>Kansas Technology Enterprise Corporation</b>				
Agency Operations	\$ 1,151,083	\$ --	\$ --	\$ --
Centers of Excellence	4,350,000	--	--	--
Research Matching Grants	1,260,000	--	--	--
Business Innovative Research Grants	526,000	--	--	--
Special Projects	109,303	--	--	--
Commercialization Grants	1,550,000	--	--	--
Mid-America Manufact. Tech. Center	1,137,628	--	--	--
EPSCoR	3,200,000	--	--	--
Undesignated funding reduction	--	(766,564)	--	--
Subtotal - KTEC	\$ 13,284,014	\$ (766,564)	\$ --	\$ --
Kansas, Inc. - Agency Operations	\$ 160,376	\$ --	\$ --	\$ --
<b>Department of Education *</b>				
At-Risk/Innovative Program Assist.	\$ --	\$ 1,485,000	\$ --	\$ --
Matching Grants - AVTS	200,000	--	--	--
Postsecondary Aid - AVTS	6,714,007	--	--	--
Capital Outlay Aid - AVTS	2,000,000	--	--	--
Subtotal - Education	\$ 8,914,007	\$ 1,485,000	\$ --	\$ --
Dept. of Administration - Performance Review Board *	\$ --	\$ --	\$ --	\$ --
Public Broadcasting Capital Equipment Grants	--	500,000	--	--
Pittsburg State University - Kansas Technology Center	\$ --	\$ --	\$ --	\$ --
Wichita State University - Cessna Stadium	\$ --	\$ --	\$ --	\$ --
Historical Society - Adair Cabin	\$ --	\$ --	\$ --	\$ --
Kansas Arts Commission - Art Grants	\$ --	\$ 525,582	\$ --	\$ --
State Fair - Agency Operations	\$ --	\$ --	\$ --	\$ --
Dept of Human Res. - One Stop Career Center System	\$ 409,940	\$ --	\$ --	\$ --
State Water Plan Fund	\$ 2,000,000	\$ --	\$ --	\$ --
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 43,873,721</b>	<b>\$ 1,006,328</b>	<b>\$ --</b>	<b>\$ --</b>
<b>EDIF Resource Estimate</b>				
	GOV. REC. FY 1998	HOUSE ADJ. FY 1998	SEN. ADJ. FY 1998	CONF. ADJ. FY 1998
Beginning Balance	\$ 1,255,731	\$ 92,000	\$ --	\$ --
Gaming Revenues**	42,500,000	(4,250,000)	--	--
Other Income	500,000	--	--	--
Total Available	\$ 44,255,731	\$ (4,158,000)	\$ --	\$ --
Less: Expenditures and Transfers	43,873,721	1,006,328	--	--
<b>ENDING BALANCE</b>	<b>\$ 382,010</b>	<b>\$ (4,782,318)</b>	<b>\$ --</b>	<b>\$ --</b>

- Indicates a new program or a change of more than 10 percent from the current year budget.

\* - Does not include expenditures from prior year EDIF allocations.

\*\* - Assumes passage of HB 2374. The resulting negative ending balance could be partially offset by the Kansas Economic Opportunity Initiatives Fund pursuant to KSA 74-50,151(e).

Senate Ways and Means Committee  
 Date 3-12-97  
 Attachment # /

**ECONOMIC DEVELOPMENT INITIATIVES FUND - FY 1997**

<u>Agency/Program</u>	<u>GOV.REC. FY 1997</u>	<u>HOUSE ADJ. FY 1997</u>	<u>SEN. ADJ. FY 1997</u>	<u>CONF. ADJ. FY 1997</u>
<b>Department of Commerce and Housing</b>				
Agency Operations	\$ 6,712,160	\$ --	\$ --	\$ --
Small Business Development Centers	525,000	--	--	--
Certified Development Companies	475,000	--	--	--
Kansas Industrial Training/Retraining	3,250,000	--	--	--
Trade Show Promotion Grants	270,000	--	--	--
Strategic Planning/Action Grants	200,000	--	--	--
Economic Opportunity Initiative Fund	4,000,000	--	--	--
High Performance Incentive Grants	75,000	--	--	--
Existing Industry Expansion	950,000	--	--	--
Tourism Promotion Grants	379,600	--	--	--
Mid-America World Trade Center	50,000	--	--	--
Micro Loan Program	400,000	--	--	--
Mainstreet Grant and Development Prog.	200,000	--	--	--
Agriculture Product Development	300,000	--	--	--
Training Equipment Grants	250,000	--	--	--
Travel Information Center Repairs	61,000	--	--	--
Subtotal - KDCH	\$ 18,097,760	\$ --	\$ --	\$ --
<b>Kansas Technology Enterprise Corporation *</b>				
Agency Operations	\$ 1,240,575	\$ (92,000)	\$ --	\$ --
Centers of Excellence	4,350,000	--	--	--
Research Matching Grants	1,060,000	--	--	--
Business Innovative Research Grants	526,000	--	--	--
Special Projects	79,303	--	--	--
Commercialization Grants	1,526,539	--	--	--
Mid-America Manufact. Tech. Center	1,149,905	--	--	--
EPSCoR	3,400,000	--	--	--
Subtotal - KTEC	\$ 13,332,322	\$ (92,000)	\$ --	\$ --
Kansas, Inc. - Agency Operations	\$ 160,376	\$ --	\$ --	\$ --
<b>Department of Education *</b>				
At-Risk/Innovative Program Assist.	\$ 1,485,000	\$ --	\$ --	\$ --
Matching Grants - AVTS	200,000	--	--	--
Postsecondary Aid - AVTS	6,570,000	--	--	--
Capital Outlay Aid - AVTS	1,650,000	--	--	--
Subtotal - Education	\$ 9,905,000	\$ --	\$ --	\$ --
Dept. of Administration - Performance Review Board	\$ 150,000	\$ --	\$ --	\$ --
Pittsburg State University - Kansas Technology Center	\$ 1,000,000	\$ --	\$ --	\$ --
Wichita State University - Cessna Stadium	\$ 400,000	\$ --	\$ --	\$ --
Historical Society - Adair Cabin*	\$ 45,000	\$ --	\$ --	\$ --
State Fair - Capital Improvements	\$ 95,000	\$ --	\$ --	\$ --
Dept of Human Res. - One Stop Career Center System	\$ 500,000	\$ --	\$ --	\$ --
State Water Plan Fund	\$ 2,000,000	\$ --	\$ --	\$ --
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 45,685,458</b>	<b>\$ (92,000)</b>	<b>\$ --</b>	<b>\$ --</b>
<b>EDIF Resource Estimate</b>				
	<b>GOV. REC. FY 1997</b>	<b>HOUSE ADJ. FY 1997</b>	<b>SEN. ADJ. FY 1997</b>	<b>CONF. ADJ FY 1997</b>
Beginning Balance	\$ 3,791,189	\$ --	\$ --	\$ --
Gaming Revenues	42,500,000	--	--	--
Other Income	650,000	--	--	--
Total Available	\$ 46,941,189	\$ --	\$ --	\$ --
Less: Expenditures and Transfers	45,685,458	(92,000)	--	--
<b>ENDING BALANCE</b>	<b>\$ 1,255,731</b>	<b>\$ 92,000</b>	<b>\$ --</b>	<b>\$ --</b>

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Community Capacity Building Grants	--	165,000	--	--
Subtotal - KDCH	\$ 19,105,384	\$ (737,690)	\$ --	\$ --
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Agency Operations	\$ 1,151,083	\$ --	\$ --	\$ --
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Subtotal - KTEC	\$ 13,284,014	\$ (766,564)	\$ --	\$ --
<b>Kansas, Inc. - Agency Operations</b>	\$ 160,376	\$ --	\$ --	\$ --
<b>Department of Education *</b>				
At-Risk/Innovative Program Assist.	\$ --	\$ 1,485,000	\$ --	\$ --
Matching Grants - AVTS	200,000	--	--	--
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Subtotal - Education	\$ 8,914,007	\$ 1,485,000	\$ --	\$ --
<b>Dept. of Administration - Performance Review Board *</b>	\$ --	\$ --	\$ --	\$ --
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<b>Historical Society - Adair Cabin</b>	\$ --	\$ --	\$ --	\$ --
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<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 43,873,721</b>	<b>\$ 1,006,328</b>	<b>\$ --</b>	<b>\$ --</b>
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Total Available	\$ 44,255,731	\$ (4,158,000)	\$ --	\$ --
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Subtotal - KDCH	<u>\$ 18,097,760</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
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March 7, 1997

Amendments to Senate Bill 373

1. Section 5(b) - amend (b)(1) and (b)(2) to provide that the records described in those subsections will be closed only when the disclosure of the information in the records would be harmful to the competitive position of the authority.
  
2. Section 6(b) - amend (b)(1) and (b)(2) to provide that the items described in those subsections could be addressed in executive session when disclosure of the items would be harmful to the competitive position of the authority.
  
3. Section 11(c) - amend the section to provide that all current university hospital employees shall transfer to the authority, and that the authority and KUMC will jointly determine any other KUMC employees to be transferred.
  
4. Section 11(i) and (j) - amend these sections to delete the authority of the hospital authority to establish a retirement plan for its employees and provide instead that the employees of the authority (either those currently employed by the university hospital or new employees of the authority) will participate in either the Kansas public employees retirement system, or the Kansas board of regents basic retirement plan, or any other sponsored plan providing retirement benefits to employees of KUMC. Further, provide that the authority will be a participating employer for purposes of KPERS. Correct the reference to K.S.A. 74-4934 et seq. in connection with the amendments otherwise necessary concerning retirement plans. Further, amend the provisions of K.S.A. 74-4910 (participating employers - KPERS), K.S.A. 74-4911 (eligible employees - KPERS), and K.S.A. 74-4925 (retirement annuities - employees of regents institutions).
  
5. New Section 16 - Amend K.S.A. 75-6117 to provide that when a payment is made from the Kansas tort claims fund on behalf of the authority, the authority shall transfer to the tort claims fund an amount equal to the payment made by the tort claims fund on behalf of the authority.

Senate Ways and Means Committee

Date 3-12-97

Attachment # 2

6. New Section 17 - Amend provisions of K.S.A. 76-745(a) and (b) to delete references to collection services on for hospital revenue collection for KUMC.

7. Section 18 - Amend the section to provide that legislative authorization is required before leasing the hospital to another institution (in addition to what is currently provided in the section - no sale or merger without legislative approval).