

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 9:05 a.m. on January 17, 2001 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research
Rae Anne Davis, Legislative Research
Amy Kramer, Legislative Research
Julian Efrid, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Speaker Kent Glasscock
Secretary Charles Simmons, Department of Corrections
Jack Hawn, Deputy Secretary, KPERS

Others attending: See Attached

A graph explaining components of the Governor's FY 2002 pay plan recommendations was distributed by the Legislative Research Department to the Committee (Attachment 1).

Secretary Charles Simmons, Department of Corrections, reported on the impact of **SB 323** regarding the number of offenders in all areas of the Kansas criminal justice system (Attachment 2). He reviewed the major provisions of the bill which have lowered offender population levels and reduced projected KDOC capacity requirements. Caseloads for parole officers have been significantly reduced. Even though the inmate population has been lowered, there has been no significant impact on staffing in the facilities. KDOC is still attempting to identify appropriate locations for day reporting centers in major cities in Kansas. Such facilities are usually not located in residential neighborhoods as they are considered to be a type of parole office. Cooperation with local government leaders, city officials, and the legislative delegation from the area has been very important in designating the sites for such centers. Staffing problems remain especially in the Lansing State Prison. In order to cope with the 60 vacancies, overtime of regular employees (as much as 50-60 hours in a pay period), the hiring of 19-year olds as guards, and the consolidation of existing posts which would not endanger security are being used as stop-gap measures. However, the hiring of 19-year olds is being made a temporary measure only at Lansing Correctional Facility so the change could be evaluated at a later date.

Many of the 40 states surveyed by the KDOC hire prison guards below the age of 21. The 19 year old Correctional Officers I cannot be promoted until they reach age 21. Bonuses are being paid to correctional officers who recruit officers who stay for a prescribed period of time, incentive bonuses paid to the recruits, and general pay increases of at least 5%.

In compliance with 2000 **SB 323**, judges do not review cases of reduced or intermediate level post release supervision, only cases of extended parole. The Department has no discretion in the release of a inmate from any program including incarceration if the individual meets the criteria established by **SB 323** unless that individual is a convicted sexual predator or thought to be mentally ill. In such cases they are referred for further evaluation. Secretary Simmons reviewed the on-going maintenance funding needs for the 428 buildings (3.5 million square feet) in the KDOC system. At least \$5 million is needed per year to address this need and this does not include any funds for expansion. The success of the changes made by **SB 323** for conditional violators cannot be determined for at least three years from implementation.

Speaker Glasscock urged the Committee to work in a bipartisan and creative way in the development of a budget which will meet the needs of Kansas (Attachment 3)

Hearing on HB 2022 –Eliminating statutory prohibition on investments by KPERS in financial institutions

Julian Efrid, Legislative Research Department , gave the history of the constitutional amendment passed in

November 2000 which modified the prohibition against the state being a stockholder in any banking institution and to allow retirement systems, such as KPERs, to own stocks in banks (Attachment 4). This bill lifts the prohibition of the Board of Trustees of KPERs of investing in banking institutions, savings and loans, and credit unions.

Testimony in favor of the bill was presented by Jack Hawn, Deputy Secretary of KPERs (Attachment 5).

Chairman Wilk announced the hearing was closed.

Representative Melvin Neufeld moved to report the bill favorably and place it on the Consent Calendar. Motion was seconded by Representative Minor. Motion carried.

Representative Bob Bethell moved for the introduction of legislation which would allow the Board of Healing Arts to pay expert witnesses on an hourly basis. Motion was seconded by Representative Feuerborn. Motion carried.

Representative Bob Bethell moved for the introduction of a Concurrent Resolution which would ask for recognition and the support of research to arrest the problem of congestive heart failure. Motion was seconded by Representative Ballard. Motion carried.

Representative Neufeld moved for the introduction of legislation which would allow the LCC to accelerate the audit for KPERs to the year FY 2001 as well as FY 2002. Motion was seconded by Representative Pottorff. Motion carried.

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for January 18, 2001.

COMMITTEE GUEST LIST

DATE: 1-17-01

NAME	REPRESENTING
Charles Simmons	Dept. of Corrections
Pat D. P.	House Sheri Weber
PAT SCALIA	Bd of Indigents' Defense
John Robinson	Governor's Office
Michael White	Kearney Law Office
Melinda Gaul	Div. of Budget
Shelley King	Yackes, Broden, Parkhurst Assoc.
Pat P.	Division of the Budget
Aaron Dunkel	Div. of the Budget
Oliver Mull	Whitney Damon PA
Glenn Deck	KPER'S
Jack Hawn	KPER'S
Rob Woodard	KPER'S
ANDY SANCHEZ	KAPE
Mike Farmer	Kansas Catholic Conference
Karen Cochran	Leadership Lawrence
Tim Stultz	Leadership Lawrence
Diane Whitten	Leadership Lawrence
Jim Metz	Leadership Lawrence

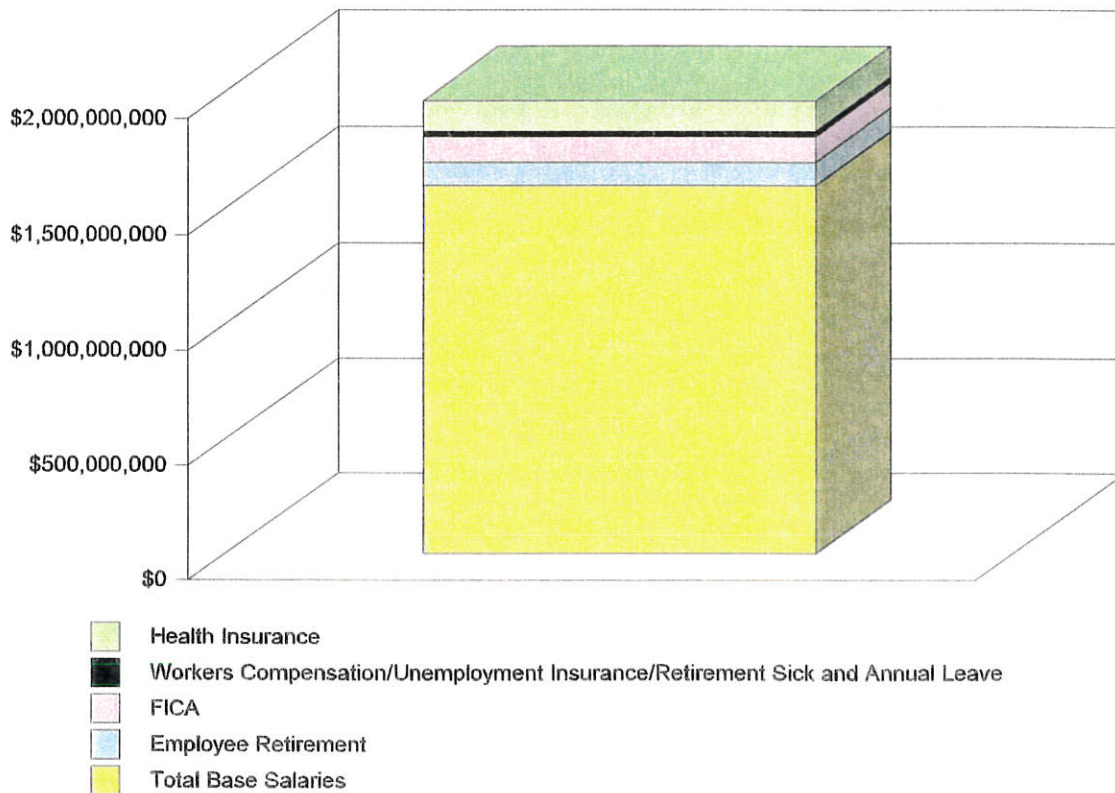
Martin Hawver
 Sheri Weber
 Don Ryan
 MARTY VINES
 Hawver's Capitol Report
 KS House
 S.E.A.H.
 KAPE

COMMITTEE GUEST LIST

DATE:

NAME	REPRESENTING
Jessie Ann Lusher	Leadership Lawrence
Eric E. Scott	Leadership Lawrence
Brandy L. Sutton	Leadership Lawrence
Heather Burke	Leadership Lawrence

COMPONENTS OF THE GOVERNOR'S FY 2002 PAY PLAN RECOMMENDATIONS



Component	Amount	Percent of Total
Total Base Salaries	\$ 1,597,897,645	85.2 %
Employee Retirement	100,433,255	5.4
FICA	109,994,682	5.9
Workers Compensation	14,700,522	0.8
Unemployment	1,033,345	0.1
Retirement Sick and Annual Leave	7,150,696	0.4
Health Insurance	131,608,541	7.0
Subtotal - Salaries and Wages	\$1,962,818,686	--
Shrinkage	(86,290,041)	(4.4)
TOTAL - Salaries and Wages	\$ 1,876,528,645	100.0 %
<i>State General Fund Salaries and Wages</i>	<i>\$ 933,700,164</i>	<i>49.8 %</i>

HOUSE APPROPRIATIONS

DATE 1-17-01

ATTACHMENT 1

House Appropriations Committee

Presentation by

Charles E. Simmons, Secretary of Corrections

January 17, 2001

HOUSE APPROPRIATIONS

DATE 1-17-01

ATTACHMENT 2

SB 323

SB 323 was passed by the 2000 Kansas Legislature in response to the ongoing increases which were projected at that time to occur in the inmate population. The law made several policy changes impacting the number of offenders in all major segments of the Kansas criminal justice system, including probation, community corrections, correctional facilities, and post-incarceration supervision. The law also appropriated funds for prison expansion and community-based day reporting centers.

SB 323 has touched virtually every area of KDOC operations, resulting in significant changes in projected inmate population levels and an immediate reduction in post-incarceration supervision caseloads. Summarized below are some of the law's major provisions which impact offender population levels and KDOC capacity requirements.

ADJUSTMENTS IN POSTRELEASE SUPERVISION PERIODS

SB 323 reduced postrelease supervision periods for some groups of offenders, as indicated in the following table. The provisions applied retroactively to the existing offender population.

Severity Level (SL)	Prior Law	SB 323
SL 1-4; Drug SL 1 & 2	36 months, reducible to 24 months through good time earnings.	Unchanged.
SL 5-6; Drug SL 3	36 months, reducible to 24 months.	24 months, reducible to 12 months.
SL 7-10; Drug SL 4	24 months, reducible to 12 months.	12 months, reducible to 6 months.

ELIMINATION OF POSTRELEASE SUPERVISION FOR CERTAIN PROBATION VIOLATORS

SB 323 eliminated postrelease supervision for most offenders who are admitted to prison as probation condition violators. Some probation violators who are revoked and admitted to prison still have a postrelease supervision requirement, including: offenders convicted of sexually violent crimes; offenders convicted of crimes that do not have a presumption for probation (including offenses falling within a border box); and, offenders whose probation was revoked as a result of a new misdemeanor or felony conviction. The provisions applied retroactively to the existing offender population.

TARGET POPULATION FOR COMMUNITY CORRECTIONS

The new law establishes a target population for community corrections programs, including offenders who: have received a nonprison disposition as a departure to sentencing guidelines; fall within a "border box"; have been convicted of an offense requiring registration under KSA 22-4902 and have a severity level 7 or greater offense; have violated a condition of probation supervision; have been determined to be high risk or high needs under a standardized risk/needs assessment instrument; or, who have successfully completed a conservation camp program. The law also requires that probation violators must be assigned to community corrections before being revoked and sent to prison unless the violation includes a new conviction or the court makes a finding that the public safety or the offender's welfare would not be served by doing so.

SB 323 (cont)

JAIL SENTENCES

The law increases from 30 days to 60 days the length of a jail sentence which can be imposed as a condition of probation or suspended sentence; it also authorizes a jail sentence of up to 60 days for each revocation of a probation sentence.

ADJUSTMENTS IN PROBATION PERIODS FOR CERTAIN OFFENDERS

The law reduces probationary periods as follows: nondrug SL 8 and drug SL 3 to not more than 18 months; nondrug SL 9 and 10, and drug SL 4 to not more than 12 months. These probationary periods will be in effect unless the court finds that the public safety or welfare of the offender would not be served by the probationary period. The provisions applied retroactively to the existing probation population.

APPROPRIATIONS

Expansion at Ellsworth Correctional Facility (ECF)

\$6,177,517 was approved for construction of a new 100-cell maximum security housing unit, warehouse expansion, and training building at ECF. The new housing unit will be suitable for housing 100 maximum custody inmates or 200 medium custody inmates. The project is being financed with Violent Offender Incarceration/Truth-in-Sentencing (VOI/TIS) federal grant funds and state funds on a 90% federal-10% state matching basis. Construction is scheduled for completion in March 2002, with occupancy by inmates in April 2002.

Day Reporting Centers (DRCs)

\$1.9 million was approved for partial year funding in FY 2001 of three privatized day reporting centers for supervision of post-incarceration supervision condition violators. The DRCs will be located in Wichita, Kansas City, and Topeka and will have a combined capacity for supervising 220 offenders. The centers will be financed on a 90-10 match basis with federal VOI/TIS and state funds. The centers will open by April 1, 2001 under the current schedule. SB 323 also earmarked \$3.8 million in future VOI/TIS grant funds for continued operation of the DRCs in FY 2002.

Programs Building at Larned Correctional Mental Health Facility (LCMHF)

\$300,000 was appropriated from the Correctional Institutions Building Fund for construction of a new programs building at LCMHF. This, along with funding and positions authorized in a separate appropriations measure, was part of a plan to return to KDOC the 30 maximum security beds at LCMHF which had been used by SRS since 1995 to house civilly committed sex predators under SRS jurisdiction. In October 2000, KDOC regained the use of the 30 beds at LCMHF. The programs building is scheduled for completion by August 1, 2001. The Chemical Dependency Recovery Program—a program previously provided to KDOC inmates by Larned State Hospital and now a KDOC responsibility—is occupying temporary quarters until the new building is completed.

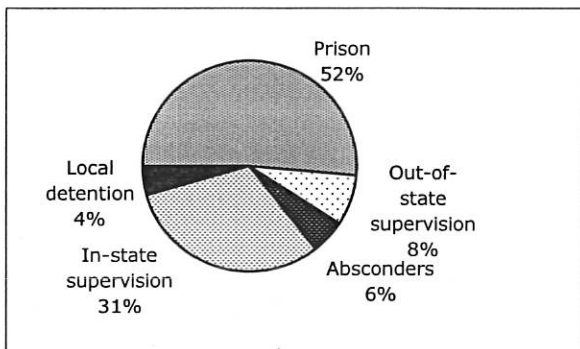
Bond Authorization

Authority was provided to issue \$4.4 million in bonds for renovation of J Cellhouse at Topeka Correctional Facility, construction of a new laundry and a new training building at TCF, and repair of the building at Lansing Correctional Facility which was damaged by fire in November 1999. The TCF projects are necessary for the department to cease operations at the former Topeka State Hospital so the state can dispose of this property. The 176-bed J Cellhouse renovation project will result in a 96-bed net increase in capacity for female inmates. The training building will be complete in September 2001, the laundry in December 2001, and the cellhouse renovation project, in March 2002.

SB 323 Implementation by KDOC

Of the changes made by SB 323, the Department of Corrections had responsibility for retroactive implementation of provisions in two major areas: reduced periods of postrelease supervision; and elimination of the requirement for postrelease supervision for certain offenders admitted to prison as probation condition violators. The law provided for a phased implementation of its retroactive provisions, with statutory deadlines ranging from September 1, 2000 to January 1, 2001—all of which were met by the department. The information below provides a brief summary of KDOC's implementation of its responsibilities under SB 323, as of December 31, 2000.

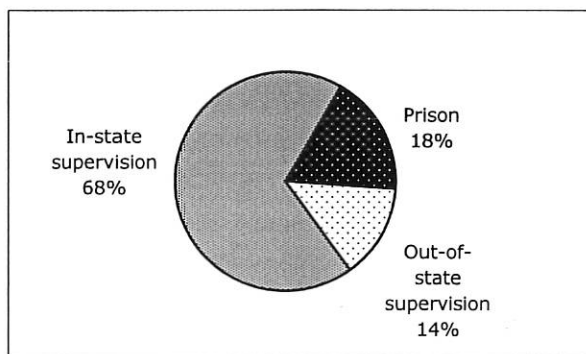
TOTAL NUMBER OF SB 323 CONVERSIONS: 8,459



Offender location at time of SB 323 conversion

Prison	4,344
In-state supervision	2,639
Out-of-state supervision	667
Absconder or warrant outstanding	444
Local detention	365
Total	8,459

SB 323 CONVERSIONS RESULTING IN IMMEDIATE DISCHARGE FROM KDOC JURISDICTION: 2,838



Offender location at time of immediate discharge

Prison	504
In-state supervision	1,937
Out-of-state supervision	397
Total	2,838

Additionally, 807 offenders who were not immediately eligible for discharge as a result of supervision length conversion have subsequently reached their discharge date. The total number of offenders discharged from KDOC jurisdiction through December 31, 2000 as a result of SB 323 is 3,645.

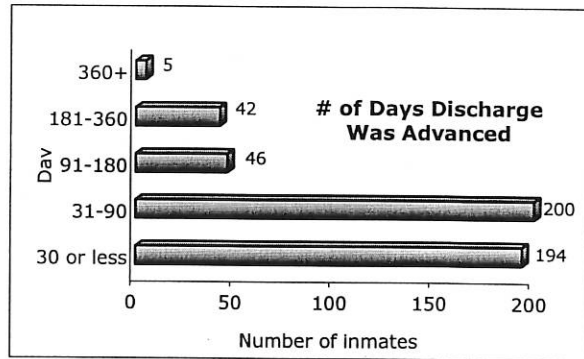
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SB 323 Implementation by KDOC (cont)

**POSTRELEASE SUPERVISION CONDITION VIOLATORS DISCHARGED FROM PRISON
 WHOSE PRISON RELEASE DATE WAS AFFECTED BY SB 323**

**Number of Days Discharge
 Was Advanced
 (prison releases only)**

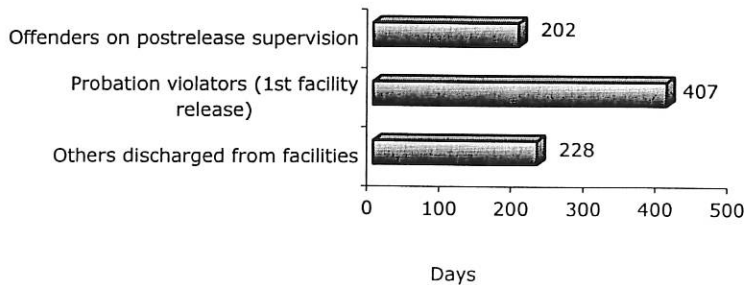
No. of Days	No. of Inmates
30 or less	194
31-90	200
91-180	46
181-360	42
360+	5
Total	487



Number of Inmates Released	Number of Days Release Was Advanced		
	Highest	Lowest	Average
423 Condition violators only	120 days	1 day	39 days
64 violators with a new misdemeanor conviction committed on postrelease supervision	730 days	121 days	268 days
487 Total	730 days	1 day	69 days

	Max	Med	Min	Total	<i>Change in the inmate population, by custody level, since June 30, 2000</i>
June 30, 2000	2247	3621	2916	8784	
Dec 31, 2000	2160	3510	2682	8352	
Difference	-87	-111	-234	-432	

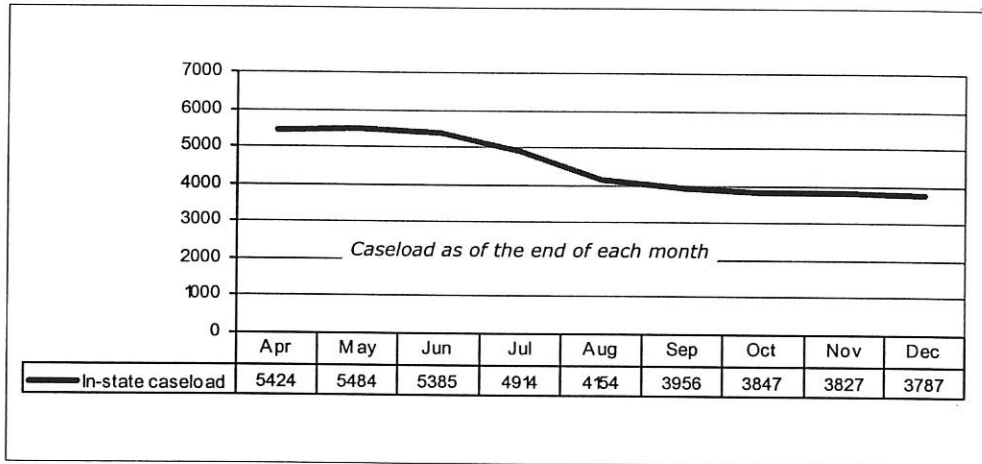
ALL SB 323 DISCHARGES FROM KDOC JURISDICTION THROUGH DECEMBER 31, 2000: 3,645
AVERAGE NUMBER OF DAYS THAT DISCHARGE DATE WAS ADVANCED, BY TYPE OF OFFENDER



The greatest impact has been on the probation violators covered by SB 323 who have completed their prison sentence and are being released from prison for the first time. These offenders are no longer required to serve any postrelease supervision period.

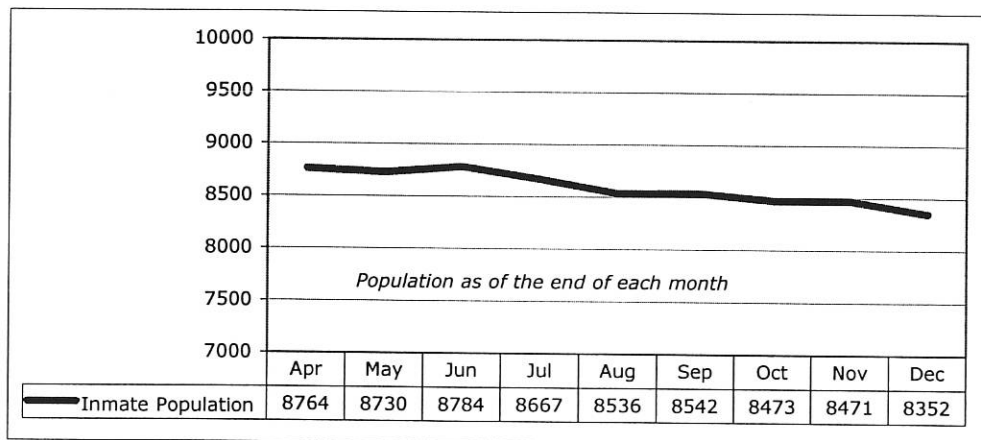
Offender Population Change: April 30—December 31, 2000

**POST-INCARCERATION SUPERVISION CASELOAD
 (IN-STATE)**



Change since April 30..... -1,637

INMATE POPULATION

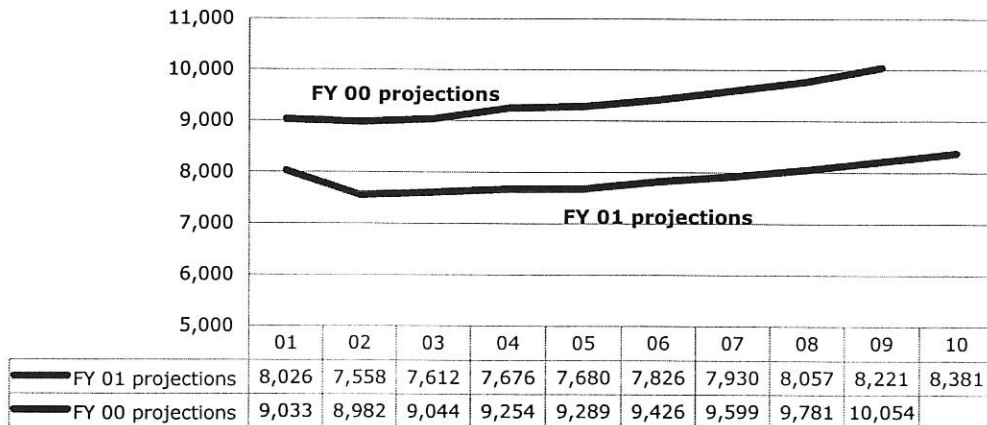


Change since April 30.... -412

Kansas Sentencing Commission FY 2001 Inmate Population Projections
Population as of June 30 each year

ID Group	fiscal year											Total Change	% Change
	Actual 00	01	02	03	04	05	06	07	08	09	10		
Off Grid	574	625	662	705	749	795	840	887	934	981	1029	455	79.3%
Non-Drug													
Level 1	576	607	636	652	679	680	692	709	723	738	748	172	29.9%
Level 2	533	550	576	594	611	621	641	664	678	689	704	171	32.1%
Level 3	1246	1260	1311	1337	1362	1392	1437	1455	1495	1521	1566	320	25.7%
Level 4	281	269	258	255	262	267	260	267	270	300	292	11	3.9%
Level 5	837	775	750	784	781	810	858	879	872	881	910	73	8.7%
Level 6	187	149	144	136	139	140	149	147	149	160	174	-13	-7.0%
Level 7	741	706	711	729	765	767	790	801	800	798	815	74	10.0%
Level 8	317	341	282	284	258	262	273	274	299	312	279	-38	-12.0%
Level 9	387	226	107	129	133	149	152	134	135	147	149	-238	-61.5%
Level 10	59	42	14	18	26	29	34	37	26	29	32	-27	-45.8%
Drug													
Level D1	67	89	103	117	132	144	156	169	182	187	195	128	191.0%
Level D2	267	292	304	320	343	344	333	336	359	357	351	84	31.5%
Level D3	502	406	323	324	318	328	361	381	378	384	403	-99	-19.7%
Level D4	439	343	236	267	297	302	268	245	272	287	284	-155	-35.3%
Parole CVs	1771	1346	1141	961	821	650	582	545	485	450	450	-1321	-74.6%
Total	8784	8026	7558	7612	7676	7680	7826	7930	8057	8221	8381	-403	-4.6%

As illustrated in the graph below, the FY 2001 population projections prepared by the Kansas Sentencing Commission represent a marked change from the FY 2000 projections—primarily because of the impact expected to result from passage of SB 323. Annual variance between the two projection series ranges from 1,007 for the June 30, 2001 population to 1,833 for the June 30, 2009 population.



2-7



TOPEKA

HOUSE OF
REPRESENTATIVES

Testimony
On
**Focus and Faith:
A Vision for Kansas' Future**

Submitted by
Speaker Kent Glasscock
To the House Appropriations Committee

Thank you, Mr. Chairman, Mr. Vice-Chairman, and members of the committee for the opportunity to appear before you this morning.

As you reflect on the daunting challenge of constructing a state budget from the Governor's recommendations, you might well join with Ralph Waldo Emerson in asking the question, "Does anyone remember when times weren't hard and money wasn't tight?" In many respects, this year's budget deliberations will seem like so many others: a case of too few dollars chasing too many state needs.

Without question, this will be a year of weighing priorities, living within existing resources, and determining what truly will make a difference in our state's future and in the lives of our fellow Kansans. In your deliberations, I ask you to look carefully at each state program and ask of yourselves: 'Is this program needed?' – if the answer is 'no,' then end it. Ask, 'Is it working?' – if the answer is 'no,' then change it so it does work. Ask, 'Can it be made better?' – if the answer is 'yes,' then change it for the better. Demand of yourself and your fellow committee members a shared vision for our state on a bi-partisan basis and a clear strategy that we can afford for achieving that vision.

Yours will be a hard task made even harder by the tempering of competing priorities and the heat of various constituencies. In this hard task, I would ask you keep in mind that it is through our young children that Kansas will reap a later harvest of success and accomplishment or of mediocrity and lost opportunity. Gauge with particular care those state programs that touch children from birth through the third grade, for it is in these years that a child's future is made and in these years that the measure of tomorrow's Kansas is taken.

Much has been written about the 2001 legislative session and its focus on public education. Governor Graves, in his state-of-the-state message challenged us in this regard. Let us take up

HOUSE APPROPRIATIONS

DATE 1-17-01
ATTACHMENT 3

the Governor's challenge. I have asked Chairman Wilk to establish a joint working group comprised of the education budget committee and two select subcommittees of the House Education Committee. This working group will be charged with matching an appropriate budget for public education to a suitable funding formula. Additionally, this group should address the funding of accountability issues, school readiness, acquisition of basic skills in the early grades, and the rewarding of great teaching. Let us not back into our education future, but rather define it with clarity and pursue it relentlessly.

Each of us can envision an ideal for our state. We share goals which include lower teen pregnancy rates, all children prepared to learn when they enter kindergarten, eliminating substance abuse, full access to quality health care, lower juvenile crime rates and more people productively contributing in the workplace. We know the kind of Kansas in which we want our children to live. We know we face challenges. Yet we also know that state government cannot alone solve problems that face us. It will take all of us working together.

Throughout our history, Kansas has relied upon the commitment of volunteers and the mission of charities and churches to help those living on the margin. These public-private partnerships have taken various forms – from strictly volunteer efforts to formal contractual relationships. This has been an important part of the Kansas heritage and it will remain so. As our population ages and as we face the ever more complex problems of this new century, we must find new ways to foster these charitable/faith partnerships to create caring communities across our state.

Today, I ask each of you to recognize the important role charities and faith-based organizations play in our communities – and to find new and innovative ways to strengthen and foster our partnerships with these groups. When you look at these budgets, study them with an eye toward creating caring communities. Ask yourself how the people of the State of Kansas can benefit by working with these organizations which have traditionally cared for the less fortunate.

Mr. Chairman, toward that goal I ask you to consider assembling a special subcommittee to work specifically with representatives of charities and faith-based groups to explore what public-private partnerships can achieve for Kansas and its people. Our future is one we will share – let us pursue that future together.

This committee's charge can be as narrow as the lines on a budget sheet or as broad as the members have the courage to make it. Have courage. Protect not the status quo, but rather envision our future. Picture the kind of Kansas that we want to live in and find new ways to make it happen.

This committee – and each of you – can do just that.

HB 2022

HCR 5037, passed by the 1999 Legislature, was a proposed constitutional amendment that to modify the prohibition against the state being a stockholder in any banking institution and to allow retirement systems, such as KPERS, to own stocks in banks.

The amendment to Article 13, Section 2 of the Kansas Constitution was approved by the state's voters at the November 2000 general election.

The KPERS Board of Trustees requested HB 2022 and the bill was recommended for introduction by the Joint Committee on Pensions, Investments and Benefits in its annual report to the 2001 Legislature. The bill is considered trailer legislation to the constitutional amendment.

The bill would remove a statutory prohibition that the KPERS Board of Trustees shall not invest funds in any banking institutions, savings and loan association, or credit union. That prohibition was added in 1992 as a recommendation of the Joint Committee on KPERS Investment Practices that had reviewed a failed investment in Home Savings Association of Kansas City.

HOUSE APPROPRIATIONS

DATE 1-17-01

ATTACHMENT 4

House Appropriations Committee
Testimony on HB 2022
January 17, 2001
Glenn Deck, Executive Secretary
Kansas Public Employees Retirement System

Historically, constitutional and statutory restrictions have prevented the Kansas Public Employees Retirement System (KPERs) from investing in the securities of any banking institution, savings and loan or credit union. Prior to the November 2000 election, the Kansas Constitution, Article 13, Section 2, provided "The State shall not be a stockholder in any banking institution." This constitutional restriction was originally adopted by the Wyandotte Constitution on July 5, 1859, and was ratified by electors on October 4 of the same year. In researching this issue, it appears that the restriction was "in keeping with the trends of the time" and probably reflected a mistrust of the yet to be standardized national banking system.

Language was added to the KPERs Statute in 1992 stating that "the board shall not invest or reinvest moneys of the fund in any banking institution, savings and loan association or credit union which positions the system as a shareholder or owner of such banking institution, savings and loan association or credit union." [K.S.A. 74-4921(5)(d)]

As a consequence of these laws, the System was precluded from making a common stock investment in any bank, savings and loan or credit union of domestic or international origin. Because KPERs' accounts are required to be "bank-free," KPERs' investment managers must maintain separate accounts for the System's investments. They can't be commingled with other institutional accounts, since no other accounts suffer similar restriction. Special handling means the System pays higher management fees.

Over time the banking restriction has artificially reduced the investable universe for the System, imposed opportunity costs which resulted in reduced returns, and added costs for customized indexes and segregated portfolio management. These restrictions serve no useful purpose to the State or participants of the System.

At the recommendation of the KPERs Board of Trustees, in 1999 the Legislature passed HCR 5037 which proposed amending the Constitution to remove this banking investment restriction. The voters overwhelmingly approved this change in the November 2000 general election.

The purpose of House Bill 2022 is to repeal the similar restrictive 1992 language in K.S.A. 74-4921(5)(d).

The KPERs Board of Trustees strongly supports the passage of House Bill 2022.

HOUSE APPROPRIATIONS

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ATTACHMENT 5