

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE.

The meeting was called to order by Chairperson Senator Nancey Harrington at 10:30 a.m. on March 15, 2001 in Room 245-N of the Capitol.

All members were present.

Committee staff present: Russell Mills, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Theresa Kiernan, Office of the Revisor
Nikki Kraus, Committee Secretary

Conferees appearing before the committee: Representative Lee Tafanelli
Major General (KS) Greg Gardner, Adjunct General
Charles Yunker, American Legion

Others attending: See Attached List

Chairman Harrington opened the hearing on:

HCR 5011–Lifetime healthcare benefits for military retirees and their families

Representative Lee Tafanelli presented testimony in favor of the resolution. (Attachment 1).

Chairman Harrington stated that written testimony had been provided by Ken Strafer, Brigadier General, USAR (Ret.), Candidate, Deputy Assistant Secretary of Veteran's Affairs, Washington, D.C., in support of the resolution. (Attachment 2).

Major General (KS) Greg Gardner, Adjunct General, presented testimony in favor of the resolution. (Attachment 3).

Charles Yunker, American Legion, presented testimony in favor of the resolution. (Attachment 4).

Chairman Harrington asked for a recommendation from the committee.

Senator Vratil made a motion to recommend the resolution favorably. Senator O'Connor seconded the motion. The motion passed unanimously.

Senator Gooch was assigned to carry the bill on the floor.

Chairman Harrington opened the hearing on:

SB 152–An act relating to the regulation of alcoholic beverages

Senator Vratil asked the subcommittee Chairman, Senator Brungardt, for a brief update on the bill. Senator Brungardt stated that the first two parts of the bill were non-controversial. He stated that there had been more discussion on the issue of licensees' spouses qualifications and how that should be handled in an effort to close a loophole about which ABC was concerned.

Senator Gooch stated that he was concerned about the residency requirement for ABC employees, and Senator Brungardt stated that the idea behind this issue was to allow people who had done the same type of work in another state to come and work in Kansas. Senator Gooch stated that they were in agreement.

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Theresa Kiernan stated that there was a proposed amendment to strike what was written in the amendment to change language to apply for a spouse who had been convicted of a felony or other disqualifying crime.

Senator Lyon stated that he thought everyone was happier with more restricted language.

Senator Vratil stated that in his notes, he had written that there were three amendments to the bill being offered, and Chairman Harrington stated that the bond issue was being taken care of through Rules and Regulations.

MS. Kiernan stated that **SB 152** and **SB 178** had a conflict which needed to be resolved.

After further discussion, Senator Vratil made a motion to amend **SB 152** to conform with **SB 178**. Senator O'Connor seconded that motion.

Senator Gooch asked what would happen if **SB 178** is not passed, and Senator Vratil stated that the committee was still going to want **SB 152** to conform **SB 178**. The committee then voted on the motion.

The motion to amend **SB 152** carried.

Chairman Harrington asked the committee for further discussion, and Senator Brungardt stated he would like to strike the references to spousal responsibility. Ms. Kiernan stated that under current law, if one's spouse does not qualify at initial application, one cannot get a license.

Senator Brungardt stated that the amendment he was proposing would strike all references to spouses. He stated that his argument was that the license is for the licensee, not the spouse. He stated that he did not think that any such spouse requirement existed in any other license process, and there were too many exceptions. Senator Gooch stated that he agreed.

Bob Longino, Director, Alcoholic Beverage Control, stated that if someone has a license and is single, then gets married, he or she is not disqualified. Senator Brungardt stated that the only problem would be if the future licensee was engaged to a felon, he would have to weigh which one was more important.

Senator Barnett stated that other relationships have been brought up, and he was curious if ABC would try to close those loopholes; Mr. Longino said no. Senator Vratil then asked what it was that the committee was accomplishing if there would still be loopholes for so many others. Mr. Longino stated that the spousal situation had come up as a problem and that was why ABC was seeking the amendment. He stated that in the history of ABC, there was necessary regulation to try to keep out corrupt or criminal elements, and this was another attempt to help with that regulation.

Senator O'Connor stated that a man should not be held accountable for his spouse unless he was involved in a disqualifying activity with his spouse. Mr. Longino stated that it was difficult to prosecute those involved with gambling, or other disqualifying actions in connection with alcoholic beverage sales.

Chairman Harrington asked Mr. Longino if it was in the budget of ABC to investigate issues which specifically disqualify licensees, associated with spouses. Mr. Longino stated that his organization did what it could, but that it needed to do more.

Senator Lyon asked Mr. Longino if a convicted felon could have a spouse apply for the license, and Mr. Longino stated that they could. Senator Lyon stated that it would seem like a felon would just have someone else get the license. Mr. Longino stated that the hope was that, based on the premise that having a license was a privilege, not a right, ABC hoped that felons would go elsewhere with stricter regulation in Kansas. Senator Barnett stated that he would like to know about investigative methods, and Mr. Longino stated that the loophole had occurred a few times, but that it was difficult to prove or prosecute.

In response to a question from Senator Barnett, Senator Brungardt stated that it was an anachronism which may have been applicable in the years after prohibition but should no longer exist. Senator Vratil agreed that

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the language should be removed.

Senator Vratil made a substitute amendment to delete lines 25-28 on page 3, and lines 21-24 on page 7. Senator Brungardt seconded the motion. Those voting in favor of the substitute amendment included: Senators Vratil, O'Connor, Gilstrap, Gooch, Brungardt, and Teichman. Those voting against the amendment included: Senators Lyon and Barnett. The substitute amendment passed.

Chairman Harrington stated that there was an interim study stating that ABC produces around \$70 million in revenue for the state and had about \$1.3 million on which to operate. She stated that she was concerned that enforcement might be a strain on ABC's budget. Mr. Longino stated that he would have to talk to the enforcers to gauge expense.

In response to a question from Senator Teichman, Chairman Harrington stated that there had been two amendments to the bill, one technical, and one substitute amendment from Senator Vratil. She thanked the subcommittee for their work on the bill.

Senator Brungardt made a motion to recommend the bill, as amended, favorably to the entire Senate. Senator Teichman seconded the motion. The motion passed.

Chairman Harrington opened the hearing on:

HB 2343—Concerning accountant peer review and permits

Senator Gilstrap stated that he thought that the committee might want to change the bill from saying within 12 years to making them consecutive reports.

Senator Brungardt stated that the peer reviews were every three years, so the bad reports would be on years one and four at the most, not years one and eleven as Senator Gilstrap may have been thinking.

Susan Summers, Executive Director of the Board of Accountancy, stated that the process of peer review should handle discipline by the Board, because reviewees could correct problems before Board reviews.

Senator Vratil asked how one could have a modified peer review in each of two consecutive years when the reviews are not done every year, and Ms. Summers stated that it should read two consecutive review periods, not years.

Senator Barnett stated that he felt that the twelve year period was too long and that he had information from outside of the committee to support his belief.

Senator Vratil stated that he was opposed to changing what was recommended to the committee by experts who negotiated the issue extensively, and that he felt that the committee ought to go with their opinion.

Senator Barnett made a motion to amend the bill to read nine years instead of twelve. Senator Gilstrap seconded that motion.

Senator O'Connor stated that she opposed it because she wanted to support the outcome of the negotiations.

Senator Teichman stated that she was opposed to Senator Barnett's information from beyond the table because its source was not revealed. Senator Barnett stated that he was not at liberty to disclose that.

Senator Barnett's motion to amend was defeated.

Senator Vratil made a motion to recommend the bill favorable for passage to the entire Senate. Senator O'Connor seconded the motion. The motion passed.

The meeting was adjourned at 11:38 a.m. The next meeting is scheduled for 10:30 a.m. on March 20, 2001.

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TESTIMONY
SENATE FEDERAL & STATE AFFAIRS
MARCH 15, 2001
HCR 5011

Good morning Madam Chairman and members of the committee, thank you for allowing me the privilege to testify in support of HCR 5011. This resolution is a first step in fulfilling our responsibility and moreover our obligation to the retired military men and women who have served this great state and nation so honorably. These citizens have risen to the defense and safeguard of our state and nation as they defended our democratic way of life, and the freedoms set down by the founding fathers of this nation. These retired veterans now constitute a significant portion of the aging population in this country and in particular our state. These retired veterans were guaranteed through contract, both stated and implied, lifetime access to medical benefits for themselves and their immediate family members upon retirement for serving their nation unselfishly and honorably for 20 years or more.

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Through Federal Regulatory changes in entitlements for military health care benefits and the downsizing of the military during the 90's at its installations, these veterans have lost significant portions of their health care support systems.

The health care benefits which were lost, forced retired veterans to pay for medical coverage from alternative sources and for those retired veterans over the age of 65, it has forced them into programs such as Medicare. Many of these veterans and their families live on fixed incomes where the loss of medical benefits significantly impacts their quality of life, disrupts their needed levels of care and puts out of reach certain health care procedures that were previously available to them.

The National Defense Authorization Act for 2001 did make some Improvements that will help our retired veterans. The act becomes effective October 1, 2001 and extends the current military health care system TRICARE benefits to Medicare-eligible retirees of the Uniformed Services, their family members, and survivors. In order to receive the TRICARE benefits, Medicare eligible retirees must purchase and be enrolled in Medicare Part B. With both Medicare Part B and TRICARE there are

applicable monthly premiums, cost-shares for services and deductibles that our veterans have to pay for out of their pockets. Although these are significant, these improvements still fall short of what is needed to adequately provide health care benefits to our retired veterans.

These honorable men and women of Kansas and this nation who have served and sacrificed in the uniformed service of our country are deserving of the health care benefits that they were promised for serving 20 or more years of service to their country.

I believe that if we are going to ask young men and women to serve and defend this nation in the future, than we as a nation have the obligation to ensure that we live up to our responsibility to those that have already served and that we provide them with the health care and the other benefits that they are entitled to, nothing more nothing less. We must stand up for what is right and defend those individuals that spent a career defending us.

Mr. Chairman, members of the committee thank you for your time and your consideration of this resolution.

Statement of Ken Strafer
Brigadier General, USAR (Retired),
Candidate, Deputy Assistant Secretary of Veterans Affairs,
Washington, D.C.

Senior Advisor, Veterans Affairs
Lieutenant Governor,
Commonwealth of Virginia

Before
State Senate
Topeka, Kansas

March 14, 2001

Good Afternoon and thank you Mr. Chairman for the opportunity to have read into the record my testimony before your Committee. While I tried to be with you all today, my commitment in Washington DC do not permit me to be in Topeka this fine Kansas day. I truly regret not being with you in person.

I feel that it is particularly significant that I come before you in this room ----- because I come not as a stranger to Kansas nor to the issue of Veterans Legislation. During my 26 years as both an Active and Reserve forces member, I was often asked by both Secretaries Casper Weinberger and later Dick Cheney to visit various organizations and commands located in Kansas. It was always a pleasure being with the Kansas Army and Air National Guard, Army Reserves, Active Army, and Air Forces stationed here in Kansas. It was in this State that the current military leadership of the land forces of the United States were trained in the arts and skills they needed everyday in our nations capital. It is a special task that Kansas has and accepts, the training and teaching of the next generation of land forces military leadership. Kansas does it so well.

Let us all be hopeful that these men and women trained in Kansas, execute their tasks in an effective and benevolent way. I, like the senior leadership of the military, was fortunate enough to have enjoyed training at nearby Fort

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Leavenworth's Command and General Staff College in the mid 1980's. To me, it was truly an honor and a time I will always remember.

But I have been asked here, not to discuss my training, but to discuss the state of Veterans Health care issues and related benefits earned by those that accepted the challenge and marshaled the courage and strength to leave Kansas to serve both the state and nation in times of crisis and strife. For the last several years, again emanating from my awareness gathered here at Fort Leavenworth, I have been emerged in legislation and programs associated with our Nation's Veterans, whom many are struggling with health care and related concerns.

I believe it was former President Abraham Lincoln who said (and I paraphrase), for those that have boldly stepped forward, and took up arms in the defense of this Nation's people, it is that nation's duty to care for them, their families, their widows, their children when they return.

If this is the tempo of our minds, to reach out and assist our Veterans as they return to Kansas' economy to join as productive members, then let me turn to the current state of support. Both the Departments of Veterans Affairs and Defense can take pride in some of the recent programs and plans to ensure health care is provided in a quality manner to those that serve this nation.

About the programs entrusted to the Federal Government, there is criticism that I suspect would rather not see the light of day. Certainly, there are proposals that veterans and military service organizations will praise. There are also proposals that the Federal Government will oppose. Some of these proposal recommendations that I have seen will increase "efficiency" and others are projected to save money. Still, other recommendations will cost this Nation money. But to members of this Committee, I must say, Money well spent. I have spoken with Topeka's former Director Ed Tucker, and we are of the same mind; and fortunate were you to have such a Director responsible for your Veterans population. He will be missed I am sure.

The question in every veteran's mind is: "Which one will prevail?" Well within this body, as well as among the other more than 50 states and territories, will have a voice in that decision. Your delegation in the Congress of this great Nation will be part of that deliberative body that will

vote later this year on which plans and programs this administration will follow. You are part of that body which will be calling the balls and strikes in this series of major league play. The veterans of this State, and the Nation, are asking you for assistance, and I believe, you will find it in you to pass the concurrent resolution before you to provide extended health care benefits to those Veterans that have retired from the military.

Each of us in this room stands in awe of the importance of the mission that was entrusted to our veterans: to safeguard the safety of our nation. Now each of you are being sought for a similar mission of importance: to restore and safeguard the health care and other benefit entitlements that have eroded away from our veterans during a major portion of the 1990's. We, as veterans, know that you have the experience on legislative matters and processes to accept that challenge, and, we know that for many of you, have the Executive experience to rally your colleagues and support on not only this measure but other veterans actions that might be pending before you in this august body.

I know that some of you are Democrats, some are Republicans. I ask you to put those philosophical differences aside when deliberating this matter before you. As Soldier, Sailor, Airmen and Marines, political philosophies never separate us on the battlefield of yesterday. Now, we look to you to become "our soldiers" in this a quest for veterans' benefits.

I know that some of you made your careers in business, some in public service, some in the non-profit sector. I challenge you to recognize that there are no differences on this issue. There may be variations of understanding of the issues being raised by our veterans. But all of us place a high value on the men and women who wear the uniforms of our Nation's armed forces. All of us know that our Nation cannot guarantee a successful outcome for every servicemember and veteran's life. But each of us should believe that our Nation must stand by our service members as they exchange their military uniforms for the civilian clothes.

Just as those servicemembers (whether Sailors, Airmen, or GIs) stood up for us when they took their oaths of enlistment and exchanged their civilian clothes for the uniform of a recruit, we look to you in this deliberative body as their defender. Now is the time for you to answer their call to "duty"

when they can not longer afford to do so.

This is uniquely important topic for the next couple of years as Federal programs are reviewed, funded, reoriented, and perhaps some new focuses added for our dwindling veterans population. With somewhere around 250,000 veterans and perhaps a quarter of that being military retirees, there is a constituency within Kansas for program improvements at both the local and Federal levels. I am sure there will be some disagreements as to how this should be done, but hopefully in the end the result is a consensus for the veterans without dissent.

Today, I will not be able to address each recommendation being circulated in Washington, D.C. due to the brief time allotted for oral statements. I would ask that the text of the report be made a part of the record of this hearing. That hearing record, combined with the language of H.C.R. 5011 graciously introduced as a "by request" bill by your Chairman and other distinguished members of this panel, will then become the basis for discussion and deliberation of the issues we raise in our report.

The essence of the challenge before this body in Kansas or my home State's House of Delegates in Virginia is to develop plans that when executed empower individual service members and veterans to craft their own solutions to the challenges they will face in their civilian lives. We know that some programs administered today are not effective in placing veterans in suitable, economy enhancing jobs. Those programs over the next couple of years must be completely overhauled.

Within the veterans community at large I have found that business people do not believe that recently separated veterans, who by definition are mature, disciplined, drug-free, teamwork-oriented individuals, should have a higher unemployment rate than non-veterans the same age. But that is what we have found.

Many will argue that immediate employment is the key to successful civilian transition. It is my belief that education is the key to a successful transition. However, today, I will focus you on the Health Care issues that HCR 5011

addresses.

In my work, I have found men and women leaving the service that are concerned about healthcare coverage. Legislative commissions established from time to time usually address these concerns. That is the case with the most recent 1999 Congressional Commission on Veterans Issues. But, in the end, healthcare for service members and veterans will be provided by the healthcare systems of the both the Departments of Defense and Veterans Affairs.

Today, retired military Veterans, age 65 years and old vacate the military health care system and must compete for space in the large national Medicare program. Just the last fall, adjustments were made to allow a more favorable Medicare Plan B option for these military retirees. However, it is still a co-payment, and purchase system that annually cost the military retiree upwards of \$1,500 for average care and of course extends expeditious if there is any illness involved.

This cost may seem reasonable to most, however one must consider that in most cases that is perhaps a significant portion of an retirees annual pay if you consider that those age 65 or older left the military in the mid-1980's. They had not enjoyed any of the significant adjust to the military pay that came soon after that date. An Army or Air Force Captain retiring in that period earned about \$1,500 a month in pay at 20 years. Those military persons below that rank, all sergeants, receive substantially less.

We can see, that the retiree financial compensation is limited, if not fixed for these families so when medical cost escalate as they did under the last Presidential administration, they are felt in all parts of Kansas and the nation. It is not our goal in Washington DC to have Veterans below the poverty line because they had to choose between a quality of life and health care. Never should we accept this as a level of life for this population group.

Within the veteran's organizations, there is a concern for the future of these uniquely valuable Federal healthcare systems. Frankly, the two Federal Departments do not have the resources they need to fulfill their obligations to the men and women now standing in the ranks of freedom's defenders, let alone those of the past.

There is some concern that unless attention is given these health care programs, the systems will fail both the American people, and the men and women who defend our freedom. We must ensure that they better utilize the limited resources available to them.

There are many suggestions and recommendations that abound in the halls of Congress. I am sure they will be heard here in Topeka, for business practice improvements, such as in information management and, in the acquisition of pharmaceuticals and medical surgical supplies, that will help the systems operate more efficiently. There are recommendations to increase both the depth and breadth of the partnership between the Departments that will help them create synergistic increases in efficiency by better coordinating the utilization of the resources of each Department.

In summary, Mr. Chairman, I believe, that the American people, and the men and women who defend their freedom, face a good news/bad news situation.

The bad news is that many of the benefits and programs created to ease Service members' transitions to civilian life have been overcome by events and are no longer as effective as I believe the American people expect.

The good news for this Committee is that these programs can be improved and fixed. The fix must come from both the Federal and State levels. The solutions must be in the form of a Cooperative: the Federal sector, knowing the programs, managing those best and the State, being that vehicle who knows the people the best, assuming that linkage. This will be a challenge for states that do not have the infrastructure in place to be responsive to measures like Veterans Assistance programs and healthcare reform. But I ask you to consider what is needed, stand fast, and resolve to answer the question, "What will we do in Kansas for our veterans". I know with HCR 5011, you will have taken that very necessary first step.

As a multi-Theater veteran, I am grateful to you to allow me to submit this statement as it addresses issues before your deliberative body, and I applaud you for scheduling this hearing. I appreciate the opportunity to discuss some veterans programs and recommendations to fix them.

I stand ready with you to assist you in your deliberations in any way I can.
Thank you and I look forward to being able to return to Kansas in the near
term.

Respectfully,
Ken Strafer

Senate Federal and State Affairs Committee
Testimony on House Concurrent Resolution No. 5011
Major General (KS) Greg Gardner, Adjutant General
March 15, 2001

Good morning Madam Chairperson Harrington and members of the committee. On behalf of over 8,000 active and tens of thousands of retired Kansas National Guardsmen I would like to thank you for the opportunity to testify on House Concurrent Resolution No. 5011. There are two things I would like for you to take away from my testimony this morning.

First, it is was very impressive to see over 70 Representatives sponsoring this resolution in addition to you; especially since it is very clearly bipartisan support. It shows you as legislators take very seriously your seminal responsibility, the one outlined in our state and nation's constitution, that is, providing for our defense.

The second, relates to the "All Volunteer Military" that began over a quarter of a century ago – a generation ago in terms of people. The key to its success, and my most significant point this morning is "keeping our promises to service members." I believe Congress has come a long way in the last two years doing just that. We appreciate Senator Roberts' leadership in sponsoring the bill that reinstated a full retirement for all service members, undoing a reduced retirement system created over a decade ago that would have treated service members differently. We also appreciate Senator Warner's lead in the effort to provide TRICARE for life. The resolution you consider today is a part of "keeping those promises." Thank you again for supporting it.

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TESTIMONY IN FAVOR OF
HOUSE CONCURRENT RESOLUTION 5011
CHARLES M. YUNKER, DEPARTMENT ADJUTANT
KANSAS AMERICAN LEGION
MARCH 15, 2001

Thank you for allowing me the opportunity to testify in favor of House Concurrent Resolution 5011. My name is Charles Yunker and I serve the Kansas American Legion as its State Adjutant.

Several years ago The American Legion proposed a rather radical and innovative approach to the subject of veterans health care. That plan was called the GI Bill of Health and its objective was to insure the future stability of the medical care section of the Veterans Administration while at the same time making VA health care available to more veterans, including retirees with or without service connected disabilities and to veteran's families. The American Legion believed then and continues to hold that such expansion of services could be accomplished without relative funding increases.

The GI Bill of Health calls for the acceptance of third party reimbursement from both the private and public sectors including the elimination of regulations prohibiting one government agency from reimbursing another; such as Champus, Tricare, or Medicare reimbursing the VA for services rendered with the vast majority of such reimbursement remaining with the facility that provided the services. Thus permitting that facility such as the VA Medical Centers in Leavenworth, Kansas City, Topeka and Wichita the means to provide more care for more veterans.

Many of the GI Bill of Health's provisions have been adopted, such as the establishment of VA Outreach Clinics located throughout our state with more in the planning stages. In the meantime our nation's Armed Forces have experienced drastic downsizing including cutbacks in services available to military retirees in facilities such as Irwin Army Hospital at Fort Riley and McConnell Air Force Base in Wichita where services are restricted to active duty personnel and their families first, then the retirees if service is available. In other words, the retirees may or may not be served depending upon what is available.

When you combine the aforementioned cutbacks on active duty military facilities, cuts made to the Champus and Tricare programs, and the fact that an equal amount of any VA compensation for a service related disability is deducted from military retirees' monthly retirement payment it is very easy to see that this nation's career military veterans are facing promises unkept by the very nation they served to defend.

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Whenever a nation is faced with a shooting war, or a crisis that thankfully is defused before the shooting begins, that nation depends upon the leadership and experience of its career military personnel. Without such leadership and experience a Nation's security is threatened and that is what our Armed Forces is experiencing now -- reductions in career personnel.

HCR 5011 will let our Congressmen and Senators, and others know that we are concerned about both the loss of experienced career military personnel and unfulfilled commitments made to all military retirees.