

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 11:10 a.m. on April 27, 2001 in Room 123-S of the Capitol.

All members were present except: Senator Dave Kerr - excused

Committee staff present:

Debra Hollon, Kansas Legislative Research Department
Amory Lovin, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office
Avis Swartzman, Revisor of Statutes Office
Julie Weber, Administrative Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Dr. Kim A. Wilcox, Executive Director, Kansas Board of Regents
Charles "Chip" Wheelen, Executive Director, Kansas Association of Osteopathic Medicine
Senator Lana Oleen (written testimony)

Others attending: See attached guest list

The Chairman turned the Committee's attention to review of the minutes of the meetings of March 8, March 12, March 13, March 20, and March 21, 2001. Senator Jackson moved, with a second by Senator Salmans, to approve the minutes of the meetings as listed above. Motion carried by a voice vote.

Chairman Morris opened the public hearing on:

HB 2014--Professional service scholarships, osteopaths, optometrists, nurses, teachers, national guard officers

Staff briefed the committee on the bill.

Chairman Morris welcomed Dr. Kim Wilcox, Executive Director, Kansas Board of Regents, who spoke in support of **HB 2014** (Attachment 1). Dr. Wilcox noted in his testimony that many of the changes recommended by the Legislative Educational Planning Committee are intended to streamline the administration of the scholarship programs by making them consistent with one another and generally update certain scholarship statute provisions.

Chairman Morris welcomed Charles "Chip" Wheelen, Executive Director, Kansas Association of Osteopathic Medicine. Mr. Wheelen stressed that this bill is the product of a great deal of work and collaboration over several years' time and urged support of **HB 2014** (Attachment 2).

Written testimony was received by Senator Lana Oleen in support of **HB 2014** (Attachment 3).

Committee questions and discussion followed each conferee's testimony and the Chairman thanked them for their appearance before the committee.

Senator Feleciano moved, with a second by Senator Adkins, to pass **HB 2014** as favorable. Motion carried by a roll call vote.

The meeting was adjourned at 11:40 a.m. The next meeting is scheduled for May 1, 2001.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE April 27, 2001

NAME	REPRESENTING
Marvin Burns	RBR
Kim Wilcox	KBR
Mary Jane Stattelman	KGFA
Chip Wheelen	Assn of Osteopathic Med.
John Hein	Hein + Weir
Cindy Deaton	DOT
Joe Fund	KDHE
Jerry Sloan	Judicial Branch
Bill Body	KS adv'g Consulting
Clay Blair	Ks. Board of Regents
DICK CARTER	RBR

SENATE WAYS AND MEANS COMMITTEE

TESTIMONY ON HOUSE BILL 2014

Kansas Board of Regents
April 27, 2001

PROFESSIONAL SERVICE SCHOLARSHIP PROGRAMS

The Board of Regents administers several professional scholarship programs designed to help insure that needed professional services are available to Kansans. This is accomplished by creating a service obligation for recipients to practice in Kansas, and/or by purchasing seats for Kansas students to attend schools in other states for professional training that is not available in Kansas. In the fall of 1999, a group of representatives of the professional associations, legislative staff and Regents staff worked together to recommend statutory changes in the programs to the Legislative Educational Planning Committee. Many of the changes recommended by the LEPC are intended to streamline the administration of the programs by making them consistent with one another and generally update the law.

As recommended by the LEPC, HB 2014 makes several changes to the following programs: Osteopathic Scholarship; Nursing Student Scholarship; Optometry Education; Teacher Scholarship; Ethnic Minority Fellowship; Advanced Registered Nurse Practitioner; and Kansas National Guard ROTC Scholarship.

In addition, HB 2014 amends the Ethnic Minority Fellowship Program to recognize the need to enhance the diversity of the student population at the state educational institutions. At the Board's request, the 2000 Legislature approved similar amendments to the Ethnic Minority Scholarship Program.

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The following is a brief description of the changes included in HB 2014:

1. Expands the list of eligible sponsors for nursing students to include licensed home health agencies and local health departments.
2. Adds language to the Teacher Scholarship Program under which a student could fulfill the service obligation by serving in a part of the state where there is a critical teacher shortage, regardless of the discipline taught.
3. Reconciles the definitions of "primary care" in the Osteopathic Scholarship Program to make them consistent.
4. Adds the reason of "family leave", as defined in the Family Medical Leave Act, to the list of reasons the service obligation could be deferred.
5. Adds an "extenuating circumstances" reason, as determined by the Board of Regents, to the list of reasons for deferral of the service obligation.
6. Adds training in residency programs or other similar programs to the list of reasons for deferral of the service obligation for optometry graduates.
7. Standardizes the grace period between the time a person is eligible to work and must begin to fulfill the service requirement to six months.
8. Increases the maximum scholarship to an amount not to exceed 70 percent of the cost of attendance at a Regents university for the ROTC, nursing, advanced registered nurse practitioner and teaching scholarship programs; in the case of the osteopathic scholarship program, increases the maximum amount of the scholarship to the amount allowed under the Medical Student Loan Act; establishes the maximum award for the ethnic minority fellowship program to an amount not exceed the cost of attendance at a Regents university.
9. Renames all programs as service programs to emphasize that a service commitment is expected.
10. Lowers the interest rate on repayments from 15 percent to rates applicable to loans made under the federal PLUS (Parent Loan for Undergraduate Student) program at the time the recipient first entered the program, plus 5 percentage points. Currently the interest rate on the PLUS Program is around 9%.
11. Makes consistent the ways in which the recipient's obligation can be satisfied.
12. Gives the Board of Regents the option to contract with a private service to collect repayments.

13. Allows practitioners to work part-time, as long as part-time service equated to full-time equals the total amount of time required under the service agreement.
14. Amends the existing Kansas National Guard ROTC Scholarship Program to reallocate unused slots among eligible institutions.
15. Establishes the professional service scholarship advisory committee comprised of eight members that represent each of the service area.

Funding for the scholarships would be dictated by legislative appropriation because increasing the maximum award, in itself, does not cause a fiscal effect.

The Board of Regents supports passage of HB 2014 and urges the Committee to pass the bill out favorably.

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Testimony
Senate Ways and Means Committee
Regarding
House Bill 2014
By Charles Wheelen
April 27, 2001

Thank you for this opportunity to express our support for House Bill 2014. These amendments to current laws and new sections are the product of extensive hearings, staff work, and deliberations by the Legislative Educational Planning Committee.

This bill reestablishes the eligibility requirements, terms, and conditions for a number of scholarship programs that create incentives for students to engage in an academic curriculum leading to a particular occupation. These scholarships were created by the Legislature at different times to address a documented shortage of professionals.

This bill does not create demand transfers or require appropriations of any kind. Funding of the scholarship programs is completely separate as a function of annual appropriation acts.

The amendments contained in sections one through six would significantly improve the Kansas Osteopathic Medical Service Scholarship Program. As you probably know, the State of Kansas does not have the benefit of a school of osteopathic medicine at any of our academic institutions. Instead, we have an excellent program that provides financial assistance to Kansas residents while they pursue a doctor of osteopathy degree at an out-of-state college or university. Then, if they return to Kansas and practice primary care medicine in a rural county, the academic loan is forgiven, whereas if they do not return to Kansas to practice medicine, they must repay the funding with interest. In either event, the Legislature and the taxpayers receive a return on their investment.

Section one of HB2014 would establish a new limit on the amount of the scholarship that is equal to the amount granted to a medical student loan recipient at the University of Kansas School of Medicine. This would not necessarily require additional funding for osteopathic scholarships but, as a matter of public policy, would establish equity between the two comparable programs. We believe this is an important amendment that reflects fundamental fairness.

Section two of the bill contains an amendment that allows the physician to fulfill his or her commitment by practicing part-time. Of course the duration of service obligation is commensurately longer for the physician who practices part-time in a rural county or underserved location. This would allow, for example, a physician to practice part-time in Wichita (which does not fulfill the obligation) and also practice part-time in one of the surrounding rural counties (which does fulfill the obligation).

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Section two also clarifies that a physician may fulfill his or her commitment by practicing at least half-time at a state institution such as a psychiatric hospital or correctional facility. In addition, this section adds obstetrics and gynecology to the list of medical specialties that are defined as primary care.

Another important amendment contained in section two allows the Board of Regents to designate medically underserved areas other than the rural counties. For example, the Board could designate an urban clinic for medically indigent patients as medically underserved, thus allowing the scholarship recipient to fulfill his or her obligation by providing medical care to patients who lack resources.

Section three makes an important change in the rules governing repayment of the grant in the event the physician decides not to engage in a primary care specialty or decides not to practice in a rural county of the State. Current law imposes a fifteen percent interest rate which may have been appropriate in the past. But at times when the cost of borrowing is low, a fifteen percent rate of interest is perhaps usurious. The amendment would establish an interest rate based on the prevailing rate for undergraduate student loans plus five percent.

Section four of HB2014 contains technical amendments only, but it is important to note that it pertains to K.S.A. 74-3267a. This is the section of law that created the osteopathic medical service scholarship repayment fund. In recent years, balances in this fund have been sufficient to afford a significant portion of financing the scholarships. And it's our understanding that the Governor's recommended budget for next fiscal year would fund all 32 (eight per academic class-year) of the osteopathic scholarships from the repayment fund.

Section five of the bill deals with K.S.A. 74-3268 which allows physicians to postpone their practice commitment under certain circumstances such as military service. This section of law would be amended to conform with the federal Family and Medical Leave Act of 1993 and would also allow the Board of Regents to exercise discretion in the event of special circumstances. The Board would be required to adopt administrative regulations setting out the criteria or guidelines for determining when special circumstances exist. And section six incorporates technical amendments in K.S.A. 74-3268a which are consistent with other amendments contained in the bill.

In conclusion we want to endorse the provisions of new section 49 that creates the Professional Service Scholarship Advisory Committee to work with the Board of Regents staff. This Committee would include one member to represent each of the interested professions. The purpose of this Committee is to continue the valuable collaboration which occurred ad hoc during the 1998 and 1999 interims between legislative sessions.

Thank you for considering our comments in your deliberations. We respectfully request that you recommend passage of HB2014.

State of Kansas

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VICE CHAIR: ORGANIZATION, CALENDAR & RULES
MEMBER: STANDING & JOINT COMMITTEES

Majority Leader Kansas Senate

SENATE CHAMBER, STATE CAPITOL
TOPEKA, KANSAS 66612-1504

Senate Ways and Means Committee April 27, 2001

Testimony in Support of H.B. 2014

Mr. Chairman and members of the Ways and Means Committee:

Thank you for the opportunity to provide testimony today in support of House Bill 2014, a bill that pertains to various Professional service scholarships. Professional service scholarships have been in existence for a few years, and this bill centralizes and standardizes provisions of service scholarships.

Last year, the Senate passed this measure by a vote of 37 to 2, and the bill did not have the time opportunity to make it through the process. This year, the same provisions are contained in HB 2014, which passed the House 123-0. A number of groups have worked hard on coordination of these measures; the Legislative Education Planning Committee has been effective in coordinating these programs.

These scholarships allow students to complete their courses of study, and then employ their skills in areas of Kansas that are currently under served by many of the professions outlined in this bill. I believe the scholarships in HB 2014 will directly benefit rural and under-served areas of our state. Under provisions of this bill, students will be provided financial incentive and assistance as they complete their education. Additionally, the commitment of service in under-served areas will allow these new professionals to serve the pressing needs associated with the lack of availability faced by many Kansans today.

I encourage your favorable action on HB 2014. Thanks.

Respectfully submitted,



Senator Lana Oleen

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