

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on March 30, 2005 in Room 514-S of the Capitol.

All members were present except:

Representative Sawyer- excused

Committee staff present:

Alan Conroy, Legislative Research Department
 J. G. Scott, Legislative Research Department
 Amy VanHouse, Legislative Research Department
 Reagan Cussimano, Legislative Research Department
 Amy Deckard, Legislative Research Department
 Becky Krahl, Legislative Research Department
 Susan Kannarr, Legislative Research Department
 Jim Wilson, Revisor of Statutes
 Mike Corrigan, Revisor of Statutes
 Nikki Feuerborn, Administrative Assistant
 Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Representative Forrest Knox
 Gary Rowden, The GEO Group
 Phill Kline, Attorney General
 Pat Hurley, Corrections Corp. Of America (CCA)
 Sheila Lampe, Sunflower Solutions
 Chuck Sypher, Retired school psychologist
 Roger Werholtz, Secretary, Department of Corrections
 Andy Sanchez, Kansas Association of Public Employees (KAPE)
 Judy Bailey, volunteer at Topeka Correctional Facility
 Peter Nienemire
 Sister Therese Bangert, Kansas Catholic Conference
 Cathy Guebara, President of Kansas Cure
 Frank Smith, Silver Haired Legislator from Bluff City
 Karla Finnell, Kansas Association for the Medically Underserved (KAMU)
 Dick Morrisey, Department of Health and Environment

Others attending:

See attached list.

- Attachment 1 Testimony on **SB 243** by Representative Forrest Knox
- Attachment 2 Proposed Amendment to **SB 243** presented by Representative Knox
- Attachment 3 Testimony on **SB 243** by Gary Rowden
- Attachment 4 Testimony and proposed amendment on **SB 243** by Pat Hurley
- Attachment 5 Testimony on **SB 243** by Sheila Lampe
- Attachment 6 Testimony on **SB 243** by Chuck Sypher
- Attachment 7 Testimony on **SB 243** by Roger Werholtz
- Attachment 8 Testimony on **SB 243** by Andy Sanchez
- Attachment 9 Testimony on **SB 243** by Judy Bailey
- Attachment 10 Testimony on **SB 243** by Peter Ninemire
- Attachment 11 Testimony on **SB 243** by Sister Therese Bangert
- Attachment 12 Testimony on **SB 243** by Cathy Guebara
- Attachment 13 Testimony on **SB 243** by Frank Smith
- Attachment 14 Written testimony on **SB 243** by Thomas Kane
- Attachment 15 Testimony on **SB 84** by Karla Finnell
- Attachment 16 Testimony on **SB 84** on behalf of Dr. Howard Rodenberg
- Attachment 17 Fiscal Note on **SB 85**
- Attachment 18 Budget Committee Report on **HB 2395**

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 30, 2005 in Room 514-S of the Capitol.

Hearing on SB 243 - Allowing construction and operation of private prisons.

Representative Forrest Knox presented an explanation and testimony in support of **SB 243** (Attachment 1), and offered an amendment to change the language to limit the bill to apply to private prison construction in Woodson County only (Attachment 2).

Gary Rowden, Regional Director of the Central Region for The GEO Group, Inc. presented testimony in support of **SB 243** (Attachment 3).

Phill Kline, Attorney General, presented comments in support of **SB 243**. General Kline noted that his research indicates:

- The authorization of private prisons is becoming a national trend.
- Outcomes are better in private prisons.
- Costs are reduced with more efficient use of state dollars.
- Addresses prison space problem.
- Less liability risks.

Responding to questions from the Committee, General Kline indicated that the bill requires the private prison to carry liability insurance to cover lawsuits if the state is held accountable for wrongful death. The private prison would need to negotiate with the Department of Corrections to contract for housing of the state's inmates. There would not be guaranteed placement by the Department of Corrections. General Kline stated that he would provide information to the Committee on the research done by Harvard Law School on private prisons.

Pat Hurley, on behalf of Corrections Corporation of America (CCA), presented testimony in support of **SB 243** and offered a proposed amendment (Attachment 4). With reference to the amendment, Mr. Hurley noted that the Department of Corrections has suggested the addition of the word "solely" after the word "used" to read "and is not used solely for the placement or confinement of inmates from an agency of the federal government". Mr. Hurley stated that CCA would oppose an amendment limiting the private prison construction to Woodson County.

Sheila Lampe, Sunflower Solutions, on behalf of the Woodson Chamber of Commerce, presented testimony in support of **SB 243** (Attachment 5). Responding to a question from the Committee, Ms. Lampe stated that Woodson County and Yates Center have the infrastructure in place for the construction of a private prison.

Chuck Sypher, a retired psychologist, presented testimony in opposition to **SB 243** (Attachment 6).

The meeting was recessed at 10:00 a.m. and reconvened at 1:30 p.m.

Continued Hearing on SB 243 - Allowing construction and operation of private prisons.

Roger Werholtz, Secretary of Department of Corrections, presented testimony in a neutral position on **SB 243** (Attachment 7). Secretary Werholtz directed his testimony at the cost, flexibility and competition as they relate to private prisons. Secretary Werholtz indicated that it is less expensive to add inmate beds to existing prison facilities. Among the concerns voiced by Secretary Werholtz included the quality of the treatment programs offered for the inmates at a private prison, whether or not the state would be mandated or obligated to use the private facility and if the state would be involved in the regulation of the private facility. Secretary Werholtz noted that the Department of Corrections did not support the amendment to limit the construction of a private prison to Woodson county. Other comments by Secretary Werholtz included:

- Important to maintain the state's existing prisons because of the economic impact on the cities and counties where the prisons are located, if the facilities were to be closed.
- According to the legislation, the Department of Corrections would have the authority to set the specifications for how the private prison is to be constructed.
- When looking for private prison space, the legislation would require the Department of Corrections to look first within the state of Kansas.
- The amendment offered by Mr. Hurley with the addition of the word "solely" would be acceptable to the Department of Corrections with a concern that the state not be exempted from oversight. Another

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 30, 2005 in Room 514-S of the Capitol.

- amendment offered with reference to “non-Kansas inmate” is also acceptable.
- Because of the current need for more medium security prison beds by the State, the Department of Corrections’s recommendation is to build a maximum facility at El Dorado and use it as a medium facility until needed for maximum inmates.

The following offered testimony in opposition to **SB 243**:

- Andy Sanchez, Kansas Association of Public Employees (Attachment 8).
- Judy Bailey, volunteer at Topeka Correctional Facility (Attachment 9).
- Peter Ninemire, Families Against Mandatory Minimums Foundation (Attachment 10).
- Sister Therese Bangert, Kansas Catholic Conference (Attachment 11).
- Cathy Guebara, President of Kansas Cure (Attachment 12).
- Frank Smith, Silver Haired Legislator from Bluff City (Attachment 13).

Written testimony was received from Thomas Kane, Assistant Director for Information, Policy and Public Affairs for the U.S. Department of Justice Federal Bureau of Prisons (Attachment 14).

The hearing on **SB 243** was closed.

Hearing on SB 84 - Appropriations for FY 2006 for the department of health and environment, 340B federal drug pricing program.

Susan Kannarr, Legislative Research Department, explained that **SB 84** would appropriate \$750,000 from the State General Fund (SGF) to Department of Health and Environment (KDHE) for FY 2006 to finance prescription support for community-based primary care clinics. The bill specifies the funding will be used for (1) purchasing drug inventory under section 340B of the federal public health services act; (2) subsidize out-of-pocket costs for patients of 340B participating clinics; and (3) support operating costs of assistance program at clinics to increase access to pharmacy assistance programs operated by pharmaceutical manufacturers. Ms. Kannarr noted that the \$750,000 appropriation has already been added to the FY 2006 budget.

Karla Finnell, Kansas Association for the Medically Underserved, presented testimony in support of **SB 84** (Attachment 15). Ms. Finnell will provide a list of community health centers (CHCs) to any member of the Committee who requests a copy.

Dick Morrissey, Department of Health and Environment (KDHE), appeared on behalf of Dr. Howard Rodenberg, Director of Health for KDHE, and presented testimony in support of **SB 84** (Attachment 16). Mr. Morrissey noted that an amendment applied to the bill by the Senate would clarify the section on subsidy limited to patients of CHCs participating in the 340B program.

The hearing on **SB 84** was closed.

Representative Bethell moved to recommend **SB 84** favorable for passage. The motion was seconded by Representative Pottorff. Motion carried.

Hearing on Sub for SB 85 by Committee on Ways and Means--Social and rehabilitation services implement a program for breast reconstructive surgery from breast cancer for medicaid beneficiaries.

Audrey Dunkel, Legislative Research Department, explained that **SB 85** was originally introduced as an appropriations bill. The Senate Committee on Ways and Means recommended a substitute bill to expand Medicaid policy in substantive law. The substitute bill would require the Department of Social and Rehabilitation Services to provide breast reconstructive surgery for breast cancer patients in the Medicaid program. A fiscal note on the original bill was presented (Attachment 17). As amended by the Senate, the agency estimates a cost of \$450,000 all funds with \$180,000 State General Fund (SGF). A conference committee on the appropriations bill has funded this service at \$450,000 all funds and \$180,000 social welfare funds.

The hearing on **Sub for SB 85** was closed.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 30, 2005 in Room 514-S of the Capitol.

Representative Ballard moved to recommend **Substitute for SB 85** favorable for passage. The motion was seconded by Representative Bethell. Motion carried.

Discussion and Action on HB 2395 - Changing the fees prescribed for licenses and permits in the pet animal act.

Representative Schwartz, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on **HB 2395** and recommended a substitute bill for **HB 2395** (Attachment 18). The motion was seconded by Representative Powell. Motion carried.

Amy VanHouse, Legislative Research Department, explained that HB 2395 increases the fees charged under the Kansas Pet Animal Act by 25 percent. Ms. VanHouse stated that the Budget Committee recommends a substitute bill that would increase most of the fees by 35 percent; create a new license category for animal shelters and pounds, with a fee not to exceed \$300 and add a provision that would allow federally licensed retail breeders to opt out of the state program.

Representative Feuerborn moved to remove the language from **SB 288** and insert the substitute language for **HB 2395** creating **House Substitute for SB 288**. The motion was seconded by Representative Bethell. Motion carried.

Representative Bethell moved to recommend **House Substitute for SB 288** favorable for passage. The motion was seconded by Representative Schwab. Motion carried.

The meeting was adjourned at 4:30 p.m. The next meeting of the Committee will be “on call of the chair”.

Melvin Neufeld, Chair