

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 10:45 a.m. on April 6, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD
Rae Anne Davis, KS Legislative Research Department
Debra Hollon, KS Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Asst. Revisor of Statutes
Judy Bromich, Administrative Assistant to the Chairman
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Senator Morris offered a motion to approve the minutes of the March 17 and 22 meetings. The motion was seconded by Senator Jordan and carried on a voice vote.

HB 2814: Senior pharmacy assistance program

Senator Salisbury noted that the reason a subcommittee had been assigned to review this bill was because of the difficulty in determining the number of potential participants and the potential amount of money in this program. She stated that using the same assumptions made by the Division of the Budget (an 8% return on investments and an April 1 implementation date for the program), the cumulative earnings would total \$2.7 million (Attachment 1). She said that because this kind of projection is difficult, the subcommittee decided to change the effective date to July 1, 2001 in order to get one year's investment growth. She told members that it was the subcommittee's intent to give the Secretary on Aging full flexibility to manage the program within the revenue stream and that the subcommittee did not wish to lead senior citizens to think that this program was an entitlement. Instead, it was the subcommittee's desire to help the most medically needy. Senator Salisbury stated that it is anticipated that the program will be modest initially but, as the corpus grows, the Legislature may wish to make the program more liberal. She added that the Federal government may act to incorporate a similar program in Medicare and, if that occurs, the state could use the interest earnings for another purpose.

Senator Salisbury reviewed the proposed amendments which the subcommittee made to **HB 2814** (Attachment 2). In discussing the amendments, Senator Salisbury noted that the subcommittee gave the Secretary of Aging flexibility to determine the dispensing fee, that the \$1200 annual cap on drug benefits is based on the Medicaid average for persons who are not disabled or in a nursing home, and that the \$1200 cap does not include copay. Senator Salisbury noted that the revisor had suggested inserting the words "take any one or more of the following actions" after the word "may" on page 2, line 35 of the bill.

Concern was expressed that the number of eligible participants under the guidelines established in the balloon version of the bill had not been identified. Senator Salisbury noted that last year there were 105,000 households with individuals over 65 who had incomes of \$15,000 or less. This number is not reliable for this program, however, because it is unknown how many of those are eligible for other insurance or covered by Medicaid. She added that persons who are eligible for Medicaid may not be eligible for this program because the guidelines for Medicaid eligibility in terms of income are more liberal than the guidelines contained in the balloon. Senator Ranson noted that she had asked for information about the cost of Rhode Island's senior pharmacy program because they use disease specific allocations. Action on the bill was delayed in order to obtain more information.

HB 2591: Sub for H 2591 by Committee on Education--State education technology network,

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establishment

The Chairman noted that this bill had been heard on April 5, 2000 and was before the Committee for action. He asked that the Committee consider the following issues:

- Does the Committee want to pass the bill?
- Does the bill satisfy the concerns of the private sector?
- Does the Committee have a comfort level with E-rate discount and the availability of monies from the Universal Service Fund?
- Is the Committee comfortable knowing that there will be a minimum of \$4.5 million in annual recurring costs?

Members discussed at length whether the E-rate discounts associated with the KAN-ED program would provide an incentive or disincentive for the private sector. Bruce Roberts, Deputy Director of the Bureau of Administrative Services within DISC, stated that funding that could come from E-rates might stimulate build-outs for districts that do not have services. Senator Ranson expressed concern about the availability of E-rate discounts in the out-years and the ongoing costs of the program, particularly if those discounts did not materialize. Members questioned whether school districts really envisioned connectivity to Internet II or simply wanted high speed access to the commercial Internet. There was some discussion about the databases which would be available only on the Intranet or Internet II and the benefits those databases might provide in linking school districts and libraries across the state. It was noted that benefits could include expanding curriculum in rural school districts, teacher in-service education and the sharing of Foster Care information. In answer to a question, Don Heiman, Executive Director of DISC, stated that some universities currently have access to information on the backbone. Senator Jordan voiced his support of program, but inquired whether greater efficiencies could be achieved if implementation were delayed for another year. Senator Lawrence, a member of the interim committee, noted that this issue has been the top priority of the Department of Education for the last two years, but concurred with Senator Jordan because of unanswered questions. Senator Salmans suggested that the Joint Committee on Information Technology monitor the progress of the private sector in providing internet access, determine whether the pipeline is sufficient to provide Internet II, determine the availability of Universal Service Fund monies, and report to the Legislature next year.

Lynne Holt, KLRD, stated that there were two issues addressed by the Interim Committee in their decision to recommend this bill. The first was that as a network is expanded and more people use it, it has more value. The second issue was that of equity - how to bring access to all districts and libraries at an affordable cost.

In answer to the Chairman, a representative from Cox Cable stated that his company's recent announcement that they would provide free Internet service to schools is an extension of the free cable TV service that they have provided to schools for seven years. He stated that Cox Cable anticipates free connectivity and Internet service for the 400 schools and the libraries in their service area within the next 12 months. He also noted that other private companies are aggressively providing access to services in their areas. There was discussion about why schools districts might not choose to take advantage of the state's obligation to provide broadband services at discounted prices. Dale Dennis, Deputy Commissioner, Department of Education, stated that the monthly service charge for districts ranges from a minuscule amount to nearly \$2,000 per month.

Senator Lawrence moved, Senator Salisbury seconded, that **HB 2591** be amended to delay implementation of the KAN-ED program for a year and that technical amendments be made to the bill so that it can be published in the statute books. The motion carried on a voice vote.

Senator Jordan distributed copies of a balloon which he asked that the Committee consider (Attachment 3). It was moved by Senator Downey and seconded by Senator Feleciano that the word "provide" be replaced by the word "implement" on page 16, line 1. The motion carried on a voice vote. In answer to concerns, Mr. Heiman stated that the Department understands that the Legislature does not want DISC to own or buy a network and lay fiber, but instead wants to have DISC manage or lease a network. Responding to Senator Jordan, Mr. Heiman stated that the Department's bid for service would be done functionally, there would be performance standards, and the Department would be accommodating to the industry. He stated that if the Legislature does not restrain the program, he would anticipate that KAN-

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ED would stimulate the development of the infrastructure in remote areas of the state.

Senator Downey moved, Senator Gilstrap seconded, that **HB 2591** as amended be recommended favorably for passage. The motion carried on a roll call vote. The Chairman noted that he would send a letter to the Joint Committee on Information Technology requesting that this program be reviewed over the summer.

The Chairman adjourned the meeting at 1:00 p.m. The next meeting is scheduled for April 7, 2000.