

Approved: Feb. 9, 1994
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on February 3, 1994 in Room 123-S of the Capitol.

All members were present except: Senator Morris, who was excused

Committee staff present: Debra Duncan, Legislative Research Department
Diane Duffy, Legislative Research Department
Norm Furse, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Dr. Bill Wolff, Principal Analyst, Kansas Legislative Research Department
Senator Mark Parkinson
Bob Wunsch, Legislative Liaison, KUMC
Rebecca Washington, KUMC Student
Chip Wheelan, Kansas Academy of Family Physicians

Others attending: See attached list

SB 619--CLAIMS AGAINST THE STATE

Dr. Wolff appeared before the Committee to review claims that had been recommended for payment by the Joint Committee on Special Claims Against the State. The following sections were discussed:

Sec. 4., lines 38 and 39 -- Dr. Wolff noted that this warrant had been paid and recommended deletion of these lines. In answer to Senator Kerr, he stated that once the Joint Committee has acted, the Department of Administration verifies that warrants have not been reissued and checks for any outstanding debts owed to the state that could be used as setoff.

Senator Brady moved and Senator Rock seconded that SB 619 be amended by deleting lines 38-39 from page 7 and by replacing the words "state general fund" in line 25 on page 8 with the words "operating expenditure account of the state general fund." The motion carried on a voice vote.

Sec. 8 -- Dr. Wolff told members that the amount recommended as compensation for personal injury is exempt from charges of attorney fees. He indicated that Ms. Shay will sign a release for all future claims.

Sec. 9 -- It was noted that payment of the claim was recommended because the Joint Committee believed there was some evidence that the employee had been promised an award. Dr. Wolff stated that this is the third consecutive year that an agency has not paid an award and the claimant has petitioned the Joint Committee.

Sec. 14 -- Dr. Wolff explained that the state had paid a claim to Mr. Miles last year regarding this roofing project. Mr. Miles did not believe that, by taking the money, he waived his right to full payment on the original contract. Two thousand dollars was held pending completion of the contract as is standard. Upon completion of the contract, the University refused to provide any further compensation because of the waiver.

Sec. 15 -- This item was vetoed from the claims bill last year by the Governor. Senator Brady noted his support for the item. At Dr. Wolff's suggestion, Senator Brady moved, Senator Moran seconded, that Sec. 15 of SB 619 be amended by deleting the words "state building fund" from lines 5 and 6 on page 10 and that those words be replaced with the words "State Institutions Building Fund, account number 507-00-8100-7-8028 06." The motion carried on a voice vote.

Sec. 20 -- At the suggestion of Dr. Wolff, Senator Kerr moved, Senator Salisbury seconded, that SB 619 be amended by deleting the words "servicing clearing fund" on lines 37 and 38 of page 10 and inserting in their place the words "Restricted Fees Fund." The motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 3, 1994.

Senator Don Sallee appeared before the Committee to petition for a claim that had been denied by the Joint Committee on Special Claims Against the State. He indicated that after an original inspection by the State Grain Inspection Department on a shipment of grain, the federal inspectors were notified and, after testing and inspection by federal personnel, it was determined that nothing was wrong with the grain. The total cost incurred by the grain company amounted to \$10,333.40. Dr. Wolff stated that the petition was made because the claimant believed that the original finding of pesticide found by the state inspector should not have triggered the call made to the federal inspectors. Senator Emert, Chairman of the Joint Committee, commented that the Grain Inspection Department testified that they were not required to report the finding, but did not feel that they had violated any procedure. It was moved by Senator Moran and seconded by Senator Lawrence that SB 619 be conceptually amended by including the proposed amendment submitted by Senator Sallee (Attachment 1), but limiting the amount to actual expenses and the costs involved in loading and unloading the grain. The motion carried on a voice vote.

It was moved by Senator Brady and seconded by Senator Moran that SB 619 as amended be recommended favorable for passage. The motion carried on a roll call vote.

SB 537--MEDICAL STUDENT LOAN PROGRAM CRITERIA FOR AWARDING LOANS

Senator Mark Parkinson testified in support of SB 537 and reviewed Attachment 2. In answer to Senator Salisbury, he reiterated that although legislation does not include language that excludes any Kansas student based on residency, the committee that selects those who may enter the program has adopted the policy of excluding applicants from Douglas, Shawnee, Sedgwick, Johnson and Wyandotte counties.

Bob Wunsch, legislative liaison for the University of Kansas Medical Center, testified in opposition to SB 537 and reviewed the criteria for student selection and objections to SB 537 found in Attachment 3. It was stated that there is no reliable data on the correlation between those urban versus rural students who have bought out of the program. There was some support for limiting scholarships to those from rural areas because of the belief that students with rural roots are more likely to return to rural areas.

Rebecca Washington, medical student at KUMC, testified in support of SB 537 and reviewed Attachment 4. Senator Karr inquired why Ms. Washington would like to practice in a rural area. She answered that she had completed her undergraduate studies at Kansas State University and preferred the rural setting. Senator Karr asked for the correlation between students completing undergraduate studies at universities other than Kansas University and the number who commit to rural areas. Ms. Washington told members that 87 students from her class numbering 175 were willing to commit to locating in Kansas as primary care physicians. In answer to Senator Moran, Ms. Washington stated that she did not believe students fully understand the commitment to practicing in rural areas. She brought an application form and indicated that it only asked the applicant if he/she was willing to enter primary care. The Chairman requested that Mr. Wunsch provide a copy of the application for to the Committee.

Mr. Chip Wheelan testified on behalf of the Kansas Academy of Family Physicians in opposition to SB 537 (Attachment 5). On behalf of the Kansas Medical Society, Mr. Wheelan stated that the Society does not have a position on SB 537 in regard to the criteria for granting loans, but believes that more loans should be made available. He voiced his opposition to the Governor's recommendation in SB 590 to allocate \$1.5 million from the Medical School and Loan Repayment Fund to operating expenditures, reiterating that he believed it should be used to fund more loan slots. The Chairman stated that the Medical Loan Program has not worked to alleviate the shortage of health care providers in Kansas and stated that he would check on the number of people who have defaulted on medical loans.

The meeting was adjourned at 12:35 P.M.

The next meeting is scheduled for February 4, 1994.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: Feb. 3, 1994

[illegible]

Proposed Amendment to SB 619

The Kansas grain inspection department is hereby authorized and directed to pay the following amount from the grain inspection fee fund as payment for damages sustained due to the department's failure to follow proper grain inspection procedures to the following claimant:

White Cloud Grain Company, Inc., Box 276, Hiawatha,
KS 66434..... ~~\$10,333.40~~

SWAM
February 3, 1994
Attachment 1

STATE OF KANSAS

MARK PARKINSON
SENATOR, 23RD DISTRICT
REPRESENTING GARDNER, OLATHE,
OVERLAND PARK, SPRING HILL
15587 S. GREENWOOD
OLATHE, KANSAS 66062
913-829-5044



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
CHAIRMAN: LOCAL GOVERNMENT
MEMBER: JUDICIARY
FEDERAL AND STATE AFFAIRS
ELECTIONS

**TO: SENATOR AUGUST "GUS" BOGINA AND
MEMBERS OF THE SENATE WAYS AND MEANS COMMITTEE**

FROM: SENATOR MARK PARKINSON

RE: SB 537

DATE: FEBRUARY 3, 1994

At the outset, I would like to thank Chairman Bogina and the other members of the Ways and Means Committee for taking the time to hold a hearing on SB 537. While this issue does not involve a great deal of funds, it does deal with an issue of fundamental fairness, and I appreciate the time you have taken to consider the bill.

Senate Bill 537 amends the selection process for applicants to the Kansas Medical Student Loan Program. The Kansas Student Medical Loan Program is an effort by the State of Kansas to encourage medical students to go into primary care and to practice in a rural area. Specifically, the program provides 35 students with loans to pay for tuition and a monthly stipend of up to \$1,500.00. In return, those students agree that they will focus on primary care and practice in a rural Kansas area. A rural area is defined as any county except Douglas, Johnson, Sedgwick, Shawnee and Wyandotte.

I am in complete support of this program. It is an excellent way to encourage practice in rural areas and also to emphasize primary care. This legislation is meant in no way to harm this program.

*SWAM
February 3, 1994
Attachment 2*

Instead, this legislation makes the selection process for students who want to enter into the program fair. Under the current practice, the committee that selects those who will enter the program has completely excluded any applicant from Douglas, Johnson, Sedgwick, Shawnee and Wyandotte. The bill would eliminate this discrimination and provide that the residence of the application cannot be a consideration in selection into the program.

The problem arose last year when there were more applicants than slots available. There were 87 first year students who applied for 35 slots. Forty-four of those came from rural areas, 38 came from five urban counties, and five were from out of state. The Legislature had directed the committee to first consider in state students. That worked to exclude the five out-of-state applications. Unfortunately, the committee then went one step further and decided that it would first consider the 44 applications from rural areas. Because there were more applicants from rural areas than slots available, the 38 applicants from the five urban counties were completely excluded.

I believe this is patently discriminatory and urge you to put a stop to this practice by adopting SB 537.

The defense of this practice has been that research indicates that students who come from rural areas are more likely to return to rural areas. Those studies are complete inapplicable to this situation. Under the Kansas Student Medical Loan Program, any student, whether rural or urban, must enter into an agreement that they will go to a rural area. There is not evidence that urban students are more likely to break that contractual agreement than rural students. In short, the studies that the university has used to justify the policy do not apply.

As a result of this discrimination, Representative Vince Snowbarger requested

an Attorney General opinion to determine whether the practice was constitutional. The Attorney General opined that the practice may have a rational basis and, therefore, is constitutional. As you know, the rational basis test is very easy to satisfy and that does not mean that the discrimination continue by the Legislature.

I urge you to end this discriminatory practice by adopting SB 537.

TESTIMONY BEFORE THE SENATE WAYS AND MEANS COMMITTEE

SB 537

ROBERT S. WUNSCH

February 3, 1994

Thank you, Mr. Chairman. My name is Robert Wunsch and I am here today on behalf of the University of Kansas Medical Center to testify concerning Senate Bill 537. Please allow me to provide you with a brief history of the medical scholarship program.

Originally, the first medical scholarship legislation was a by-product of a 1977 interim study by the special committee on Ways and Means, which recommended that resident tuition at the School of Medicine be increased more than three-fold. In conjunction with the increase, the committee also supported the enactment of a medical student scholarship program. Although the intent of the program was to encourage students to locate their practice in Kansas, the primary objective of the program was financial assistance. Originally, no limits were placed on the number of students participating, nor was there any restriction to select primary care specialties. Enrollment averaged approximately 165 students the first several years.

However, student interest in the program began to decline as restrictions regarding service obligations were added. More importantly, the financial incentives, specifically, the monthly stipend, remained unchanged.

In 1983 the legislature began limiting the number of new awards by appropriation to 100; then in 1985 down to 75, and in 1986, it was reduced to 50. In recent years, the legislature has tended to limit the number of new awards to 30, and in her budget recommendations for FY '95, Governor Finney recommended limiting the awards to 30.

In an effort to rekindle interest in this program, the 1992 Legislature enacted the current medical student loan program greatly increasing the financial incentives. The monthly stipend of \$500 a month, was increased to a limit of \$1500 per month, with the actual amount at the discretion of the student. Students are now required to select a residency training program upon graduation among General Pediatrics, General Internal Medicine, Family Medicine, Family Practice, or Emergency Medicine. Upon completion of their residency, students can satisfy their service obligation by practicing in any community within Kansas, other than in Douglas, Johnson, Sedgwick, Shawnee or Wyandotte counties.

In anticipation of renewed interest in the program, the University established a priority criteria for selecting students, in case there were more requests than available funds. The following is the priority criteria selected: 1) first-year students were given priority since the intent was to create a significant financial obligation so that the student would be more

SWAM
February 3, 1994
Attachment 2

inclined to comply with the service obligation; 2) Kansas residents were given preference over non-residents (now a statutory criteria); 3) applicants from counties other than Douglas, Johnson, Sedgwick, Shawnee and Wyandotte were given preference; 4) finally, if needed, a judgment would be based on financial need. This policy was shared with committees during the 1992 interim and during the 1993 session with both the Senate Ways and Means and House Appropriations Committees. Our discussions with legislators have indicated to us that this criteria has been in keeping with legislative intent.

For the current fiscal year, 118 students applied for the 35 available loans: 97 were from the entering class of '97, 44 non-urban; 38 were urban; and 5 were non-residents. The foregoing criteria was utilized in awarding the loans to 35 first year Kansans from the 100 non-urban counties.

Studies have shown that there is a statistical correlation between a student's home of origin and where he/she most likely will practice medicine. Generally, growing up in a rural environment is the consistent predictor of practice in a rural environment. However, Senate Bill 537 asks: Is there any evidence that a commitment made by an urban student to practice in a non-urban area any less of a commitment than a like commitment made by a non-urban student? The loan program is too new to have any experience on the strength of such commitments.

The Attorney General was asked for his opinion as to the constitutionality of the University's criteria. In opinion 93-111 the Attorney General concluded that the University may legally differentiate between urban and non-urban applicants when determining how to allocate limited medical scholarship loans to Kansas residents.

If the Legislature should eliminate our established urban/non-urban residency criteria, then there is almost no criteria available by which applicants can be selected. Need, alone, does not seem sufficient under the concept of the program. In our opinion, forcing the process to subjective selection through interviews would be a mistake. It would be unfair to award a loan to one of four applicants based on an oral interview, particularly if the sole objective was to determine the genuineness of a commitment to practice in a non-urban location.

A recent report to the Board of Regents by the Arthur Anderson consultants, recommends that there be no urban/non-urban residency criteria as it presently exists. However, it is further recommended that the loan program be available to 75 percent of the applicants, which would certainly make the administration of the loan program without the urban/non-urban residency criteria more manageable.

If Senate Bill 537 becomes law and loans are again limited to 30, we will administer the program to the best of our ability. However, doubling the eligible applicants, which is what will occur, will make our task extremely difficult absent acceptable selection criteria.

Ladies and Gentlemen:

My name is Rebecca Washington. I am a first year medical student at the the University of Kansas School of Medicine. I am appearing today to express my support of Senate Bill No. 537.

I applied for the Kansas Medical Student Loan Program in January of 1993. I was not selected for a position at that time. I later learned that priority for selection was given to those applicants from the 100 counties of Kansas that exclude Johnson, Wyandotte, Douglas, Sedgwick, and Shawnee counties. Due to the large number of applicants and the fact that I am from Johnson County, I was not considered for the loan program.

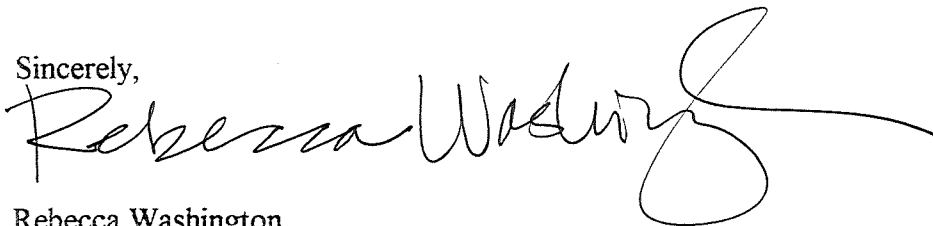
It is my understanding that this program was formulated to increase the number of primary care physicians practicing in underserved areas of Kansas. Therefore, I believe that all who are willing to come to the aid of their home state should be equally considered, regardless of the Kansas county in which he or she resides.

I am from Johnson County. However, I am a resident of Kansas, I have financial need, and most importantly, I have an ardent desire to serve the people of Kansas outside of Johnson, Wyandotte, Douglas, Sedgwick and Shawnee counties as a primary care physician.

I am a worthy applicant more than willing to fulfill the obligations and conditions of the loan. I firmly believe I should have been fully considered for the program without regard to my home county. Please consider allowing students like myself to have an equal opportunity to serve their home state in this manner.

Please consider supporting this bill. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Rebecca Washington". The signature is fluid and extends to the right with a long horizontal stroke.

Rebecca Washington

SWAM
February 3, 1994
Attachment 4



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Executive Director

Carolyn Gaughan

Kansas Academy of Family Physicians

1999 N. Amiden, Suite 300, Wichita, KS 67203-2124

Phone (316) 832-1408, Fax (316) 832-0079

February 2, 1994

TO: Members of the Senate Ways and Means Committee
RE: SB 537

To the attention of Chairman Bogina and Committee Members:

I wanted to be sure that members of the Senate Ways and Means Committee are aware of the position of the Kansas Academy of Family Physicians in regards to the above mentioned proposed legislation. Anticipating this as an item for action in this session, the KAFFP Board of Directors, at its quarterly Board Meeting in Wichita on December 4, discussed the issue and put it to a vote. We clearly oppose the expansion of the Kansas Medical Loan Program to include the five urban counties in Kansas. We strongly believe that those students who originate from rural counties will be much more likely to return to rural, underserved locations to practice because of their background and understanding of small town and/or rural life in our great state. I, myself, am living proof of that process. I was born and raised in Fredonia, Kansas, and chose to locate in Atchison County, which, at the time, was a critically underserved county for family practice. It would take a great deal of study and proof to convince me that students from urban centers will desire to locate their practices in rural critically underserved areas.

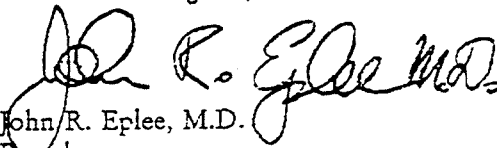
Furthermore, it is my understanding that, from the number of applicants recently received, there are adequate non-urban applicants for the slots that were allotted this past year. It is my understanding there were 118 applicants, some of which were second and third year students, applying for a total of only 30 slots. Of these 118 applicants, 44 were non-urban.

In educating myself on the Kansas Medical Loan Program, I was depressed to learn that only 30 slots were allotted in the past session. It has been our goal for the last two years to increase the number of recipients to at least 45. It is also my understanding that a recent study that the legislature authorized on the entire School of Medicine recommended that 75% of the loan applicants should be awarded Kansas Medical Loan Awards. With the data that I have, that would indicate that nearly 90 applicants would have been awarded a loan this year, a 300% increase! If the number of loans were dramatically increased, we could certainly look with more favor upon the intent of SB 537. At the current number, it isn't in the best interests of the program's success. The Academy urges the Legislature to consider what we consider to be the more important issue: the increase of the number of loan slots to at least 45, a more feasible increase of 50% over last year.

To summarize, we oppose SB 537 because:

- 1) We believe that the students from the non-urban counties are more probable to return to non-urban counties to practice, and
 - 2) There are not enough loans to cover all the applicants.
- If you have any questions, please feel free to give me a call.

With kindest regards,


John R. Eplee, M.D.
President

SWAM
February 3, 1994
Attachment 5

Representing the largest medical specialty group in Kansas

1	Revolving student loans fund	No limit
2	Student loans fund	No limit
3	Suspense fund	No limit
4	Educational opportunity grant fund.....	No limit
5	Basic educational opportunity grant fund.....	No limit
6	National direct student loan fund	No limit
7	Medical scholarship and loan repayment fund	4,502,338

8 *Provided*, That in addition to the purposes for which expenditures
9 may be made from the medical scholarship and loan repayment fund
10 established by subsection (f) of K.S.A. 76-376 and amendments
11 thereto for the above agency moneys may be expended for operating
12 expenditures, except that such expenditures shall not exceed
13 \$1,500,000: *Provided, however*, That expenditures from this fund for
14 attorney fees and litigation costs associated with the administration
15 of the medical scholarship and loan program shall be in addition to
16 any expenditure limitation imposed on the operating expenditures
17 account of the medical scholarship and loan repayment fund or on
18 the total expenditures from the medical scholarship and loan repay-
19 ment fund.

20 University of Kansas medical center private practice foundation reserve
21 fund No limit

22 (c) On July 1, 1994, or as soon thereafter as moneys are available,
23 the director of accounts and reports shall transfer amounts specified
24 by the chancellor of the university of Kansas of not to exceed a total
25 of \$150,000 for all such amounts, from the general fees fund to the
26 following funds: The national direct student loan fund, federal basic
27 educational opportunity grant fund, federal college work-study fund,
28 health professions student loan fund — medical students and health
29 professions student loan fund—nursing students.

30 (d) Total expenditures by the above agency during the fiscal year
31 ending June 30, 1995, from general use funds for salaries of un-
32 classified staff of clinical departments, excluding residents, interns,
33 fellows and nonclinical faculty positions funded wholly from restricted
34 fees, shall not exceed 38% of the total compensation for such em-
35 ployees. During the fiscal year ending June 30, 1995, the proportion
36 of general use fund salary support for any individual clinical de-
37 partment shall not exceed 50%, except that this 50% limitation shall
38 not apply to the departments of family practice, pediatrics, psychiatry
39 and rehabilitation medicine. The provisions of this subsection shall
40 not apply to unclassified staff of clinical departments at the university
41 of Kansas school of medicine at Wichita.

42 (e) On July 1, 1994, or as soon thereafter as moneys are available,
43 the director of accounts and reports shall transfer an amount specified