

Approved: Feb. 16, 1998 _____
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on February 11, 1998 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Russell Mills, Legislative Research Department
April Holman, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ann Deitcher, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Senator Kerr opened the meeting by reading a copy of the report of the Subcommittee on Education. (Attachments 1 & 2).

Following the Senate Subcommittee Recommendations, Senator Kerr explained that in the following, "Aid and Other Assistance", the funding for all the major elements of school finance was being deleted. The reason for this is that they do not yet have the distribution formula from the Education Committee. It is not uncommon for the funding to be delayed pending the Education Committee decisions and there is no intention to imply that the Committee is disagreeing with the Governor. It is merely a timing problem in the division of labor between the Education Committee and the Ways and Means Committee.

Regarding the section in which the Subcommittee calls attention to the problem involved with estimated Medicaid reimbursements in the current year, copies of a draft letter were distributed. These are being sent out by Families Together, Inc. in cooperation with SRS, to help with the parental permission issue. (Attachment 3.)

Senator Downey asked if Medicaid was not available before. Senator Kerr said that last year there was a contract with Maximus, a private company, to help obtain this money. They did very well getting the money but this year we're trying to do it on our own. The 96-97 school year was the first one that Maximus recovered. For the school year 97-98, as of December 97, we've only recovered \$1.3 million of more than \$15 million projected for the entire year.

Stacey Farmer of KASB pointed out that Maximus had certain waivers that enabled them to do what SRS was unable to do. SRS is now applying for waivers.

With the addition of \$79,494 from the State General Fund for Adult Basic Education, for a total of \$1.0 million, Senator Kerr pointed out that this amount means we are now above Federal match.

Senator Salisbury moved and Senator Jordan seconded the motion to amend the Subcommittee report to state that the additional position that's tied to the Federal program would not survive if the Federal money were withdrawn. The motion carried on a voice vote.

After some discussion, Senator Salmons moved and Senator Lawrence seconded the motion that the Subcommittee report be approved as amended. The motion carried on a voice vote.

SB 545

An act making and concerning appropriations for FY ending 6/30/98 for Department of Health & Environment.

A list was handed out that showed the areas where the state of Kansas directly funds the purchase of drugs.

Senator Kerr said that this would be a major policy decision because by granting them \$235 thousand, the funds requested, we are starting down the path of state funding for this purpose.

Senator Ranson said that information provided to her stated that this shortfall was based on the 1997 Federal allocation of \$1.5 million which was the Ryan White Title II fund. The 1998 allocation is \$1.9 million so the Federal allocation is already going to be \$400,000 more than 1997. There is additional money coming in the 1998 budget and there is considerably more money being recommended for 1999 Federal funding.

Sally Finney, Executive Director of Kansas Public Health Association, said the program relies on Federal funds but there is report language out of last year's budget discussions that says Congress is expecting states to begin to contribute funds.

Senator Ranson moved and Senator Feleciano seconded to accept SB 545 as favorable for passage. The motion carried on a roll call vote.

Senator Salisbury moved and Senator Jordan seconded that minutes of February 3 and 4 be approved. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:25 p.m.

The next meeting is scheduled for Thursday, February 12, 1998.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 2/11/98

NAME	REPRESENTING
Jim Mugby	KDHE
Bob Lippert	AIDS Council of Greater Kansas City
Hally Toney	Ks. Public Health Assn.
Dean Sinclair	Topeka AIDS Project
Jessie Torres	Families Together, Inc.
Doug Bowman	CEEDS
Jim Lambard	DOB
Stacey Farmer	KASB
JOHN STRICKLEIR	KA CEE
David A. Page	

SUBCOMMITTEE REPORT

Agency: State Department of Education

Bill No.

Bill Sec.

Analyst: Rampey

Analysis Pg. No. 25

Budget Page No. 155

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 17,624,321	\$ 17,681,571	\$ —
Aid to Local Units	2,199,320,856	2,174,396,856	—
Other Assistance	35,569,785	35,569,785	—
TOTAL	<u>\$ 2,252,514,962</u>	<u>\$ 2,227,648,212</u>	<u>\$ —</u>
State General Fund:			
State Operations	\$ 8,400,619	\$ 8,400,619	\$ —
Aid to Local Units	1,973,395,741	1,948,571,741	—
Other Assistance	256,631	256,631	—
TOTAL	<u>\$ 1,982,052,991</u>	<u>\$ 1,957,228,991</u>	<u>\$ —</u>
FTE Positions	205.0	205.0	—
Unclass. Temp. Positions	37.8	37.8	—
TOTAL	<u>242.8</u>	<u>242.8</u>	<u>—</u>

Agency Overview

The State Board of Education is a ten-member elected board established by the Kansas Constitution. It is responsible for the general supervision of public schools and all other educational interests of the state that are not under the jurisdiction of the Kansas Board of Regents. Its duties include accrediting elementary and secondary schools; establishing standard courses of study in the public schools; certifying teachers and administrators; approving public and private teacher education programs; administering a variety of state and federal aid programs; licensing proprietary schools; and supervising area vocational schools, technical colleges, and community colleges.

Agency Estimate/Governor's Recommendation

For FY 1998, estimated expenditures from the State General Fund exceed the approved amount by \$62,000. The increase is due to salary savings due to vacancies in FY 1997 that were reappropriated to the current year. The State Department has used the money for technology equipment upgrades.

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Attachment 1-1*


The increase in the other funds category of \$9.2 million over the original estimate is due to the receipt of more federal funding than had been estimated originally.

The Governor recommends a reduction of \$24,762,000 from the State General Fund in the current year, which is accounted for in its entirety by concurring with the State Board's estimated increase of \$62,000 for agency operations due to carry-forward savings from FY 1997 and to make revisions in school finance to reflect the consensus estimates made in November. Adjustments made by the Governor to other funds differ only slightly from the State Board's revised estimates.

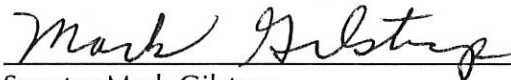
Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor, with the following exception:

1. After submitting its budget, the State Department received information that enrollments in juvenile detention facilities have exceeded its estimate. The additional students will require an increase of \$219,046 over the current appropriation of \$2,712,248. The Department intends to ask the Governor to submit a Governor's Budget Amendment to fund the additional estimated cost. The Subcommittee will review the State Department's request for additional funding when the Governor's response to the State Department's request is known.



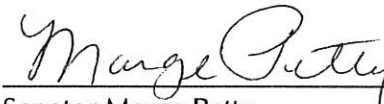
Senator Dave Kerr, Chairperson



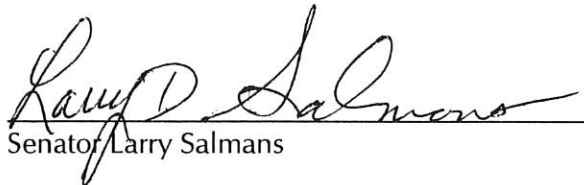
Senator Mark Gilstrap



Senator Barbara Lawrence



Senator Marge Petty



Senator Larry Salmans

SUBCOMMITTEE REPORT

Agency: State Department of Education

Bill No.

Bill Sec.

Analyst: Rampey

Analysis Pg. No. 25

Budget Page No. 155

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 17,967,008	\$ 17,986,443	\$ (443,338)*
Aid to Local Units	2,420,957,708	2,380,110,860	(35,695,793)
Other Assistance	35,585,285	35,625,285	(30,000)
TOTAL	\$ 2,474,510,001	\$ 2,433,722,588	\$ (36,169,131)
State General Fund:			
State Operations	\$ 9,233,881	\$ 8,760,630	\$ (287,176)*
Aid to Local Units	2,196,359,898	2,137,013,050	(35,695,793)
Other Assistance	276,631	316,631	(30,000)
TOTAL	\$ 2,205,870,410	\$ 2,146,090,311	\$ (36,012,969)
FTE Positions	209.0	207.0	1.0
Unclass. Temp. Positions	32.8	32.8	0.0
TOTAL	241.8	239.8	1.0

* Includes a reduction of \$411,283 (\$212,176 from the State General Fund) for the Governor's employee salary adjustments.

Agency Request/Governor's Recommendation

Requested expenditures for FY 1999 total almost \$2.5 billion, of which \$2.2 billion is from the State General Fund. Without \$103.8 million requested for enhancements, the increase from the State General Fund over the current year is \$120.0 million, or 6.1 percent. General and supplemental general state aid account for the largest component of the increase, but special education and the employer contribution for KPERS-School also contribute.

Of the enhancements requested by the State Board totaling \$103.0 million from the State General Fund, the Governor approves almost \$80.0 million. In addition, the Governor adds "enhancements" either not requested by the State Board or requested as part of the regular budget. Examples include almost \$4.7 million recommended by the Governor for the Parent Education Program, which is \$1.8 million more than requested; \$1.0 million for area vocational school and technical college technology

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grants that was not part of the State Board's request; and \$50,000 for both the Kansas Foundation for Agriculture and Environmental Education, twice the amount the State Board had requested for each program.

In all, a total of \$13.0 million was approved by the Governor as one-time technology grants. Funding for FY 1999 will be from a transfer in FY 1998 from the State General Fund to the Budget Stabilization Fund using proceeds from the \$66.6 million corporate income tax payment from Western Resources. Elementary-secondary schools will receive \$10.0 million, area vocational schools and technical colleges \$1.0 million, and community colleges and Washburn University \$2.0 million.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor, with the following exceptions:

State Operations

1. Add 1.0 FTE for a Food Service Consultant, at a total of \$42,945 for salary and associated expenditures. The funding for the position would be from federal food service funding. The position would help plan, develop, coordinate, and deliver staff development training for school food service personnel.
2. Delete \$75,000 from the State General Fund that was recommended by the Governor for a new program to provide \$1,000 grants for 75 teachers to participate in a program leading to certification by the National Board for Professional Teaching Standards. The Subcommittee believes the benefits of the program would affect a small number of people and that teachers who are interested in the certification can pursue it on their own.
3. Delete \$411,283, including \$212,176 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$125,826); classified step movement (\$107,496); longevity bonus payments (\$75,705); and the 1.5 percent classified base salary adjustment (\$102,256) from individual agency budgets.

Aid and Other Assistance

1. Delete a total of \$35,852,000 from the State General Fund for general state aid to school districts. The funding was added by the Governor to increase Base State Aid Per Pupil from \$3,670 to \$3,705 (\$19,852,000); increase the weighting for at-risk pupils from 6.5 percent to 8.0 percent (\$6.0 million); and lower the correlation weighting threshold from 1,800 students to 1,775 students (\$10.0 million). The remaining amount recommended by the Subcommittee totals \$1,633,277,000 and would fund school finance under current law. The amount also includes \$40,307,000 to replace local resources that would be lost as the result of legislation that has passed the Senate to reduce the school district property tax rate from 27 to 23 mills.

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The action of the Subcommittee funds the school finance program under current law and takes into account legislation to change the law that has passed the Senate. It would be the Subcommittee's intention to reconsider the appropriation for school finance later in the 1998 Session if any substantive changes have been made to the school finance law.

2. Delete \$275,905 for KPERS-School, for a total of \$83,674,552. The total would fund the entitlement under current law. The reduction is the additional amount that would have been necessary as the result of the Governor's recommendation to increase Base State Aid Per Pupil. If legislation is enacted that would change the KPERS-School entitlement, the Legislature can consider an adjustment to the appropriation later in the Session.
3. Concur with the Governor's recommendation of \$212,994,174 for special education, but point out that calculations of special education excess costs in FY 1999 take into account an estimated \$15.8 million that school districts would receive as Medicaid reimbursement for services provided special education students whose families are Medicaid eligible. Assuming that the estimates are correct, the Governor's recommendation would fund approximately 85.5 percent of excess costs. However, if the Medicaid reimbursement is less than estimated, the percentage of excess costs funded would drop. (Excluding the Medicaid reimbursement entirely, the Governor's recommendation would fund 80.4 percent of excess costs.)

The Subcommittee calls attention to the matter because \$15.8 million also was estimated for Medicaid reimbursements in the current year, but only \$1.3 million has been collected as of the end of December, 1997. Reasons for the slow collections include problems school districts are having in getting parents to give permission for districts to bill for Medicaid payments, getting permission from parents to contact physicians to get student medical condition documentation, and getting the necessary referral from a primary care provider every six months. The Subcommittee has been informed that some special education advocacy groups are working with parents to provide information and urge them to cooperate with school officials.

The State Department of Education reports that it is working with the Department of Social and Rehabilitation Services, which has primary responsibility for the state administration of the program, to resolve the problems. It is possible that a report will be available by March 15 identifying steps that have been taken to ensure that school districts will receive maximum reimbursement for services they provide Medicaid-eligible special education students.

It is the Subcommittee's intention to review the special education appropriation later in the Session when updated information provided by the Department of Social and Rehabilitation Services on Medicaid reimbursement is available.

4. Concur with the Governor's recommendation of \$2,712,248 for juvenile detention facilities, but review the recommendation when the Governor's response to a requested budget amendment is known. The State Department learned in December that its estimate of students in juvenile detention facilities who would receive services from school districts in FY 1999 should be increased. Services for

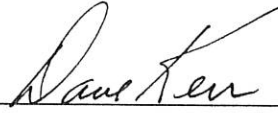
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Attachment 2-3

the additional students will cost \$669,657 more than the \$2,712,248 recommended by the Governor.

5. Add \$352,618 from the State General Fund for community college credit hour aid, for a total of \$42,846,736. Taking into account recommended funding for technology, the increase of 3.4 percent over FY 1998 for community colleges is the smallest increase of all postsecondary education sectors. The Subcommittee's addition would bring the increase to 4.0 percent. It is the Subcommittee's intention to add community colleges to the list of items to be considered later in the Session for additional funding when updated information about state revenues is available. At that point, the Subcommittee would consider adding another \$515,038, for a total increase over the Governor's recommendation of \$867,656. The total would be an increase of 4.9 percent over FY 1998, which is the percentage increase the Governor recommended for the Regents universities, Medical Center, and Board Office combined.
6. Add \$79,494 from the State General Fund for Adult Basic Education, for a total of \$1.0 million. The Subcommittee can think of few programs that bring a better return on the investment of state funds in terms of program success, partly due to the high motivation of adults who enter the program because they want to learn basic skills in order to get a job.
7. Delete \$15,000 from the State General Fund for Environmental Education, for a total of \$35,000. The amount recommended by the Subcommittee is an increase of \$10,000 (40 percent) over the current year's funding of \$25,000. In addition, the Subcommittee recommends the addition of a proviso to the appropriation that each state dollar be matched by two dollars in private grants or other funding.
8. Delete \$15,000 from the State General Fund for the Kansas Foundation for Agriculture, for a total of \$35,000. The amount is an increase of \$10,000 over the current year's funding of \$25,000. By proviso, the state money must be matched 40 percent by private funds.
9. Concur with the Governor's recommendation of \$3.0 million for inservice education (the same amount as in the current year), but add inservice education to the list of items the Subcommittee will consider later in the Session when updated revenue estimates are available.
10. Concur with the Governor's recommended transfer of \$50,000 from the Family and Children Investment Fund for Communities in Schools, but consider additional funding for the program in the Omnibus Bill when it is known whether a federal HUD grant can be renewed. The Communities in Schools program has been funded with a combination of state, federal, and private support, but there is concern that a \$75,000 HUD grant may have expired.

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Attachment 2-4



Senator Dave Kerr, Chairperson



Senator Mark Gilstrap



Senator Barbara Lawrence



Senator Marge Petty



Senator Larry Salmans

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Attachment 2-5

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Dear Parent/Guardian:

A program for receiving payments from Kansas Medicaid has been implemented by your school district special education department. Our district may bill Medicaid for medically necessary services we have and are providing your student such as therapy for speech, physical, occupation and/or nursing services.

If your school age student (age 3-21) is Medicaid eligible and is receiving special education services, your participation is requested.

Please be aware there is NO CAP on Medicaid. Also be aware that the school district will advise you, as parent/guardian, the amount billed to Medicaid on behalf of your student. Special education services to your student will not change. We will bill for services that have not previously ben reimburseable to the district. All Medicaid reimbursement will stay in our district special education budget.

Parents/guardians are asked to participate by:

1. Providing the information requested on the attached form.
2. Sending a copy of the student's Medical Card.
3. Providing information about the student's physician.
4. Keeping the Department of Special Services informed of any changes in the students Medicaid eligibility.

All of the information requested for the program will be kept confidential.

This is a joint effort by the Kansas Department of Eeucation and SRS to help keep special education expenses down. We need your assistance in the way of written permission, on behalf of your student. Please complete the enclosed information form and return it in the enclosed stamped envelope.

If you have any questions concerning any part of this program, please contact Families Together, Inc. at 1-800-264-6343 or your school district, Department of Special Services.

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Attachment 3*