Approved: February 6, 2002
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:40 a.m. on January 23, 2002 in Room 313-S of the Capitol.

All members were present except: All present

Committee staff present:
Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:
Janet Schalansky, Secretary, Department of Social and Rehabilitation Services
Connie L. Hubbell, Secretary, Department on Aging
Jane Rhys, Executive Director, Kansas Council on Developmental Disabilities
Gina McDonald, President/CEO, Kansas Association of Centers for Independent Living
Kathy Lobb, Legislative Liaison, Self-Advocate Coalition of Kansas
Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards
Dr. Kim Wilcox, President and CEO, Kansas Board of Regents
Dr. Edward Hammond, President, Ft. Hays State University

Others attending: See attached list

Chairman Morris continued the public hearing on:

SB 385 – Supplemental appropriations and adjustments for FY 2002 for state agencies

Janet Schalansky, Secretary, Department of Social and Rehabilitation Services, spoke in opposition to **SB 385** (Attachment 1). Secretary Schalansky mentioned in testimony that a current year cut of this magnitude, this late in the State Fiscal Year, leaves them with only a few options:

- Pend targeted current year bills until next fiscal year, creating the need for deeper reductions in FY 2003.
- Make reductions in grants, contracts and provider payments where the Department has the flexibility and authority to do so. This would most likely eliminate individuals from services they are accustomed to receiving.

She mentioned that she believed that social services in Kansas are better off under the Governor's Plan because it specifically outlines targeted reductions and eliminations with accompanying changes in public policy.

Connie L. Hubbell, Secretary, Department on Aging, spoke in opposition to **SB 385** (Attachment 2). Secretary Hubbell testified that due to the severity of the options noted in her written testimony, that she does not believe that a current year recision is the best way to achieve a reduction in expenditures. She mentioned that while there is no easy option for reducing services to Kansas seniors, she would prefer to gradually reduce the number of clients served in the programs over the twelve month course of FY 2003 than to enact any of the measures necessary to make a 2 percent recision in the current year. Committee questions and discussion.

Jane Rhys, Executive Director, Kansas Council on Developmental Disabilities, spoke in opposition to **SB 385** (Attachment 3). Dr. Rhys expressed concern regarding the effect that cuts in this year's appropriations will have on individuals with disabilities. She mentioned that while the Council does not think that the Governor's plan is perfect, but he does protect their most vulnerable populations. Dr. Rhys asked that **SB 385** be revisited to determine a way to keep Kansans with disabilities and the elderly from losing services that they need to thrive and, in some cases, just to survive.

Gina McDonald, President/CEO, Kansas Association of Centers for Independent Living, spoke in opposition to **SB 385** (Attachment 4). Ms. McDonald mentioned that the answer cannot be to cut services, including hospitals, because people need them to live. Ninety percent of SRS's budget is direct service.

Kathy Lobb, Lawrence, South Advocate Coalition of Kansas, spoke in opposition to **SB 385** (Attachment 5). Ms. Lobb expressed that she receives state aid to live independently. She mentioned that she would not like to see herself, nor many other people who have disabilities and would be affected by this cut, moved from community services back into institutions.

Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards and others, et. al., spoke in opposition to **SB 385** (Attachment 6). Mr. Tallman expressed detailed concerns in his testimony regarding ways **SB 385** affects schools during the current year and also lists consequences.

Dr. Kim Wilcox, President and CEO, Kansas Board of Regents, spoke in opposition to **SB 385** (Attachment 7). Dr. Wilcox explained that neither the Kerr/Morris plan nor the Governor's plan address significant budget issues for higher education:

- Third year of **SB 345** not funded
- Funding salary annualization; health insurance; and death and disability – total of $17 million for state universities
- Funding of $2.7 million out-district tuition buy down

Dr. Edward Hammond, President, Fort Hays State University, spoke in opposition to **SB 385** (Attachment 8). Dr. Hammond mentioned that cuts will have circumstances for citizens in Kansas. He is concerned with the KPERS TIAA impact because a portion has already been paid in FY 2002.

Committee questions and discussion followed.

Chairman Morris informed the Committee that the hearing on **SB 385** will continue the following day, January 24, 2002.

Bill Introductions

Senator Feleciano moved, with a second by Senator Downey, to introduce three bills concerning the KPERS retirement benefit multiplier (1rs1550), KPERS vesting requirement reduced to five years (1rs1563) and parole officers in KPERS correctional officers class (1rs1563). Motion carried by a voice vote.

The meeting was adjourned at 12:15 p.m. The next meeting is scheduled for January 24, 2002.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST
DATE January 23, 2002

NAME	REPRESENTING
Doug Farmer	Aging
Connie Hubbell	KDOA
Janet Schalansky	SRS
Diane Duffy	SRS
Mike Oxford	Topeka Ind. Living
Karon Potts	Topeka Ind. Living
Dennis Jackson & Aubie	TILRC
Sue Christmas	TILRC
Bern Vaughn	KDRACH
Brad Stauffer	Topeka Public Schools, USD 501
Sheila Frahm	Community Colleges
Jan Brack	KSC
Janet Chubb	SOS
Nancy Bryant	SOS
Marsha Strahm	CWA of Ks
Sally Finney	Ks. Public Health Assn.
Bob Harder	UMC-KS
Shelby Smith	City of Topeka
Kathy Lobb	SACK
Jeanne Graham-Lenz	Self-Advocate Coalition of Kansas
Jennifer Schwartz	Independence Inc.
Dale Huffman	FAMILIES TOGETHER

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE Jan. 23, 2002

NAME	REPRESENTING
Josie Torrez	Parent
Shannon Jones	SILCK
Gina McDonald	KACIL
Rosebud Rainbow	Myself.
Elizabeth Adams	NAMI Kansas
Clay Blair	Kansas Board of Regents
Marv Burris	KBOR
Kim Wilcox	KBOR
[illegible]	ESU
Linda Lubensky	KS Home Care Assoc.
Debra Prideaux	FHSU
Dr Edward Hammond	FHSU
Jay Arnold	COALITION FOR Independence
Mark F. Stafford	Kearney Law / KATSC
Cindy D'Ercole	Kansas Action for Children
Jennifer McAdam	Kansas Action for Children
Jason Wesco	Kansas Legal Services
DAVID MAUERSBERGER	Pittsburg AREA Chamber Commerce
Jerry Lindberg	City of Pittsburg
Kevin Mitchelson	Pittsburg Area Chamber of Commerce
John Pinegar	Washburn University
Mike Huttles	Pharmacia

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE 1/23/2

NAME	REPRESENTING
Bill Howgill	Governor's Office
Matthew Memmer	Topeka Ind. Living Resource Center
Paul Peterjohn	KS Taxpayers Network
Derl Treff	PMIB
Roger Juhnke	Bethel College, N. Newton
Joyce Volmut	Kansas Assoc. Medically Underserved
Sandy Braden	Civic Council of KC
Pat Higgins	Dept of Admin.
Kathy Porter	Judicial Branch
Jerry Sloan	Judicial Branch
AmyLynn Turner	Sen. Feleciano's office
Jim Conant	KDOR
Heather Frederick	KNASW student intern
Shirley Martin	Shawnee Heights USD 450
Jacques Oakes	SQE
Kathy Bohnhoff	KS Insurance Dept
Kyle Smith	KBI
Maureen Mahoney	KVC (Kaw Valley Center)
Doug Bowman	KS Interagency Coordinating Council
Bruce Linhos	Children's Alliance

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

PROTECT CHILDREN
KANSAS SRS
PROMOTE ADULT SELF SUFFICIENCY

Docking State Office Building
915 SW Harrison, 6th Floor North
Topeka, Kansas 66612-1570

for additional information, contact:

Operations
Diane Duffy, Deputy Secretary

Office of Budget
J.G. Scott, Director

Office of Planning and Policy Coordination
Trudy Racine, Director

phone: 785.296.3271 ***fax:*** 785.296.4685

Senate Ways and Means Committee
10:30 a.m. Room 123-S
January 22, 2002

Testimony Regarding Senate Bill 385

Office of the Secretary
Janet Schalansky, Secretary

Senate Ways and Means
1-23-02
Attachment 1

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

Senate Ways and Means Committee
January 22, 2002

Testimony Regarding Senate Bill 385

Mr. Chairman and members of the Committee, thank you for the opportunity to appear on S.B. 385. As I understand the bill, I must respectfully oppose its passage.

<u>SRS Understanding of S.B. 385</u>
Attachment A is a table that lists the dollar equivalent of a two percent recision to each SRS State General Fund account appropriated by the 2001 Legislature. The recision to the 11 SGF line-items totals $12.3 million. The corresponding loss of federal matching funds is estimated to be $15.0 million. The total reduction would be $27.3 million.

In addition, the bill provides SGF supplemental funding for the consensus caseload estimates for General Assistance, Medical, Nursing Facilities-Mental Health, Foster Care and Adoption totaling $34.2 million.

<u>Limited Current Year Financial Options for SRS under S.B. 385</u>
Assuming this bill became law by the last quarter of this state fiscal year, a 2 percent cut of the total annual SGF appropriation after three quarters of the year have passed would in effect be an 8 percent cut in the final quarter.

Furthermore, S.B. 385 would leave SRS with an annual SGF appropriation of $637.7 million, of which $366.6 million is appropriated for the consensus caseload estimates listed above. Because these programs must be held harmless, the cut would equate to a 4.5 percent annual reduction and therefore nearly 20 percent in the final quarter.

As we ended the 2001 Legislative Session and began to prepare our budget submission for FY 2003, we already had serious concerns about our FY 2002 budget. At that time, SRS identified several significant policy changes to reduce expenditures to meet the allocated resource estimate. We also attempted to control program growth by refining service priorities and accommodated limited funding increases in critical areas where they were necessary to avoid undermining program integrity or putting consumers at greater risk. We made additional changes in the Medicaid program to slow down cost increases. Governor Graves adopted almost all of those targeted reductions and eliminations in his "existing resources" budget as outlined in Attachment B. A current year cut of this magnitude, this late in the State Fiscal Year, leaves us with only a few options:

- Pend targeted current year bills until next fiscal year, creating the need for deeper reductions in FY 2003.
- Make reductions in grants, contracts, and provider payments where the Department has the flexibility and authority to do so. This would most likely eliminate individuals from services they are accustomed to receiving.

I believe that social services in Kansas are better off under the Governor's Plan because it specifically outlines targeted reductions and eliminations with accompanying changes in public policy.

The 2002 Kansas Legislature has difficult decisions to make. Where do you want the safety net? Who should be served, and what expectations should accompany those services?

Thank you for this opportunity. We stand ready to provide any additional information or analysis that you may need to make these very difficult decisions.

Attachment A

Department of Social and Rehabilitation Serv ices
SRS Understanding of SB 385 - 2% Recision of FY 2002 Approved SGF
Summary by SGF Account and Key Programs

State General Fund Account	2% SGF Recision	Corresponding Reduction of Federal Funds	Total Reduction
State Operations	1,755,167	2,326,617	4,081,784
Salaries *			
Other Operating Ex penses *			
Sex Predator Program	26,726	0	26,726
Children's Health Insurance	187,283	481,586	668,869
Alcohol and Drug Abuse Services Grants	70,708	36,000	106,708
Cash Assistance	1,036,436	1,086,931	2,123,367
General Assistance *			
Tem porary Assistance for Fam ilies *			
Child Care *			
Other Medical Assistance	4,818,390	7,227,586	12,045,976
Pharmacy *			
Inpatient Hospital *			
Managed Care *			
Physician/Outpatient /Clinics *			
Community Based Services	436,689	457,831	894,520
Nursing Facility /Mental Health *			
Physically Disabled W aiver *			
Mental Health and Retardation Services Aid and Assistan	2,616,057	2,270,649	4,886,706
State Hospitals *			
Developm ental Disability Waiver *			
Intermediate Care Facility /Mental Retardation *			
Developm ental Disability State Aid & Grants *			
Mental Health State Aid & Grants *			
Children's Mental Health Initiative	20,000	30,000	50,000
Vocational Rehabilitation Aid and Assistance	68,811	254,246	323,057
Youth Services Aid and Assistance	1,281,088	854,059	2,135,147
Foster Care *			
Adoption *			
Family Preservation *			
Total Recision/Reduction	**12,317,355**	**15,025,505**	**27,342,860**

* Examples of programs within SGF Account

	SGF	Other Funds	All Funds
FY 02 Approved	615,867,770	1,262,437,351	1,878,305,121
2% Recision/Reduction	12,317,355	15,025,505	27,342,860
FY 2002 Approved Recision/Reduction	**603,550,415**	**1,247,411,846**	**1,850,962,261**
Add: Consensus Caseload Increase	34,168,527	60,794,114	94,962,641
Total SB 385	**637,718,942**	**1,308,205,960**	**1,945,924,902**
Total Governors Budget	650,076,325	1,323,466,244	1,973,542,569
SB 385 compared to Governors Budget	**(12,357,383)**	**(15,260,284)**	**(27,617,667)**

Attachment B

Department of Social and Rehabilitation Services
Summary of Key Targeted Program Eliminations, Reductions and Revenue Enhancements - Governor's "Existing Resources" Budget

Description	FY 02 (millions)		FY 03 (millions)	
	SGF	AF	SGF	AF
Targeted reductions and eliminations				
Eliminate the funeral assistance program	($0.1)	($0.1)	($ 0.7)	($0.7)
Limit length of General Assistance and MediKan to 24 months			(7.9)	(7.9)
Reduce Child Care caseload estimate to approximately current level	(0.2)	(0.8)	-0-	-0-
Limit spending by targeting family preservation and family services to the most at-risk families	(5.1)	(5.2)	(6.5)	(6.6)
Limit payments for persons in Nursing Facilities for Mental Health to persons who are severely and persistently mentally ill	(0.6)	(0.8)	(1.8)	(2.5)
Reduce census and close a cottage at Parsons State Hospital and Training Center and reduce various support functions at Kansas Neurological Institute	-0-	-0-	(0.5)	(1.4)
Reduce census at Osawatomie and Larned State Hospitals and close units	-0-	-0-	(0.8)	(2.7)
Increase shrinkage at the State Hospitals	-0-	-0-	(1.2)	(1.4)
Reduce school budget at Larned State Hospital	-0-	-0-	(0.2)	(0.2)
Reduce payments to outside medical providers by Larned State Hospital and Osawatomie State Hospital	(0.1)	(0.2)	(0.1)	(0.1)
Eliminate transfer to the Kansas Department of Health & Environment for teen pregnancy program	-0-	-0-	0.0	(0.2)
Explore new ways to serve elderly blind and visually impaired Kansans in their communities rather than through Topeka-based group and residential programming	(0.01)	(0.03)	(0.01)	(0.03)
Substantially reduce payments to Community Mental Health Centers (CMHCs) and psychologists for services to persons living in nursing facilities for mental health.	-0-	-0-	(1.3)	(1.3)
Reduce developmental disability community support grants.	-0-	-0-	(1.5)	(1.5)
Reduce community mental health center flexible community support grants.	-0-	-0-	(3.1)	(3.1)
Discontinue three child welfare projects through Kansas Legal Services	(0.3)	(0.3)	(0.3)	(0.3)
Do not spend new funding for Substance Abuse Treatment medications	0.0	(0.3	0.0	(0.3)
Reduce attendant care wages on the PD waiver	(0.7)	(1.8)	(0.6)	(1.6)
Reduce administrative expenditures	(0.6)	(5.2)	(0.9)	(7.2)
Shared responsibility				
Require parents to contribute to the cost of providing support through the HCBS waivers or other community based services for their minor children	-0-	-0-	(1.2)	(3.0)
Require family financial participation for families accessing preservation services	-0-	-0-	(0.5)	(0.5)

Description	FY 02 (millions)		FY 03 (millions)	
	SGF	AF	SGF	AF
Start pilot project to collect support payments from parents of children in SRS or Juvenile Justice custody	-0-	-0-	0.4	-0-
Limit the growth in medical expenditures				
Pharmacy changes – decrease pharmacy dispensing fee	-0-	-0-	(0.7)	(1.8)
Pharmacy changes – change prescription ingredient cost calculation	-0-	-0-	(1.3)	(3.2)
Pharmacy changes – begin a voluntary, preferred formulary	-0-	-0-	(0.4)	(1.0)
Pharmacy changes – increase co-pay for pharmaceuticals	-0-	-0-	(1.3)	(3.3)
Home Health	-0-	-0-	(4.7)	(11.9)
Eliminate enhanced transportation for those on PD and FE Waivers	(0.3)	(0.7)	(0.5)	(1.2)
Limit terminally ill patients to services provided through the PD waiver.	-0-	-0-	(0.2)	(0.4)
Improve billing practices for therapy services	-0-	-0-	(0.1)	(0.3)
Reduce Mental Health reimbursement rates provided through MediKan	-0-	-0-	(1.8)	(1.8)
Revenue Enhancements				
Maximize SGF appropriated to the Office of Judicial Administration and reduce SRS SGF for Child Support Enforcement	-0-	-0-	0.1	0.1
Maximize use of federal funds through DD services	0.0	6.5	0.0	11.0
Increase collections from the Estate Recovery Program	-0-	-0-	0.1	-0-

State of Kansas
Department on Aging

Connie L. Hubbell, Secretary

Janis DeBoer
Deputy Secretary
New England Building
503 S. Kansas Avenue
Topeka, Kansas 66603
phone: (785) 368-6684
fax (785) 296-0256

Doug Farmer
Assistant Secretary
New England Building
503 S. Kansas Avenue
Topeka, Kansas 66603
phone: (785) 296-6295
fax (785) 296-0767

Senate Ways and Means Committee
January 22, 2002

Report on Senate Bill 385

For information contact:
Sheli Sweeney, Legislative Liaison
(785) 296-5222 or michelle@aging.state.ks.us

Senate Ways and Means
1-23-02
Attachment 2

TESTIMONY ON SENATE BILL 385 TO THE SENATE WAYS AND MEANS COMMITTEE BY SECRETARY CONNIE HUBBELL KANSAS DEPARTMENT ON AGING January 22, 2002

Good morning, Mr. Chairman and members of the Committee. Thank you for the opportunity to provide testimony regarding Senate Bill 385.

I appear this morning in opposition to Senate Bill 385. I fully appreciate the state's financial position, and the need for action to ensure that government spending does not outpace the state's ability to pay for services. However, I believe that securing those assurances through a recision in the current year is the most difficult option, and one that would be detrimental to Kansas seniors.

The approved FY 2002 State General Fund budget for the Department on Aging is $143.1 million. The recision in Senate Bill 385 would result in a reduction of $2.9 million in the current fiscal year. As this committee knows, the Nursing Facility program is an entitlement program, and as such, cannot be cut. The nursing facility component amounts to 85 percent of the Department's FY 2002 SGF budget. Therefore the $2.9 million could only be cut from the 15 percent of the budget that is available for non-nursing facility expenditures. Assuming that the Department would have 4 months to implement this reduction, the impact to these non-nursing facility programs would be a 39 percent reduction for the last four months of the year.

If Senate Bill 385 becomes law, the Department will work with its partners, the Area Agencies on Aging, to enact reductions that have the least negative impact on seniors. At this point, I cannot say which reductions would be most appropriate. However, the following assumptions would need to be considered in making the 39 percent reduction:

- The majority of the SGF budget rests within the nutrition and in-home services programs. If this bill became law by the end of January, the Department would have five months to implement the reductions. However, re-negotiation of nutrition contracts and removal of clients from in-home services would likely take more than one month to implement. Therefore, our estimates assume that the $2.9 million would be removed over a 4-month period. That amount COULD be removed from the budget with the following impacts:

- Eliminating all SGF funding of meals for four months in FY 2002 saves $1.2 million. Due to the heavy leveraging of this program with non-SGF funds, the reduction of $1.2 million SGF would result in the loss of an estimated 1.0 million meals.

- Eliminating all SGF funding for the state funded in-home services programs would save $2.7 million. The result of this reduction would be the loss of service to roughly 7,000 seniors for the last four months of FY 2002.

- Eliminating all SGF funding for the Home and Community Based Services/Frail Elderly (HCBS/FE) Waiver would save $980,000 over four months, and would result in a loss of service for an estimated 1,400 individuals for that four month period.

Due to the severity of these options, I do not believe that a current year recision is the best way to achieve a reduction in expenditures. While there is no easy option for reducing services to Kansas seniors, I would certainly prefer to gradually reduce the number of clients served in the programs over the 12 month course of FY 2003 than to enact any of the measures necessary to make a 2 percent recision in the current year.

Mr. Chairman and members of the committee, that concludes my testimony on Senate Bill 385. I will now stand for questions.

Kansas Council on Developmental Disabilities

BILL GRAVES, Governor
DAVE HEDERSTEDT, Chairperson
JANE RHYS, Ph. D., Executive Director

Docking State Off. Bldg., Room 141, 915 Harrison
Topeka, KS 66612-1570
Phone (785) 296-2608, FAX (785) 296-2861

"To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities"

SENATE WAYS AND MEANS
January 23, 2002

Testimony in Regard to S.B. 385
AN ACT MAKING AND CONCERNING APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2002.

Mr. Chairman, Members of the Committee, I am appearing today on behalf of the Kansas Council on Developmental Disabilities in opposition to S.B. 385, relating to 2002 Appropriations.

The Kansas Council is a federally mandated, federally funded council composed of individuals who are appointed by the Governor, include representatives of the major agencies who provide services for individuals with developmental disabilities, and at least half of the membership is composed of individuals who are persons with developmental disabilities or their immediate relatives. Our mission is to advocate for individuals with developmental disabilities, to see that they have choices in life about where they wish to live, work, what leisure activities they wish to participate in and so forth.

We are greatly concerned with the effect that cuts in this year's appropriations will have on individuals with disabilities. While a 2% cut does not appear to be drastic, one must look at when the cut is being made. This is January, over half the fiscal year has passed and money has been spent accordingly. This bill would take effect in March, and three fourths of the year will have passed. That effectively makes this a much higher cut for the final four months. There is no time for agencies and the people they serve to plan for these cuts. In addition, entitlement services cannot be cut, so some areas will receive a disproportionate share of the cut.

An example is the proposed cut to the Developmental Disabilities Grants that go to Community Developmental Disabilities Organizations. Over $13 million are used for direct services for people who need them. Such services include the Kansas Infant/Toddler program, transportation, and services for those on the borderline of qualifying for the DD HCBS waiver. Thus, although we have excellent research that shows that the early and better we provide services to our very young children with

Senate Ways and Means
1-23-02
Attachment 3

disabilities, we will reduce or eliminate services for them. As they approach school age they will need more intensive services due to our earlier "savings". How many people will this affect? As of January 7 and excluding the infant/toddler programs, there were 972 adults were served using state funds and 1,224 families with children for a total of 2,196 persons with developmental disabilities.

We do not think that the Governor's plan is perfect, but he does protect our most vulnerable populations. Therefore we support his proposal and ask that you revisit S.B. 385 to determine a way to keep Kansans with disabilities and the elderly from losing services that they need to thrive and, in some cases, just to survive.

Jane Rhys, Executive Director
Kansas Council on Developmental Disabilities
Docking State Office Building, Room 141
915 SW Harrison
Topeka, KS 66612-1570
913 296-2608

Kansas Association of
KACIL
Centers for Independent Living

Gina McDonald
President/CEO

Member Agencies:

Center for Independent Living for Southwest Kansas
Garden City, KS
316/276-1900 Voice

Coalition for Independence
Kansas City, KS
913/287-0999 Voice/TT

ILC of Northeast Kansas
Atchison, KS
913/367-1830 Voice

ILC of Southcentral Kansas
Wichita, KS
316/942-6300 Voice/TT

Independence, Inc.
Lawrence, KS
785/841-0333 Voice
785/841-1046 TT

Independent Connection
Salina, KS
785/827-9383 Voice/TT

LINK, Inc.
Hays, KS
785/625-6942 Voice/TT

Prairie Independent Living Resource Center
Hutchinson, KS
316/663-3989 Voice

Resource Center for Independent Living, Inc.
Osage City, KS
785/528-3105 Voice

Southeast Kansas Independent Living, Inc.
Parsons, KS
316/421-5502 Voice
316/421-6551 TT

The Whole Person, Inc.
Kansas City, MO
816/561-0304 Voice
816/531-7749 TT

Three Rivers ILC
Wamego, KS
785/456-9915 Voice

Topeka Independent Living Resource Center
Topeka, KS
785/233-4572 Voice/TT

Testimony to
Senate Ways and Means Committee
Senator Steve Morris, Chair
January 23, 2002
Senate Bill 385

My name is Gina McDonald and I represent the Kansas Association of Centers for Independent Living (KACIL). KACIL represents 13 Centers for Independent Living (CIL's). Centers provide services to people with disabilities of all ages. Centers for Independent Living also provide assistance to businesses and all other entities in the community to assist them in offering services to people with disabilities. We advocate at a state and national level for the rights of all people with disabilities to live in the communities of their choice.

SB 385 proposes to reduce the SRS and other budgets by 2% for fiscal year 2002. In effect you are requiring that they make that reduction in four months or less, considering this is the end of January and this bill is having it's first hearing in it's first House. That results in a reduction this year of 8%, or four times what it appears.

KACIL is well aware of the budget shortfalls and the terrible cuts that have been floating around since September. These cuts will not result in SRS making fewer trips to Hawaii. There are no more luxuries to cut. These reductions will result in elimination of vital services to people with disabilities and seniors.

We appreciate the difficult decisions you have to make over the next 3 months. I have heard this budget compared to a family budget. If a family does not have enough money, they cut out some things they were doing. I suggest to you that if a family were in this dire situation of deciding whether their kids would eat or get medication, if their aging parent was not going to get meals, or if their brother would not get oxygen or a wheelchair, I have no doubt that the family would look for a second job. They would figure out how to increase their income, not for trips to Disneyland, but for basic quality of life. That is exactly what we must do in Kansas.

We keep talking about a public policy regarding long-term care. We have yet to see a substantial policy statement or vision as to what the priorities

Senate Ways and Means
1-23-02
Attachment 4

are going to be in a state that is aging. As medical advances continue, there will be more disabled individuals. No Doubt!

What we are really doing is tax shifting. The needs of the people will not go away. They will simply have to seek those services out from more costly local resources like emergency rooms and ambulances.

A number of years ago, this legislature asked the secretary of SRS to reduce the nursing facility (NF) budget. That was accomplished by creating HCBS waivers. If these cuts go into effect, we are likely to see an increase in the NF budget again.

As we heard the secretary of corrections speak yesterday, I was reminded of the fact that people who commit crimes are given public defenders to insure their right to be free is protected. If they are found guilty, they are sentenced to a term with an ending date.

That is not true for people with disabilities. They are told the only option is to lose their freedom if they want services and their "sentence" is indefinite. Their only crime is having a disability.

The answer cannot be to cut services because people need them to live. Including state hospitals, 90% of SRS's budget is direct service. KACIL opposes SB 385.

Thank you for your attention.

Kansas Association of KACIL Centers for Independent Living
1423 West Crawford ◆ Salina, KS 67401 ◆ Voice/TT: 785/825-2675 ◆ Fax: 785/825-7029
Capitol Office ◆ 501 Jackson, Suite 450 ◆ Topeka, KS 66603-3373 ◆ Voice/TT: 785/233-4550 ◆ Fax: 785/233-4231

SELF-ADVOCATE COALITION OF KANSAS
2518 RIDGE CT #236
LAWRENCE, KS 66046

Toll-free 1-888-354-7225
FAX 785-843-3728
e-mail kssack123@aol.com
http://www.kansassack.org

Committee Chairperson Senator Stephen Morris
Testimony on Senate Bill 385
Kathy Lobb
Self-Advocate Coalition of Kansas

Thank you for inviting me here today.

My name is Kathy Lobb. I live in Lawrence. I receive State Aid to help me live independently. I purchased my own condominium two years ago. The services I receive make it possible for me to live there alone. I have a direct care staff who comes over twice a week. She helps me with budgeting, grocery shopping, banking, exercising, and other daily living activities.

I am representing the Self-Advocate Coalition of Kansas better known as SACK. SACK is our state advocacy group for people with developmental disabilities. SACK is made up of approximately 20 local advocacy groups across the state.

I am here today to ask you to oppose Senate Bill 385 which would put in effect an immediate across the board cut of 2% for all state agencies for the remainder of the 2002 fiscal year budget. This would cut SRS Division of Health Care Policy approximately $8.5 million. There will be people with disabilities who lose some or possibly all of their services under this proposal. What option would this leave for those people who are currently receiving services? Would they have to go live in an institution? I have lived in an institution before and I never want to have to go back to one. I am capable of being an active citizen. I have a lot to offer to the community. I also know many other people who would be affected by this cut. I do not want to see myself or any other people who have disabilities moved from community services back into institutions. This would be devastating as well as being more costly for the state. The State of Kansas would be taking steps backwards if this were to happen. We have come so far since I was young. Please don't make things go back to the way they were then. Please don't support this bill.

Thank you for listening.

Kathy Lobb

KathyLobb

Jeanne Abraham-Lunz	Brad Linnenkamp	Kelly Smith	Kathy Lobb
SACK Support Staff	*Self-Advocacy Trainer*	*Self-Advocacy Coordinator*	*Legislative Liaison*

Senate Ways and Means
1-23-02
Attachment 5

KANSAS ASSOCIATION OF SCHOOL BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony on
SB 385 - 2002 Supplemental Appropriations and Adjustments
SB 387- State Ending Balance Requirements
Before the
Senate Committee on Ways and Means

By
Mark Tallman, Assistant Executive Director/Advocacy
Kansas Association of School Boards

January 22, 2002

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify today. I have been asked to speak on behalf of the members of the School Finance Coalition, which includes not only KASB but the United School Administrators, Kansas National Educational Association, Schools for Quality Education, the Kansas Education Coalition, Kansans for Local Control and the six largest school districts in the state: Wichita, Shawnee Mission, Kansas City, Olathe, Blue Valley and Topeka. Collectively, we have endorsed the school funding and improvement goals proposed by the State Board of Education.

We understand this Committee, and ultimately the entire Kansas Legislature, faces terribly difficult budget choices this session, as the state struggles with declining revenue growth and rising costs for social services. The question I must answer is this: in light of the weak economy and wartime challenges confronting our state and nation, how can the education community continue to seek funding increases when the state simply does not have the revenue? My answer is simple: our state and national future requires it.

This month, our conservative, Republican, wartime President, with unprecedented public approval ratings, in a time of war and recession, signed a bill reflecting his highest domestic priority: education. Passed by an overwhelming, bi-partisan majority in Congress, including the President's new liberal, Democrat friend, Sen. Kennedy, the bill commits this nation to accomplishing unprecedented goals: bringing every American student to proficiency levels in basic skills; closing the "achievement gap" for poor and minority students; leaving no child behind. President Bush has stated clearly that accomplishing these goals will take more resources, and despite this bill, the overwhelming percentage of educational resources will continue to come from the states.

Kansas is closer to these goals than most states: we outrank most states and exceed the national average on most educational measures, and since the mid-1990's, we have seen modest but steady improvement on our state accountability measures. These improvements have occurred because school districts have worked with the State Board, the Governor and the Legislature to increase and target resources that make a difference in student achievement: early childhood and all-day kindergarten, expanded at-risk and alternative programs, increased technology and improved professional development.

Senate Ways and Means
1-23-02
Attachment 6

Some of these improvements have been funded by the state, but many have been made possible because school boards and patrons have been willing to make a difficult choice: raise taxes. School boards have raised their local option budgets by $350 million since the current school finance law began in 1993; voters have authorized hundreds of millions for school construction, renovation and equipment. Let me stress: this investment has paid off. By almost every measure, Kansas public schools are better than they were ten years ago, and serve more children better than they have before.

One of the bills before you today, SB 385, affects schools in three ways during the current year. First, it provides $20 million in additional state aid for local option budgets, reflecting increased LOB use for the reasons listed above. Second, it reduces state aid for special education to maintain funding at 85 percent of excess cost, despite increased federal funding. In other words, after years of working to increase federal funding for special education, the additional federal funds we are now receiving will be used to address the state budget problem, not to supplement education funding.

Third, it reduces general state aid by $22.6 million, a one percent cut, which would reduce the base budget per pupil approximately $39 in the current year. In other words, districts would be forced to "give back" nearly 80 percent of the $50 increase in the base approved for the current year – with the year more than half over. Not only will this reduce the general fund for all school districts; it will also reduce the local option budget for districts that are at their legal maximum LOB authority, including all those districts at the 25 percent maximum. These districts face reduced local option budget revenue, as well as a reduced general fund.

Because so much of a district general fund is obligated at the beginning of the school year – employee contracts, insurance, textbooks and many contracts for supplies – a one percent reduction in the operating budget is a much deeper cut in what districts can actually change. Some districts may be able to help absorb a current year cut by using contingency or other reserves. Hopefully this will end the implied criticism of school districts for maintaining reasonable balances. But even in this case, schools will face the problem of any budget that uses reserves: they will be using one-time money for on-going expenses.

Of course, the cuts proposed in SB 385 for this school year are much less severe than the $158 base budget for next year contained in the Governor's non-enhanced budget. However, to make SB 385 "work" without revenue enhancements, the lower ending balance provided in SB 387 is also required.

School districts will be concerned about lowering the state ending balance requirement if it means that state cash flow problems will delay state aid payments and create local cash flow problems, as occurred this year. But a much more serious concern is lowering the ending balance to five percent for FY 03 and then rebuilding reserves to 7.5 percent over the next four years. That means ending balances will have the first claim on state resources for the next four years, and the chance for any significant increase in education funding will be extremely limited. Schools will be competing with the highway plan, higher education needs, social welfare caseloads and state employees.

Since 1992, the base budget has never been increased at even the rate of inflation, requiring school districts to increase LOB's to fund programs. Despite this, average teacher salary increases in Kansas have been lower than average private sector salary increases every year since 1995. Kansas ranks 41st in the nation in teachers' salaries and has fallen from 13.9 percent below the national average in 1995 to 16.5 percent in 2001. The predictable result is a growing teacher shortage. Although the percentage of Kansas children scoring "unsatisfactory" on state reading and math tests has decreased in recent years, poor children are about three times more likely to perform at low levels than middle- and upper-income children.

These circumstances have occurred when the base has increased $50 a year for four years. Whether the base is cut $158 or $39 and lowering the ending balance to spread the impact over several years, all of these conditions will worsen if the state does not find more revenue. Even the Governor's enhancement budget proposes a $20 base increase the Governor himself calls woefully inadequate.

No one wants to vote for higher taxes, but the Committee, the Legislature and the public need to be fully informed about the consequences of failing to do so. First, those schools that are capped at the 25 percent LOB maximum will be forced to make internal budget cuts because you simply cannot sustain programs when salaries are rising at 4 percent a more a year and base state aid is being cut, frozen or raised by token amounts. I suspect, however, that sooner or later the political pressure to raise the LOB cap will prevail, which will help some districts financially but make the whole system less fair.

That leads to the second consequence: instead of avoiding a tax increase, taxes will be increased through the local option budget by local school boards to meet rising costs. These costs include salaries, insurance, utilities, technology, special education and the new requirements of state and federal laws. Raising the LOB will, in turn, increase demands for LOB state aid, which will limit funding available for the base.

The third consequence will fall most heavily on small, rural districts. Many of these districts are losing enrollment because they are losing population and the economic base in their communities. They have increasing difficulty offering health insurance. Therefore, they are at a greater disadvantage when recruiting new teachers and administrators, which means the quality of instruction and the number of programs they provide will erode, resulting in a further loss of students. The only option will be closing schools, increasing the downward spiral of many communities.

The fourth consequence will fall on poor districts and disadvantaged students. Poor districts will have a harder time using the LOB because of the greater tax burden it places on lower tax bases. Poor children often start school far behind their more advantaged peers and need additional resources to catch up. But it is support for these students – smaller class sizes, early childhood, at-risk and alternative programs, summer and after school learning time, truancy prevention – that will be the first to go under budgets cuts and be more difficult to add without additional resources for the simple reason that these programs are not required.

The final consequence will be the loss of the traditional high quality of Kansas public schools. Good schools are not an accident and they are not cheap. Every time I see a bumper sticker proclaiming Kansas the "high tax point on the prairie," I remember that Kansas is the education high point on the prairie. (I think our roads are better, too.) If salaries and benefits for educators continue to fall compared to competing employment; if courses, programs, schools and districts are eliminated; if the achievement gap widens, then as a state we are poorer, regardless of our tax statements.

Good schools in decline. Rising local property taxes. Closing schools. That is not what Kansas needs. To have the workforce to sustain our economy in the future, we truly cannot leave any child behind. SB 385 and 387 are not the solution. The Legislature can and must to better. The Governor's enhancement plan is by no means the full solution, either, but it is a step toward the solution: the goals and programs presented by the Kansas State Board of Education.

Thank you for your consideration.

Comments on FY 2003 Budget
Senate Ways and Means Committee
January 23, 2002

Kim Wilcox
President and CEO, Kansas Board of Regents

- KBOR requested FY 2003 increase of $80.6 million for higher education
  - $45 million for third year of SB 345
  - $32 million for state university operating grants
  - $ 2.2 million for tech school funding
- Kerr\Morris plan represents budget reductions of $22.8 million over next two years
  - $5.8 million of cuts for TIAA-KPERS liability shift represents elimination of expenditure obligation for state universities; under operating grant model, they should retain the funding
  - Funding cuts for tech schools come in the face of no funding enhancements from SB 345
  - Some cuts difficult, since all funds have been distributed: community college and Washburn operating grants; student financial aid
  - Current year rescission of 1.2% difficult to plan for at this late date in FY 02
  - Represents major step backward for higher education
- Kerr\Morris assert cuts are diluted by additional revenue sources available to the overall $1.7 billion public higher education system; however:
  - Much of additional resources are restricted (research grants, financial aid, auxiliary enterprises)
  - General use resources such as tuition and local tax sources are already strained
  - Local taxpayers, tuition-paying families and private givers want to invest in quality improvement; not supplant state funding obligations

Senate Ways and Means
1-23-02
Attachment 7

- Neither the Kerr\Morris plan nor the Governor's plan plan address significant budget issues for higher education
    - Third year of SB 345 not funded
    - Funding salary annualization; health insurance; and death and disability – total of $17 million for state universities
    - Funding of $2.7 million out-district tuition buy down

7-3

COMPARISON OF GOVERNOR'S BUDGET WITH KERR\MORRIS BUDGET FOR FY 2003
STATE GENERAL FUND

	State University Operating Grants	Community College Operating Grants	Technical School\College Postsecondary Aid	Wasbhurn University Operating Grant	Board of Regents	Total
FY 2002 Funding*	$571,131,585	$85,174,486	$20,482,340	$10,594,032	$19,196,939	$706,579,382
Governor's Budget Report						
3.9% Reduction	$22,151,850	$3,355,875	$807,004	$417,405		$26,732,134
Other Reductions					$300,500	$300,500
Total Reductions - FY 2003	$22,151,850	$3,355,875	$807,004	$417,405	$300,500	$27,032,634
Kerr\Morris Budget Plan						
1.2% Reduction in FY 2002	$6,853,579	$1,022,094	$245,788	$127,128	$230,363	$8,478,953
Continuation of FY 2002 Reductions in FY 2003	$6,853,579	$1,022,094	$245,788	$127,128	$230,363	$8,478,953
Reduction in FY 2002 for TIAA-KPERS Liability Shift	$5,796,588				$3,410	$5,799,998
Total Reductions - FY 2002 and 2003	$19,503,746	$2,044,188	$491,576	$254,257	$464,137	$22,757,903
Governor's Revenue Enhanced Budget						
% Reductions	$0	$0	$0	$0	$0	$0
Operating Grant Increase	$7,000,000	$0	$0	$0	$0	$7,000,000
Comprehensive Grant Increase	$0	$0	$0	$0	$1,000,000	$1,000,000
Other Reductions	$0	$0	$0	$0	($300,500)	($300,500)
Total Increase	$7,000,000	$0	$0	$0	$699,500	$7,699,500

* excludes carryovers from FY 2001

finance\budget\2003\KerrMorrisComparedtoGov

1/18/02

Reductions to State University Budgets
Recommended in Governor's Budget Report and Kerr\Morris Plan

	FY 2002 SGF	Kerr\Morris 1.2% Reduction (SB 385)	Kerr\Morris KEPRS Liability Shift Reduction (SB 385)	Governor's Budget Report Reduction - 3.9%
KU	$138,687,728	$1,664,253	$1,479,760	$5,464,297
KUMC	$104,325,975	$1,251,912	$1,234,837	$3,752,243
KSU-MAIN	$106,888,956	$1,282,667	$1,039,546	$4,218,889
KSU-ESARP	$49,203,009	$590,436	$702,105	$1,938,599
KSU-VET	$10,052,324	$120,628	$208,253	$396,062
WSU	$65,903,685	$790,844	$0	$2,596,605
ESU	$30,572,053	$366,865	$369,754	$1,204,539
PSU	$33,546,613	$402,559	$482,739	$1,321,737
FHSU	$31,951,242	$383,415	$279,594	$1,258,879
TOTAL	$571,131,585	$6,853,579	$5,796,588	$22,151,850

Note: WSU has no reduction related to KPERS liability shift because the liability for prior service benefits was incurred prior to WSU's entry into the state system. WSU has never received funding for nor has it been charged for prior service benefits contributions.

Dr. Edward Hammond

Dr. Edward Hammond

Fort Hays State University

FORT HAYS STATE UNIVERSITY 1902 2002 CENTENNIAL CELEBRATION

100 YEARS OF MEASURING

SUCCESS

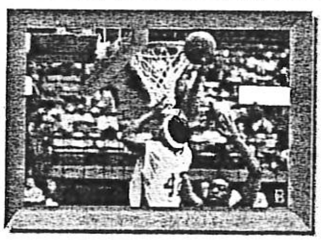
Budget FY 2002-2003

Fort Hays State University

FORT HAYS STATE UNIVERSITY 1902 2002 CENTENNIAL CELEBRATION

Keeping SCORE

It's all about keeping score.

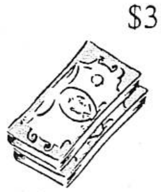


FY 2001 GU Budget

FORT HAYS STATE UNIVERSITY 1902 2002 CENTENNIAL CELEBRATION

• FY 2001	$40,004,931
remove one-time cfr	$-253,390
remove equipment fund	$-113,842*
• FY 2001 Total	$39,637,699

**program reduction*



Senate Ways and Means
1-23-02
Attachment 8

FY 2002 GU Budget

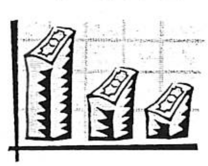
• FY 2001	$39,637,699
FY2002 appropriation	+1,152,460
• FY 2002 Total	$40,790,159

FY 2002 Mandated Activity

• Fringe benefit rate changes	$424,290
• Extend moratorium on death and disability payments for 6 months	(68,830)
• Savings related to reduction in long distance rates	(19,759)
• Annualize classified employee step movement and fund longevity increase	85,372
• Annualize DPS action	64,692
• Base increase (3.0% distributed into two increments -effective 2.25% annual increase)	706,662
• Faculty salary enhancements from SB 345	433,486
Total general use resources required to fund FY02 mandates	**$1,625,913**

FY 2002 Deficit

• Total Mandated Activity	$1,625,913
• FY 2002 Appropriation	- 1,152,460
FY2002 Deficit	$ 473,453



FY 2002 Program Reductions

• Eliminate Physical Therapy Program	$193,100
• Reduce equipment funding	133,000
• Eliminate two Physical Plant positions	42,153
• Eliminate Modern Language position	45,000
• Switch SA position to grant funding	15,200
• Eliminate English position	45,000
	$473,453