

MINUTES OF THE SENATE WAYS AND MEANS

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on January 15, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department  
J.G. Scott, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Estelle Montgomery, Kansas Legislative Research Department  
Christina Butler, Kansas Legislative Research Department  
Reagan Cussimanio, Kansas Legislative Research Department  
Dylan Dear, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Cody Gorges, Kansas Legislative Research Department  
Aaron Klaassen, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Jarod Waltner, Kansas Legislative Research Department  
Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Melinda Gaul, Chief of Staff  
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Don Jordan, Secretary, Department of Social and Rehabilitation Services (SRS)  
Cheryl Semmel, Executive Director, United School Administrators (USA)  
Mark Tallman, Kansas Association of School Boards (KASB)  
Chip Wheelen, Health Care Stabilization Fund  
Diane Gjerstad, Wichita Public Schools

Others attending:

See attached list.

**Introduction of legislation**

Senator McGinn moved to introduce legislation pertaining to assessing a ticket surcharge on certain regent institution's events. The motion was seconded by Senator Schodorf. Motion carried on voice vote.

Senator Schodorf moved to introduce legislation pertaining to sidearms and surplus property. The motion was seconded by Senator Taddiken. Motion carried on voice vote.

**Hearing on SB 23: SB 23 - Supplemental, appropriations for FY2009 for various state agencies.**

Don Jordan, Secretary, Department of Social and Rehabilitation Services (SRS), appeared before the Committee to testify on **SB 23 (Attachment 1)**. Secretary Jordan stated, in developing budget reductions, the agency has worked to minimize the impact on the most vulnerable Kansans, minimize overall reductions by targeting some programs with a higher percentage of state funds, and sustain state hospital budgets. Highlights of proposed reductions to the agency's FY 2009 and FY 2010 budgets include:

- Increase the number of staff vacancies in both the regions and central office.
- Shift expenditures from State General Fund (SGF) to fee funds.
- Grandparents as caregivers savings - program has not grown as expected.
- Fund Family Preservation and Family Services at FY 2008 level - programs will remain at their current level.
- Behavior Management savings - services provided through the Youth Residential Centers.

## CONTINUATION SHEET

MINUTES OF THE Senate Ways And Means at 10:30 a.m. on January 15, 2009, in Room 545-N of the Capitol.

- Reduce Community Mental Health Center (CMHC) consolidated grants - services to the most vulnerable populations will still be maintained..
- Savings from renegotiating foster care - contracts were renegotiated to obtain efficiencies in streamlining and reducing administrative costs.

Governor's Budget Recommendations for the agency include:

- Shift Addiction and Prevention Services (AAPS) grants funding from SGF to gaming revenue.
- Eliminate BARS Contract - program will be eliminated.
- Eliminate funeral assistance - assistance provided at the county level.
- Reduce Community Mental Health Center (CMHC) consolidated grants - services to the most vulnerable populations will still be maintained.
- Reduce Community Developmental Disability Organization (CDDO) State Aid grants - this reduction represents less than 1.0 percent of the total Developmental Disabilities (DD) funding.
- Integrate the Grandparents as Caregivers Program into the Temporary Assistance for Families (TANF) Program. Rules are almost the same; will pay a little less and would require a statutory change.
- Limit General Assistance from 24 months to 18 Months.
- Limit MediKan Mental Health Assistance to 18 Months. Estimates 616 individuals will lose eligibility under this reduction.
- Release Secretary's Custody of Children in Need of Care (CINC) from age 21 to age 18. This would require a statutory change.
- Youth age 16 and older will not be placed in custody for reasons other than maltreatment. Other youth would be treated in their homes rather than placed under the custody of SRS.
- No Children Initiative Fund (CIF) funding for community funding and family services. The Governor recommends moving this funding to the SGF.
- Nine-month moratorium on employer contributions to the KPERS Death and Disability Fund and 7 pay-period moratorium on employer payments to the State Employee Health Fund because of healthy balances in these two funds.
- Limit adoption contractor's responsibilities.
- SGF/Fee Fund Switch - use various fee funds to replace SGF.
- Provide funding for Fall 2008 Consensus Caseload Estimates.
- Maintain Service for the PD Home and Community Based Services (HCBS). Freeze place on service in December 2008 because of growth from 40 individuals to approximately 150 individuals. Would require \$20-\$25 million to continue program. Those individuals requesting services after December 1, 2008, are put on a waiting list.
- Energy Assistance - Increased federal funding will provide approximately \$27.4 million for energy assistance.
- Funding shifts to maintain current level of service for DD Waiver, adoption support and permanent custodianship programs.
- Assistive Technology for Kansans. A one-year contract was established to provide bridge funding.
- 1.0 Percent Cost-of-Living Adjustment (COLA) for state employees. Would need to be absorbed by the agency as no extra funding was provided in the Governor's budget.

Responding to questions from the Committee, Secretary Jordan responded:

- The agency is required to admit patients at all state hospitals except the state security hospital.
  - \$8 million reduction in PD waiver would affect approximately 2,000-3,000 individuals.
  - The freeze on HCBS services will cause some individuals to be placed in nursing homes.
  - Sometimes the agency does not accept the lowest bids but accepts the lowest bid producing quality service.
  - Counties are statutory required to provide funeral assistance.
  - Law states abuse or neglect as maltreatment.
  - With regard to the PD waiver, money will still "follow-the-person".
  - The Extraordinary Funding grant for FY 2009 is \$124,000; FY 2010 is \$280,000.
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- The Committee requested a listing of priorities used in determining recipients of the Extraordinary Funding grant.

## CONTINUATION SHEET

MINUTES OF THE Senate Ways And Means at 10:30 a.m. on January 15, 2009, in Room 545-N of the Capitol.

Cheryll Semmel, Executive Director, United School Administrators (USA), presented testimony to the Committee on **SB 23** (Attachment 2). With reference to the budget shortfall, Ms. Semmel requested that the Committee consider solutions that will maintain the commitment to education, importance of education and not reduce programs that produce a next generation workforce for the state.

Mark Tallman, Kansas Association of School Boards (KASB), requested that reductions in K-12 education be limited as much as possible. Mr. Tallman noted that there are statutory mandates in place directed at K-12 education that need to be considered. Mr. Tallman also reiterated the need to preserve the quality of K-12 education in the state and maintain accreditation of the schools. Written testimony will be provided at a later date.

Responding to a question from the Committee, Mr. Tallman stated that an alternate to reducing budgets would be to increase taxes. Some consequences of not following the K-12 education mandates might include negative publicity for the districts; Title I schools are required, under federal law, to provide certain services; and certain requirements are necessary to maintain accreditation.

Chip Wheelen, representing the Health Care Stabilization Fund Board of Governors, presented testimony on the Governor's recommendation to transfer a certain portion of receipts from fee-funded agencies. Mr. Wheelen stated that the Healthcare Stabilization Fund is not specifically a fee fund. Statute indicates that this fund shall be held in trust by the state treasurer. Mr. Wheeler stated that the Board feels it is inappropriate to transfer funds to the SGF as specified in Section 88; Subsection a(1) and Subsection B of **SB 23**. The fund is used to assist the University of Kansas Medical School residents with malpractice insurance, attorney fees and settlement of claims. Mr. Wheelen stated that **SB 23** would interrupt the current process and association with the University of Kansas. Responding to a question from the Committee, Mr. Wheelen noted that the legislation as an potential impact of \$2.25 - \$2.5 million on the Fund.

Diane Gjerstad, Wichita Public Schools, presented testimony on **SB 23** (Attachment 3). Ms. Gjerstad stressed the importance of limiting budget reductions for education.

There were no other conferees - proponent, opponent or neutral - to appear before the Committee.

**The hearing on SB 23 was closed.**

### **Update on State Revenues and Expenditures**

Alan Conroy, Legislative Research Department, provided an updated report on the Governor's Receipt and Expenditures Recommendations in FY 2009 and FY 2010 and Receipts Adjusted for Actual Receipts through December (Attachment 4). Mr. Conroy noted that receipts are \$44.6 million below Consensus Estimated Receipts.

The next meeting is scheduled for January 16, 2009.

The meeting was adjourned at 12:00 p.m.

**SENATE WAYS & MEANS COMMITTEE  
GUEST LIST**

DATE:     January 15, 2009    

NAME	REPRESENTING
Mike Hammond	Assoc. of Cellars
Debra Pridemore	YHSU
Carol A. Curtis	AstraZeneca
Mike Little	KAMU
Robin Tronson	GMA#1
Tom Bruno	Bruno & Associates
Karen Jones	Inhome provider
Marilyn Kubler	mkubler@everestivc.net TCM case manager
JEREMY S BARCLAY	KDOC
BEN SCIORTINO	City of Mulvane
Mark Boranyski	Capitol Strategies
Shannon Jones	SILCK
Jennifer Schwoy	KACIL
HOWARD SMITH	PITTSBURGH STATE UNIVERSITY
Car Seebur	KGAFA
Kim Fowler	Judicial Branch
Kathleen Danner	W
Danielle Morin	Kansas Medical Society
Ethan Gricks	KDOT
MATT FLETCHER	INTERLIAB
Tom Palace	PMAA of KS
Mark Tallman	KASB



**SENATE WAYS & MEANS COMMITTEE  
GUEST LIST**

DATE: January 15, 2009

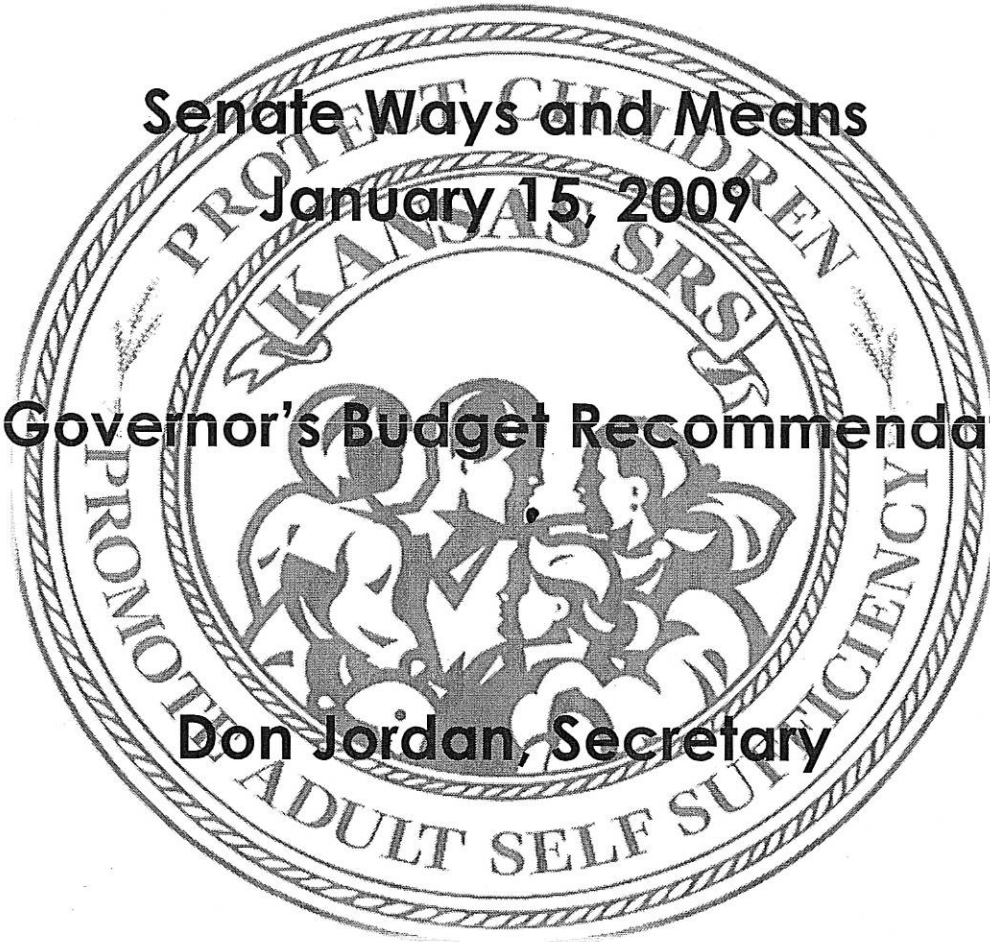
NAME	REPRESENTING
Don Murray	Federico Consulting
Diane Gjerstad	Wichita Public Schools
Martin Hauser	Human Capital Resources
Liz Weeks	SRS
Don Jordan	"
Laura Howard	SRS
Patrick Woods	SRS
JP Aron	Division of the Budget
Julian Thomas	DOB
Paul Johnson	Ks Cath Conf
St Therese Banzett	Ks. Cath. Conf.
Chris Grenz	Sen. Kelly
Cheri Froetscher	DOB
Nancy Zogelman	Palsivelli
Dodie Wulfsberg	USA/Kansas & ICAPP
Cheryl Simmel	USA/Kansas
Dick Koentz	KIDWP
Chip Wheeler	HCSF Bd of Gov's
Erik Wisner	KS Dept. of Ag
Mike Recht	Sachse Brader
Jeanne Ross	KiSL
JOHN DOUGHERTY	ESU
TRAVIS LOUX	Pinegar, Smith, & assoc.

Kansas Department of  
**Social and Rehabilitation Services**  
Don Jordan, Secretary

**Senate Ways and Means**  
**January 15, 2009**

**SRS Governor's Budget Recommendations**

**Don Jordan, Secretary**



For Additional Information Contact:  
Patrick Woods, Director of Governmental Affairs  
Docking State Office Building, 6<sup>th</sup> Floor North  
(785) 296-3271

**Senate Ways & Means Cmte**  
**Date** 1-15-2009  
**Attachment** 1

# SRS Governor's Budget Recommendations

Senate Ways and Means  
January 15, 2009

Mister Chairman and members of the Committee, I am Don Jordan, Secretary of the Kansas Department of Social and Rehabilitation Services. Thank you for the opportunity to present to you today and explain the Governor's Budget for SRS.

Developing a budget given the challenging economic times has not been an easy task. Hundreds of thousands of Kansans rely on the services funded through SRS, and the need for these services only increases in difficult economic times. SRS proposed reductions with the following key values in mind:

- **Minimize impact on the most vulnerable Kansans.** SRS placed the highest priority on the services and programs that are critical to the agency's mission of protecting children and promoting adult self-sufficiency. A primary concern was to preserve the basic social service safety net of services that protects the most vulnerable Kansans. When crafting base budget reductions and our proposal for a 5% reduced resources package, we considered the vulnerability of the populations we serve, and prioritized services to the most vulnerable.
- **Minimize Overall Reductions by Targeting Some Programs with a Higher Percentage of State Funds.** We maintained federal match programs and focused on state-only programs in order to minimize the all funds amount of the reductions.
- **Sustain State Hospital Budgets.** I elected to include the required SGF 3% base budget and reduced resources reduction amounts for the state hospitals in the SRS base budget and reduced resources packages. Our state hospitals face rising costs in food, energy and health care costs, and will have to make difficult decisions even to manage to the approved budgets. The only reduction presented for state hospitals is delaying the opening of the new 30-bed unit at Osawatomie State Hospital and 1% reductions at KNI and Parsons in FY 2010.

Because of the state's budget situation this year, our budget and our actions to contain the budget have evolved in three stages. Two percent reductions were announced in July and those items listed below were included in our submitted budget. On November 6, the Governor requested an additional one percent reduction which we identified in our budget appeals. Those reductions plus additional Governor's proposals and items submitted on our reduced resource list are included in the Governor's Budget Recommendations. All of those adjustments are listed on the chart below and I will give you a brief explanation of each of those items.

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

<b>Summary of the GBR</b>		
	<b>SGF</b>	<b>All Funds</b>
<b>FY 2009 Approved</b>	<b>\$683,886,789</b>	<b>\$1,560,170,825</b>
<b>FY 2009 Reductions</b>	<b>(\$12,438,755)</b>	<b>(\$21,010,323)</b>
<b>FY 2009 Additions</b>	<b>\$15,177,191</b>	<b>\$65,289,347</b>
<b>FY 2009 GBR</b>	<b>\$686,625,225</b>	<b>\$1,604,449,849</b>
<b>FY 2010 Reductions</b>	<b>(\$42,624,987)</b>	<b>(\$48,014,675)</b>
<b>FY 2010 Additions</b>	<b>\$10,969,645</b>	<b>\$25,897,972</b>
<b>FY 2010 GBR</b>	<b>\$637,605,914</b>	<b>\$1,513,489,412</b>

**FY 2009 and FY 2010 SRS Budget  
Highlights of the Governor's Budget Recommendations**

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b>SRS Proposed Reductions</b>				
<b>2% Reductions</b>				
<b>Increase Salary Shrinkage Rates</b> SRS will increase the number of vacancies by 29 in the regions and 13 in the central office. This equates to a 1.0 percent increase in shrinkage for the regions and a 2.0 percent increase for the central office.	(1,067,974)	(2,094,067)	(1,122,927)	(2,201,818)
<b>Shift Expenditures from SGF to Fee Funds</b> Fee funds will be used in place of SGF for Child Support Enforcement (CSE), Legal Contracts, Community Mental Health Center (CMHC) grants, and Addiction and Prevention Services (AAPS). The fee funds became available due to increases in collections for CSE and because SRS retained an administrative fee from the settlement of CMHC administrative claiming. The CMHC administrative claiming funds are one-time and will not be available in FY 2011.	(4,308,023)	--	(7,751,118)	--
<b>Grandparents as Caregivers Savings</b> This program has not grown as expected and is projected to generate savings in FY 2009 and FY 2010.	(955,800)	(955,800)		
<b>Family Preservation and Family Services at FY 2008 Level</b> These two programs will remain at their current spending levels.	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)



Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b>Behavior Management Savings</b> The agency no longer has expenditures for this program as these services are now provided through the Youth Residential Centers.	(251,025)	(251,025)	(251,025)	(251,025)
<b>1% Reductions</b>				
<b>Increase Shrinkage by 1.0 percent</b> SRS will increase the number of vacancies in the regions and central office.	(879,483)	(1,830,678)	(886,715)	(1,848,389)
<b>Reduce Community Mental Health Center (CMHC) Consolidated Grants</b> This will reduce CMHC's consolidated grants funding, which will impact 692 individuals. While this reduction will decrease the ability of CMHC's to provide mental health services to the uninsured, services to the most vulnerable populations will still be maintained. This FY 2009 reduction represents 1.0 percent of the overall CMHC funding.	(1,800,000)	(1,800,000)		
<b>Grandparents as Caregivers Savings</b> This program has not grown as expected and is projected to generate savings in FY 2009 and FY 2010.	(138,000)	(138,000)		
<b>Other SRS Proposed Reductions</b>				
<b>Savings from Renegotiating Foster Care</b> Efficiencies were gained in streamlining and reducing administrative costs of foster care case management by having one contract in each of the five regions rather than having foster care services as a requirement in both the contracts of family preservation and foster care.	--	--	(14,099,718)	(15,056,820)
<b>GBR Reductions</b>				
<b>Reduced Resources</b>				
<b>Shift Addiction and Prevention Services (AAPS) Grants Funding from SGF to Gaming Revenue</b> This will replace \$600,000 in State General Fund (SGF) monies for the Addiction and Prevention Services (AAPS) grants with a portion of the revenue anticipated in the Problem Gambling and Addictions Fund (PGAF) from the casino operations authorized by the Kansas Expanded Lottery Act. In addition, the program is being reduced by \$200,000.	--	--	(800,000)	(200,000)

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Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<p><b>Eliminate BARS Contract</b> The BARS program will be eliminated. BARS is an education and monitoring program for retailers who sell tobacco products. BARS mainly benefits the retailers, and in other states, the cost of similar programs is borne by the industry. SRS has entered into a memorandum of understanding with the Kansas Department of Revenue which has enhanced the State's capacity for monitoring and enforcing laws related to sales of tobacco to minors. SRS will continue to combat underage tobacco use and maintain compliance with the Synar Amendment.</p>	--	--	(100,000)	(100,000)
<p><b>Eliminate Funeral Assistance</b> This will end the funeral assistance program, which currently provides aid for approximately 1,200 funerals for former SRS recipients.</p>	--	--	(810,000)	(810,000)
<p><b>Reduce Community Mental Health Center (CMHC) Consolidated Grants</b> This will reduce CMHC's consolidated grants funding, which will impact 2,420 individuals. While this reduction will decrease the ability of CMHC's to provide mental health services to the uninsured, services to the most vulnerable populations will still be maintained. The FY 2010 figure represents 3.8 percent of overall funding.</p>			(7,000,000)	(7,000,000)
<p><b>Reduce Community Developmental Disability Organization (CDDO) State Aid Grants</b> This will decrease CDDO grant funds for approximately 1,500 individuals with Developmental Disabilities (DD) who are not eligible for DD Waiver services or do not need the level of support provided by the waiver. Although this reduction will reduce the ability of CDDO's to provide services to a select population, it represents less than 1.0 percent of the total DD funding.</p>	--	--	(2,000,000)	(2,000,000)

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<p><b>Integrate the Grandparents as Caregivers Program into the Temporary Assistance for Families (TANF) Program</b></p> <p>This will continue benefits to grandparents and relatives with Temporary Assistance for Families (TANF) funding. As a consequence, the monthly benefit will decrease, cooperation with child support enforcement will be required, the custody requirement will end, and the adult's income will not be considered. An estimated 249 families will be affected by this change</p>			(1,165,320)	(352,584)
<p><b>Limit General Assistance to 18 Months</b></p> <p>This limits assistance for those individuals unable to meet federal disability standards to 18 months of eligibility and revokes the current hardship provision. Currently, adults may receive General Assistance for up to 24 months, or longer, if the hardship criteria are met. It is estimated that 1,503 adults, or 32.7 percent of the General Assistance caseload, will lose eligibility under this reduction. The average monthly cost per person is \$160.</p>	--	--	(2,886,229)	(2,886,229)
<p><b>Limit MediKan Mental Health Assistance to 18 Months</b></p> <p>This limits MediKan Mental Health Assistance for those individuals unable to meet federal disability standards to 18 months of eligibility and revokes the current hardship provision. It is estimated that 616 individuals will lose eligibility for MediKan funded mental health services under this reduction.</p>	--	--	(2,660,742)	(2,660,742)

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<p><b>Release Secretary's Custody of Children in Need of Care (CINC) at Age 18</b></p> <p>Currently, young adults may remain in the custody of SRS until age 21. This reduction will end custody of a young adult at age 18. However, an exception is made for young adults who turn 18 while attending high school. This will affect an estimated 141 different young adults each year and reduce the foster care average monthly caseload by 94. This difficult choice is premised on these young adults being the least vulnerable in out-of-home care relative to the greater need for safety and security for younger children. The proposal will heighten the Department's emphasis on individual planning for the young adult's transition to independent living. Generally, these young adults are eligible for, and would receive services through other State programs to assist housing and living expenses, education or training assistance, and health insurance.</p>	--	--	(1,532,318)	(1,687,876)
<p><b>Youth Age 16 and Older will not be Placed in Custody for Reasons other than Maltreatment</b></p> <p>Foster care services are provided when the court finds a child to be in need of care and the parents are unable to meet the safety and care needs of the child. Under this reduction, youth age 16 or older will continue to be placed in the custody of the Secretary for reasons of maltreatment. Youth with circumstances such as out-of-control behavior, truancy, or running away will be addressed through in-home services and will not be placed in the Secretary's custody. This will affect an estimated 298 different youth each year, and reduce the foster care average monthly caseload by 170. This avoids reductions to youth who have been harmed, and whose safety is at stake. A portion of the foster care savings resulting from this decision will be offset by an increase in services such as family services and family preservation to support the youth and their family.</p>	--	--	(2,280,052)	(2,561,769)



Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b>Other Governor Adjustment</b>				
<b>No CIF for Community Funding and Family Services</b> This eliminates approximately \$2.9 million in Children's Initiative Fund (CIF) monies for community funding and family services. The State General Fund will replace approximately \$2.6 million of this amount. The net effect is a reduction of \$324,470.	--	--	2,601,259	(324,470)
<b>Moratorium on Employer Contributions</b> This represents the savings from the statewide nine month moratorium on the payments to KPERS Death and Disability Fund and the seven pay period moratorium on the employer payments to the State Employee Health Fund. Both of these actions are possible due to the health of balances in the two funds.	--	--	(2,804,665)	(6,348,920)
<b>Limited Adoption Contract</b> The Adoption Contractor's responsibilities will be limited to maintaining a statewide adoption resource exchange, providing a statewide system of intakes for families interested in adoption, and implementing strategies statewide to raise public awareness of the need for families. Given the reduction in required deliverables, the contract award was reduced from \$3,132,176 to \$377,340 for FY 2010. The amount for FY 2010 will be covered by the funding shifts described on the next page.	--	--	(1,399,228)	(3,132,176)
<b>SGF/Fee Fund Switch</b> Balances in various fee funds are being used to replace State General Fund expenditures.	--	--	(2,200,000)	--

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Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b>Additions</b>				
<b>Fall 2008 Consensus Caseload Estimates</b>				
Provides funding for the following SRS caseloads:				
Temporary Assistance for Families	--	3,290,075	--	5,080,635
General Assistance	96,000	96,000	496,000	496,000
Foster Care/OOH	(81,915)	(2,572,352)	(1,353,732)	(2,081,744)
Community Supports and Services	412,921	1,030,240	579,051	1,720,440
NF/MH	629,854	606,164	869,000	895,490
Mental Health	6,570,041	11,509,276	8,623,235	18,509,276
AAPS PIHP	<u>(848,451)</u>	<u>(2,116,894)</u>	<u>(845,168)</u>	<u>(1,898,970)</u>
<b>Total Consensus Caseload</b>	<b>6,778,450</b>	<b>11,842,509</b>	<b>8,368,386</b>	<b>22,721,127</b>
<b>Maintain Service for the PD Home and Community Based Services (HCBS)</b>				
A waiting list was implemented for the PD Waiver in December 2008. This additional funding allows the program to continue to support those individuals already receiving services prior to the implementation of the waiting list. It is estimated that the additional funds will support a monthly average of 6,828 individuals in FY 2009.				
	8,398,741	20,954,943	--	--
<b>Energy Assistance</b>				
Increased federal funding will provide approximately \$27.4 million for energy assistance. Of this amount, \$100,000 will be used for Information Technology system changes, \$100,000 will be used for regional staffing to assist with the expected increase in LIEAP applications, and \$27.2 million will be used for LIEAP assistance.				
	--	27,372,195	--	--
<b>Funding Shifts to Maintain Current Level of Service</b>				
Provides for expenditures necessary to maintain the current service level for the DD Waiver, Adoption Support, and Permanent Custodianship programs. This will also fund the limited Adoption Contract in effect for FY 2010.				
	--	4,939,700	--	3,176,845

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b>Assistive Technology for Kansans</b> A one year contract was established to provide bridge funding to support the assistive technology contractor during the conversion to fee for service from grant funding.	--	180,000	--	--
<b>1.0 Percent COLA</b> The Governor included a 1.0 percent COLA for state employees. For SRS, this totals \$1.5 million from all funding sources, including \$653,766 from the State General Fund. No additional funding was provided for this COLA. Consequently, the agency will have to absorb these additional expenditures.	--	--	--	--

Earlier this year, after the 2% reductions were announced, I imposed limitations on hiring across SRS and the hospitals. In addition, I directed that only essential capital purchases be made. On November 6, based on the Governor's directive that only essential positions be filled, I directed that the only exceptions to the hiring freeze at SRS and the hospitals would be certain direct care positions in our state hospitals necessary to maintain core staffing, and federally funded temporary positions for the Low Income Energy Assistance program. I have also instructed staff to review their organizational structure and look for ways to streamline functions and processes. Regions and Hospitals are also managing their spans of control to reduce supervisor and managerial positions and maximize direct care service availability. We have been managing frugally for a number of months and will continue to do so during these uncertain times. SRS continues to work on prioritizing services and programs for a deeper level of cut should that be necessary. We have been responding to requests from legislators, the Kansas Legislative Research Department and Legislative Post Audit, as well as to requests about the impact that an across-the board reduction would have on SRS. Attachment A gives three examples of the magnitude that these types of reductions would have on our budget in the current year and Attachment B shows the impact of a rescission in the current year.

I believe the Governor's budget recommendations and the actions I have directed at the agency are the most responsible choices given the very difficult financial situation facing the State of Kansas. At their heart, these are strategic, thoughtful choices about the services we provide, and about the timeliness, accuracy and quality that our customers, stakeholders, taxpayers and we as an agency expect. Our priority will always be to maintain the basic safety net of services that protects the most vulnerable Kansans.

I would be happy to stand for any questions from the Committee.

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary



Attachment A

Number of Consumers Needed to be Removed from DD Waiver with 5% Reduction in FY 2009 Budget

DD Waiver	FY 2009			FY 2010		
	FY 2009 Allocated Budget	5 % Reduction	Cost for 4 months per person	People Removed at \$3,419 per month for 4 months.	Cost for 12 Months per person	People Removed over 12 month period at \$3,419 per month
		6,757				
	\$ 3,508					
Total Expenditures	\$ 284,436,871	\$ 14,221,844		1,040		347
Financing						
State General Funds	\$ 114,002,298	\$ 5,700,115	\$ 5,481		\$ 16,444	\$ 5,700,115
Federal	\$ 170,434,573	\$ 8,521,729	\$ 8,195		\$ 24,584	\$ 8,521,729
Total Expenditures	\$ 284,436,871	\$ 14,221,844	\$ 13,676		\$ 41,028	\$ 14,221,844

March 1, 2009 Reduction Start Date

Avg Cost Per person \$ 3,419

**5% Child Care Assistance Reduction  
Comparison of Impact Using Different Effective Dates**

Item	FY 2009	FY 2009	FY 2010
Effective Date	Mar 1, 2009	Apr 1, 2009	Jul 1, 2009
FPL (from current 185%)	168	164	179
Children Affected	991	1,291	321
Savings	1,101,628	1,101,628	1,101,628

**Detail**

**Child Care Assistance Budget?**

Item	FY 2009	FY 2010
Average Monthly Families	11,028	11,452
Average Monthly Children	21,184	22,000
Monthly Cost per Child	311	314
Assistance	79,058,979	82,896,000
Financing		
SGF	22,032,557	23,105,578
CIF	1,400,000	1,400,000
Federal Funds	55,626,422	58,390,422
Total	79,058,979	82,896,000

## Attachment A

**5% Net Salaries Reduction  
Comparison of Impact Using Different Effective Dates**

Item	FY 2009	FY 2009	FY 2009	FY 2009	FY 2010
Effective Date	Mar 1, 2009	Apr 1, 2009	May 1, 2009	June 1, 2009	Jul 1, 2009
Number of Pay Periods	9	7	5	3	26
Number of Positions Affected	542	697	976	1,627	188

	FY 2009	FY 2010
5% SGF Salary Reduction	8,652,414	8,652,414

Financing		
	FY 2009	FY 2010
SGF	3,961,820	3,961,820
Other State Funds	402,030	402,030
Federal Funds	4,288,563	4,288,563
Total	8,652,414	8,652,414

## Attachment B

## 5.0% Rescission

	SRS	Hospitals	Total
Approved SGF	683,886,789	87,238,172	771,124,961
Expenditures as of 1/9/2009	(386,863,858)	(53,315,325)	(440,179,183)
Encumbered Contracts	(14,193,695)	(1,095,016)	(15,288,711)
Appropriation left	282,829,236	32,827,831	315,657,067
Rescission based on approved	5.0% (34,194,339)	(4,361,909)	(38,556,248)
Total Appropriation after rescission	<u>248,634,896</u>	<u>28,465,922</u>	<u>277,100,819</u>
Reduction percentage based on Appropriation not spent	-12.1%	-13.3%	-12.2%

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**FY 2009 and FY 2010 Hospital Budgets  
Governor's Budget Recommendations  
Attachment C**

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b><u>Additions</u></b>				
<b>Funding Shift for SPTP Transition Program</b> Balances in other funds will be used to provide funding for 6.00 Mental Health Aid FTE positions and funding for six residents. This will bring the total capacity to twelve residents. The current census is ten residents.	323,928	323,928	323,928	323,928
<b><u>Reductions</u></b>				
<b><u>Reductions in Submitted Budget</u></b>				
<b>Do not Open 30 Bed unit at OSH</b> This new initiative will be delayed until the state's financial position improves. This avoids the need for an additional \$1.5 million in FY 2010 to annualize costs, including 49.8 FTE positions.	(1,473,800)	(1,473,800)	(1,473,800)	(1,473,800)
<b><u>GBR Reductions</u></b>				
<b>1.0 Percent Decrease in SGF Operating Expenditures</b> Decreases SGF operating expenditures at the five state hospitals by 1.0 percent. Balances in other funds were used to cover all of the reductions in FY 2009 and the reductions in the Mental Health Hospitals in FY 2010.	(640,369)	--	(898,690)	(229,786)
<b>Moratorium on Employer Contributions</b> This represents the savings from the statewide nine month moratorium on the payments to KPERS Death and Disability Fund and the seven pay period moratorium on the employer payments to the State Employee Health Fund. Both of these actions are possible due to the health of balances in the two funds.	--	--	(3,355,723)	(4,790,112)
<b>Total GBR Reductions</b>	(640,369)	--	(4,254,413)	(5,019,898)



Testimony on

SB 23

Senate Committee on Ways and Means

Presented by: Cheryl L. Semmel, Executive Director

January 16, 2009

The mission of United School Administrators of Kansas (USA|Kansas\*), through collaboration of member associations, is to serve, support, and develop educational leaders and to establish USA|Kansas as a significant force to improve education.

Education administrators remain committed to ensuring that each and every child in Kansas receives a quality education that will help them reach their potential and become successful, productive adults. There are 465,000 students in our public schools that we strive to impact positively every single day. As you know, Kansas students are making unprecedented academic achievement and we are on a path of continuous improvement. In many areas, Kansas' students are performing above the national average and for that you should all be proud.

I appreciate the opportunity to address the Committee and respond to the Governor's budget recommendations for **FY 2009 education funding**. The Governor's budget recommendation for FY 2009 reduces funding by approximately \$17.7 million, including a \$22 reduction in Base State Aid Per Pupil (BSAPP) and funding special education at 91 percent of excess cost instead of 92 percent.

The 2009 Legislative Session promises to be one of the most challenging in the history of our state, as we face an economic downturn of global proportions. As one of those charged with leading our state through the budget and revenue crisis we are currently facing, I know you will be called on to make some of the most weighty decisions of your legislative service.

Administrators want to express their appreciation for your service to our schools and the community at-large. Most especially, thank you for the funding commitment you and your legislative colleagues have made to Kansas' public schools over the past three years. **We recognize your partnership in realizing these achievements and, in turn, commit ourselves to working with you to address the enormous budget challenges facing our state in the coming months.**

The investment the state has made in our schools has proven critical to our efforts in meeting the mandates of No Child Left Behind and other significant educational challenges—such as meeting the increased demands of at-risk, special education, and non-English speaking students, while working to close the achievement gap cited in the 2006 *Montoy* decision. **And the investment is paying off!** Administrators remain committed to ensuring that our students continue along this path of increasing academic excellence.

Senate Ways & Means Cmte  
Date 1-15-2009  
Attachment 2

As you consider rescinding FY 2009 funds, we are mindful that FY 2009 is the third year of the *Montoy* settlement. In 2006, the Legislature enacted SB 549, a three-year school finance plan, which included a **\$122.7 million increase in school year 2008-09**. The Court upheld that the passage of SB 549 met the requirement to adequately fund elementary and secondary education. Administrators believe we have a responsibility to uphold our commitment to the public and to the children in K-12 classrooms across Kansas. To-date, the state has upheld its commitment to education and we applaud your efforts.

Administrators know, from first-hand experience, that the most significant factor in student achievement is the teacher and we remain committed to recruiting and retaining highly qualified individuals. As you deliberate rescissions for FY 2009, we encourage you to consider the impact those cuts will have on the education workforce. In most cases, funds have already been obligated – mostly in contracts for teachers and other education professionals. To achieve these reductions, school districts will be forced to reduce the workforce and break contracts. **The result: it negates the work districts have done to ensure a quality education professional in each classroom and will likely increase the student-to-teacher ratio.**

Beyond the most immediate impact in the classroom, workforce reduction in K-12 education would result in increased unemployment in many of our communities across Kansas. K-12 education is a major workforce in Kansas – both directly and indirectly. From the district and building level personnel to contracted vendors, these individuals support local economies in many ways, whether it be supporting local retail or contributing to the tax base. In some of our small communities, with limited employment options, these individuals and families will relocate entirely – having a devastating, long-term impact on local communities.

Administrators recognize that there are many competing interests for the same limited dollars every year, but research shows that education policies leading to broad investments in education and training can help reduce inequality while expanding economic opportunity for communities. **Educational leaders hope that you recognize all the progress we have made and that you will hold public schools harmless of any budget reductions in FY 2009.**

In closing, on behalf of education administrators, I would like to thank you for your continued support of education, for increased education funding and for realizing the importance of investing in education. Preparing our children requires a shared commitment, collaboration, and open dialogue among all stakeholders. Thank you for being partners in education.

\*USA|Kansas represents more than 2,000 individual members and ten member associations:

Kansas Association of Elementary School Principals (KAESP)  
Kansas Association of Middle School Administrators (KAMSA)  
Kansas Association of School Administrators (KASA)  
Kansas Association of School Business Officials (KASBO)  
Kansas Association of School Personnel Administrators (KASPA)  
Kansas Assoc for Supervision and Curriculum Development (KASCD)  
Kansas Association of Special Education Administrators (KASEA)  
Kansas Association of Secondary School Principals (KASSP)  
Kansas Council of Career and Technical Education Administrators (KCCTEA)  
Kansas School Public Relations Association (KanSPRA)



## Senate Ways and Means Senator Emler, Chair

### S. B. 23 – 2009 Rescission Bill

*Presented by Diane Gjerstad  
Wichita Public Schools*

Mr. Chairman, members of the Committee:

This is a difficult bill; but these are difficult times. The Wichita Board of Education understands schools must be part of the solution to get through the next several budget years. Unfortunately it has been widely reported that this plan exempts schools. Upon closer examination it becomes clearer that individual districts are substantially impacted.

Wichita has strategically used the increased school funding for class-size reduction, coaches to help teachers effectively teach all students, and data leaders to analyze and explain test results to classroom teachers. The investment the Kansas legislature made has benefited all student groups. From 2000 to 2008 Wichita's state assessment scores:

District wide:	Reading up 20.2%	Math up 25.4%
At risk students:	Reading up 26.8%	Math up 34.2%
Special Education:	Reading up 28.7%	Math up 34.8%
English Language Learners:	Reading up 37.9%	Math up 38.2%

The Governor's budget, while flat overall does not fund this year's enrollment increases, and as a result would **reduce funding** for Wichita Public Schools:

Current school year: -\$1.4m and an additional -\$390,000 for special education  
2009 -10 school year: -\$4.4m and an additional -\$1 million for special education

Many Kansas businesses face slowing markets and as a result are slowing production. But the 'production requirements' for Kansas schools has not slowed. Two examples are No Child Left Behind and the 20 Special Education targets. No Child targets increase for reading by 6.1% to 7% and for math 6.6% and 8.9% this year. The special education targets require large increases in staffing to adequately assist the regular ed teacher. The standards march higher and higher each year without pause and schools which do not pass each and every target for each and every student group face severe penalties.

Mr. Chairman, as we work through very difficult choices I would encourage the committee to remember that schools do not set their own "production goals" – our production goals are set by state and federal law.

Senate Ways & Means Cmte  
Date 1-15-2009  
Attachment 3

Governor's Receipt and Expenditure Recommendations in FY 2009 and FY 2010

FY 2008 Actual Receipts and Expenditures

Governor's Projection for FY 2011 - 4.0 Percent Growth in Tax Receipts; No School Finance Increase

STATE GENERAL FUND RECEIPTS, EXPEND. AND BALANCES

FY 2008 - FY 2011

In Millions

	Actual FY 2008	Governor's Revised FY 2009	Governor's Recommended FY 2010	Governor's Projection FY 2011
Beginning Balance	\$ 935.0	\$ 526.6	\$ 58.3	\$ 0.6
Receipts (November 2008 Consensus) - 4.0 % Growth	5,693.4	5,781.2	5,782.4	6,219.0
Transfer Other Special Revenue Balances	0.0	29.0	2.2	-
Reduce Non-SGF Agencies and Transfer Balances	0.0	2.2	2.9	-
End Kansas Savings Incentive Program and Transfer Balance	0.0	4.2	0.0	-
Delete KDOT Loan Repayment	0.0	30.9	30.9	-
Delete Other Fund Loan Repayments	0.0	3.8	3.8	-
Limit Bioscience Authority Transfer	0.0	12.0	20.0	-
Suspend Trans. City-County Highway; Water Plan; Health Care	0.0	19.1	19.1	-
Transfer Gaming Revenue Fund	0.0	(1.6)	56.7	-
Suspend Property Tax Slider	0.0	0.0	45.3	-
Moratorium KPERS Death/Disability; Health Insurance	0.0	0.0	28.8	-
Net Other Adjustments	0.0	(0.5)	43.1	-
Proposed Tax Legislation (Estate; Corp. Franch.; Others)	0.0	0.0	60.6	-
	0.0	0.0	0.0	-
Adjusted Receipts	5,693.4	5,880.3	6,095.8	6,219.0
Total Available	\$ 6,628.4	\$ 6,406.9	\$ 6,154.1	\$ 6,219.6
KPERS Death/Disability; Health Insurance	-	-	(62.4)	-
School Finance Net Adjustments	-	(14.0)	(29.5)	-
Regents Systemwide Reductions	-	-	(55.3)	-
State Employee Market Adjustments - 2008 HB 2916	-	-	8.5	8.5
Human Services Caseloads (net adjustments)	-	5.4	(15.2)	60.0
Home and Community Based Services - P.D. Waiver	-	8.4	-	-
Operating Budget Reductions, Including Regents	-	(63.4)	-	-
Debt Restructuring	-	(17.7)	(39.3)	-
Net Other Adjustments	-	(8.8)	(46.3)	-
Close or Delay State Facilities (DOC; JJA; SRS)	-	(5.4)	(11.5)	-
All Other Expenditures	6,101.8	6,435.3	6,404.5	6,145.0
Total Expenditures	6,101.8	6,348.6	6,153.5	6,213.5
Ending Balance	\$ 526.6	\$ 58.3	\$ 0.6	\$ 6.1
Ending Balance as a Percentage of Expenditures	8.6%	0.9%	0.0%	0.1%
Receipts Above Expenditures	\$ (408.4)	\$ (468.3)	\$ (57.7)	\$ 5.5

Senate Ways & Means Cmte  
 Date 1-15-2009  
 Attachment 4

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- 1) FY 2008 expenditures are actual. FY 2009 and FY 2010 expenditures are as recommended by the Governor.
- 2) FY 2008 receipts are actual. FY 2009 and FY 2010 receipts reflect the Governor's recommendations.
- 3) FY 2011 base receipts assume a 4.0 percent growth.
- 4) FY 2011 expenditures include \$8.5 million for the state employee market pay adjustment and \$60.0 million increase for human services caseloads. No increase is provided for school finance in FY 2011.

Kansas Legislative Research Department  
January 14, 2009



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**Governor's Receipt and Expenditure Recommendations in FY 2009 and FY 2010**  
**Receipts Adjusted for Actual Receipts through December (\$44.6 below the estimate)**  
**FY 2008 Actual Receipts and Expenditures**  
**Governor's Projection for FY 2011 - 4.0 Percent Growth in Tax Receipts; No School Finance Increase**

**STATE GENERAL FUND RECEIPTS, EXPEND. AND BALANCES**  
**FY 2008 - FY 2011**  
 In Millions

	Actual FY 2008	Governor's Revised FY 2009	Governor's Recommended FY 2010	Governor's Projection FY 2011
Beginning Balance	\$ 935.0	\$ 526.6	\$ 13.7	\$ (88.6)
Receipts (November 2008 Consensus) - 4.0 % Growth	5,693.4	5,781.2	5,782.4	6,219.0
Transfer Other Special Revenue Balances	0.0	29.0	2.2	-
Reduce Non-SGF Agencies and Transfer Balances	0.0	2.2	2.9	-
End Kansas Savings Incentive Program and Transfer Balance	0.0	4.2	0.0	-
Delete KDOT Loan Repayment	0.0	30.9	30.9	-
Delete Other Fund Loan Repayments	0.0	3.8	3.8	-
Limit Bioscience Authority Transfer	0.0	12.0	20.0	-
Suspend Trans. City-County Highway; Water Plan; Health Care	0.0	19.1	19.1	-
Transfer Gaming Revenue Fund	0.0	(1.6)	56.7	-
Suspend Property Tax Slider	0.0	0.0	45.3	-
Moratorium KPERs Death/Disability; Health Insurance	0.0	0.0	28.8	-
Net Other Adjustments	0.0	(0.5)	43.1	-
Proposed Tax Legislation (Estate; Corp. Franch.; Others)	0.0	0.0	60.6	-
<b>Adjustment for December Actual Receipts</b>	0.0	<b>(44.6)</b>	<b>(44.6)</b>	<b>(44.6)</b>
Adjusted Receipts	5,693.4	5,835.7	6,051.2	6,174.4
Total Available	\$ 6,628.4	\$ 6,362.3	\$ 6,064.9	\$ 6,085.8
<b>KPERs Death/Disability; Health Insurance</b>	-	-	<b>(62.4)</b>	-
<b>School Finance Net Adjustments</b>	-	<b>(14.0)</b>	<b>(29.5)</b>	-
<b>Regents Systemwide Reductions</b>	-	-	<b>(55.3)</b>	-
<b>State Employee Market Adjustments - 2008 HB 2916</b>	-	-	<b>8.5</b>	8.5
<b>Human Services Caseloads (net adjustments)</b>	-	<b>5.4</b>	<b>(15.2)</b>	60.0
<b>Home and Community Based Services - P.D. Waiver</b>	-	<b>8.4</b>	-	-
<b>Operating Budget Reductions, Including Regents</b>	-	<b>(63.4)</b>	-	-
<b>Debt Restructuring</b>	-	<b>(17.7)</b>	<b>(39.3)</b>	-
<b>Net Other Adjustments</b>	-	<b>(8.8)</b>	<b>(46.3)</b>	-
<b>Close or Delay State Facilities (DOC; JJA; SRS)</b>	-	<b>(5.4)</b>	<b>(11.5)</b>	-
All Other Expenditures	6,101.8	6,435.3	6,404.5	6,145.0
Total Expenditures	6,101.8	6,348.6	6,153.5	6,213.5
<b>Ending Balance</b>	<b>\$ 526.6</b>	<b>\$ 13.7</b>	<b>\$ (88.6)</b>	<b>\$ (127.7)</b>
Ending Balance as a Percentage of Expenditures	8.6%	0.2%	-1.4%	-2.1%
Receipts Above Expenditures	\$ (408.4)	\$ (512.9)	\$ (102.3)	\$ (39.1)

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- 1) FY 2008 expenditures are actual. FY 2009 and FY 2010 expenditures are as recommended by the Governor.
- 2) FY 2008 receipts are actual. FY 2009 and FY 2010 receipts reflect the Governor's recommendations, but adjusted for December actual receipts.
- 3) FY 2011 base receipts assume a 4.0 percent growth, with the December actual receipts adjusted out of the base amount.
- 4) FY 2011 expenditures include \$8.5 million for the state employee market pay adjustment and \$60.0 million increase for human services caseloads. No increase is provided for school finance in FY 2011.

Prepared at the Request and Direction of Senator Jay Emler  
Kansas Legislative Research Department  
January 14, 2009

File: FY 2010 SGF Profile - Governor's Recommendation Adjusted for December Receipts