

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 8, 2010, in Room 548-S 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
Dylan Dear, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Heather O'Hara, 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 Assistant

Conferees appearing before the Committee:

Martin Kennedy, Secretary, Department on Aging
Bill McDaniel, Department on Aging
Mark Dick, Executive Vice-President, Allen, Gibbs, & Houlik, L.C., Wichita
Mark Tallman, Kansas Association of School Boards (KASB)
Diane Gjerstad, Wichita Public Schools
Rob Balsters, Seaman School District
Representative Bob Bethell
Richard Shank, Alliance for Kansans with Developmental Disabilities
Nick Wood, Disability Rights Center of Kansas
Tom Laing, InterHab, Inc.
Mike Oxford, Topeka Independent Living
Ray Dalton, Deputy Secretary, Department of Social and Rehabilitation Services (SRS)
Debra Zehr, Kansas Association of Homes and Services for the Aging

Others attending:

See attached list.

Approval of Minutes

Senator Teichman moved to approve the minutes of February 19, February 23, February 24, February 25, February 26, March 1, March 2, March 3 and March 4, as written. The motion was seconded by Senator Umbarger. Motion carried on a voice vote.

Subcommittee Report on Department of Agriculture, Animal Health Department, Kansas State Fair

Senator Taddiken presented the Subcommittee report on the Governor's recommendation on the Department of Agriculture for FY 2011 and moved for the adoption of the Subcommittee report on the Department of Agriculture for FY 2011 (Attachment 1). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

The Subcommittee noted that the introduction of legislation to create a lodging inspection fee would allow the agency to inspect lodging facilities on a regular basis and provide consistency of inspections across the state.

Senator Taddiken presented the Subcommittee report on the Governor's recommendation on the Animal Health Department for FY 2011 and moved for the adoption of the Subcommittee report on the Animal Health Department for FY 2011 (Attachment 1). The motion was seconded by Senator Lee. Motion carried on a voice

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 8, 2010, in Room 548-S of the Capitol.

vote.

Senator Taddiken presented the Subcommittee report on the Governor's recommendation on the Kansas State Fair for FY 2011 and moved for the adoption of the Subcommittee report on the Kansas State Fair for FY 2011 (Attachment 1). The motion was seconded by Senator Umbarger. Motion carried on a voice vote.

The Subcommittee noted that 100 percent of the funding received by the Kansas State Fair from the State General Fund (SGF) is used for debt service.

Subcommittee Report on Department on Aging and Kansas Guardianship Program

Senator Schodorf presented the Subcommittee report on the Governor's budget recommendation on the Department on Aging for FY 2011 (Attachment 2).

Senator Umbarger moved to amend the Subcommittee report on the Department on Aging for FY 2011 by adding language to grant the agency's enhancement request of \$1,095,000 for telehealth services to the Home and Community Based Services and to be funded from existing resources within the Department on Aging. The motion was seconded by Senator Masterson. Motion failed on a voice vote.

Responding to a question from the Committee, Martin Kennedy, Acting Secretary, Department on Aging, stated that he did not feel sufficient resources are available within the agency's budget to fund the telehealth services at the requested level. Bill McDaniel, Department on Aging, responded to a question from the Committee and indicated that approximately 3 percent of seniors are going into nursing homes with the use of the telehealth services as opposed to 12-15 percent without the program.

The Committee noted that they supported the telehealth services program; however, preferred to delay further action until Omnibus when it is anticipated that the results of a study, being performed by the Kansas University Medical Center, on a telehealth pilot study that was conducted by the Department on Aging, should be available.

Senator Schodorf moved for the adoption of the Subcommittee report on the Department on Aging for FY 2011. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

- ◆ The Committee requested a listing from the Department on Aging of where additional cuts to its budget could be made if necessary.

Senator Schodorf presented the Subcommittee report on the Governor's budget recommendation for the Kansas Guardianship Program for FY 2011 (Attachment 3).

Senator Teichman moved to amend the Subcommittee report on the Kansas Guardianship Program for FY 2011 by adding language to request a review of the agency budget at Omnibus. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Schodorf moved for the adoption of the Subcommittee report on the Kansas Guardianship Program for FY 2011 as amended. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Subcommittee Action on Commission on Veterans Affairs for FY 2010

Senator Taddiken moved to adopt the Subcommittee report on the Governor's budget recommendation for the Commission on Veterans Affairs for FY 2010. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Hearing on HB 2239 - School districts; uniform accounting system for the recording and reporting of receipts and expenditures.

Reagan Cussimano, Legislative Research Department, provided an explanation of HB 2239.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 8, 2010, in Room 548-S of the Capitol.

Representative Lana Gordon provided testimony in support of **HB 2239** ([Attachment 4](#)). Representative Gordon felt that **HB 2239** would provide more clarity and a more accurate picture of school district expenditures.

The Committee noted that the additional reporting requirements could place an additional expense and burden on school districts.

Mark Dick, Executive Vice-President, Allen, Gibbs, & Houlik, L.C., Wichita, presented testimony as neutral on **HB 2239** ([Attachment 5](#)). Mr. Dick noted that the legislation needs more clarity as to what data is being measured, what decisions will be made based on the data and by whom, and is the right data being collected.

Testimony in opposition to **HB 2239** was received from the following:

Mark Tallman, Kansas Association of School Boards (KASB) ([Attachment 6](#)).

Diane Gjerstad, Wichita Public Schools ([Attachment 7](#)).

Dr. Rob Balsters, Deputy Superintendent, Seaman USD 345 ([Attachment 8](#)).

Ms. Gjerstad stated that comparative information on school district finance is currently available on the Kansas Department of Education website (www.ksde.org).

Written testimony in opposition to **HB 2239** was received from the following:

Gary George, Assistant Superintendent, Olathe Public Schools ([Attachment 9](#)).

There were no other proponents, neutrals or opponents to appear before the Committee.

The hearing on HB 2239 was closed.

Hearing on SB 562 - Assessments of waiver provider fee on providers of certain home and community-based services.

Estelle Montgomery, Legislative Research Department, provided an explanation of **SB 562** ([Attachment 10](#)).

Representative Bob Bethell provided testimony in support of **SB 562** and the companion bill, **HB 2726** ([Attachment 11](#)). Representative Bethell stated that the legislation would provide short-term relief to the underfunding of waiver programs and noted that an important aspect of the legislation would be the possibility of drawing down additional federal Medicaid dollars.

Additional testimony in support of **SB 562** was received from the following:

- Richard Shank, Alliance for Kansans with Developmental Disabilities ([Attachment 12](#)).
- Nick Wood, Disability Rights Center of Kansas ([Attachment 13](#)).
- Tom Laing, InterHab, Inc. ([Attachment 14](#)).
- Mike Oxford, Topeka Independent Living ([Attachment 15](#)).

Testimony in a neutral position on **SB 562** was received from the following:

- Ray Dalton, Deputy Secretary, Department of Social and Rehabilitation Services ([Attachment 16](#)).
- Debra Zehr, Kansas Association of Homes and Services for the Aging ([Attachment 17](#)).

The Committee noted that the fiscal note received today on **SB 562** indicates that the Kansas Health Policy Authority (KHPA) has been informed by the Centers for Medicare and Medicaid Services (CMS) that Home and Community Based Service (HCBS) providers are not a permissible class for a health care related tax aimed at receiving federal financial participation.

There were no other proponents, neutrals, or opponents to appear before the Committee.

The hearing on SB 562 was closed.

Adjournment

The next meeting is scheduled for March 9, 2010.

The meeting was adjourned at 12:20 p.m.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE: March 8, 2010

NAME	REPRESENTING
Jeff Zehnder	WIBW Radio
Richard Shank	Alliance for Kar. w/ D.D.
JON ZEHNDER	Alliance " "
Stephanie Wilson	CLO
Janet Jones	Benchmark Comments
Nicole Roca At	K12 Inc.
Mark Tallman	KASB
Mary Jane Stankiewicz	K6FA
Lisette Kaufman	KoCoop Council
Chris Wick	SRS
Patrick Woods	SRS
Reyn Dalton	SRS
MARK BOZANYAK	Capitol Strategies
TOM LAING	InterHab
Barb Coxant	KDOA
Martin Kennedy	KDOA
Bill McDaniel	KDOA
Maury J. Jacobs	DOA
Dore Gjerstad	Wichita Public Schools
Y. [unclear]	Area Tribes Affair
Scott Brunner	KHPA
Dustin Meyer	KHPA
Amaly Allison	KHPA

Nancy Zogelman

ROB MEYER

Tim Carpenter

Jackson Lindsey

Polsine II

KEARNEY & ASSOC

L-5

Heinlan

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

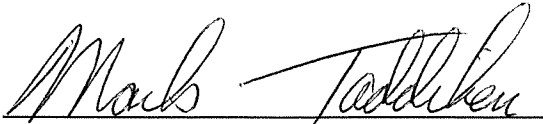
DATE: March 8, 2010

NAME	REPRESENTING
Craig Koberling	K4A
Kelli Voshell	K4A
Debra Zehn	KATHSA
Shannon Jones	SICK
Scott Frank	Leg Post Audit
Nick Wood	DISABILITIES RIGHTS CENTER
Hannah Sanders	KHPA
Brendan Yorkley	Budget
Amy Penrod	Budget
Vicki Legan Hessel	Budget
Ron Aikin	KRHA
Don Saylor	KRHA
Tanya Dorf Brunner	Oral Health Kansas
Tom Kutz	KASB
JOHN C. BOTTENBERG	BOTTENBERG ASSOC
Sara Haworth	Intern-Sen. Vicki Schmidt
Jean KRAM	KGP
Jim May	KGP
Erik Wisner	KDA
Mike Beam	KS. Livestock Assn.
John Donley	KS. Livestock Assn.
Tom Burgess	Health Management of KS
Andrew J Hill, O.D	Kansas Optometric Assoc.

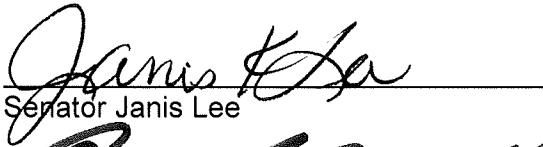
FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Agriculture
Animal Health Department
Kansas State Fair



Senator Mark Taddiken, Chair



Senator Janis Lee



Senator Carolyn McGinn

Senate Ways & Means Cmte
Date 3-08-2010
Attachment 1

House Budget Committee Report

Agency: Department of Agriculture

Bill No. HB 2706

Bill Sec. 95

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 423

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,566,033	\$ 9,513,336	\$ 181,250
Other Funds	17,608,147	15,997,757	0
Subtotal	<u>\$ 30,174,180</u>	<u>\$ 25,511,093</u>	<u>\$ 181,250</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 30,174,180</u></u>	<u><u>\$ 25,511,093</u></u>	<u><u>\$ 181,250</u></u>
FTE positions	344.5	341.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>344.5</u></u>	<u><u>341.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 operating budget of \$30.2 million, which is an increase of \$3.1 million, or 11.5 percent, above the revised FY 2010 estimate. The request includes State General Fund expenditures of \$12.6 million, which is an increase of \$2.4 million, or 24.2 percent, above the revised FY 2010 estimate. The request includes enhancement funding that totals \$3.6 million, including \$2.2 million from the State General Fund. The enhancement funding accounts for the agency's increased revised over the revised FY 2010 estimate. Absent the enhancement funding, the agency's FY 2011 request totals \$26.6 million, which is a decrease of \$497,961, or 1.8 percent, below the agency's revised FY 2010 estimate. The request would fund 344.5 FTE positions.

Governor's Recommendation

The **Governor** recommends a FY 2011 operating budget totaling \$25.5 million, which is a decrease of \$4.7 million, or 15.5 percent, below the agency's FY 2011 request, and a decrease of \$1.1 million, or 4.3 percent, below the Governor's FY 2010 recommendation. The Governor recommends a reduction of 3.0 FTE positions for FY 2011. The State General Fund recommendation totals \$9.5 million for FY 2011, which is a decrease of \$3.1 million, or 24.3 percent, below the agency's FY 2011 request, and a decrease of \$301,017, or 3.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend any of the agency's State General Fund enhancement requests, which total \$2.2 million. In addition, the Governor recommends an additional reduction of \$816,491 from the agency's FY 2011 State

General Fund request. The reductions are reflected in the agency's reduced resources budget, which totals \$516,491, and the Governor recommends an additional reduction of \$300,000 from the agency's State General Fund budget.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following adjustments and notations:

1. Add \$6,250, all from the State General Fund, for the agency's membership in the Missouri River Association of State and Tribes (MoRAST) in FY 2011. MoRAST is a regional interstate organization formed by joint resolution of the Governors of Wyoming, Montana, North Dakota, South Dakota, Nebraska, Iowa, and Kansas, and the Mni Sose Intertribal Water Rights Coalition.

MoRAST was formed to help resolve issues of concern to the basin states and tribes, to serve as a forum to foster communication and information exchange among the member states, tribes, and various other governmental units. The association also exists to facilitate the management of the natural resources of the Missouri River Basin, including water resources and fish and wildlife, while considering the impacts to the economic, historical, cultural, and social resources. Considering the importance of water issues in Kansas, the House Budget Committee believes that membership in this organization is important to the water interests of all Kansans.

2. Add \$20,000, all from the State General Fund, for the Agricultural Statistics Program in FY 2011 to fund two livestock market reports. The agency receives funding from the state and the federal governments to provide data on Kansas feeder cattle prices at the Pratt and Salina auction markets. The agency stated in their budget submission for FY 2011 that without additional funding from the state, the reports would be discontinued. The House Budget Committee received testimony that the reports provide information such as future prices, transportation cost trends, and various cattle prices, that allows the Kansas cattle industry to continue to be competitive in the marketplace.
3. Add \$55,000, all from the State General Fund, for the Administrative Services and Support Program in FY 2011 to fund a 1.0 FTE administrator position within the Specialty Crop Grant Management Subprogram. The agency testified that the position administers the Specialty Crop Grant for the state, which provides grants to enhance the competitiveness of specialty crops, provides public information, works with activities associated with the State Fair, and other agricultural-related duties. Currently, the agency's Chief Financial Officer is administering the program, because the position is being held vacant as a result of budget reductions.
4. Add \$100,000, all from the State General Fund, for the Division of Water Resources in FY 2011 to fund interstate water management and other water appropriation activities. Because the Division of Water Resources is funded primarily by the State General Fund, recommended budget reductions by the Governor for FY 2011 will limit the state's ability to protect its water rights against infringement by Colorado and Nebraska. The ability to continue pursuing the state's right to water from both Colorado and Nebraska is vital to all Kansans. This funding will allow the Division of Water Resources to continue its efforts in monitoring water levels, acquiring data, and using this information to enforce the compacts agreed to with Colorado and Nebraska.
5. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that directs the agency not to pay the agency's portion of the Monumental Building Surcharge in FY 2011, which totals \$188,406, all from the State General Fund. The Monumental Building Surcharge is paid by every state agency in

Shawnee County to the Department of Administration for upkeep of the State Capitol Building, the Judicial Center, Cedar Crest, and parking lots within the Capitol Complex. Instead, the House Budget Committee recommends that the agency transfer the amount that would have paid for the Monumental Building Surcharge to the agency's Grain Warehouse Program and the Dairy Inspection Program in FY 2011. Enhancement funding for the Grain Warehouse Program and the Dairy Inspection Program was included in the agency's FY 2011 request, but was not recommended by the Governor.

The Grain Warehouse Program protects depositors of grain in public warehouses from losses due to fraud and inventory mismanagement by ensuring warehouses maintain accurate records and maintain the condition of stored grain. The agency stated in its testimony to the committee that the Grain Warehouse Program requires an additional \$75,000 appropriation in order to sustain the program at its current level of service, because revenue for the program from its inspection fees has not increased as expected.

The Dairy Inspection Program regulates the milk and dairy production, transportation, processing, and distribution industry in Kansas, along with inspection, sampling, and other regulatory duties. The agency also stated in its testimony that the Dairy Inspection Program requires an additional \$72,000 appropriation to reinstate a position that was laid off by the agency in August 2009 and to increase funding for the program's operating expenditures. The agency requested a fee increase for the Dairy Inspection Program during the 2009 Legislative Session, which would have generated increased revenues for the program; however, the fee increase was not approved.

6. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that states:

During the fiscal year ending June 30, 2011, the agency shall make every effort to ensure services performed in the grain warehouse inspection program will not be compromised by budget reductions that are recommended for FY 2011.

The House Budget Committee notes that this proviso was included in Section 37(a) of House Substitute for Senate Bill 22, the 2009 House Omnibus Bill.

7. The House Budget Committee recommends adding language to the FY 2011 appropriations bill that states:

During the fiscal year ending June 30, 2011, the agency shall make every effort to ensure services performed in the dairy inspection program will not be compromised by budget reductions that are recommended for FY 2011.

8. The House Budget Committee notes its support of House Bill 2659, which concerns the agency's Lodging Inspection Program and amends the current statutory inspection requirements to allow the agency more flexibility to inspect lodging establishments based on complaints received from the public.

9. The House Budget Committee makes the following statement:

Agriculture is extremely important to our Kansas economy, our rural communities, and the people it employs and feeds. Kansas is synonymous with farming and the center of the bread basket of America. We must protect this resource and ensure that we create an environment in which it can thrive.

Part of this effort is maintaining the Department of Agriculture, who through its mission protects and promotes agriculture. Its programs, while regulatory in nature, serve not only consumers, but farmers and ranchers. Its Division of Water Resources monitors compliance with our interstate water compacts, thus ensuring that regions of the state receive the essential water they are due from Colorado and Nebraska.

The agency's Dairy Inspection Program keeps the industry in compliance with the interstate milk shipper's agreement so that our dairy farmers have a "Grade A" dairy market beyond our borders. Kansas only consumes 20 percent of the milk we produce, so we need that export market to keep our dairies, both small and large, operating.

Kansas has had considerable success attracting dairies from other states in the past few years. If the dairies lose their "Grade A" status, even for a while, it would end that potential to attract other large dairies to rural Kansas.

Without funding for staff and programs not only will these services cease, but there will be no one to administer the US Department of Agriculture's (USDA) specialty crop grant that provides funding to Kansas businesses to develop new businesses or expand existing ones. Grant funds also are provided to our universities and community colleges. The agency received over \$214,000 to award this past fall and has an opportunity for an additional \$281,914 this year.

Wheat production in 2008 was 356 million bushels with a value of production in excess of \$2.5 billion and the value of production for corn is over \$2 billion. The cash receipts from the sale of cattle totaled \$6.24 billion.

Beyond the number of dollars that agriculture generates for the state; beyond the number of jobs, both direct and indirect it creates, agriculture is our heritage and it deserves our support. The best way to do that is by supporting and funding our Department of Agriculture so it can continue to serve agriculture and all Kansans through its programs. Otherwise, the agency's programs will disappear. This would be unfortunate under any circumstance, but especially unfortunate considering that with just some minor budget adjustments, these programs can be preserved. The agency's programs are consumer protection-oriented and make sure there is a fair and level playing field for all farms, ranches, and businesses in the state of Kansas. Kansas farmers depend on the stable, predictable regulatory framework that the Department of Agriculture provides.

House Committee Recommendation

The **House Committee** concurs with the House Budget Committee's FY 2011 recommendation, with the following adjustments and notations:

1. Do not add \$6,250, all from the State General Fund, as recommended by the House Budget Committee, for the agency's membership in the Missouri River Association of State and Tribes (MoRAST) in FY 2011 and review at Omnibus.
2. Do not add \$20,000, all from the State General Fund, as recommended by the House Budget Committee, for the agency's Agricultural Statistics Program in FY 2011 to fund two livestock market reports and review at Omnibus.
3. Do not add \$55,000, all from the State General Fund, as recommended by the House Budget Committee, for the Administrative Services and Support Program in FY 2011 to fund a 1.0 FTE administrator position within the Specialty Crop Grant Management Subprogram and review at Omnibus.
4. Do not add \$100,000, all from the State General Fund, as recommended by the House Budget Committee, for the Division of Water Resources in FY 2011 to fund interstate water management and other water appropriation activities and review at Omnibus.

5. Delete language that directs the agency not to pay the agency's portion of the Monumental Building Surcharge in FY 2011, which totals \$188,406, all from the State General Fund, and transfers the funding to the agency's Grain Warehouse Program and Dairy Inspection Program in FY 2011.

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. SB 556

Bill Sec. 95

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 423

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,566,033	\$ 9,513,336	\$ (233,797)
Other Funds	17,608,147	15,997,757	0
Subtotal	<u>\$ 30,174,180</u>	<u>\$ 25,511,093</u>	<u>\$ (233,797)</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 30,174,180</u></u>	 <u><u>\$ 25,511,093</u></u>	 <u><u>\$ (233,797)</u></u>
 FTE positions	 344.5	 341.5	 0.0
Non FTE Uncl. Perm. Pos.	40.5	39.5	0.0
TOTAL	<u><u>385.0</u></u>	<u><u>381.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 operating budget of \$30.2 million, which is an increase of \$3.1 million, or 11.5 percent, above the revised FY 2010 estimate. The request includes State General Fund expenditures of \$12.6 million, which is an increase of \$2.4 million, or 24.2 percent, above the revised FY 2010 estimate. The request includes enhancement funding that totals \$3.6 million, including \$2.2 million from the State General Fund. The enhancement funding accounts for the agency's increased request over the revised FY 2010 estimate. Absent the enhancement funding, the agency's FY 2011 request totals \$26.6 million, which is a decrease of \$497,961, or 1.8 percent, below the agency's revised FY 2010 estimate. The request would fund 344.5 FTE positions.

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Governor's Recommendation

The **Governor** recommends a FY 2011 operating budget totaling \$25.5 million, which is a decrease of \$4.7 million, or 15.5 percent, below the agency's FY 2011 request, and a decrease of \$1.1 million, or 4.3 percent, below the Governor's FY 2010 recommendation. The Governor recommends a reduction of 3.0 FTE positions for FY 2011. The State General Fund recommendation totals \$9.5 million for FY 2011, which is a decrease of \$3.1 million, or 24.3 percent, below the agency's FY 2011 request, and a decrease of \$301,017, or 3.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend any of the agency's State General Fund enhancement requests, which total \$2.2 million. In addition, the Governor recommends an additional reduction of \$816,491 from the agency's FY 2011 State General Fund request. The reductions are reflected in the agency's reduced resources budget, which totals \$516,491, and the Governor recommends an additional reduction of \$300,000 from the agency's State General Fund budget.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2011 recommendation, with the following adjustment and notations:

1. Delete \$233,797, all from the State General Fund, to reduce the agency's FY 2011 State General Fund budget by 2.5 percent. The agency provided information to the Subcommittee regarding how the agency would take the 2.5 percent reduction, which is attached to this Subcommittee report. The Subcommittee notes that further reductions to the agency's State General Fund budget will result in elimination of programs and the furlough of employees. The Subcommittee believes that without the agency's regulatory functions in place, agricultural industries will suffer.
2. Add language in FY 2011 that would allow the agency to reappropriate any unencumbered balances over \$100 from FY 2010 to FY 2011 in its State Water Plan Fund programs, which are the Interstate Water Issues, Subbasin Water Resources Management, and Water Use programs. The Subcommittee notes that this is the first time the agency has requested reappropriation authority for its State Water Plan Fund programs and the Subcommittee recommends reappropriation authority for FY 2011 only, with a report back to the Subcommittee during the agency's budget presentation in the 2011 Legislative Session on carry forward balances. The Subcommittee heard testimony from the agency that the language would provide greater flexibility for the agency and give them the ability to finish projects as needed, rather than being concerned about finishing before the end of the fiscal year.
3. The Subcommittee recommends introduction of a bill that would create a lodging inspection fee, which would allow the agency to inspect lodging facilities on a regular basis. The agency testified that approximately \$245,000 would be needed to operate the lodging inspection program in FY 2011. The agency stated that there are 809 lodging facilities that are eligible to be inspected in the state and currently, the license fees for the lodging facilities total \$55,000, which is deposited into the State General Fund.
4. The Subcommittee notes its concern regarding funding reductions in the Agricultural Statistics program. Along with providing livestock auction reports, the custom rates report, the farm facts report, and price statistics, the program also performs the valuation of agricultural land in the state. The program works with the Department of Revenue on the valuation of agricultural land for property tax purposes. The Subcommittee recommends that when the Senate Committee considers the FY 2011 budget as a

whole, it should consider transferring \$29,000 from the Department of Revenue to the Department of Agriculture in FY 2011. This would continue the agency's assistance to the Department of Revenue in determining agricultural land values.

5. The Subcommittee expresses its concern regarding dam inspections in the state. Due to the agency's State General Fund budget reductions, the agency has greatly reduced its inspections of the state's dams. The Subcommittee notes that this responsibility has been passed on to the counties and to individual landowners.
6. The Subcommittee makes the following statement:

The state's Grain Warehouse program protects farmers who deposit their grain in public warehouses by ensuring warehouses maintain accurate records, appropriate bonding, and manage the grain properly. Currently, the industry fees supply approximately two-thirds of the revenue for operating the program. The grain industry is more than a \$7.0 billion dollar industry in Kansas. Thus, having a credible and effective Grain Warehouse program in the state is vital to ensuring the viability of this industry.

House Budget Committee Report

Agency: Animal Health Department

Bill No. HB 2706

Bill Sec. 96

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 435

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 840,266	\$ 798,253	\$ 0
Other Funds	1,786,989	1,829,002	0
Subtotal	<u>\$ 2,627,255</u>	<u>\$ 2,627,255</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,627,255</u></u>	<u><u>\$ 2,627,255</u></u>	<u><u>\$ 0</u></u>
FTE positions			
FTE positions	33.0	33.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>34.0</u></u>	<u><u>34.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 budget of \$2.6 million, which is a decrease of \$139,113, or 5.0 percent, below the agency's revised FY 2010 estimate. The FY 2011 request includes a State General Fund budget of \$840,266, which is a reduction from the revised FY 2010 estimate of \$45,700, or 5.2 percent. The decrease is attributed to one-time funding for computers and related technology in FY 2010, which is partially offset by slight increases in salaries and wages and contractual services for FY 2011.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2011 request; however, the Governor recommends a State General Fund budget totaling \$798,253, which is a decrease of \$42,013, or 5.0 percent, below the agency's FY 2011 request, and a decrease of \$61,133, or 7.1 percent, below the Governor's FY 2010 recommendation. The Governor recommends adding \$42,013 from the agency's special revenue funds to replace the State General Fund dollars recommended by the Governor to be reduced.

House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following notation:

1-9

1. The House Budget Committee notes that House Bill 2666 was introduced during the 2010 Legislative Session, which would allow the agency to increase its fees for the Animal Disease Control Program. The agency has not raised its fees in this program since 1995 and at that time, the fees were raised to the maximum amount allowed by statute. In addition, the agency has expressed its concerns over increasing expenditures and a decreasing ending balance in the Animal Disease Control Fund, the fund into which fees from the program's activities are deposited. The bill would increase the maximum fee amounts listed in statute for the Animal Disease Control Program and if raised, the fees would provide additional revenue for the program. In the Governor's FY 2011 recommendation, the program is recommended to receive funding totaling \$1,394,611, including \$502,879 from the State General Fund, for program operations. The Governor's recommendation for the program includes a State General Fund decrease of \$42,013, or 5.0 percent and replaces it with the same amount from the agency's Animal Disease Control Fund.

House Committee Recommendation

The **House Committee** concurs with the House Budget Committee's FY 2011 recommendation, with the following notation:

1. Review at Omnibus the funding the agency receives for feral swine eradication and any potential legislation to aid the agency in combating their infestation.
-

Senate Subcommittee Report

Agency: Animal Health Department

Bill No. SB 556

Bill Sec. 96

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 435

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 840,266	\$ 798,253	\$ (19,618)
Other Funds	1,786,989	1,829,002	0
Subtotal	<u>\$ 2,627,255</u>	<u>\$ 2,627,255</u>	<u>\$ (19,618)</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,627,255</u></u>	<u><u>\$ 2,627,255</u></u>	<u><u>\$ (19,618)</u></u>
FTE positions	33.0	33.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>34.0</u></u>	<u><u>34.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 budget of \$2.6 million, which is a decrease of \$139,113, or 5.0 percent, below the agency's revised FY 2010 estimate. The FY 2011 request includes a State General Fund budget of \$840,266, which is a reduction from the revised FY 2010 estimate of \$45,700, or 5.2 percent. The decrease is attributed to one-time funding for computers and related technology in FY 2010, which is partially offset by slight increases in salaries and wages and contractual services for FY 2011.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2011 total request; however, the Governor recommends a State General Fund budget totaling \$798,253, which is a decrease of \$42,013, or 5.0 percent, below the agency's FY 2011 request, and a decrease of \$61,133, or 7.1 percent, below the Governor's FY 2010 recommendation. The Governor recommends adding \$42,013 from the agency's special revenue funds to replace the State General Fund dollars recommended by the Governor to be reduced.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2011 recommendation, with the following adjustment and notations:

1-11

1. Delete \$19,618, all from the State General Fund, to reduce the agency's State General Fund budget by 2.5 percent for FY 2011.
2. The Subcommittee notes that the Governor's FY 2011 recommendation for the agency results in 8.5 furlough days for all of the agency's employees. With the 2.5 percent reduction recommended by the Subcommittee, the agency testified that the number of furlough days would increase to 12.5 days. The Subcommittee notes its concern with the agency's estimated furlough days, as it could cause difficulties in responding to disease outbreaks or emergency situations should they arise in the future.
3. The Subcommittee notes that in FY 2000, the agency was funded with a mix of 38.0 percent from the State General Fund and 62.0 percent from special revenue funds. For FY 2011, the agency will be funded by 25.0 percent State General Fund and 75.0 percent special revenue funds.
4. The Subcommittee recommends introduction of a bill that would increase the statutory maximum amounts of several fees within the agency's Animal Disease Control program. The program receives the largest portion of the agency's State General Fund budget and as the agency's State General Fund budget has declined over previous fiscal years, the agency has increasingly relied upon the Animal Disease Control Fund to fund the program, in which fees from the program are deposited. The Subcommittee notes that Animal Disease Control program staff have stopped doing routine inspections as a result of current budget reductions. The passage of this bill would allow the agency to conduct routine inspections and as the agency testified, it would eliminate the need for furloughs.
5. The Subcommittee notes that in FY 2015, the U.S. Department of Agriculture will cease to have federal field staff in Kansas and instead use "strike teams" to investigate outbreaks as needed. Federal field staff have assisted the agency with routine inspections for numerous years, and the agency and industry benefited from the relationship between federal field staff and the agency's field staff. The agency testified that it is concerned about this loss of support in conducting inspections and is working on a plan on how to address this issue in the future.
6. The Subcommittee notes that discussion took place regarding the feral swine in the state. The Subcommittee heard testimony from the agency that the state is losing ground in containing the feral swine population. Feral swine cause damage to livestock, crops, and structures, and the agency states that the animals are difficult to hunt, as they are nocturnal and elusive. The Subcommittee encourages the agency to continue its efforts to contain the feral swine population in the state.
7. The Subcommittee acknowledges the agency's efforts on upgrading their information technology (IT) equipment. During the 2009 Legislative Session, the Senate Subcommittee hearing the agency's budget added \$57,000, all from the State General Fund, for the agency to upgrade its IT equipment with the hope of creating efficiencies in the agency and ultimately reducing State General Fund operating expenditures. The funding was recommended as part of an agreement not to consolidate the agency with the Department of Agriculture, and the agency was directed by the Senate Subcommittee to update its IT capabilities and

examine ways to become more efficient. Through the Governor's allotments in July and November, this funding was reduced in half. The Subcommittee notes that even though the funding was reduced in half, the agency has the goal of purchasing scanners and equipment that will allow the agency to scan and file approximately 60,000 of the agency's paper documents. In addition, the agency will purchase several tablet laptop computers for the Animal Facilities Inspection program field staff, which will greatly increase the field staff's efficiency. Also, the federal government has decreased the funding for its National Animal Identification program, which is a voluntary program to register livestock animals around the country. The responsibility for moving forward with an animal identification system is being discussed by the states and a major component of moving forward would be IT capability.

House Budget Committee Report

Agency: Kansas State Fair

Bill No. HB 2706

Bill Sec. 97

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 439

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 294,854	\$ 294,854	\$ 0
Other Funds	5,494,910	5,324,910	0
Subtotal	<u>\$ 5,789,764</u>	<u>\$ 5,619,764</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 1,255,000	\$ 1,255,000	\$ 0
Other Funds	116,592	116,592	0
Subtotal	<u>\$ 1,371,592</u>	<u>\$ 1,371,592</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,161,356</u></u>	<u><u>\$ 6,991,356</u></u>	<u><u>\$ 0</u></u>
FTE positions	24.0	24.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>24.0</u></u>	<u><u>24.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests \$5.8 million, including \$294,854 from the State General Fund, for FY 2011 operating expenditures. The FY 2011 request is an increase of \$106,734, or 1.9 percent, above the revised FY 2010 estimate. The increase is primarily attributed to the agency's request for enhancement funding, which totals \$120,000 from the Economic Development Initiatives Fund (EDIF). Absent the enhancement funding, the FY 2011 request totals \$5,669,764, which is a decrease of \$13,266, or 0.2 percent, below the revised FY 2010 estimate. The decrease is reflected in the agency's contractual services budget.

Governor's Recommendation

The **Governor** recommends a FY 2011 operating budget of \$5.6 million, which is a decrease of \$170,000, or 2.9 percent, below the agency's FY 2011 request, and a decrease of \$63,266, or 1.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the agency's enhancement requests, which total \$120,000. The Governor recommends transferring \$50,000 from the agency's State Fair Fee Fund to the State Fair Capital Improvement Fund in FY 2011, which would increase the agency's total transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund from \$300,000 to \$350,000. The transfer decreases the agency's expenditures by \$50,000.

14
1-15

House Budget Recommendation

The **House Budget Committee** concurs with the Governor's FY 2011 recommendation, with the following notations:

1. The House Budget Committee believes that the State Fair is an important part of the state's agricultural community, which showcases and represents the significance of the agriculture industry in the Kansas economy. The Budget Committee recommends that the State Fair invite legislators from all over the state, focusing on legislators from urban areas, to visit the State Fair and take part in an educational opportunity with 4-H exhibitors to learn how to show animals that are typically exhibited at the State Fair. The Budget Committee suggests that the legislators, after receiving training from the 4-H exhibitors on animal showmanship, take part in a friendly showmanship contest.
2. The House Budget Committee notes that House Bill 2658 and Senate Bill 364 have been introduced during the 2010 Legislative Session. Both bills would allow the agency to pursue workers compensation coverage through the private market, rather than paying for coverage through the state. In its testimony to the House Budget Committee, the agency stated that by exploring workers compensation coverage in the private market, they received a quote that could potentially save the agency \$101,000 in FY 2011. According to the agency, the agency is experiencing an increase of \$70,000 for workers compensation coverage in FY 2010 and anticipates another increase of \$20,000 in FY 2011. The House Budget Committee requests a review of the progress of this legislation and of the agency's workers compensation coverage costs at Omnibus.

House Committee Recommendation

The **House Committee** concurs with the House Budget Committee's FY 2011 recommendation.

15
1-16

Senate Subcommittee Report

Agency: Kansas State Fair

Bill No. 556

Bill Sec. 97

Analyst: O'Hara

Analysis Pg. No. --

Budget Page No. 439

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 294,854	\$ 294,854	\$ 0
Other Funds	5,494,910	5,324,910	0
Subtotal	<u>\$ 5,789,764</u>	<u>\$ 5,619,764</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 1,255,000	\$ 1,255,000	\$ 0
Other Funds	116,592	116,592	0
Subtotal	<u>\$ 1,371,592</u>	<u>\$ 1,371,592</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,161,356</u></u>	<u><u>\$ 6,991,356</u></u>	<u><u>\$ 0</u></u>
FTE positions	24.0	24.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>24.0</u></u>	<u><u>24.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests \$5.8 million, including \$294,854 from the State General Fund, for FY 2011 operating expenditures. The FY 2011 request is an increase of \$106,734, or 1.9 percent, above the revised FY 2010 estimate. The increase is primarily attributed to the agency's request for enhancement funding, which totals \$120,000 from the Economic Development Initiatives Fund (EDIF). Absent the enhancement funding, the FY 2011 request totals \$5,669,764, which is a decrease of \$13,266, or 0.2 percent, below the revised FY 2010 estimate. The decrease is reflected in the agency's contractual services budget.

Governor's Recommendation

The **Governor** recommends a FY 2011 operating budget of \$5.6 million, which is a decrease of \$170,000, or 2.9 percent, below the agency's FY 2011 request, and a decrease of \$63,266, or 1.1 percent, below the Governor's FY 2010 recommendation. The Governor does not recommend the agency's enhancement requests, which total \$120,000. The Governor recommends transferring \$50,000 from the agency's State Fair Fee Fund to the State Fair Capital Improvement Fund in FY 2011, which would increase the agency's total transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund from \$300,000 to \$350,000. The transfer decreases the agency's expenditures by \$50,000.

16
1-17

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2011 recommendation, with the following notations:

1. The Subcommittee notes its discussion of Senate Bill 364 and House Bill 2658, which are identical bills, that would allow the agency to purchase workers compensation insurance through the private market rather than through the state. The agency stated in its testimony that its workers compensation insurance rates totaled \$33,000 in FY 2009 and have increased to \$101,000 in FY 2010 and \$120,000 in FY 2011. If this legislation was passed into law, the agency states that preliminary quotes from private insurers have totaled \$19,000, which would reduce the agency's workers compensation insurance payments by \$101,000 in FY 2011. The Subcommittee notes that this funding could then be used to address anticipated deficits within the agency's capital improvements budget for debt service principal payments. House Bill 2658 had a hearing in the House Committee on Commerce and Labor on Thursday, March 4th. Senate Bill 364 was referred to the Senate Committee on Business and Labor and currently, no hearing has been scheduled.
2. The Subcommittee acknowledges the agency's continued efforts to work with Westar and encourages the agency to continue its effort to address increased utility rates at the State Fairgrounds. The agency had an agreement with Westar that included an interruptible service rider (ISR) and a capacity credit agreement. The ISR meant that Westar had the option to call the agency on short notice to reduce the electrical load for the day. By agreeing to those terms, the agency received a more favorable utility rate. In early 2009, Westar notified the agency that after April 2009 the Kansas State Fair would no longer be eligible for the capacity credit agreement that provided the agency significant savings. The agency has made considerable progress in discussing this issue with Westar and rented generators during the 2009 Kansas State Fair, which helped to reduce, but not eliminate, increased utility costs. The Subcommittee encourages the agency to continue its efforts with Westar in FY 2011.

17
1-18

FY 2011 SGF Budget Reduction Options for Senate Budget Committee

Kansas Department of Agriculture

March 3, 2010

Requirement of Senate: \$9,279,539 (FY 2011 Gov Rec \$9,513,336 minus \$233,797 reduction)


Description	Reduction	Consequences
<u>Agriculture Statistics</u>		
Eliminate Partnership with Federal Agriculture Statistics. Eliminate SGF contribution toward this partnership. It would result in the layoff of four state employees: one Economic Development representative II, one Senior Administrative Specialist II, and two Administrative Specialists	\$190,786	<ul style="list-style-type: none"> * No Livestock Auction Reports, no Custom Rates Report (rates paid by farmers for custom work), no Kansas Hay price statistics, no Kansas Sunflower Price Statistics. This joint venture involving the U.S. Department of Agriculture and the Kansas Department of Agriculture also collects, maintains and disseminates statistics about Kansas agriculture. KDA would no longer be a working partner in this. The future of the annual Farm Facts report would be the decision of the US Dept of Agriculture. Typically Farm Facts provides both up-to-date and historical information on Kansas agriculture.
<u>All KDA</u>		
Furlough all KDA employees 5 days	\$125,000	<ul style="list-style-type: none"> * Possible shut down of slaughter at meat processing facilities due to no employees being present on scheduled slaughter days. This will create hardships for meat processors. * The lab has processes that require a five day procedure to occur in order to process samples. No samples will be run for a week. This may affect dairy's ability to ship milk. * Possibility for a food born outbreak could occur without staff available to work. * The department employee's morale is already down from layoffs, lack of pay increases, pay cuts and other budget related issues. This will further reduce morale and will cause good employees to seek other employment. * The public will not have access to KDA services for a week. Pesticide complaint calls will not be answered. Gas pump complaints will not be investigated. Licenses will not be issued and renewals processed.
SGF Reduction Grand Total:	\$315,786	
Required Target	\$233,797	
<u>ALTERNATIVE AND SECOND OPTION:</u>		
<u>Dairy</u>		
Eliminate the Dairy program. If fee package doesn't pass and additional funding from SGF does not get appropriated the Dairy program will run out of funds in 2012 and will be eliminated.	\$118,974	<ul style="list-style-type: none"> * Loss of industry, loss of jobs, farms, and other indirect job losses. Over \$1.3 billion dollar gross revenue loss to Kansas.

1-18

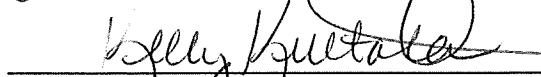
FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Department on Aging



Senator Jean Schodorf, Chair



Senator Kelly Kultala



Senator Vicki Schmidt

Senate Ways & Means Cmte
Date 3-08-2010
Attachment 2

Senate Subcommittee Report

Agency: Department on Aging

Bill No. SB 556

Bill Sec. 65

Analyst: Montgomery

Analysis Pg. No. 465

Budget Page No. 217

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 179,123,940	\$ 172,925,292	\$ (8,561,130)
Other Funds	332,998,302	321,906,962	0
Subtotal	<u>\$ 512,122,242</u>	<u>\$ 494,832,254</u>	<u>\$ (8,561,130)</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 512,122,242</u></u>	<u><u>\$ 494,832,254</u></u>	<u><u>\$ (8,561,130)</u></u>
FTE positions			
FTE positions	214.0	214.0	0.0
Non FTE Uncl. Perm. Pos.	16.0	16.0	0.0
TOTAL	<u><u>230.0</u></u>	<u><u>230.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests an FY 2011 budget of \$512.1 million, an increase of \$22.6 million, or 4.6 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$179.1 million, an increase of \$32.1 million, or 21.8 percent, above the revised current year estimate. The request would include 214.0 FTE positions and 16.0 non-FTE positions, the same as the revised current year estimate. The request includes eleven enhancement requests totaling \$22.9 million, including \$11.4 million from the State General Fund. Absent the enhancements, the request would be a decrease of \$300,000, or less than 0.1 percent, from all funding sources from the revised estimate.

Governor's Recommendation

The **Governor** recommends \$494.8 million, including \$172.9 million from the State General Fund for FY 2011. The recommendation is a decrease of \$17.2 million, or 3.4 percent, below the agency's request. This includes a decrease of \$6.1 million, or 3.5 percent, below the agency's State General Fund request. The Governor does not recommend any of the enhancement requests except for the addition of \$675,000, all from the State General Fund, for the Nutrition Program to help maintain the number of meals served at the FY 2010 level.

Senate Subcommittee Recommendation

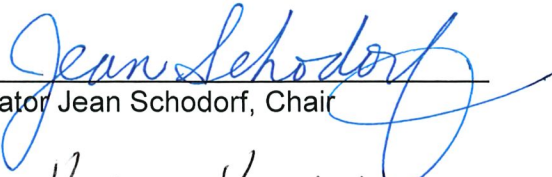
The **Subcommittee** concurs with the Governor's recommendation with the following recommendations and notations:

1. Delete \$8,561,130, from the State General Fund, to achieve a 2.5 percent reduction from the Governor's FY 2011 recommendation.
2. The Subcommittee directs the agency to avoid completely eliminating programs as a result of funding reductions by leaving a nominal amount of funding (\$100) in the programs. The Subcommittee is concerned that if funding is completely eliminated for these programs, worthy programs may be "lost" during difficult budget times, and not considered for restored funding when the state's financial situation improves. To date, the agency has indicated that these programs include sleep cycle support, oral health services, companion services and assistance technology for the Home Community Based Services Frail Elderly wavier program, the Seniors Farmer's Market, the Cerebral Palsy's Assistive Technology Program, the Senior Companion program in Hays, KS, and the Seniors Together Enjoy Physical Success (STEPS) program.
3. The Subcommittee notes that the Governor's recommendation restores the FY 2010 Medicaid provider rate reductions in FY 2011. This restoration totals \$45,530,115, including \$16,222,380 from the State General Fund.
4. The Subcommittee acknowledges the success of the Program for the All-Inclusive Care of the Elderly (PACE) program and encourages future budget related discussions to explore innovative programs that could provide the growing Kansas senior population with the opportunity to receive cost-effective community-based services as an alternative to nursing facility care, promote independence in a community setting and prevent increased state expenditures.
5. The Subcommittee acknowledges the potential future cost avoidance benefits of the telehealth services and recommends review of the agency's enhancement request of \$1,095,000, including \$382,900 from the State General Fund, to add a telehealth service to the HCBS/FE waiver program at Omnibus. The agency has funded a telehealth pilot study, and the Kansas University Medical Center is evaluating the study results. Results of the three year study will be available by the end of FY 2010. The agency has indicated that telehealth technology could have a significant effect on the health and well-being of residents with chronic diseases and the cost of care when used at home. The request would fund 500 telehealth units a year at approximately \$6 per day.
6. The Subcommittee acknowledges 2010 Senate Bill 546 and 2010 House Bill 2673 and encourages the 2010 Legislature to address the issues outlined in these bills.
7. The Subcommittee acknowledges the strain funding reductions to the agency's budget places on the nursing facility inspection process and encourages the agency to explore all resource options to maintain inspections services at adequate levels.
8. The Subcommittee commends the agency for its hard work during trying budget times and crisis situations and applauds the agency's continued efforts.

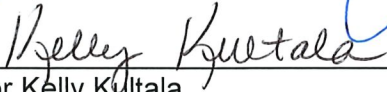
FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Guardianship Program



Senator Jean Schodorf, Chair



Senator Kelly Kultala

Senate Ways & Means Cmte

Date 3-08-2010

Attachment 3

House Budget Committee Report

Agency: Kansas Guardianship Program

Bill No. HB 2706

Bill Sec. 68

Analyst: Dear

Analysis Pg. No. 177

Budget Page No. 263

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,159,395	\$ 1,124,763	\$ 34,632
Other Funds	0	0	0
Subtotal	<u>\$ 1,159,395</u>	<u>\$ 1,124,763</u>	<u>\$ 34,632</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 1,159,395</u></u>	<u><u>\$ 1,124,763</u></u>	<u><u>\$ 34,632</u></u>
FTE positions	11.0	11.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>11.0</u></u>	<u><u>11.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests \$1,159,395, all from the State General Fund, for FY 2011 operating expenditures. The request is an increase of \$4,994, or 0.4 percent, above the FY 2010 revised estimate. The increase is attributed to salaries and wages expenditures predominantly related to expenses for group health insurance benefits. The increase is partially offset by reductions in contractual services and commodities by reducing communications costs and expenses for general office supplies.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$1,124,763, an increase of \$4,994, or 0.4 percent, above the FY 2010 Governor's recommendation. The recommendation is a decrease of \$34,632, or 3.0 percent, below the agency's FY 2011 estimate. The Governor's recommendation carries the FY 2010 reductions in stipends forward into FY 2011.

House Budget Committee Recommendation

The **Committee** concurs with the Governor's recommendation with the following recommendations and notations:

3-2

1. Add \$34,632, all from the State General Fund, to prevent a reduction in stipends paid for out of pocket expenses to volunteer guardians and conservators from \$30 to \$28. This will hold the FY 2011 budget at the amount requested by the agency without implementation of the reduced resource package.
2. The Budget Committee further recommends that the Legislature revisit the decision to provide the additional State General Fund amount identified in item 1 at Omnibus and examine where cuts have been made in other agencies to offset this increase.

Senate Subcommittee Report

Agency: Kansas Guardianship Program

Bill No. SB 556

Bill Sec. 68

Analyst: Dear

Analysis Pg. No. 177

Budget Page No. 263

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,159,395	\$ 1,124,763	\$ (32,513)
Other Funds	0	0	0
Subtotal	\$ 1,159,395	\$ 1,124,763	\$ (32,513)
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 1,159,395	\$ 1,124,763	\$ (32,513)
FTE positions	11.0	11.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	11.0	11.0	0.0

Agency Request

The **agency** requests \$1,159,395, all from the State General Fund, for FY 2011 operating expenditures. The request is an increase of \$4,994, or 0.4 percent, above the FY 2010 revised estimate. The increase is attributed to salaries and wages expenditures predominantly related to expenses for group health insurance benefits. The increase is partially offset by reductions in contractual services and commodities by reducing communications costs and expenses for general office supplies.

3-3

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$1,124,763, an increase of \$4,994, or 0.4 percent, above the FY 2010 Governor's recommendation. The recommendation is a decrease of \$34,632, or 3.0 percent, below the agency's FY 2011 estimate. The Governor's recommendation carries the FY 2010 reductions in stipends forward into FY 2011.

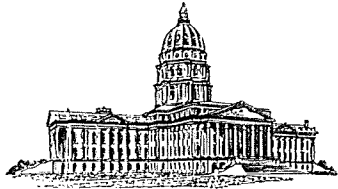
Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following recommendations and notations:

1. Delete \$32,513, all from the State General Fund, from the FY 2011 Governor recommended budget in order to reduce the Governor's FY 2011 recommendation by 2.5 percent. In FY 2010, the agency furloughed employees one day a month to meet the Governor's allotments. In FY 2011, due to limited ability to further reduce the budget, the only alternative for the additional increased cuts would be in salaries or a decrease in stipends to the guardians.
2. The Subcommittee states that in the event new funding sources become available the Kansas Guardianship Program should be one of the first agencies examined to determine how to best supplement their funding.

STATE OF KANSAS

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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

CHAIR: ECONOMIC DEVELOPMENT AND TOURISM
MEMBER: EDUCATION
HEALTH AND HUMAN SERVICES
LOCAL GOVERNMENT
JOINT COMMITTEE ECONOMIC
DEVELOPMENT
JOINT COMMITTEE ARTS & CULTURAL
RESOURCES

HB 2239 creates the Kansas Uniform Financial Accounting and Reporting Act (KUFARA). During my service to the Legislature the past 9 years, I have continually been frustrated by the lack of transparency in school finance and the ability to compare like expenditures to like expenditures from District to District.

Attempts have been made since Bill Bunten was in the Senate and further attempts in school finance bills were made the last couple of years, to encourage a uniform budgeting and reporting system so that we are really comparing like information statewide. This bill is slightly different than one I presented in the past.

A 2007 Legislative Post Audit on school district accounting was to find out if any other states use a centralized system. Though centralized accounting is not used by any of the 20 states studied, 14 of them have adopted standardized charts of accounts and business rules for school district staff to use when both recording and reporting accounting transactions. Eleven of the 14 states have had the standardized accounting systems for 20 years or more ago, the other 3 have had them for at least 10 years. They have worked with systems and companies to manage this data. They also report and budget in a uniform manner for all school districts in their state. Some states like, Minnesota, require their schools to account and report building by building data and has done so since 1999.

HB 2239 directs the State Board of Education to develop and implement a uniform accounting and reporting system.

This system would not only benefit the Legislature in more clearly being able to compare monies spent within districts and between districts; but also would provide good data for school boards and administrators. Until we can truly compare apples to apples in districts, we still do not have the most accurate information of how school districts are spending their allocations. I have always believed that one might find that more funding may be needed in some areas and less in others, but it is hard to be sure when the exact amounts are not substantiated by facts and only lumped together. It would be my goal to see things line by line on actual spending.

With school financing consisting of more than 51% of our budget, it is prudent of us as Legislators to derive a more accurate picture of expenditures by putting into place a system that will help us do this.

I would appreciate your support of HB 2239.

Thank you,

Lana Gordon

Senate Ways & Means Cmte

Date 3-08-2010

Attachment 4

Mr. Chairman and members of the Senate Ways and Means committee. My name is Mark Dick. I am an executive vice president of assurance services and lead the public sector audit practice for the CPA and advisory firm Allen, Gibbs & Houlik, L.C. in Wichita.

I appreciate the opportunity to make comments about House Bill 2239 today. My comments are based on more than 40 years of practice serving governmental and not-for-profit clients, including public schools. Our firm has built the largest public sector practice in the State and includes the State of Kansas itself, as well as a number of other large and highly complex governmental units. However, my comments today are meant to share my experience in and knowledge of both school system and governmental accounting with the committee – not as a representative of any client or organization.

I want to make clear that **I do support the concept of providing meaningful financial information which enables the comparison of financial and performance data of school districts.** However, the “devil is in the details.” There are **four main points I’d like to make regarding this bill that I would suggest should be addressed** before school districts attempt to implement these requirements, then I’ll explain a little more about each of those points.

First: Are we clear about what questions we’re attempting to answer by gathering this data, so that we gather the right data at the right level of detail?

Second: Who is determining the type and level of detail that is submitted? Is it the state board of education, or is it the schools themselves?

Third: The bill currently requires a statement of assurance from the auditing firm that is not part of current auditing standards; I will suggest an alternative to that statement to achieve the same results.

Fourth: The Director of Budgets states the State Board must develop an accounting system for school districts to use that is in accordance with accepted principles of governmental fund accounting, or GAAP (generally accepted accounting principles). This would require districts to keep two sets of books – when only a few districts in the state might potentially need that type of accounting.

Data Gathering Goals and Detail

My first point relates to the goal of gathering data from the school districts. In order to do so most effectively, it’s important to be clear about why we’re gathering it. If the bill is asking for detailed data – can we answer the following questions?

- What exactly do we want to measure or compare, and for what reason?
- What decisions will be made based on this data and by whom?
- Are we gathering the right data to help someone make those decisions?

And perhaps even more specifically – is there evidence that the current level of detail does not meet users’ needs?

Senate Ways & Means Cmte
Date 3-08-2010
Attachment 5

Determination of Type and Level of Data Gathered/Assurance of Accuracy

Who will make the determination as to what information is submitted? More data is not necessarily the same thing as better data. Line 39, page 2 of the bill states: "The State board shall require school districts to submit detailed revenue and expenditure records to the state board in an electronic format that is prescribed by the state board." This statement raises two questions:

- First, does the state board determine what level of detail and data is required, or does the state board simply create an electronic format which can be completed by school districts at whatever level of detail they choose?
- And second, is gathering additional data simply adding "noise to the system" or will it clearly result in better information for decision-making?

The term "detailed revenue and expenditures records" is ambiguous and requires subjective judgment regarding the level of detail. For example, expenditures can be reported by function, such as instruction, administration or operations. The same expenditures can also be reported by their "natural" object character, such as salaries/wages, supplies, postage, utilities.

Additionally, these classifications can be made at a more detailed level, such as electrical or water within the category of utilities, or pencils and ink cartridges within the category of supplies.

Requiring more detail in reporting increases the probability of errors, and as a result, the information may become less – rather than more – reliable. Previous legislative post-audits have shown errors are already being made with the current level of detail required.

A prudent cost-effective alternative incorporating two changes could address both the accuracy and the issue of how a required statement of assurance works within current auditing standards:

- More training of District accounting personnel responsible for coding transactions
- Expanding current audit requirements to add an agreed-upon procedures attestation report related to the proper classification on the applicable state forms. This could be accomplished using statistical sampling methods. The end product would be a report describing the procedures conducted and the results and findings.

The agreed upon procedures approach is within the current auditing standards and would achieve the desired result.

Accounting Principles

The correspondence from the Director of the Budget indicates that school districts would be required to conform to accepted principles of governmental fund accounting and include both budgetary and proprietary accounting – GAAP.

Currently, almost all school districts but the largest use budget accounting; only those districts which have their bonds rated have a specific need to use GAAP. Requiring all

districts to comply with GAAP would require the creation and maintenance of an entirely new and different set of books for each district in addition to what districts are already doing. Unless the district needs access to the capital markets through bonds, requiring two methods of accounting seems an undue burden on districts unlikely to have GAAP expertise.

Summary

In closing, again, I appreciate the opportunity to appear before the committee today, and I believe the goal of providing comparable data between school districts is a valuable one – but one that could perhaps be achieved more effectively with the clarifications and modifications I've outlined:

- Ensuring that the data gathered is the right type and level of detail to help data users make whatever decisions they seek to make
- Based on data-users' needs, make clear who is ultimately responsible for how much and what type of data is submitted – the state board or the schools themselves.
- To achieve the desired reassurance that data from the districts has been accurately classified and also work within current auditing standards, district auditing firms could perform an agreed upon procedure as part of the audit.
- Determine whether districts are required to use GAAP based on whether they need to have their bonds rated – it's likely that fewer than 10 districts statewide have a true need for GAAP accounting. Mandating GAAP statewide would place an undue burden for expertise they likely don't possess on the remaining districts.

Thank you for your time; I would be glad to answer any questions as time permits.



Testimony before the
Senate Ways and Means Committee
on
HB 2239

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

March 8, 2010

Mr. Chairman, Members of the Committee

Thank you for the opportunity to comment on **HB 2239**. We appear today as an opponent of the bill in its current form, although we want to acknowledge that the House has made significant changes to address concerns we expressed about the original bill. However, we remain concerned about this bill because we simply do not know what it would actually require in terms of cost and time for either local districts or the State Department of Education.

Let's review the actual changes the bill would make to current law. First, section 1 (c) on page 2, directs the state board to "*require school districts to submit detailed revenue and expenditure records to the state board in an electronic format that is prescribed by the state board.*" The bill does not specify how this actually changes current law. Does this mean EVERY school district transaction must be reported? How often must districts report? Without those answers, we don't know how much it will cost, how much time it will take, how to make district reports compatible with the state, and whether either districts or KSDE have the computer capacity to handle this transfer. We have been told one estimate of the additional cost to the department of computer capacity alone would be over \$600,000. That would allow you to restore two after school grant programs. Which expenditure of money is likely to help more students succeed?

Sections 2 and 3 seem to essentially require that school districts use a uniform chart of accounts for reporting receipts and expenditures. We have no problem with this concept. We have repeatedly noted that school districts are already supposed to use a uniform system. The question is at what level of detail and complexity must districts report. To give a very simple example, if a school district buys a supply of paper, that paper may be used in classrooms, in the offices of the principal, the superintendent, the guidance counselor, the school nurse, the food service director and the bus farm. Technical, that cost should be divided among instruction, school administration, district administration, student support, food service and transportation. How much time and effort should be required for this level of accounting, especially among small districts?

Senate Ways & Means Cmte
Date 3-08-2010
Attachment 6

Section 4 requires the school district audit to include a statement of assurance that the district has reported receipts and expenditures appropriately. Again, we have no problem with this conceptually. However, we are concerned about the additional cost this may add to the district audit, which will probably depend on the depth of investigation by the auditors. This committee has repeatedly asked for examples of unfunded mandates. This could certainly be a new one.

Finally, Section 5 attempts to assuage those concerns by committing the Legislature to appropriate sufficient funds to pay the cost incurred by both local districts and KSDE for the implementation and compliance with this act. However, we have to note that there are number of statutory provisions directing the Legislature to pay certain costs that are not being followed. Special education at 92 percent of excess cost and reimbursement of mandatory bonuses paid to teachers with national board certification are just two examples.

Before this bill is advanced, we believe there needs to be a full accounting of exactly what information is being requested and what it would cost to implement, with funding provided before these costs are incurred. Thank you for your consideration.



Senate Ways & Means Committee
Senator Emler, Chair

H. B. 2239 – Uniform Accounting

*Submitted by Diane Gjerstad
Wichita Public Schools*

March 7, 2010

Mr. Chairman, members of the Committee:

The topic of school budgeting is not new. Reviewing my files I found hearings dating from 1997 including a 2003 taskforce on school budgeting. The legislature has modified school budgets numerous times. It is important to note that our school districts have been responsive to public's right to understand school funding and expenditures. Districts have invited the public to participate in budgeting process, shared information with staff, patrons and site councils, created "budget at a glance" documents and held public forums.

Legislative Post Audit has found examples of coding errors. When this bill was introduced in the House we attempted to offer policy suggestions to address those concerns. In testimony to the House committee we made the suggestions to:

1. train finance clerks to address the discrepancies found in audits conducted by Legislative Post Audit; and
2. expand CPA testing of school budgets to include sampling for accuracy in the reporting to KSDE.

After the House amendments we took time to fully understand the amendments requiring "detailed records of revenue and expenditure transactions" (page 2, lines 35-41) to be filed electronically. This would require millions of lines of code to be up-loaded to KSDE in a format which is searchable. How much would this cost districts and KSDE for equipment, staff, software and servers to handle a huge increase in data and capacity?

First let's review what we currently have. I recently spent time on two websites: Kan View and KSDE's "Comparative Performance & Fiscal System". The web information already maintained by KSDE allows the public or policy makers to compare assessment data, salaries and expenditures.

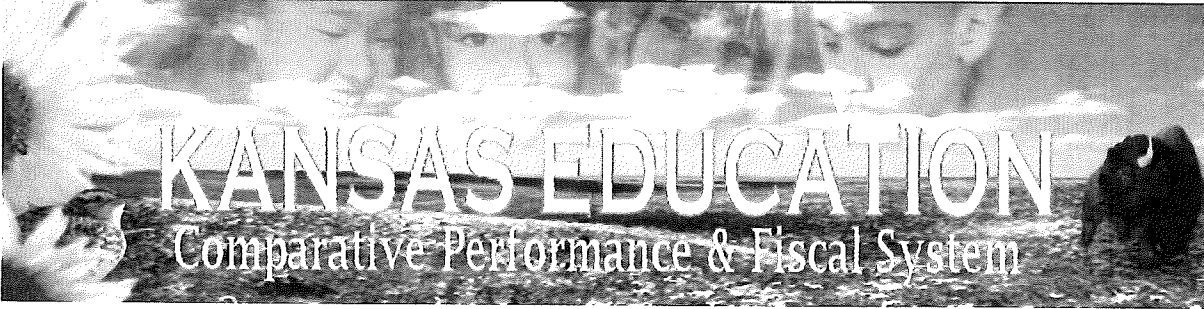
This issue has been reviewed by committees, such as yours, interim committees and special taskforces. These thorough and exhaustive reviews have similar findings: the legislature **can** demand exhaustive fiscal accounting from each district. The issue remains does the benefit off-set the cost.

We hesitate to make suggestions which would increase costs to schools during times of budget cuts but training and expanding the CPA audit would appear to be a more cost effective measure to address concerns about accuracy which continue to be raised.

Mr. Chairman, prior to adopting costly budget system changes we would ask for a searchable web based system already in existence and to encourage additional training.

Senate Ways & Means Cmte
Date 3-08-2010
Attachment 7

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(All funds except General)

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and Reduced-Price Lunches

Mill Levy Rates

Average Principal Salaries

FTE Enrollment

Average Teacher Salaries

Headcount Enrollment

Reading Assessment - Percent Proficient

Average Daily Attendance

Math Assessment - Percent Proficient

Average Daily Membership

Science Assessment - Percent Proficient

Attendance Rate

History & Govt. Assessment - Percent Proficient

Dropout Rate

Writing Studies Assessment - Percent Proficient

Graduation Rate

School District Budget Data

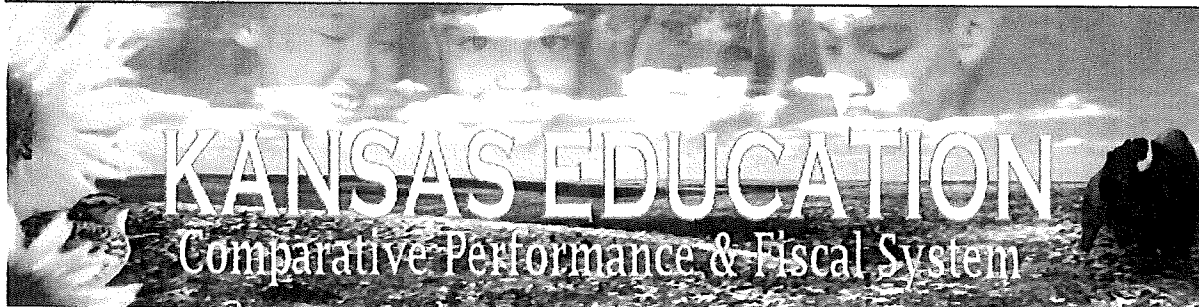
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The Kansas State Department of Education



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**2008-2009 School Year
Selected USD's
Sorted in Ascending Order by USD**

Glossary

USD	USD Name	Headcount Enroll.	% Free & Rcd Lunches	Avg. Principal Salaries Including Fringe Benefits & Supp. Salary	Avg. Teacher Salaries Including Fringe Benefits & Supp. Salary
229	Blue Valley	20,776	5.12	108,913	60,281
233	Olathe	26,425	20.49	104,231	58,085
259	Wichita	48,914	69.31	94,418	60,484
500	Kansas City	19,848	83.77	97,873	53,836
501	Topeka Public Schools	13,846	67.94	84,932	50,102
512	Shawnee Mission Pub Sch	27,772	27.11	113,844	63,928

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7-3

HB 2239 Testimony - Effective School Funding Analysis Can Be Expensive and Complicated

HB 2239 would provide a tremendous amount of data that, for the most part, is currently available with diligent research. Our independent auditors estimate that the audit requirements of the bill would double or triple the cost of our audit (now = \$11,000).

Tracking program dollars is only one aspect of the bill. The other requirement of the bill to track pupil expenditures by program must account for part-time enrollment as well as movement by pupils in and out of particular programs during the school year. Finally, we must also divide dollars spent on functions other than instruction into each of the programs. The two functions most problematic are administration maintenance and operations. True program cost analysis encompasses all spending functions, not just instruction.

Quick analysis of most school financial data often produces an incomplete picture of a particular situation. Any analysis should be multi-dimensional. This is especially true when funding is generated on a per pupil basis, but expenses are primarily based on characteristics of district personnel such as salary schedule placement and longevity in the district.

Each district also has many types of fixed expenses that are often independent of enrollment changes such as administration, maintenance and operations, supplies, and instructional equipment.

Example:

Three districts with 2,000 students, 100 classrooms, 100 teachers, and 20 students per classroom.

Over the course of five years, District A loses 200 students, District B has level enrollment, and District C gains 200 students.

<u>Year One</u>	<u>District A</u>	<u>District B</u>	<u>District C</u>
Enrollment	2,000	2,000	2,000
Number of Teachers	100	100	100
Students per Classroom	20	20	20
Budget per Pupil	\$4,218	\$4,218	\$4,218
Total basic budget	\$8,436,000	\$8,436,000	\$8,436,000
<u>Year Five</u>	<u>District A</u>	<u>District B</u>	<u>District C</u>
Enrollment	1,800	2,000	2,200
Number of Teachers	100	100	100
Students per Classroom	18	20	22
Budget per Pupil	\$4,218	\$4,218	\$4,218
Total basic budget	\$7,592,400	\$8,436,000	\$9,279,600
Difference	-\$843,600	\$0	\$843,600

District A must reduce expenses without cutting teachers, while District C is able to increase expenditures without adding teachers. And yet, on a teacher basis, there is essentially no difference in the basic expenses of each district over the five years.

8-2

2239 Testimony - Observations Regarding the LPA 2007 Special Education Excess Cost Study - 2005-06 School Year

District Number	District Name	Primary Funding							Categorical Aid					Amount (Not)	
		Total District FTE	Total Special Education Expenditures	Medicaid Revenues	Federal IDEA Revenues	Total Regular Education Revenues	Total Primary Funding	Excess Costs	Teacher Entitlement	Transportation Entitlement	Catastrophic Entitlement	Other Entitlement	Categorical Aid TOTAL	Covered by Primary Funding and Categorical Aid	% of Excess Costs Covered
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
512	Shawnee Mission	27,420.6	\$ 38,480,967	\$ 506,739	\$ 5,856,001	\$ 6,844,946	\$ 13,207,686	\$ 25,273,281	\$ 12,571,576	\$ 3,775,733	\$ -	\$ -	\$ 16,347,309	\$ (8,925,972)	64.7%
230	Spring Hill	1,633.8	\$ 2,183,699	\$ 34,581	\$ 312,185	\$ 397,062	\$ 743,828	\$ 1,439,871	\$ 860,650	\$ 110,669	\$ -	\$ 2,919	\$ 974,238	\$ (465,633)	67.7%
232	DeSoto	4,916.2	\$ 6,249,232	\$ 112,487	\$ 725,359	\$ 1,047,303	\$ 1,885,149	\$ 4,364,084	\$ 2,370,384	\$ 597,326	\$ 16,654	\$ 11,469	\$ 2,995,833	\$ (1,368,251)	68.6%
409	Atchison	1,535.7	\$ 2,730,947	\$ -	\$ 485,441	\$ 706,286	\$ 1,191,727	\$ 1,539,220	\$ 1,222,992	\$ 100,553	\$ -	\$ -	\$ 1,323,545	\$ (215,675)	86.0%
383	Manhattan	4,855.9	\$ 6,881,943	\$ 235,216	\$ 1,081,530	\$ 1,612,856	\$ 2,929,602	\$ 3,952,341	\$ 3,407,845	\$ 314,368	\$ 20,225	\$ -	\$ 3,742,438	\$ (209,903)	94.7%
308	Hutchinson	4,516.7	\$ 5,437,517	\$ 822,869	\$ 1,161,405	\$ 1,763,343	\$ 3,747,617	\$ 1,689,900	\$ 2,170,269	\$ 281,285	\$ -	\$ -	\$ 2,451,554	\$ 761,654	145.1%
353	Wellington	1,624.1	\$ 2,304,501	\$ 134,876	\$ 403,153	\$ 1,083,929	\$ 1,621,958	\$ 682,543	\$ 1,186,883	\$ 137,281	\$ -	\$ -	\$ 1,324,164	\$ 641,621	194.0%
372	Silver Lake	721.8	\$ 738,970	\$ 39,733	\$ 134,700	\$ 326,340	\$ 500,773	\$ 238,197	\$ 429,840	\$ 33,547	\$ -	\$ 29,111	\$ 492,498	\$ 254,301	206.8%

District Number	District Name	Primary Funding per Sp Ed FTE							Categorical Aid per Sp Ed FTE					Amount (Not)	
		Special Education FTE	Total Special Education Expenditures per Sp Ed FTE	Medicaid Revenues	Federal IDEA Revenues	Total Regular Education Revenues	Total Primary Funding	Excess Costs	Teacher Entitlement	Transportation Entitlement	Catastrophic Entitlement	Other Entitlement	Categorical Aid TOTAL	Covered by Primary Funding and Categorical Aid	% of Excess Costs Covered
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
512	Shawnee Mission	1,151.2	\$ 33,427	\$ 440	\$ 5,087	\$ 5,946	\$ 11,473	\$ 21,954	\$ 10,921	\$ 3,280	\$ -	\$ -	\$ 14,200	\$ (7,754)	64.7%
230	Spring Hill	68.2	\$ 32,024	\$ 507	\$ 4,578	\$ 5,823	\$ 10,908	\$ 21,116	\$ 12,621	\$ 1,623	\$ -	\$ 43	\$ 14,287	\$ (6,828)	67.7%
232	DeSoto	171.8	\$ 36,367	\$ 655	\$ 4,221	\$ 6,095	\$ 10,970	\$ 25,396	\$ 13,794	\$ 3,476	\$ 97	\$ 67	\$ 17,434	\$ (7,962)	68.6%
409	Atchison	111.6	\$ 24,471	\$ -	\$ 4,350	\$ 6,329	\$ 10,679	\$ 13,792	\$ 10,959	\$ 901	\$ -	\$ -	\$ 11,860	\$ (1,933)	86.0%
383	Manhattan	277.0	\$ 24,845	\$ 849	\$ 3,904	\$ 5,823	\$ 10,576	\$ 14,268	\$ 12,303	\$ 1,135	\$ 73	\$ -	\$ 13,511	\$ (758)	94.7%
308	Hutchinson	304.6	\$ 17,854	\$ 2,702	\$ 3,813	\$ 5,790	\$ 12,305	\$ 5,549	\$ 7,126	\$ 924	\$ -	\$ -	\$ 8,049	\$ 2,501	145.1%
353	Wellington	169.3	\$ 13,613	\$ 797	\$ 2,381	\$ 6,403	\$ 9,581	\$ 4,032	\$ 7,011	\$ 811	\$ -	\$ -	\$ 7,822	\$ 3,790	194.0%
372	Silver Lake	43.2	\$ 17,090	\$ 919	\$ 3,115	\$ 7,547	\$ 11,581	\$ 5,509	\$ 9,941	\$ 776	\$ -	\$ 673	\$ 11,390	\$ 5,881	206.8%

District Number	District Name	Primary Funding per Sp Ed FTE Staff Member							Categorical Aid per Sp Ed FTE Staff Member					Amount (Not)	
		Special Education Staff FTE	Total Special Education Expenditures per Staff FTE	Medicaid Revenues	Federal IDEA Revenues	Total Regular Education Revenues	Total Primary Funding	Excess Costs	Teacher Entitlement	Transportation Entitlement	Catastrophic Entitlement	Other Entitlement	Categorical Aid TOTAL	Covered by Primary Funding and Categorical Aid	% of Excess Costs Covered
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
512	Shawnee Mission	869.4	\$ 44,263	\$ 583	\$ 6,736	\$ 7,873	\$ 15,192	\$ 29,071	\$ 14,461	\$ 4,343	\$ -	\$ -	\$ 18,804	\$ (10,267)	64.7%
230	Spring Hill	65.2	\$ 33,518	\$ 531	\$ 4,792	\$ 6,095	\$ 11,417	\$ 22,101	\$ 13,210	\$ 1,699	\$ -	\$ 45	\$ 14,954	\$ (7,147)	67.7%
232	DeSoto	152.3	\$ 41,035	\$ 739	\$ 4,763	\$ 6,877	\$ 12,379	\$ 28,656	\$ 15,565	\$ 3,922	\$ 109	\$ 75	\$ 19,672	\$ (8,985)	68.6%
409	Atchison	83.3	\$ 32,792	\$ -	\$ 5,829	\$ 8,481	\$ 14,310	\$ 18,482	\$ 14,685	\$ 1,207	\$ -	\$ -	\$ 15,893	\$ (2,590)	86.0%
383	Manhattan	241.3	\$ 28,523	\$ 975	\$ 4,482	\$ 6,685	\$ 12,142	\$ 16,381	\$ 14,124	\$ 1,303	\$ 84	\$ -	\$ 15,511	\$ (870)	94.7%
308	Hutchinson	159.5	\$ 34,087	\$ 5,158	\$ 7,281	\$ 11,054	\$ 23,493	\$ 10,594	\$ 13,605	\$ 1,763	\$ -	\$ -	\$ 15,368	\$ 4,775	145.1%
353	Wellington	99.3	\$ 23,214	\$ 1,359	\$ 4,061	\$ 10,919	\$ 16,339	\$ 6,876	\$ 11,956	\$ 1,383	\$ -	\$ -	\$ 13,339	\$ 6,463	194.0%
372	Silver Lake	34.3	\$ 21,544	\$ 1,158	\$ 3,927	\$ 9,514	\$ 14,600	\$ 6,945	\$ 12,532	\$ 978	\$ -	\$ 849	\$ 14,359	\$ 7,414	206.8%



Olathe School District 233
Testimony Provided by Dr. Gary George
House Bill 2239
March 8, 2010

My name is Gary George and I am an assistant superintendent in the Olathe School District. I am submitting written testimony to express concerns regarding House Bill 2239, an accounting bill, which was modified in the House Education Budget Committee.

As currently written, House Bill 2239 directs the Kansas State Board of Education to design and implement a uniform system of data reporting by school districts. The system is to be Web based and must permit searches and manipulation of data and allow district-by-district comparison. The system is to be operational by December 31, 2011. The state board must adopt a chart of accounts and monitor, on an ongoing basis, the proper use by school districts of the chart. Audits must be filed with the state board. Further, the audit must include a statement of assurance that the school district has reported receipts and expenditures in accordance with the chart of accounts. Finally, the legislature is to appropriate sufficient sums to cover the costs incurred by the state board and school districts attributable to implementation and compliance with this act.

Our concerns are:

1. The potential costs of adapting our system to the new state system.
2. The cost of training staff to ensure a high degree of proficiency and accuracy.
3. The increased cost of the audit to secure the statement of assurance.
4. We believe that in the state's current financial condition, districts will be left with the requirements but will not receive funding. This would then be another unfunded mandate.

In closing, according to Legislative Post Audit, the few states that have put such systems in place have spent millions of dollars doing so and it took several years to actually implement the systems across the state. Arkansas spent \$25M when it implemented a system and Colorado indicated that it took several years to get all districts on the system. It is obvious with the massive budget challenges Kansas is facing, that there are no resources available for this project and the implementation time table is not reasonable.

We strongly recommend that House Bill 2239 go no further.

Thank you.

Senate Ways & Means Cmte

Date 3-08-2010

Attachment 9

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March 8, 2010

Senate Bill 562

Background

- SB 562 would create a provider assessment program for physically disabled, developmentally disabled, traumatic brain injured and frail elderly home and community-based services providers.
- A provider assessment is a mechanism used to maximize the amount of federal funding for the state by generating new state funds. After collection, the additional funds would be used to draw down additional federal funds. This results in increased Medicaid payments to providers for Medicaid eligible services. (The fiscal note indicates it does not appear that this would qualify for
- Kansas currently has a provider assessment for hospitals. In addition, the 2010 Legislature has two bills (SB 546 and HB 2376) concerning implementing a provider assessment program for skilled nursing facilities in the state of Kansas.

Provider assessment qualifications, powers, duties and functions

- SB 562 would establish an assessment on physically disabled, developmentally disabled, traumatic brain injured and frail elderly home and community-based services providers.
- SB 562 would establish the Kansas Health Policy Authority (KHPA) as the state agency to calculate and implement the assessment.
- The stipulations of the assessment include:
 1. An amendment to the state plan for the waiver programs which would increase the rates of payments made to the waiver providers for providing services;
 2. The KHPA shall impose on each waiver provider a 3.0 percent assessment rate of the gross revenues the provider received from providing services as part of the waiver program. (A qualified provider would be one who serves more than ten individuals.) Therefore, the assessment amount due will be calculated once, but paid quarterly;
 3. Waiver providers will be compensated retroactively at the increased rate for services provided for the period commencing on and after July 1, 2010;
 4. The authority shall seek any necessary approvals by the fe that are required for the implementation of the program.

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Creation of the waiver provider fee fund

- SB 562 would establish a fund where all assessments and penalties collected through the program would be deposited.
- No funds would be allowed to be transferred to the State General Fund at any time.
- The assessment funds shall be used exclusively to pay for:
 1. Administrative expenses incurred by the Kansas Health Policy Authority;
 2. Increased provider payments;
 3. Reimburse initial portions of the Medicaid share of the assessment;
 4. Restore the 10.0 percent provider reduction implemented from January 1-June 30, 2010;
 5. And, restore funding for FY 2010 re-basing and inflation.
- If there are any additional funds, SB 562 would specify that these must be used for quality enhancements for the services provided for the waiver programs.
- A fine will be assessed of the lesser of \$500 per day or 2.0 percent of the amount owed by the waiver provider if it fails to pay the full amount of the assessment.
- The assessment is null and void if CMS does not approved the authority of the program and/or if the rates made to the waiver providers are reduced below the rates calculated on June 30, 2010.
- Should the program is deemed null and void all funds assessed will be returned to the waiver providers.

Implementation and administration

- SB 562 would establish a Waiver Provider Improvement Panel.
- The panel would consist of representatives including one person appointed by the Governor from each of the wavier programs covered by this act, one person appointed by the Kansas Foundation for Medical Care and one person appointed by the Governor from the Kansas Health Policy Authority.
- Members of the panel shall serve without compensation or expenses.
- The panel will annually report to the legislature concerning the activities of the panel.
- The provision of SB 562 would expire in four years.
- The act would take effect upon publication of the *Kansas Register*.

March 8, 2010

The Honorable Jay Emler, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas 66612

Dear Senator Emler:

SUBJECT: Fiscal Note for SB 562 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 562 is respectfully submitted to your committee.

SB 562 would allow for the implementation of a provider fee of 3.0 percent of the annual gross revenue received from providing services for the Physically Disabled, Developmentally Disabled, Traumatic Brain Injury, and Frail Elderly Waiver Programs. The fee would be charged only to providers that serve ten or more clients. The bill would create the Waiver Provider Fee Fund to be administered by the Kansas Health Policy Authority (KHPA). The fund would be used exclusively for payments to waiver providers, except that a maximum of 1.0 percent of fund revenue could be used by KHPA for administrative expenses. The fee revenue could be used to increase waiver provider payments for covered services, restore rate reductions that have already occurred, restore funding for FY 2010 including rebasing and inflationary increases, and quality enhancement of waiver programs. No provider fees could be collected until a Medicaid State Plan Amendment implementing the fee is approved by the federal government and waiver providers are compensated retroactively at the increased rate for services provided on and after July 1, 2010. A waiver provider services panel would be established for the purpose of administering and selecting the reimbursements to be made from the fee fund. The panel would report annually to the Legislature concerning the activities of the panel during the preceding year. The fee would expire four years after its implementation.

Estimated State Fiscal Effect				
	FY 2010 SGF	FY 2010 All Funds	FY 2011 SGF	FY 2011 All Funds
Revenue	--	--	--	\$14,223,610
Expenditure	--	--	--	\$34,537,526
FTE Pos.	--	--	--	4.00

SB 562 would require KHPA to administer the waiver provider fee. The agency would calculate the amount of the annual assessment based on 3.0 percent of the gross revenues for approximately 650 waiver providers. In addition, a calculation for rate adjustments for the same

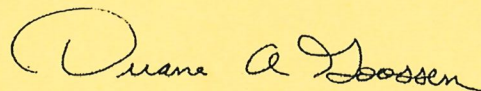
number of providers would have to be performed on a quarterly basis. If providers failed to pay the fee, KHPA would be required to assess penalties requiring further calculation and implement processes for making collections and assessment appeals. KHPA states that it would require 2.00 additional FTE Reimbursement Analyst positions and 1.00 FTE Senior Administrative Assistant position to handle the increased workload. Assuming that the new staff would be added gradually during the year, KHPA estimates additional salary expenditures of \$78,275 in FY 2011. The agency also estimates a need for \$10,000 for other operating expenditures including computers, phones and furniture.

In recent conversations with the Centers for Medicare and Medicaid Services (CMS), KHPA has been informed that HCBS providers are not a permissible class for a health care related tax aimed at receiving federal financial participation. If SB 562 were enacted, it is likely that the proceeds from the new fee could not be eligible for federal matching funds through the Medicaid program.

The Department of Social and Rehabilitation Services (SRS) manages the Physically Disabled, Developmentally Disabled, and the Traumatic Brain Injury Waivers. Based on the Governor's budget recommendations for these three programs in FY 2011, SRS estimates waiver provider fee revenue of \$12.1 million. Assuming that KHPA would use 1.0 percent of this income for administration and the remaining funding would be used for federally matchable expenditures, SRS estimates additional expenditures of \$29.3 million in FY 2011 in the three waiver programs.

The Department on Aging (KDOA) manages the Frail Elderly Waiver. To effectively implement and administer this new program, the agency will need to hire 1.00 FTE Program Consultant II position for a total cost of \$62,504. The total cost includes \$54,912 for wages and benefits, \$5,402 for ongoing administrative costs and \$2,190 for one-time costs to create a work space. The bill allows for administrative costs to be paid out of the generated assessment funds. Based on the Governor's budget recommendation for the Frail Elderly Waiver in FY 2011, the maximum provider fee revenue would be \$2.1 million. Assuming that KHPA and KDOA would use 1.0 percent of this income for administration and the remaining funding would be used for federally matchable expenditures, additional expenditures of \$5.1 million for the Frail Elderly Waiver could be made in FY 2011. Any fiscal effect associated with SB 562 is not reflected in *The FY 2011 Governor's Budget Report*.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Scott Brunner, KHPA
Jackie Aubert, SRS
Barbara Conant, Aging

10-4

STATE OF KANSAS

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COMMITTEE ASSIGNMENTS
CHAIR: AGING AND LONG TERM CARE
MEMBER: COMMERCE AND LABOR
CORRECTIONS AND JUVENILE
JUSTICE
ELECTIONS
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TOPEKA
Testimony on HB 2726
Senate Ways and Means
March 8, 2010

Chairman Emler and members of the Senate Ways and Means Committee, I am Bob Bethell, Representative of District 113 of the Kansas House of Representatives.

I appear before you today in support of HB 2726. HB 2726 is a bill that would create and manage a provider assessment for the some of the waiver programs that are funded by Medicaid dollars. As you are well aware the Governor's cut of 10% State General Funds to the Medicaid programs of Kansas is disastrous to the programs and people those programs serve.

With the waiting lists that were created by the shortfall of revenue the programs were at best unable to meet the needs of the portion of our population. The allotments that were made in November only exacerbated the existing problems.

HB 2726 will allow in the short term for relief to the underfunding of those programs.

Mr. Chairman, I know that the advocates of those who receive services through the waiver programs will be before you today to provide their insight into the bill its purpose and any changes that might be necessary to make sure the intended goal is achieved.

I would be pleased to stand for questions.

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TESTIMONY BY RICHARD SHANK OF HUTCHINSON REPRESENTING THE
ALLIANCE FOR KANSANS WITH DEVELOPMENTAL DISABILITIES
TO: SENATE WAYS AND MEANS COMMITTEE REGARDING SB562

Good morning and thank you Chairman Emler for this opportunity to speak regarding Senate Bill 562. The Alliance includes organizations in nine cities including McPherson, Hutchinson, Great Bend, Sabetha, Newton, Topeka, Winfield, Arkansas City, and El Dorado and serve about 2,000 developmentally disabled clients in those cities and employ more than 1,000 direct support professionals.

We are keenly aware of the budget crisis that Kansas is facing and the Governor's news conference of this past Friday reinforces the magnitude of this emergency. As one pundit said last week, we might all feel better if we could just know that we have hit bottom. We do not appear out of desperation, but we are realistic and, like all organizations, have taken steps to continue serving our clients at the highest level possible.

Layoffs and cutbacks are stretching our resources at a time when unemployment insurance is rising. One Alliance member has been forced to reduce their budget by \$60,000 just the pay their unemployment insurance. And, health insurance premiums are rising at a rate of more than ten percent per year. At the same time, donations and fund raising efforts have proven less successful as a result of the economy.

The Alliance feels that a provider/bed tax, or call it what you like, has merit and we support the concept of this legislation. On the other hand, our members feel that it might be good public policy to sunset the tax after two years to determine how it is working and whether or not it should be continued.

Several Alliance members have expressed concern that there is no provision in the bill for Intermediate Care facilities that work with clients with developmental disabilities and mental retardation.

Chairman Emler, the Alliance pledges our best efforts to work with this and other committees, legislative and otherwise, to find a solution as to how we can best continue funding to serve the most vulnerable citizens of our population.

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Disability Rights Center of Kansas
635 SW Harrison St. ♦ Topeka, KS 66603
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**TESTIMONY TO THE SENATE WAYS AND MEANS COMMITTEE
SENATE BILL NO. 562
March 8, 2010**

Thank you for the opportunity to speak before you, my name is Nick Wood, I am a disability rights advocate at the Disability Rights Center of Kansas. The DRC is a public interest legal advocacy agency, part of a national network of federally mandated and funded organizations legally empowered to advocate for Kansans with disabilities. As such, DRC is the officially designated protection and advocacy organization for Kansans with disabilities. DRC is a private, 501(c)(3) nonprofit corporation, organizationally independent of state government and whose sole interest is the protection of the legal rights of Kansans with disabilities.

Bill 562 would restore a portion of the much needed funding for Home and Community Based Waivers by using a percentage of the total dollars grossed by providers to then use to leverage even more federal dollars. The DRC supports the bill but also wants to ask the committee to include the mental health waivers for children in the extra funding. We find that children with mental health needs in Kansas benefit the most from early and intensive community based supports and services. Costs for providing services in the community are much less expensive and effective than relying on institutional placements. We would challenge the committee to examine the reasons for, and if any, the reasons against including the children's mental health waivers in the extra funding by including it in the bill.

We are very concerned about the level of funding for all HCBS Waiver services (frail elderly, children with autism, those with traumatic brain injuries, children with mental health needs, etc.). Waiting lists are bad for people with disabilities, bad for taxpayers and bad for Kansas. If services are not provided in the community, then people will be forced to be served in more expensive, and often times "entitled," institutional care settings. Community-based services are upwards of four times LESS expensive than their institutional counterparts. Cutting community based services and creating waiting lists only harms people with disabilities and seniors and costs taxpayers more in the end.



INDEPENDENCE
INCLUSION
INNOVATION

March 8, 2009

TO: Senator Jay Emler, Chair and
Members, Senate Ways and Means Committee

FR: Tom Laing, Executive Director
InterHab: The Resource Network for Kansans with Disabilities

RE: Senate Bill 562, provider assessments for HCBS waiver programs

Thank you for holding this hearing on SB 562. This is a starting point from which to develop provider assessment financing for HCBS waivers similar to efforts currently used in Kansas and elsewhere to assist states in meeting financial obligations for social programs.

The members of InterHab support the principle of a provider assessment financing methodology for DD waiver services. We believe you and we owe it to persons we serve and those who wait for service to find additional resources. Both in quality and quantity, our State is lagging and the lack of available financing can be partially addressed through this legislation.

The provider assessment process has worked well in Kansas for hospitals, and in many states in financing long term care activities. Such efforts should be undertaken in Kansas to expand this to the HCBS program for persons with developmental disabilities. (This bill is broadly written to encompass all waivers. I defer to providers of other services financed by other waiver programs to address their interests in this or other such legislation.)

- 1. We believe SB 562, as is its companion legislation in the House, is an excellent starting place from which to explore current federal authority and how it might apply in Kansas.**

The use of provider assessments for waiver programs is largely untested nationally, but in the opinion of those in our field who are in the process of working with CMS, the current federal interpretation of provider assessment applicability will be reconsidered and there is an excellent chance that further CMS interpretations may enable us to go forward.

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- 2. We also believe that SB 562 should be a vehicle within which clear statutory intent is established as a set of core principles for any provider assessment that is established in Kansas for the DD waiver programs.**

Among the principles that should be embraced in (or added to) this legislation:

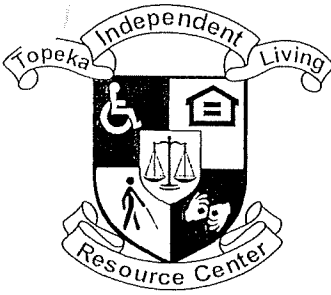
- each dollar collected by such assessments be reserved for the waiver program from which the assessment was collected (this legislation blends assessments from a variety of waivers into one fund, and we will ask that such language be rewritten);
- all financing made possible as a result of a “provider assessment” be planned with careful adherence to federal guidance, so as to avoid the risk of federal preemption and/or to minimize any likelihood that “assessment”-matched Medicaid dollars are not at a later date vulnerable to federal audit and recoument (this legislation adequately addresses that principle);
- strict intent should be made clear for the uses of such funds, to avoid any dispute as to the purposes (the legislation generally frames the uses of such funds, and suggests a committee to approve such uses; we question whether such a committee is needed, and if so, then we will ask for reconsideration of its composition; and, in the event that the legislature agrees that assessments from each waiver are only accessible for that waiver, then certainly any review-committee concept if retained would likely need to be amended to adapt to that scenario.)

- 3. It is our recommendation that additional time be granted for technical and substantive amendments to be written for this bill, and that such amendments perhaps could be reviewed, considered and discussed by a subcommittee of the full committee, e.g.**

- For example, from a technical review, it is found that the bill contains professional language which is more identifiable with the adult care service network than with waiver networks, and therefore the language needs to be changed, if possible and if needed, to language which is in-line with the professional terms attributable to each waiver, or deleted.
- From the perspective of substantive changes that would be needed, we believe that further dialog with the authors might lead them to consider alternatives to address some of the points noted above.

Summary:

We will work with all legislators who wishes to move this legislation forward, and will support efforts to advocate for and help to determine the direction that the federal government intends to take as regards provider assessments for waiver programs, and we urge the committee to make this a priority matter for this session.



Topeka Independent Living Resource Center

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501 SW Jackson Street • Suite 100 • Topeka, KS 66603-3300

Testimony Presented to the Senate Ways and Means Committee
Senator Jay Emler, Chair

In Support of SB 562
By
Mike Oxford, Executive Director
March 8, 2010

The Topeka Independent Living Resource Center (TILRC) is a civil and human rights organization. Our mission is to advocate for justice, equality and essential services for a fully integrated and accessible society for all people with disabilities. TILRC has been providing cross-age, cross-disability advocacy and services for over 30 years to people with disabilities across the state of Kansas. Our agency has been particularly interested in and committed to assuring that people who require long term care services have access to information, services and supports that offer choices; choices that promote freedom, independent lifestyles and dignity, including the dignity of risk.

We believe that over the years, the State of Kansas has increasingly come to support these same interests, as well; as evinced by increasing the number of home and community program options and by increasing the funding for these programs. At the same time, there has been a significant struggle to continue to find the budgetary resources necessary to fund home and community-based services and supports that are alternatives to facility-based long term care services. SB 562 is a good idea given this climate. Topeka Independent Living Resource Center (TILRC) supports SB 562.

SB 562 proposes a method for increasing revenue dedicated to home and community-based services and supports that would be new to Kansas. This method not only raises the targeted revenue, but by having and using this kind of direct revenue, the state may be able to avoid some additional costs to general revenue and may be able to use this "cost savings" to further fund creative home and community service options. Given that the economy is expected to remain weak for some time, it makes sense to try to explore new sources of funding. The National Association of State Budget Officers (NASBO) and the National Governors Association have stated that it could be as long as ten years before a full economic recovery occurs and that budget shortfalls could be a problem in states for many years. It could be the case that if this method of raising revenue targeted to the HCBS Waivers is not attempted, then there may not be a way to fully address the 10% reimbursement rate cut, service cuts and the growing waiting lists.

Advocacy and services provided by and for people wi

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This type of funding mechanism has been attempted in some states. Missouri is one such example. The problem is whether the Centers for Medicare and Medicaid Services (CMS) will allow this kind of mechanism. Missouri's recent effort was not approved by CMS, but perhaps SB 562 is drafted differently and in such a way as to avoid the problems with CMS. Perhaps a request could go to CMS in advance of actually submitting a formal state plan amendment. In any case, it seems worth while to make the attempt.

I appreciate the opportunity to appear before you and provide input. I ask you report favorable on SB 562.



DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

Don Jordan, Secretary

Senate Ways & Means Committee

March 8, 2010

SB 562 - HCBS Provider Tax Bill

Disability and Behavioral Health Services

Ray Dalton, Deputy Secretary

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

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SB 562 - HCBS Provider Tax Bill

Senate Ways & Means Committee March 8, 2010

Chairman Emler and members of the Committee, thank you for the opportunity to appear before you today to present testimony on SB 562. SRS appreciates the efforts that have been undertaken to develop a potential avenue to strengthen the quantity and quality of Home and Community Based Waiver services in Kansas. SRS will work closely with the Kansas Health Policy Authority (KHPA) to submit to the Centers for Medicare and Medicaid Services (CMS), any request for amendments to the approved HCBS waivers or Kansas Medicaid State Plan that would be necessary in order to implement the provisions of this bill.

Based upon our research and exploration of issues related to provider assessments, SRS feels as the bill is currently written, we would anticipate it would be difficult to get CMS' approval. If this option is to be explored further, we would suggest it be written in such a way as to provide some level of discretion to KHPA and SRS to make adjustments to the proposal to improve the chances of obtaining CMS approval.

In addition, SRS would like to call out some potential technical issues in the language of this bill that relate to application/implementation. In Section 1, part (b)(2), there is a reference to "medicaid days" which would not apply to HCBS services. Also the language of the bill appears to have inadvertently left the Kansas Department of Social and Rehabilitation Services, off of the "waiver provider services improvement panel." SRS is statutorily responsible for health care planning, administration, purchasing and data with respect to these programs and is also responsible for the management of all disability-related programs for which HCBS waiver funding is received.

SRS stands ready to work with the Legislature, KHPA and other interested parties to pursue a provider assessment option that would strengthen the infrastructure of and promote the quality and quantity of HCBS services in Kansas.



To: Chairman Jay Emler and Members,
Senate Ways and Means Committee
From: Debra Harmon Zehr, President
Kansas Association of Homes and Services for the Aging
Date: March 8, 2010

COMMENTS ON SENATE BILL 562

Thank you, Chairman Emler and Members of the Committee.

The Kansas Association of Homes and Services for the Aging (KAHSA) represents 160 not-for-profit nursing homes, retirement communities, hospital long-term care units, assisted living facilities, senior housing, PACE and community service providers who serve over 20,000 older Kansans every day. About half of our members provide Medicaid-reimbursed Home and Community-Based Services, primarily in congregate or assisted living residences.

It appears that Senate Bill 562 would tax only the Medicaid-reimbursed services delivered by certain community-based service providers in order to draw down additional federal dollars for the sole purpose of enhancing Medicaid HCBS reimbursement. If such a plan can be approved by the Centers for Medicare and Medicaid Services, we would be in favor of exploring it.

Thank you. I would be happy to answer questions.

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kahsainfo@kahsa.org

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Date 3-08-2010
Attachment 17