

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on February 10, 2010, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

Michael Steiner, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Cody Gorges, 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
James Fisher, Intern

Conferees appearing before the Committee:

Scott Frank, Audit Manager, Legislative Division of Post Audit
Diane Gjerstad, Wichita Public Schools
Robert Coleman, Director, ANW Coop
Bill Reardon, Kansas City Public Schools
Jennifer Crow, Topeka USD 501

Others attending:

See attached list.

Introduction of Proposed Legislation

Senator Masterson moved to introduce legislation concerning elections and changing dates of elections (9rs1826). The motion was seconded by Senator Taddiken. Motion carried on a voice vote.

Senator Vratil moved to introduce legislation concerning the postponement for one year of the 14th judge on the Court of Appeals (9rs1811). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Apple moved to introduce legislation concerning utilities and underground utilities (9rs1182). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Subcommittee Report on Judicial Council

Senator Vratil, Chair of the Judicial Subcommittee, presented the Subcommittee report on the Governor's budget recommendation for the Judicial Council for FY 2011 and moved for the adoption of the Subcommittee recommendation on the Judicial Council for FY 2011 (Attachment 1). The motion was seconded by Senator McGinn. Motion carried on a voice vote.

The Subcommittee noted that the Judicial Council receives no funding from the State General Fund (SGF).

Subcommittee Report on Board of Indigents' Defense Services (BIDS)

Senator Vratil, Chair of the Judicial Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for Board of Indigents' Defense Services (BIDS) for FY 2011 (Attachment 1).

The Subcommittee noted the additional cost of purchasing witness services; some of whom are out-of-state expert witnesses. Lack of these services for the defendant could make the state vulnerable to other charges. With regard to the 195 full-time equivalency (FTE) employee positions, the Committee questioned the number of actual employees. The Committee noted that there are public defender offices throughout the state. The



CONTINUATION SHEET

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

Subcommittee indicated that there have been no salary increases for BIDS' defense attorneys for the past 3 years.

The Committee requested the following additional information:

- Average salary and number of public defender attorneys.
- Breakdown on the 195 FTE - location of the positions and how many of those positions are vacant.

The Committee requested to delay action on the BIDS budget until the additional information is received.

Subcommittee Report on Judicial Branch

Senator Vratil, Chair of the Judicial Subcommittee, presented the Subcommittee report on the Governor's budget recommendation for the Judicial Branch for FY 2011 (Attachment 1).

Senator Vratil moved to amend the Subcommittee recommendation for the Judicial Branch by amending Page 2, Item 3 by removing the language "Senate Capital Improvements Committee" and inserting "Senate Ways and Means Subcommittee on Capital Improvements". The motion was seconded by Senator Teichman. Motion carried on a voice vote.

The Subcommittee presented two budget options for the full Committee's review and consideration:

- (1) Delete \$2,595,588, all from the SGF, for a 2.5 percent reduction from the Governor's FY 2011 recommendation. This amount would be covered by a \$5 increase in the current Judicial Branch Surcharge fund as introduced in 2010 **HB 2476**. This would result in a surcharge of \$15; OR
- (2) Delete \$4,744,434, all from the SGF, for a 2.5 percent reduction based on the Governor's FY 2010 recommendation. This results in a FY 2011 target of \$99,504,101. The Subcommittee recommends seeking an additional increase in the surcharge included in **HB 2476** of \$5 from the amount included in the bill, for an increase of \$10 resulting in a total surcharge of \$20.

Senator Kelly moved to accept the Subcommittee recommendation in Item No. 2 to add a \$20 surcharge. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Vratil moved for the adoption of the Subcommittee recommendation on the Judicial Branch for FY 2011 as amended. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Action on SB 461 - Supplemental salary of district magistrate judge paid by the county.

Senator Vratil, Chair of the Judicial Subcommittee, stated that the Judicial Subcommittee had a hearing on **SB 461**. Senator Vratil indicated that current law allows counties to provide supplemental pay for district magistrate judges. **SB 461** would allow the counties to forward the supplemental compensation to the state to allow the additional compensation to run through the state payroll system.

The Subcommittee proposed an amendment to **SB 461**, which clarifies that the counties would pay all required employer and employee contributions as required by statute on the supplemental compensation (Attachment 2).

Senator Vratil moved to amend **SB 461** by including the amendment as presented (Attachment 2). The motion was seconded Senator Teichman. Motion carried on a voice vote.

Senator Vratil moved to recommend **SB 461** as amended favorably for passage. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Action on SB 481 - District judges; repealing requirement that each county have a judge.

The Judicial Subcommittee noted that they had a hearing on **SB 481** and heard testimony from Joe Lawhon, Legislative Post Audit. The Subcommittee made no recommendation on **SB 481** and requested that the bill be referred back to the full Committee.

CONTINUATION SHEET

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

Hearing on SB 512 - School districts; medicaid replacement state aid.

Scott Frank, Audit Manager, Legislative Division of Post Audit, provided background information on **SB 512** and an overview of special education funding (Attachment 3).

Theresa Kiernan, Office of the Revisor of Statutes, provided an explanation of **SB 512** (Attachment 4). Ms. Kiernan explained that current law will sunset at the end of the 2009-2010 school year unless extended by the Legislature. **SB 512** would remove the sunset from the current law and allow for the medicaid funding on an ongoing basis, subject to appropriation.

Responding to a question from the Committee, Ms. Kiernan explained that a district has to have applied for medicaid payments for a medicaid eligible student in order to receive the medicaid state aid. This funding replaces part of the federal medicaid payment that was reduced for school districts when the formula was changed by the federal government.

Diane Gjerstad, Wichita Public Schools, presented testimony in support of **SB 512** (Attachment 5). Ms. Gjerstad noted that there would be no extra cost for the state and simply does away with the sunset to allow for continuation of current policy.

Robert Coleman, Director, ANW Education Cooperative, presented testimony in support of **SB 512** (Attachment 6). Mr. Coleman noted that the continuation of the current funding allows for access to extra federal funding if it becomes available.

Bill Reardon, Kansas City Public Schools, presented testimony in support of **SB 512** (Attachment 7).

Jennifer Crow, USD 501 Topeka Public Schools, presented testimony in support of **SB 512** (Attachment 8).

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

Senator Lee moved to recommend SB 512 favorably for passage. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Action on SB 396 - Laboratory equipment fund.

Senator Masterson moved to recommend SB 396 favorably for passage. The motion was seconded by Senator Taddiken. Motion withdrawn.

Jill Wolters, Office of the Revisor of Statutes, presented several amendments to clarify and correct language in **SB 396** (Attachment 9).

The Committee delayed action on **SB 396** to allow for the legislation to be redrafted to further clarify the 10 percent limitation on funds withdrawal from fee funds as well as the maximum amount in the fund.

Adjournment

The next meeting is scheduled for February 11, 2010.

The meeting was adjourned at 12:07 p.m.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

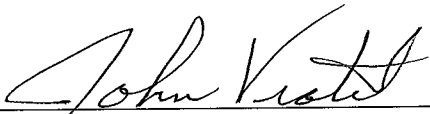
DATE: February 10, 2010

NAME	REPRESENTING
Levi Henry	Sandstone Grp
Scott Frank	Post Audit
JEN MILLER	CAPITOL STRATEGIES
Cassie Sparks	Intern - Sen. Brownlee
Kim Fowler	Judicial Branch
Jerry Sloan	Judicial Branch
Diane Ajerstad	USDZST
Robert Coleman	ANW #603 Coop
Kathryn Damron	KDA
Patrick Woods	SRS
Susan Christensen	ECKCE
S Therese Bangert	KS. Cath. Conf.
Cody Denton	Budget
Katie Howard	KDA
Randy M. Narell	Judicial Council

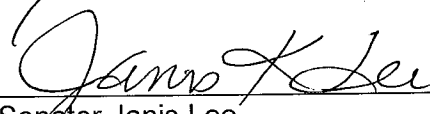
FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

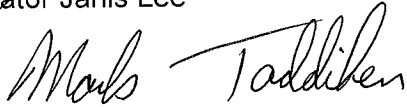
Judicial Branch
Judicial Council
Board of Indigents' Defense Services



Senator John Vratil, Chair



Senator Janis Lee



Senator Mark Taddiken

Senate Ways & Means Cmte

Date 2-10-2010

Attachment 1

Senate Subcommittee Report

Agency: Judicial Branch

Bill No. --

Bill Sec. --

Analyst: Cussimanio

Analysis Pg. No. -- Budget Page No. Vol. II - 165

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 117,857,994	\$ 104,049,036	\$ (225,515)
Other Funds	14,764,521	19,613,918	0
Subtotal	<u>\$ 132,622,515</u>	<u>\$ 123,662,954</u>	<u>\$ (225,515)</u>
Capital Improvements			
State General Fund	\$ 199,499	\$ 199,499	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 199,499</u>	<u>\$ 199,499</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 132,822,014</u></u>	<u><u>\$ 123,862,453</u></u>	<u><u>\$ (225,515)</u></u>
FTE positions	1,859.3	1,858.3	-3.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>1,859.3</u></u>	<u><u>1,858.3</u></u>	<u><u>-3.0</u></u>

Agency Request

The **agency** requests a FY 2011 operating budget of \$132.6 million, an all funds increase of \$8.2 million, or 6.6 percent, above the revised FY 2010 estimate. The request includes State General Fund expenditures of \$117.9 million, an increase of \$13.1 million, or 12.5 percent, above the revised FY 2010 estimate. The request would finance 1,859.3 FTE positions, an increase of 4.0 FTE above the revised FY 2010 estimate. The FTE increase is due to an enhancement request for 1.0 FTE Research Attorney and the inclusion of the 14th Court of Appeals judge and staff in the agency request. In addition, the request includes an enhancement package totaling \$3.9 million, including \$3.7 million from the State General Fund, for the second phase of the nonjudicial employee salary adjustment, 1.0 FTE Research Attorney and funding associated with the position. **Absent the enhancements**, the request is \$128.7 million, including \$114.1 million from the State General Fund. This is an all funds decrease of \$4.4 million, or 3.5 percent, and a State General Fund decrease of \$9.3 million, or 8.9 percent, below the revised FY 2010 estimate.

The agency request includes \$199,499, all from the State General Fund, for the construction of the 14th Court of Appeals judge's suite.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$123.7 million, including \$104.0 million from the State General Fund. The recommendation is an all funds increase of

\$2.3 million, or 1.9 percent, and a State General Fund increase of \$2.3 million, or 2.2 percent, above the Governor's FY 2010 recommendation. The recommendation is an all funds decrease of \$9.0 million, or 6.8 percent, and a State General Fund decrease of \$13.8 million, or 11.7 percent, below the agency FY 2011 request. The following were included in the recommendation:

- A decrease of \$5.1 million, all from the State General Fund, for salaries and wages. In addition, the recommendation did not include carrying forward the agency's supplemental appropriation of \$5.0 million, all from the State General Fund, from FY 2010 for a total salaries and wages reduction of \$10.1 million in FY 2011.
- Continuing the Judicial Branch surcharge, currently known as the Emergency Surcharge, to generate approximately \$5.0 million in other funds.
- The Governor did not recommend the agency's enhancement request totaling \$3.9 million, including \$3.7 million from the State General Fund for the second phase of the nonjudicial adjustment plan and Research Attorney position.

Senate Subcommittee Recommendation

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

1. Delete \$225,515, all from the State General Fund, and 3.0 FTE positions for the 14th Court of Appeals judge and staff. The funding includes \$189,841, all from the State General Fund, for salaries and wages associated with the 3.0 FTE and \$35,674, all from the State General Fund, for capital outlay expenditures to furnish offices for the positions. The Subcommittee further recommends introduction of a bill to delay implementation of the 14th Court of Appeals judge and staff another year to January 2012.
2. The Subcommittee notes that the Governor did not recommend any of the enhancements requested by the agency, which include the nonjudicial employee pay adjustment and a research attorney. The Subcommittee further notes that while the Governor did support the inclusion of the 14th Court of Appeals judge, staff, capital outlay, and capital improvement expenditures, the Subcommittee does not support the inclusion of these items in the agency's budget.
3. The Senate Subcommittee strongly urges the Senate Capital Improvements committee to delete \$199,499, all from the State General Fund, for costs associated with the construction of the 14th Court of Appeals judge and staff offices.
4. The Senate Subcommittee recommends the full Senate Ways and Means Committee consider the following options for the Judicial Branch budget:
 - Delete \$2,595,588, all from the State General Fund, for a 2.5 percent reduction from the Governor's FY 2011 recommendation.

This amount would be covered by a \$5 increase in the current Judicial Branch Surcharge fund as introduced in 2010 HB 2746. This would result in a surcharge of \$15.; or

- Delete \$4,744,434, all from the State General Fund, for a 2.5 percent reduction based the Governor's FY 2010 recommendation. This results in a FY 2011 target of \$99,504,101. The Subcommittee recommends seeking an additional increase in the surcharge included in HB 2476 of \$5 from the amount included in the bill, for an increase of \$10 resulting in a total surcharge of \$20.
5. The Subcommittee notes that 2010 HB 2476 has been introduced to amend and extend the Judicial Branch surcharge to fund nonjudicial personnel through FY 2011. The bill includes a surcharge increase of \$5 which would raise the docket fee from the current \$10 to \$15. The increase would raise an estimated additional \$2.5 million.
 6. The Subcommittee notes that each furlough day saves approximately \$250,000. Therefore, a 2.5 percent cut to the agency's FY 2011 budget would result in approximately 10 furlough days.
 7. The Subcommittee heard testimony from The Honorable Lawton Nuss, Justice, Kansas Supreme Court; The Honorable James Fleetwood, Chief Judge, 18th Judicial District (Sedgwick County); The Honorable Meryl Wilson, Division II Judge, 21st Judicial District (Clay and Riley Counties); and Alice Adams, Clerk of the Court, Geary County. Testimony from all four conferees included discussion of the hiring freeze implemented by the Judicial Branch, the possibility of furloughs and the difficult situation the courts are in. Specifically, conferees discussed the increase in workload due to the hiring freeze. Coupled with the possible need for furloughs, the courts are experiencing increased attrition, low morale, and lack of job satisfaction among employees. Jerry Sloan, Chief Fiscal and Budget Officer, Office of Judicial Administration, noted that there are currently 96.5 vacant positions statewide out of 1,400 positions.
 8. The Subcommittee heard testimony from The Honorable Meryl Wilson, Division II Judge, 21st Judicial District (Clay and Riley Counties) who indicated that he believed savings could be achieved by better coordinating efforts between the Department of Revenue Alcoholic Beverage Control (ABC) division and local police departments in communities such as Manhattan. He indicated it was possible the two entities were duplicating services.

Senate Subcommittee Report

Agency: Judicial Council

Bill No. --

Bill Sec. --

Analyst: Cussimano

Analysis Pg. No. --

Budget Page No. Vol. II - 174

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,296,116	1,296,116	0
Subtotal	<u>\$ 1,296,116</u>	<u>\$ 1,296,116</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 1,296,116</u>	 <u>\$ 1,296,116</u>	 <u>\$ 0</u>
 FTE positions	 7.0	 7.0	 0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>8.0</u>	<u>8.0</u>	<u>0.0</u>

Agency Request

The **agency** requests FY 2011 operating expenditures of \$1,296,116, all from special revenue funds. This is a decrease of \$61,523, or 4.5 percent, below the revised FY 2010 estimate. The decrease is mainly due to a decrease in salaries and wages for temporary employee salaries as a result of the discontinuation of the use of a part-time, temporary law clerk for the Recodification Commission and one time capital outlay expenditures in FY 2010 for office furniture. The request includes funding for 7.0 FTE positions, the same level as FY 2010.

Governor's Recommendation

The **Governor** concurs with the agency request.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation.

Senate Subcommittee

Agency: Board of Indigents' Defense Services

Bill No.

Bill Sec.

Analyst: Gorges

Analysis Pg. No. **Budget Page No.** Vol. II - 42

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 23,868,800	\$ 21,963,189	\$ (539,761)
Other Funds	1,531,279	1,531,279	0
Subtotal	<u>\$ 25,400,079</u>	<u>\$ 23,494,468</u>	<u>\$ (539,761)</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>\$ 25,400,079</u></u>	<u><u>\$ 23,494,468</u></u>	<u><u>\$ (539,761)</u></u>
FTE positions	195.0	195.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>195.0</u></u>	<u><u>195.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests an FY 2011 operating budget totaling \$25.4 million, including \$23.9 million from the State General Fund. The State General Fund request is \$1.2 million, or 5.1 percent, above the agency's FY 2010 revised request. The increase is due to enhancement requests for increased salaries for public defenders, computer and server upgrades, and eight vehicle replacements, totaling \$931,930. The request includes 195.0 FTE positions, the same as the current year.

Governor's Recommendation

The **Governor** recommends \$23.5 million, including \$22.0 million from the State General Fund for FY 2011. The Governor's recommendation is a reduction in the State General Fund appropriation of \$232,226, or 1.0 percent, below the FY 2010 recommendation. It is partially offset by an increase in the agency's fee funds of \$126,871, or 9.0 percent, above the FY 2010 recommendation. When compared to the agency's FY 2011 request, the recommendation is a reduction of \$1.9 million, or 7.5 percent. The entire reduction is in State General Fund, and reflects a State General Fund reduction of 8.0 percent. The recommendation includes the following adjustment to the agency's request:

1-6

- The Governor accepted the agency's 5.0 percent reduced resources which creates a savings of \$1.1 million in the Assigned Counsel program by lowering the rate paid to Assigned Counsel from \$80 per hour to \$62 per hour. The reduction is partially offset by an increase in the caseload estimate of \$173,163.
- The Governor does not recommend any of the agency's enhanced funding requests.

The recommendation includes 195.0 FTE positions, the same as the agency's request.

Senate Subcommittee

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

1. Delete \$539,761, all from the State General Fund, to apply a 2.5 percent across-the-board base adjustment to FY 2011.
2. The Subcommittee notes that the agency should be among those agencies with top priority in the event that revenues rise and additional funds become available.
3. The Subcommittee notes, with concern, the following testimony presented by the agency regarding budget reductions.
 - The agency testified that it does not have a sufficient number of public defenders to handle the current caseload, and that attorneys are resigning from the assigned counsel panel
 - The agency testified that expert witness service fees continue to increase, and due to budget restrictions, the agency is three months behind in paying the fees. As a result, more experts are refusing to work with the agency.
4. The Subcommittee notes that the agency is proposing new regulatory changes that would limit the eligibility for BIDS services for a savings of \$10,000. According to the agency, the new regulation would make Kansas one of the most restrictive states in the nation. The agency notes this could create a gap in which persons whose assets are above the poverty level cannot find an attorney who will accept the limited resources they have.
5. The Subcommittee notes the agency's position on the proposed redrawing of judicial districts. The agency testified that reducing the number of judicial districts will make it very difficult for indigents to make court appearances.

SENATE BILL No. 461

By Committee on Ways and Means

1-26

9 AN ACT concerning district magistrate judges; relating to compensation
10 thereof; amending K.S.A. 2009 Supp. 75-3120k and repealing the ex-
11 isting section.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2009 Supp. 75-3120k is hereby amended to read
15 as follows: 75-3120k. (a) The annual salary of district magistrate judges
16 shall be paid in equal installments each payroll period in accordance with
17 this section.

18 (b) Subject to the provisions of subsection (c) and except as otherwise
19 provided in K.S.A. 75-3120l and amendments thereto, the annual salary
20 of district magistrate judges shall be \$59,059.

21 (c) Within the limits of the appropriations therefor, the county or
22 counties comprising the judicial district may supplement the salary of, or
23 pay any compensation to, any district magistrate judge. *Any such supple-*
24 *mental salary or compensation shall be deposited in the state treasury in*
25 *accordance with the provisions of K.S.A. 75-4215, and amendments*
26 *thereto, and shall be credited to the district magistrate judge supplemental*
27 *compensation fund. Any associated employer contributions and payments*
28 *with respect to such supplemental salary or compensation that are made*
29 *payable under law shall be paid by the county or counties providing such*
30 *supplemental salary or compensation, in addition to such supplemental*
31 *salary or compensation, in the same manner and under the same condi-*
32 *tions and requirements as compensation payable pursuant to subsection*
33 *(b). All such associated employer contributions and payments shall be*
34 *remitted for deposit in the state treasury and shall be credited to the*
35 *district magistrate supplemental compensation fund at the same time and*
36 *in the same manner as such supplemental salary or compensation.* ←

37 (d) *There is hereby established in the state treasury the district mag-*
38 *istrate judge supplemental compensation fund.*

39 (e) *All moneys credited to the district magistrate judge supplemental*
40 *compensation fund shall be paid to, or on behalf of, the district magistrate*
41 *judge or district magistrate judges for whom such moneys were remitted*
42 *by the county or counties subject to the same conditions or restrictions*
43 *imposed or prescribed by law as the salary or other compensation payable*

As used in this section, employer contributions shall include, and the county or counties shall be required to contribute, employer contributions required pursuant to K.S.A. 20-2605, and amendments thereto, and employee contributions required pursuant to K.S.A. 20-2603, and amendments thereto, for any district magistrate judge who is a member of the retirement system for judges.

Senate Ways & Means Cmte
Date **2-10-2010**
Attachment **2**

2-2

1 ~~under subsection (b) to such district magistrate judge or district magis-~~
2 ~~trate judges, including any applicable withholding or other taxes, asso-~~
3 ~~ciated retirement or other employer contributions and authorized payroll~~
4 ~~deductions.~~

5 (f) All expenditures from the district magistrate judge supplemental
6 compensation fund shall be made in accordance with appropriation acts
7 and upon warrants of the director of accounts and reports issued pursuant
8 to payrolls approved by the chief justice of the Kansas supreme court or
9 by a person or persons designated by the chief justice.

10 (g) All salary or other compensation under this section shall be con-
11 sidered to be compensation provided by law for services as a district
12 magistrate judge for all purposes under law.

13 Sec. 2. K.S.A. 2009 Supp. 75-3120k is hereby repealed.

14 Sec. 3. This act shall take effect and be in force from and after its
15 publication in the Kansas register.

Overview of Special Education Funding

***The Legislature Provided
\$436 Million for Special
Education Services in
2008-09***

The federal Individuals with Disabilities Education Act (IDEA), passed in 1975, requires states to provide special education services to all children with disabilities who are between the ages of 3 and 21. In addition, under Kansas law, the Special Education for Exceptional Children Act augments the federal law by requiring Kansas school districts to provide special education services to gifted children as well.

School districts are responsible for ensuring that their students receive appropriate education services, but they have several options for providing those services:

- Contract with an outside facility to meet the student's needs.
- Provide the services themselves using their own teachers.
- Join other districts to form a special education cooperative (run by a member district) or interlocal (run by a separate, independent entity). For simplicity's sake, in this report we'll use the term "cooperative" to refer to both cooperatives and interlocals.

Kansas law requires the State to pay 92% of the "excess costs" of special education, and most of that aid goes to districts and cooperatives in the form of teacher aid. The "excess" costs of special education are the total costs incurred for serving special education students less other funding sources that already are available to pay for special education services, including a share of the district's regular education funding, federal special education funding, and Medicaid.

Districts and cooperatives pay for special education services with a mix of federal, State, and local funds. The State funding they receive for special education is known as "categorical aid." For the 2008-09 school year, the Legislature appropriated \$436 million in special education categorical aid to the State's 69 districts and cooperatives that provide special education services.

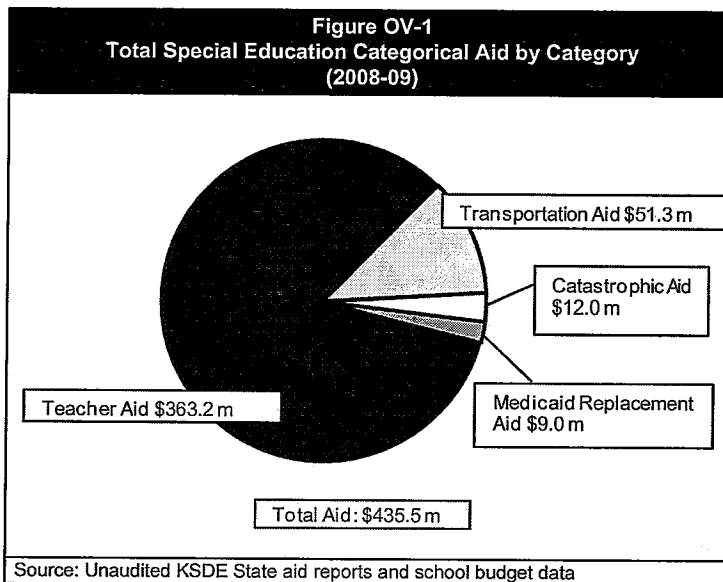
Because of the current fiscal crisis, the Legislature will fund only about 73% or \$367 million of special education excess costs for the 2009-10 school year. Slightly more than one-half of the difference between what the Legislature has appropriated and the 92% requirement will be made up with almost \$56 million in federal American Recovery and Reinvestment Act (ARRA) funding for special education, although Department officials have told us that money will not be distributed as categorical aid through the State's special education formula.

Although the amount of categorical aid the State provides is computed on the basis of excess costs, it isn't distributed on that basis. Rather, by law the money is distributed to the districts and cooperatives as follows:

- **Transportation Aid**—A portion of categorical aid is set aside to cover 80% of the cost of transporting special education students and reimbursing special education teachers for the miles they drive.
- **Catastrophic Aid**—A portion of categorical aid is set aside to help pay for special education students who cost more than \$25,000 to serve. This aid, which covers 75% of the cost over \$25,000, was designed to keep districts and cooperatives from being financially devastated if they had to serve students with extremely expensive special needs. (Catastrophic aid is described in more detail in Question 1.)

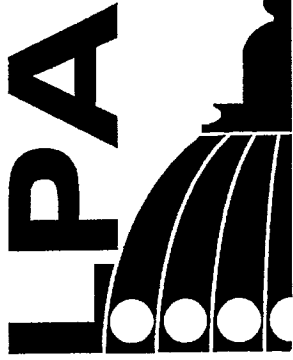
Under the catastrophic aid formula, however, other types of special education aid (transportation aid, for example) aren't deducted when calculating the catastrophic costs of a special education student. This means a district or cooperative generally is paid twice for some transportation costs and teacher costs—a practice commonly referred to as “double-dipping.” Double-dipping isn't prohibited under the current catastrophic aid formula.

- **Medicaid Replacement Aid**—A portion of categorical aid is set aside to address funding disparities created by changes to school-based Medicaid in 2008. 2009-10 will be the last year for this type of aid. (More information about the changes to Medicaid and their impact on districts and cooperatives can be found in Question 2 of our December 2007 report, *K-12 Education: Reviewing Issues Related to Special Education Funding (07PA30)*.)
- **Teacher Aid**—The remaining categorical aid is distributed to districts and cooperatives based on the number of special education teachers and paraprofessionals they employ. Most categorical aid is distributed as teacher aid. As **Figure OV-1** shows, \$363 million of the \$436 million in categorical aid distributed in 2008-09 (about 83%) was distributed based on the number of special education teacher and paraprofessionals.



For the 2008-09 school year, districts received \$28,760 per full-time-equivalent special education teacher in teacher aid. That aid covered about 54% of the average classroom education teacher's contracted salary and benefits.

For the 2009-10 school year, the Department of Education has informed districts that special education teacher aid will drop to about \$23,000 per teacher. As mentioned earlier, much of this difference will be covered using almost \$56 million in federal American Recovery and Reinvestment Act (ARRA) moneys, but those dollars will be distributed to districts under a federal formula, not the State's categorical aid formula. In this audit, we didn't try to assess whether this situation would result in some districts getting significantly more or less funding than they otherwise would have.



SCHOOL DISTRICT PERFORMANCE AUDIT REPORT

**K-12 Education: Reviewing Issues
Related to Special Education Funding**

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
December 2007**

Question 2: How Will Districts and Cooperatives Be Affected by Changes to School-Based Medicaid Funding?

Answer In Brief:

Recent changes to Medicaid will cost the State an estimated \$24 million in Medicaid funding, starting in the 2007-08 school year. The Legislature has agreed to replace 92% of the lost funding, resulting in almost half the districts and cooperatives gaining more funding than they lost in Medicaid because of how the new funding will be distributed. Districts and cooperatives that will lose funding tend to be in high-poverty areas, while districts and cooperatives that gain funding tend to be in more affluent, suburban areas. These and related findings are discussed in the sections that follow.

Changes to Medicaid Will Cost Districts and Cooperatives Almost \$2 Million in Special Education Funding, Starting in the Current School Year

Because some special education services provided by districts and cooperatives are health-related, they are able to bill Medicaid to help pay for these services if the students are eligible. Beginning with the 2007-08 school year, several key changes have been made to the Kansas Medicaid plan that will make it more difficult for districts and cooperatives to access this funding.

Changes to the school-based Medicaid rules are the result of two recent audits by the federal Department of Health and Human Services. In the past two years, the federal Department of Health and Human Services conducted two audits of the school-based Medicaid program in Kansas. These audits found several problems with how the program was being administered, including errors in reimbursement rates and cost reports that didn't accurately reflect the services provided by districts and cooperatives. As a result of these findings, the Kansas Health Policy Authority—the agency that administers the Medicaid program in Kansas—implemented the following changes:

- reimbursements will be based on a fee-for-service rate rather than a bundled rate
- services will have to be authorized by a doctor to be eligible for reimbursement
- each year, a student's parent will have to authorize the school to access Medicaid for reimbursement

These changes are expected to decrease the amount of Medicaid funding districts and cooperatives are able to receive, primarily for these reasons:

- **Because the bundled rates were too high, districts will receive less when they have to document the individual services.** A bundled rate plan includes an array of services priced at one rate. However, a fee-for-service plan prices each service individually. Because the federal audits

concluded the State's bundled rates were too high, the State will lose money when districts and cooperatives are reimbursed for each individual service.

- **Fee-for-service rates will require districts and cooperatives to maintain more detailed service records in order to receive reimbursements.** Under a bundled rate plan, a provider only needed to show the student received a service once that month in order to bill Medicaid for the month. Under the new fee-for-service plan, districts and cooperatives must be able to match their billing records directly to the documentation in the student's file. Some districts and cooperatives might find this requirement too burdensome and not even try to seek reimbursement for many services.
- **Parents will have little incentive to obtain a doctor's note or sign an authorization form to allow their school to bill Medicaid.** That's because schools are required to provide special education services to all students who need them, regardless of how those services are going to be paid for.

Kansas' Consensus Revenue Estimating Group estimates that changes to Medicaid will reduce Medicaid funding from \$35 million to \$11.5 million, beginning with the 2007-08 school year. This group recently estimated Kansas would receive only \$11.5 million in school-based Medicaid funding because of the changes described above. In 2005-06 (the most recent year for which actual revenue data was available), districts and cooperatives in Kansas received \$35.4 million in school-based Medicaid funding. If they receive only \$11.5 million in Medicaid funding, it would mean a loss of \$23.9 million, or 67.5%, of Statewide Medicaid funding for the 2007-08 school year.

Under the current school finance formula, the Legislature will replace 92%, or almost \$22 million, of the lost Medicaid revenues with State categorical aid. Medicaid is one of the sources of primary funding used in calculating the excess costs of special education. Every dollar lost increases Statewide excess costs by a dollar. Under current law, the Legislature funds 92% of all excess costs. If the State loses \$23.9 million in Medicaid funding, the Legislature will offset most of the loss by providing an additional \$21.9 million in categorical aid. Districts and cooperatives will have to fund the remaining almost \$2.0 million with their own revenues.

Because of How the Lost Medicaid Dollars Will Be Replaced With State Aid, Some Districts And Cooperatives Actually Will Gain Funding

As we described above, it's estimated that districts and cooperatives will lose a little more than two-thirds of their Medicaid funding as a result of the recent changes. Although the Legislature will replace 92% of the lost funding with special education categorical aid, the new aid will be distributed based on the number of special education teachers employed by each district or cooperative (as described in the Overview), not based on the amount of Medicaid funding districts and cooperatives will lose. This means that some are likely to be affected more adversely than others.

To assess the net effect of the Medicaid changes on each district or cooperative in the State, we used revenue and staffing data from the 2005-06 school year to estimate the amount of Medicaid funding each provider would lose (assuming they lost a little more than two-thirds of their funding), and the amount of new categorical aid they would receive. *Figure 2-1* summarizes our estimates, while *Appendix G* details the estimated impact on each of the 69 districts and cooperatives.

Figure 2-1 Summary of the Estimated Effect of Changes to Medicaid on Districts and Cooperatives Based on 2005-06 Revenue and Staffing Data				
	Districts or Co-ops Estimated To Gain Funding		Districts or Co-ops Estimated To Lose Funding	
ALL DISTRICTS OR COOPERATIVES				
Total # of Districts or Cooperatives	31		38	
Total Estimated Gain (Loss)	\$3.9 million		(\$5.8 million)	
DISTRICTS OR COOPERATIVES AFFECTED MOST				
Total # of Districts or Co-ops Estimated to Gain (Lose) More Than \$100,000	13		12	
Average Estimated Gain (Loss)	\$258,004		(\$426,408)	
Poverty (% Free Lunch)	19%		39%	
INDIVIDUAL DISTRICTS OR COOPERATIVES				
Districts or Cooperatives Estimated To Gain or Lose the Most Funding	Shawnee Mission (512)	\$ 827,710	Wichita (259)	(\$2,166,500)
	Blue Valley (229)	\$ 622,765	Kansas City (500)	(\$769,074)
	Olathe (233)	\$ 421,028	Hutchinson (308)	(\$352,953)
Source: LPA estimates based on 2005-06 Medicaid reimbursement and special education staffing data from 69 providers, and Consensus Estimating Group estimates.				

As the figure shows, 31 districts or cooperatives will gain an estimated total of \$3.9 million, while 38 will lose a total of \$5.8 million. Although all providers will be affected, 10 were estimated to gain or lose less than \$10,000 each. On the other hand, many districts and cooperatives will be affected significantly—we estimated that 13 would gain more than \$100,000 and 12 would lose more than \$100,000.

When we looked at the characteristics of districts that will gain or lose the most money, we found that:

3-6

- **Suburban districts with little poverty are likely to gain the most funding.** The three districts that gain the most are Shawnee Mission, Blue Valley, and Olathe. Overall, the districts that gain the most tend to have very little poverty—on average only 19% of their students qualify for free lunches under the National School Lunch program.
- **Districts with high poverty are likely to lose the most funding.** The three districts that lose the most are Wichita, Kansas City, and Hutchinson. Overall, the districts that lose the most tend to be very poor. On average, 39% of their students qualify for free lunches.

Districts and cooperatives with very little poverty don't rely as heavily on Medicaid as a funding source. As a result, it will be easier for them to get enough of the new special education categorical aid to offset (or even exceed) the Medicaid funding they will lose.

On the other hand, districts and cooperatives with more poverty likely will be more adversely affected by the changes because they rely more heavily on Medicaid as a funding source than other districts. It's far less likely that they will be able to get enough new categorical aid to offset the lost Medicaid funding.

Conclusion

Each year the Legislature provides categorical aid to districts and cooperatives to help pay for the cost of providing special education services. The categorical aid isn't distributed based on the actual costs of providing special education services or on the number of students who are served. Rather, the majority of it is given to districts and cooperatives based on the number of special education teachers they employ.

Using the number of special education teachers as the basis for distributing categorical aid reduces the incentives districts and cooperatives may have to "over identify" students for services and may help control costs. But it also can create certain inequities in the distribution of aid. As we've found in this audit and in our 1998 audit of special education funding, this system results in significant differences in the percent of districts' and cooperatives' special education excess costs that are paid for with categorical aid. We've also found that recent changes that will reduce the amount of school-based Medicaid funding for districts and cooperatives will affect them very differently because of this system. If the Legislature wants the distribution of special education funding to be more closely linked to the excess costs of providing those services, it will have to consider changing the current funding formula.

APPENDIX G

**Estimated Effect of Changes to Medicaid on 69 Districts and Cooperatives
Based on 2005-06 Revenue and Staffing Data**

This appendix shows our estimate of the amount of Medicaid revenue each district and cooperative might lose because of changes to the program, the amount of new categorical aid they are likely to receive as a "replacement" from the Legislature, and the net impact.

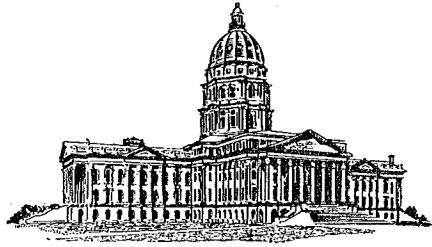
The estimate of lost revenues is based on providers losing 67.5% of their Medicaid revenues. Also, although the Medicaid changes didn't go into effect until the 2007-08 school year, these estimates are based on revenue and staffing data from the 2005-06 school year (the most recent year for which complete data were available). The amount of new categorical aid is based on the Legislature funding 92% of the "excess costs" of special education, as is currently in statute.

District Number	School District or Cooperative Name	Medicaid Lost	New Categorical Aid	Net Impact
259	Wichita	\$4,182,118	\$2,015,618	(\$2,166,500)
500	Kansas City	\$1,624,526	\$855,452	(\$769,074)
308	Hutchinson	\$555,437	\$202,484	(\$352,953)
637	Southeast Kansas Interlocal	\$909,485	\$573,016	(\$336,469)
253	Emporia	\$649,159	\$353,990	(\$295,169)
305	Salina	\$926,670	\$671,546	(\$255,124)
465	Winfield	\$549,178	\$345,376	(\$203,802)
607	Tri-County Cooperative	\$585,365	\$397,979	(\$187,386)
501	Topeka	\$976,157	\$791,925	(\$184,232)
603	ANW Special Education Cooperative	\$544,387	\$392,321	(\$152,066)
333	Concordia	\$266,409	\$152,759	(\$113,650)
490	El Dorado	\$748,901	\$648,426	(\$100,475)
428	Great Bend	\$297,566	\$220,025	(\$77,541)
282	West Elk	\$140,206	\$78,268	(\$61,938)
407	Russell	\$110,530	\$53,641	(\$56,889)
602	Northwest Kansas Education Center	\$454,684	\$398,057	(\$56,627)
611	High Plains Education Cooperative	\$432,704	\$381,143	(\$51,561)
202	Turner	\$220,437	\$172,570	(\$47,867)
636	North Central KS Special Education Co-op	\$330,003	\$284,354	(\$45,648)
290	Ottawa	\$158,869	\$114,505	(\$44,363)
379	Clay Center	\$199,848	\$161,646	(\$38,201)
450	Shawnee Heights	\$164,696	\$135,394	(\$29,302)
610	Reno County Cooperative	\$315,020	\$288,603	(\$26,418)
495	Ft. Larned	\$135,770	\$110,707	(\$25,062)
615	Brown Cty Special Education Interlocal	\$150,931	\$127,994	(\$22,937)
368	Paola	\$442,620	\$425,739	(\$16,881)
619	Sumner County Interlocal	\$150,934	\$134,337	(\$16,597)
389	Eureka	\$54,560	\$38,488	(\$16,071)
489	Hays	\$247,684	\$233,866	(\$13,818)
234	Ft. Scott	\$85,828	\$72,376	(\$13,452)

District Number	School District or Cooperative Name	Medicaid Lost	New Categorical Aid	Net Impact
442	Nemaha Valley	\$79,209	\$66,366	(\$12,843)
616	Doniphan County Education Cooperative	\$99,139	\$89,192	(\$9,947)
263	Mulvane	\$78,595	\$69,498	(\$9,097)
273	Beloit	\$129,535	\$121,788	(\$7,747)
620	Three Lakes Co-op	\$265,928	\$259,002	(\$6,925)
330	Wabaunsee East	\$34,119	\$30,090	(\$4,030)
373	Newton	\$256,438	\$252,659	(\$3,778)
336	Holton	\$166,186	\$162,430	(\$3,757)
405	Lyons	\$123,914	\$128,992	\$5,078
364	Marysville	\$72,413	\$78,092	\$5,679
261	Haysville	\$208,090	\$214,680	\$6,590
345	Seaman	\$155,113	\$165,425	\$10,312
372	Silver Lake	\$26,820	\$38,958	\$12,138
260	Derby	\$283,962	\$299,174	\$15,212
617	Marion County Special Education Cooperative	\$162,213	\$178,972	\$16,759
353	Wellington	\$91,041	\$108,848	\$17,806
497	Lawrence	\$556,970	\$575,580	\$18,611
320	Wamego	\$124,297	\$149,998	\$25,701
480	Liberal	\$94,641	\$122,160	\$27,519
244	Burlington	\$84,179	\$111,784	\$27,605
321	Kaw Valley	\$44,466	\$77,055	\$32,589
230	Spring Hill	\$23,342	\$78,327	\$54,985
605	South Central Kansas Cooperative	\$363,893	\$429,850	\$65,957
231	Gardner-Edgerton	\$111,847	\$178,013	\$66,166
418	McPherson	\$181,242	\$261,626	\$80,383
613	Southwest Kansas Area Cooperative	\$452,658	\$534,998	\$82,339
453	Leavenworth	\$395,198	\$495,805	\$100,607
409	Atchison (a)	\$0	\$110,844	\$110,844
457	Garden City	\$198,640	\$310,725	\$112,085
475	Junction City	\$243,555	\$356,867	\$113,312
614	East Central Kansas Cooperative	\$37,932	\$165,484	\$127,552
437	Auburn Washburn	\$130,021	\$262,409	\$132,388
232	DeSoto	\$75,929	\$214,837	\$138,908
383	Manhattan	\$158,771	\$309,393	\$150,623
608	Northeast Kansas Education Center	\$28,787	\$259,609	\$230,823
618	Sedgwick County Interlocal	\$463,991	\$729,396	\$265,405
233	Olathe	\$710,400	\$1,131,427	\$421,028
229	Blue Valley	\$217,202	\$839,966	\$622,765
512	Shawnee Mission	\$342,049	\$1,169,759	\$827,710
Statewide Total		\$23,883,402	\$21,972,682	(\$1,910,720)

(a) Atchison did not receive any Medicaid revenue in 2005-06 so the analysis shows no changes in Medicaid funding for them.
Source: LPA analysis based on 2005-06 Special Education revenues and expenditures for 69 districts and cooperatives

MARY ANN TORRENCE, ATTORNEY
REVISOR OF STATUTES
JAMES A. WILSON III, ATTORNEY
FIRST ASSISTANT REVISOR
GORDON L. SELF, ATTORNEY
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OFFICE OF REVISOR OF STATUTES
KANSAS LEGISLATURE

Legal Consultation—
Legislative Committees and Legislators
Legislative Bill Drafting
Legislative Committee Staff
Secretary—
Legislative Coordinating Council
Kansas Commission on
Interstate Cooperation
Kansas Statutes Annotated
Editing and Publication
Legislative Information System

TO: Senate Committee on Ways and Means
FROM: Theresa Kiernan, Senior Assistant Revisor of Statutes
RE: Senate Bill No. 512
DATE: February 10, 2010

Senate Bill 512 would amend a provision in the special education law which provides for the payment of medicaid replacement state aid to school districts. The law was enacted during the 2008 legislative session and will sunset at the end of the 2009-2010 school year unless extended by the legislature. The bill would provide such state aid on an on-going basis, subject to appropriation.

Under current law, school districts must apply for the state aid. The amount of state aid received is based upon the number of exceptional children enrolled in the district for which the district receives medicaid payments. Moneys received as medicaid replacement state aid is deposited in the general fund of the district and transferred to the special education fund of the district.

Of the total amount of moneys appropriated for special education state aid, the state board of education is allowed to designate up to \$9 million as medicaid replacement aid. Just like catastrophic state aid, amounts to be paid as medicaid replacement state aid are subtracted from the money appropriated for special education state aid prior to the determination of the amount of categorical state aid to be paid to school districts.

RS- C:\Documents and Settings\tkiernan.RS\Desktop\Explnrs\SB512Expr.wpd (tkiernan)

300 SW TENTH AVE - STE 24-E, Statehouse—TOPEKA, KANSAS 666
PHONE (785) 296-2321 FAX (785) 296-6668 E-mail: Revisor'sOff

Senate Ways & Means Cmte
Date 2-10-2010
Attachment 4



Senate Ways & Means Committee

Senator Emler, Chair

S. B. 512 – Medicaid replacement state aid

*Submitted by Diane Gjerstad
Wichita Public Schools*

February 10, 2010

Mr. Chairman, members of the Committee:

We appreciate the opportunity to support continuation of Medicaid replacement funding for Medicaid eligible students. Attached to my testimony is a list of the 70 districts and special education cooperatives which have received Medicaid replacement dollars. Those funds will expire for these 70 districts and coops unless S.B. 512 is passed.

Several sessions ago the legislature encouraged districts to maximize federal Medicaid funding. Many districts, including Wichita, worked hard to identify eligible students and get parent permission to maximize Medicaid funding. Districts were drawing down about \$25 million statewide of which Wichita received \$6 million. When the federal reimbursement rules were changed those districts lost \$25 million in Medicaid funds; however maintenance of effort required the state to make up those dollars. But the \$25 million for MOE was not distributed to those districts which had generated Medicaid funding, instead it was added to the special education formula and allocated to all districts on a per teacher basis.

This bill does not replace the full \$25 million the districts originally drew down. S.B. 512 is a partial replacement of \$9 million. The participating districts and cooperatives shown on the attachment recoup a fraction of the original amount they originally received.

There is no fiscal note on S.B. 512, this is simply a continuation of current policy.

Thank you for the opportunity to testify on S.B. 512; and we urge favorable action.

Senate Ways & Means Cmte

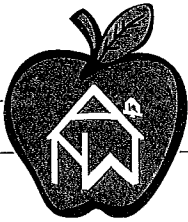
Date 2-10-2010

Attachment 5

		FY09 Medicaid	
		Students Served (Feb 23-Mar 6)	
USD#	USD Name	Paid	
202	TURNER PUBLIC #202	49	62,426
229	BLUE VALLEY USD 229	108	137,592
230	SPRING HILL USD #230	32	40,768
231	GARDNER EDGERTON ANTIOCH 231	34	43,316
232	DESOTO USD 232	30	38,220
233	OLATHE USD #233	290	369,460
234	USD 234 FORTSCOTT	24	30,576
244	COFFEY CO USD 244	41	52,234
253	FLINT HILLS SPECIAL ED	99	126,126
259	WICHITA PUBLIC SCHOOL 259	1,012	1,289,288
260	DERBY USD 260	71	90,454
261	HAYSVILLE USD # 261	82	104,468
263	MULVANE USD 263	24	30,576
273	BELOIT USD #273	54	68,796
282	HOWARD USD 282	24	30,576
290	OTTAWA PUBLIC SCHOOL	16	20,384
305	CENTRAL KS COOPERATIVE	315	401,310
308	HUTCHINSON PUBLIC SCHOOLS #308	116	147,784
320	WAMEGO USD 320	57	72,618
321	KAW VALLEY USD 321	28	35,672
330	MISSION VALLEY USD #330	9	11,466
333	CONCORDIA USD #333	65	82,810
336	HOLTON USD 336 HOLTON SPECIAL	75	95,550
337	ROYAL VALLEY USD 337	7	8,918
345	SEAMAN USD #345	55	70,070
353	WELLINGTON PUBLIC SCHOOLS	21	26,754
364	MARSHALL CNTY SPEC ED #364	23	29,302
368	EAST CENTRAL KS SPEC EDUC COOP	128	163,072
372	SILVER LAKE USD 372	7	8,918
373	HARVEY CO SPECIAL ED COOP	60	76,440
379	CLAY CENTER USD 379	61	77,714
383	MANHATTAN U S D #383	86	109,564
389	EUREKA USD 389	11	14,014
405	UNIFIED SCHOOL DISTRICT 405	48	61,152
407	RUSSELL COUNTY USD 407	22	28,028
409	ATCHISON PUBLIC SCHOOL	36	45,864
418	MCPHERSON USD #418	64	81,536
428	GREAT BEND USD 428 BARTON CO	82	104,468
437	AUBURN WASHBURN USD 437	77	98,098
442	NEMAHA VALLEY USD 442	19	24,206
450	SHAWNEE HEIGHTS USD 450	55	70,070
453	LEAVENWORTH UNIFIED SCHOOL	155	197,470
457	GARDEN CITY USD #457	72	91,728
465	COWLEY CO SPEC SERV # 465	200	254,800
475	JUNCTION CITY USD 475	34	43,316
480	LIBERAL PUBLIC SCHOOLS USD 480	22	28,028
489	HAYS USD 489	69	87,906
490	EL DORADO USD #490	235	299,390
495	FORT LARNED USD #495	48	61,152
497	LAWRENCE USD 497	73	93,002
500	KANSAS CITY KS PUB SCHOOL	672	856,128
501	TOPEKA PUBLIC USD 501	253	322,322
512	SHAWNEE MISSION PUBLIC	81	103,194
602	NORTHWEST KANSAS EDU SERV	84	107,016

5-2

		FY09 Medicaid	
		Students Served (Feb 23-Mar 6)	
USD#	USD Name	Paid	
603	ANW SPECIAL EDUCATION COOP	127	161,798
605	SO CENTRAL KS SPEC ED COOP	141	179,634
607	TRI COUNTY SPEC EDUC #607	116	147,784
608	NORTHEAST KS EDUC SERVICE CTR	45	57,330
610	RENO CNTY EDCOOP	98	124,852
611	HIGH PLAINS EDUC COOPERATIVE	117	149,058
613	SOUTHWEST KANSAS AREA COOP 613	85	108,290
614	EAST CENTRAL KS COOPER ED	39	49,686
615	BROWN CO KS SPECIAL EDUC COOP	45	57,330
616	DONIPHAN COUNTY ED	11	14,014
617	MARION CO SPEC EDUCATION COOP	37	47,138
618	SEDGWICK CO AREA ED SERV 618	236	300,664
619	SUMNER CNTY EDUC SERV USD 619	19	24,206
620	THREE LAKES EDUCATIONAL COOP	129	164,346
636	NORTH CENTRAL KS SPECIAL ED	94	119,756
637	SOUTHEAST KS INTERLOCAL 637	207	263,718
	Grand Total	7,061	8,995,714
		9,000,000	
	Per Pupil	1,274.61	
	Final Amount Per Student	1,274	



ANW

Education Cooperative

Interlocal #603 • 710 Bridge Street • P.O. Box 207 • Humboldt, KS 66748 • 620-473-2257 • www.anwcoop.com

Dear Senator Emler and members of the Ways and Means Committee,

I am the Director of ANW Special Education Cooperative based in Humboldt Kansas. I wish to address Senate Bill 512. Two years ago Medicaid Replacement Aid was created to provide an incentive to encourage school districts, and special education cooperatives to make every effort to collect Medicaid funds that might be available. Nine million dollars of the monies allocated to special education was set aside from the special education fund and divided up among districts and coops in relation to the amount of money collected from Medicaid. By all measures that I have seen, that plan has worked. Medicaid funding collected by districts and coops across the state has risen significantly.

I strongly encourage you to endorse Senate Bill 512 which extends Medicaid Replacement Aid to districts. ANW Coop has aggressively pursued our ability to collect Medicaid for the eligible services we provide for our students. Replacement aid does not increase the amount of money made available by the legislature for special education. It will, however, continue to provide an incentive for districts and coops to take advantage of available federal funds to provide services to our disabled students and thus lessening the burden on state and local funding sources.

Respectfully,

Robert Coleman, Director

Senate Ways & Means Cmte

Date 2-10-2010

Attachment 6



Kansas City, Kansas Public Schools

Unified School District No. 500

Senate Ways and Means Senator Emler, chair

S.B. 512 – Medicaid replacement funding

Bill Reardon
Kansas City Kansas Public Schools

February 10, 2010

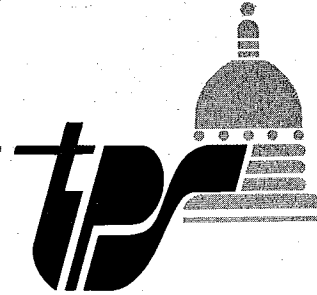
Mr. Chairman, Members of the Committee:

In 2007 the federal government changed the methodology for funding Medicaid eligible students. As a result approximately 70 school districts were facing a loss of \$25 million. In the 2008 session the legislature created a Medicaid replacement fund and also created a special education taskforce. The legislature placed a sunset on the Medicaid replacement dollars until the special education taskforce completed their work.

This was a prudent decision to not make the provision a permanent part of the special education law until the taskforce had the opportunity to monitor the new provision and report any glaring irregularities.

Since the taskforce has not reported any irregularities it would seem entirely appropriate to extend the Medicaid provision. At the very least, the sunset should be extended until the term expires for the special education taskforce on June 30, 2011.

Thank you for the opportunity to testify in favor of S.B. 512.



Testimony on SB 512
Senate Ways and Means Committee
February 10, 2010
Jennifer Crow, USD 501 Topeka Public Schools

Chairman Emler and Members of the Committee:

Thank you for the opportunity to testify in support of SB 512. You may recall that a new category of state aid called "Medicaid Replacement State Aid," was created for the 2007-2008 school year. Such aid covers children who are receiving special education and related services, and who are eligible for Medicaid. It was created in order to establish a distribution mechanism directing dollars to the districts with Medicaid eligible populations, and to replace federal dollars lost due to changes to the federal rules for Medicaid reimbursement for school-based services.

This year, Topeka USD 501 is supporting 253 Medicaid eligible students via Medicaid Replacement State Aid.

If the bill sunsets, the only statutory method for distributing these dollars is to increase the number of dollars provided for each special education teacher. This results in a distribution that has no relationship to the number of Medicaid students in a given school district. Distributing funds for Medicaid reimbursed services by headcount is closer to funding based on actual costs than the method of distributing the money to all districts whether they have Medicaid eligible students or not.

Passage of SB 512 will continue to direct these state dollars to districts, like Topeka USD 501, that incur additional Medicaid costs so that they may continue to benefit Medicaid eligible students.

Thank you for your consideration of this issue.

Senate Ways & Means Cmte
Date 2-10-2010
Attachment 8

SENATE BILL No. 396

By Committee on Agriculture

1-19

Senate Ways & Means Cmte
Date **2-10-2010**
Attachment **9**

9 AN ACT concerning the laboratory fee fund; amending K.S.A. 2009
10 Supp. 74-554 and repealing the existing section.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 2009 Supp. 74-554 is hereby amended to read as
14 follows: 74-554. (a) There is hereby created a laboratory equipment fund
15 in the state treasury. All moneys credited to the laboratory equipment
16 fund shall be expended for the acquisition, *maintenance* and replacement
17 of equipment used by the Kansas department of agriculture laboratory
18 and *metrology* laboratory.

19 (b) *Upon request of the secretary of agriculture the director of ac-*
20 *counts and reports will transfer no more than 10% of the carry-over*
21 *balance of any fee fund specified in subsection (c) in any fiscal year to the*
22 *laboratory equipment fund.*

shall

on June 30

following

23 (c) ~~The fee funds subject to this transfer are:~~

24 (1) *The dairy fee fund established pursuant to K.S.A. 65-782, and*
25 *amendments thereto;*

are

26 (2) *the feeding stuffs fee fund established pursuant to K.S.A. 2-1012,*
27 *and amendments thereto;*

28 (3) *the fertilizer fee fund established pursuant to K.S.A. 2-1205, and*
29 *amendments thereto;*

30 (4) *the pesticide use fee fund established pursuant to K.S.A. 2-2464a,*
31 *and amendments thereto;*

32 (5) *the agricultural liming materials fee fund established pursuant to*
33 *K.S.A. 2-2911, and amendments thereto;*

34 (6) *the petroleum inspection fund established pursuant to K.S.A. 55-*
35 *427, and amendments thereto;*

36 (7) *the meat and poultry inspection fee fund established pursuant to*
37 *K.S.A. 65-6a45, and amendments thereto;*

38 (8) *the entomology fee fund established pursuant to K.S.A. 2-2128,*
39 *and amendments thereto; and*

40 (9) *the weights and measures fee fund as described pursuant to K.S.A.*
41 *83-302, and amendments thereto.*

42 (d) ~~The laboratory equipment fund shall not be subject to diversion~~
43 ~~to the state general fund.~~

Reletter remaining subsections.

In any fiscal year, the

1 (e) ~~When the total amount of fees deposited in the fund is equal to or~~
2 ~~exceeds \$500,000, the secretary shall not request transfer of fees as pro-~~
3 ~~vided in subsection (b).~~

transferred

4 (f) All expenditures from the laboratory equipment fund shall be
5 made in accordance with appropriation acts upon warrants of the director
6 of accounts and reports issued pursuant to vouchers approved by the
7 secretary of agriculture or by a person or persons designated by the
8 secretary.

shall not exceed

9 Sec. 2. K.S.A. 2009 Supp. 74-554 is hereby repealed.

10 Sec. 3. This act shall take effect and be in force from and after its
11 publication in the statute book.

9-2