

MINUTES OF THE SENATE WAYS AND MEANS

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

All members were present.

Committee staff present:

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

Conferees appearing before the committee:

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

Others attending:

See attached list.

Introduction of legislation

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

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

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

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

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

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- Savings from renegotiating foster care - contracts were renegotiated to obtain efficiencies in streamlining and reducing administrative costs.

Governor's Budget Recommendations for the agency include:

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

Responding to questions from the Committee, Secretary Jordan responded:

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

Cheryll Semmel, Executive Director, United School Administrators (USA), presented testimony to the

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Committee on **SB 23** ([Attachment 2](#)). With reference to the budget shortfall, Ms. Semmel requested that the Committee consider solutions that will maintain the commitment to education, importance of education and not reduce programs that produce a next generation workforce for the state.

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

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

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

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

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

The hearing on SB 23 was closed.

Update on State Revenues and Expenditures

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

The next meeting is scheduled for January 16, 2009.

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