

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chair Melvin Neufeld at 9:00 a.m. on April 4, 2003, in Room 514-S of the Capitol.

All members were present except: Representative Andrew Howell - excused
Representative Melvin Minor - excused

Committee staff present: Becky Krahl, Legislative Research Department
Amy Deckard, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee: Bill Daugherty, Kansas State School for the Blind
Bob Maile, Superintendent, School for the Deaf
Mark Tallman, Kansas Association of School Boards
Dale Dennis, Department of Education
Diane Gjerstad, Wichita Public Schools

Others attending: See attached

Representative Henry moved to introduce legislation that would place a one year moratorium on closure of any Department of Social Rehabilitation Services satellite offices in the state of Kansas. The motion was seconded by Representative Ballard. Motion carried.

A memo was distributed to the Committee, from Susan Duffy, State Corporation Commission, in response to questions and concerns of the Committee regarding well plugging in Kansas. The memo addressed the procedures for the processing or sale of salvage material at state-funded well-plugging operations and the number of wells plugged by the oil and gas industry versus the number of abandoned wells plugged with state funds (Attachment 1).

The Chair announced that the Committee would return to start working the Omnibus bill at 9:00 a.m. on April 24, 2003; continue working on April 25, 2003 and possibly April 26, 2003. The first item of business on April 24, 2003, will be a report from the Department of Transportation on asphalt and concrete.

HB 2463--Special education funding for the Kansas State School for the Deaf and the Kansas State School for the Blind.

Carolyn Rampey, Legislative Research Department, to explained the bill which would amend the formula for special education state aid which is currently distributed to school districts. The change would be to count certificated special education teachers, administrators and paraprofessionals at the Kansas School for the Blind and the Kansas School for the Deaf in the distribution formula (Attachment 2).

The expected cost to fund approximately 83 teachers, administrators and paraprofessionals at the State schools for the blind and deaf, would be approximately \$1,585,050 in special education state aid. If the bill is funded within the current special education money approved for FY 2004, the effect would be to reduce the teaching unit reimbursement statewide by approximately \$175 per teacher. Ms. Rampey stated that the growth in special education teaching units for FY 2004 is estimated at 1.4%, the smallest growth increase since 1988.

The Chair recognized Bill Daugherty, Kansas State School for the Blind, who presented a few comments referring to testimony he gave to the Committee on February 19, 2003 (Attachment 3). Mr. Daugherty stated that the budget is \$219,000 short in the current year for meeting the school's needs and down approximately \$500,000 over the past several years. In order to meet the Governor's budget reductions of \$224,244, the School will need to furlough all non-teaching staff for three days; reduce teacher contracts by two to three days; increase fees for services to school districts; layoff two dormitory staff; layoff two teachers of the visually impaired; and reduce the four-week Summer School Program to two weeks. The School is trying to maintain \$165,291 of that cut to fund priorities of maintaining the two teachers for the visually impaired; maintaining two dormitory staff because of security and safety issues in the dormitories; and restore one week

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on April 4, 2003, in Room 514-S of the Capitol.

of the summer school.

Responding to questions from the Committee, Mr. Daugherty stated that the School has a good relationship with school districts around the state. The School has 31.6 teaching units, including some personnel who give service to other schools.

Bob Maile, Superintendent of the Kansas State School for the Deaf, testified that the School for the Deaf has approximately 25 vacant positions at the present time, resulting in a reduction of services. Approximately \$100,000 of the \$362,000 shortfall, would result in not being able to obtain technology equipment, vehicles, audio training equipment, etc. The remaining money would be student-related and most important to protect for the school. Mr. Maile stated that the School has 51.4 FTE positions.

Mark Tallman, Assistant Executive Director/Advocate for the Kansas Association of School Boards (KASB), stated that KASB has not taken a position on whether the state schools for the blind and deaf should be included for special education funding (Attachment 4). Their concern is that passage of the bill without adding funding to cover the additional cost could result in a reduction of funding for all other school districts.

Representative Shultz suggested that the Legislature might want to take a serious look at a pupil weighting system for special education funding during next year's session.

In response to a question concerning why the School for the Blind and School for the Deaf are not included under the school district system, Dale Dennis, Department of Education, commented that the schools are considered state institutions and the Legislature has treated them as state agencies. Mr. Dennis stated that these schools have access to Title VI-B funds, Medicaid funds and some other special federal grants.

Ms. Rampey stated that the School for the Blind received \$199,000 and the School for the Deaf received \$111,000 in FY 2002 from the Federal Individuals with Disabilities Act funding, the same per capita funding as other school districts receive.

The Committee noted that a number of regular school districts use the services of the School for the Blind and School for the Deaf. At the present time, the School for the Blind and School for the Deaf can only charge 20% of the actual cost of these services to the individual regular school districts. There was some thought that this might be raised to 30%; however, there was concern that this could cause a hardship for the school districts. The Committee indicated they needed to find a fair way to provide additional services for the individuals at the Schools of the Blind and Deaf.

Diane Gjerstad, Wichita Public Schools, noted that passage of **HB 2463** without adding funding, would have a direct effect on the special education budget of Wichita schools. Ms. Gjerstad stated they have approximately 470 certified special education teachers, 500 paraprofessionals and 9,000 students with IEP's in the Wichita system.

The hearing on **HB 2463** was closed.

The Chair thanked all of the Committee members for their hard work during the past weeks in working together to accomplish the tasks set before them.

The meeting was adjourned at 9:40 a.m. The next meeting was be at 9:00 a.m. on April 24, 2003.



Melvin Neufeld, Chair

To: Representative Schwartz, House Sub-Committee on Appropriations
From: Susan Duffy, KCC
Re: Questions regarding well plugging in Kansas
Date: April 2, 2003

Concerning the issues that were raised at the last meeting with your subcommittee, the KCC offers the following response.

What are Conservation Division procedures for the processing / sale of salvage material at State funded well plugging operations?

- 1) A notice of any salvage bid opportunity will be posted in the respective KCC District office on a public bulletin board for 10 business days. The notice will include the name of the staff contact for information regarding the salvage equipment and the closing date of the bid.
- 2) District staff will contact at least three potential bidders in the respective area to notify them of the bid opportunity and keep a record of those contacts.
- 3) Bidders should deliver a sealed bid to the KCC District office staff contact prior to the bid closing date.
- 4) The sealed bids should be opened by at least two KCC District staff after the bid closing date.
- 5) The award will be given to the highest bidder who will remove the salvage from the site in a timely manner.

The check and a cover letter of explanation is sent to the attention of the Conservation Division Deputy Director. A credit in the amount of the check is then made to the plugging project and the Abandoned Well Plugging Fund or the Conservation Fee Fund, as appropriate, through normal accounting procedures.

Salvageable materials from plugging operations usually involve tubular goods in varying condition. A limited amount may be suitable for reuse in oilfield applications; however most is in such condition that it is sold as construction grade material (used in the construction of fences, etc.).

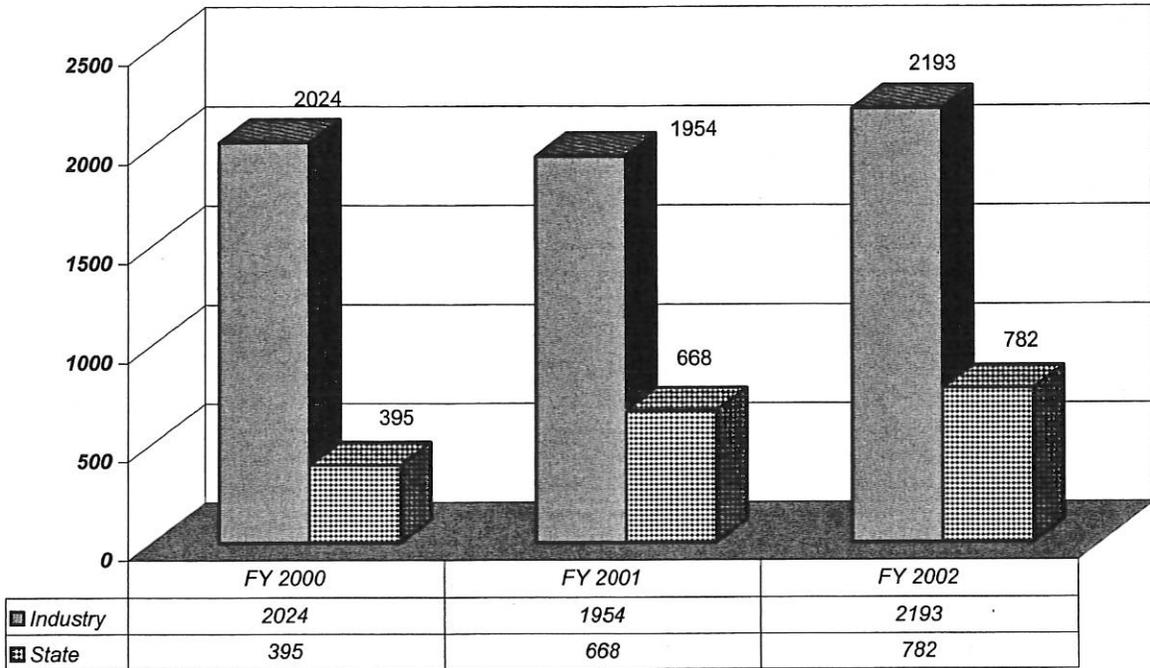
How many wells are plugged by the oil and gas industry vs. the number of abandoned wells plugged with State funds?

Oil and gas operators plug wells when they are unsuccessful in establishing production, when a well becomes uneconomic to produce, or the well has no further utility as an injection or service well. The graphs listed below compare the number of plugging operations completed during FY 2000, FY 2001 and FY 2002 by industry and through plugging activities of the State.

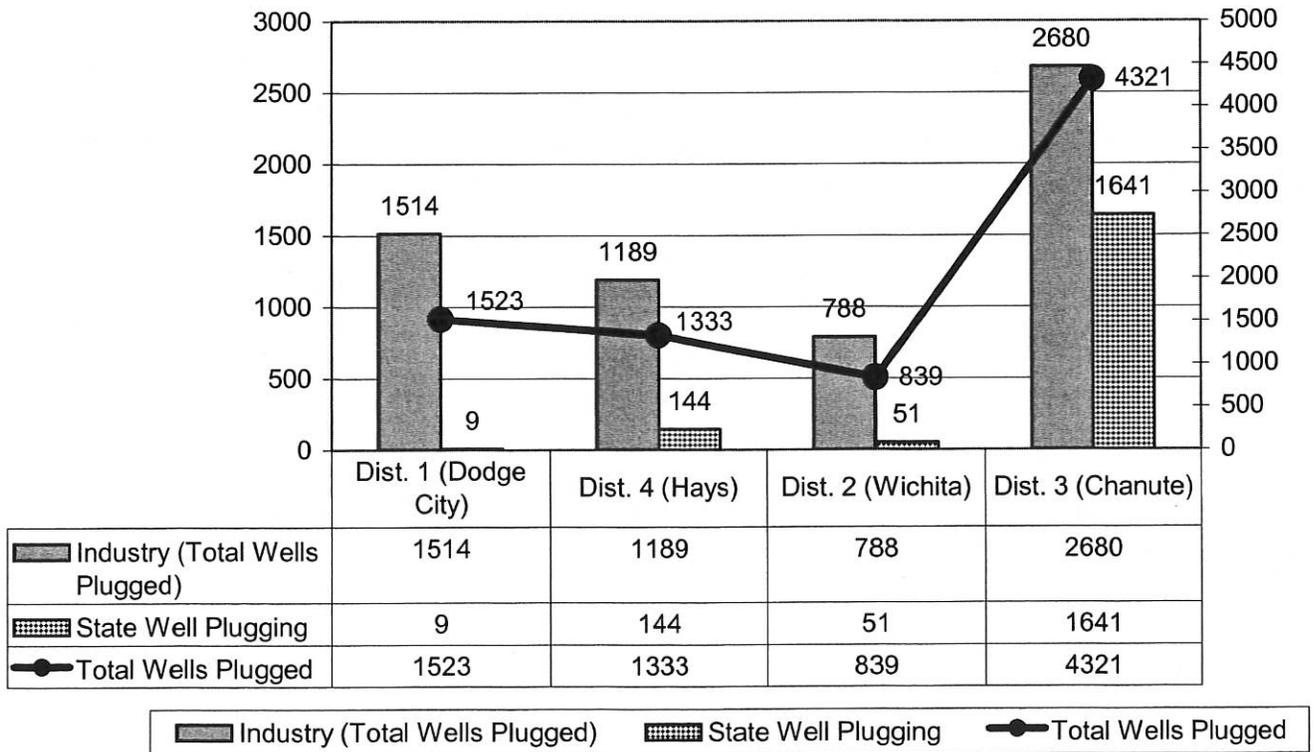
HOUSE APPROPRIATIONS

DATE 4-4-2003
ATTACHMENT 1

Well Pluggings FY 2000 - 2002



State Well Plugging vs. Industry Well Pluggings (FY 2000 -FY2002)



Provide overall information concerning the plugging of wells.

KCC WELL PLUGGING STATUS

Year	# of Wells Plugged	Avg cost per well	Intents to drill	Well Inventory Requiring Action
1995	252	\$3,415	2,133	9,257
1998	581	\$2,403	1,536	9,641
2001	583	\$3,379	2,052	9641
2003	775	\$2,500	1,955	8291

*8,021 in District 3, Chanute

Please discuss the bid process for awarding contracts to plug wells.

COMPETITIVE BIDDING FOR PLUGGING WELLS (when no responsible party can be identified)

- over \$10,000 bid process - competitive bid through the Department of Administration.
- under \$10,000 bid process - negotiated bid awarded by the Department of Administration. Bid is at a set rate for 4 years; renewable every year. The process starts with the lowest available bidder who can start the project within 10 days of the initial call. All bidders who participate in this process have met qualifications concerning equipment.

Discuss the situation with the alleged "responsible party" who continues to receive state contracts to plug wells in the Chanute area.

Concerning the discussion about the alleged "responsible party" who is pre-approved to plug wells. This company was and is the "fourth" call on the list for negotiated bids under \$10,000. Because this company's cost is higher, they have never been called to plug wells under the negotiated bid process (meaning the other 3 well pluggers were available to plug the wells and did so). The company remains as the fourth caller. The KCC did retain outside counsel to "pierce the corporate veil" of the alleged responsible party. Based on counsel's findings, it was recommended that the agency negotiate a settlement as the state's case did not appear to be solid. It would have cost the state \$197,000 to plug the wells but instead the state is paying \$3.00 per bag or \$30,000 for cement. A 5-year plan to plug 120 wells was negotiated. To date the company has plugged 38 wells in 1½ years. The company will lose their license in the state if they fail to complete any part of the settlement agreement.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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April 4, 2003

To: House Appropriations Committee
From: Carolyn Rampey, Principal Analyst, and Amy Deckard, Fiscal Analyst
Re: House Bill No. 2463

HB 2463 would amend the formula for special education state aid which currently is distributed to school districts. The change would be to count certificated special education teachers, administrators, and paraprofessionals at the School for the Blind and the School for the Deaf in the distribution formula.

Special education state aid primarily is distributed on a teaching-unit basis. From the amount of money that is appropriated for special education, school districts are reimbursed for 80 percent of the costs they incur for transporting children and teachers in connection with providing special education services and for other costs to maintain a child away from the child's residence. The remaining money from the appropriation is divided among the number of full-time special education teachers in the state and each district gets its proportionate share. Special education paraprofessionals are counted 0.4 of a teacher for reimbursement purposes.

The current appropriation for FY 2003 is \$251,016,845, which is estimated to fund special education excess costs at the 85 percent level. The same amount of money is approved for FY 2004, which would fund excess costs at about the 84 percent level. The estimated number of special education teaching units in school districts in FY 2004 is 10,885. Special education state aid will equate to about \$19,150 per teaching unit.

There are approximately 83 teachers, administrators, and paraprofessionals at the Schools for the Blind and Deaf who would be counted for special education state aid reimbursement under HB 2463. This additional number of teachers and related costs in the formula would generate an additional \$1,585,050 in special education state aid. If the decision were made to fund HB 2463 within the amount of special education money currently approved for FY 2004, the effect would be to reduce the teaching unit reimbursement statewide by about \$175 per teacher, or from \$19,150 to \$18,975.

If the assumption is made that the only additional funding the two schools would receive would be the amount of their 5 percent reduction (\$582,053) and that their regular appropriation would be reduced to offset the fiscal impact of HB 2463 on special education state aid, then the per teaching unit reduction would be about \$53 per unit, or a reduction from \$19,150 to 19,097. This calculation assumes that the regular appropriation to the two schools would be reduced by \$1,002,997 (the difference between the amount of special education state aid they would get, minus the increase of \$582,053) and that the \$1,002,997 would be added to the appropriation for special education state aid.

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HOUSE APPROPRIATIONS

DATE 4-04-2003
ATTACHMENT 2

KANSAS

DIVISION OF THE BUDGET
DUANE A. GOOSSEN, DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

April 2, 2003

The Honorable Melvin Neufeld, Chairperson
House Committee on Appropriations
Statehouse, Room 517-S
Topeka, Kansas 66612

Dear Representative Neufeld:

SUBJECT: Fiscal Note for HB 2463 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2463 is respectfully submitted to your committee.

HB 2463 would make the Kansas State School for the Blind and Kansas State School for the Deaf eligible to receive state aid for special education.

According to the Kansas State Department of Education, the two schools would receive \$1.9 million in state categorical aid. This \$1.9 million would reduce monies available to local school districts from the Department's appropriation, or an additional \$1.9 million must be appropriated from the State General Fund to KSDE. Reducing special education by \$1.9 million would reduce aid by \$175 per teacher.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Dale Dennis, Board of Education
William Daugherty, School for the Blind
Jeanette Magathan, School for the Deaf

Kansas State School for the Blind
Appeal of Governor's FY04 Budget
House Appropriations Subcommittee Hearing February 19, 2003

Background

The accumulative approved budgets for KSSB are down over \$500,000 over the past few years as compared with what the school requires to fully meet the educational needs of Kansas' children with visual impairments. Much of this relates to staff positions for teachers and basic support services that have been kept open to meet the reduced resource budgets. KSSB has found innovative ways to teach and supervise its students during this period. A Business Office once staffed by five is now staffed by two; a Facilities Department of twelve is now staffed by seven; the campus, once patrolled by five security officers, is now covered by three. There are numerous examples where employees are handling excessive responsibilities in order that services to students will not be jeopardized. These measures have now been exhausted and KSSB is cutting into its core educational program. Some relief from the \$224,244 additional reduction reflected in the Governor's Budget must be considered if the school is going to meet its basic responsibility to have a qualified teacher in every classroom, to deliver its federally mandated services to students with disabilities, and to safely supervise children while they are in the school's care.

Current Status

If necessary, KSSB will meet the Governor's Budget reductions of \$224,244 through the following steps:

- **Furlough all non-teaching staff for 3 days**
impact: This places an undue burden on cooks, janitors, maintenance and security workers.
- **Reduce teacher contracts by 2 days**
impact: KSSB already has the lowest paid and most highly specialized teachers in the region. Students placed at KSSB are here for under 3 years (avg.) and need every available day of learning.
- **Increase fees for services to school districts**
impact: Some districts may simply disregard the needs of some under-served blind students.
- **Layoff 2 dormitory staff**
impact: The ability to sufficiently teach the Skills of Blindness (dressing, cooking, etc.) and to sufficiently monitor student well-being will be jeopardized.
- **Layoff 2 teachers of the visually impaired**
impact: KSSB will reduce the number of children it serves in an already underserved state.
- **Reduce the 4-week Summer School Program to 2 weeks**
impact: Extended School Year Services are federally mandated. Children from across the state find it an essential means of getting the Skills of Blindness such as Braille and cane usage.

Priorities for Appeal in Order of Need

- 1st: Maintain 2 teachers targeted for layoff
- 2nd: Maintain 2 dormitory staff targeted for layoff
- 3rd: Restore 1 week of summer school (from 2 to 3 weeks)

\$57,272

\$53,972

HOUSE APPROPRIATIONS

DATE 4-04-2003

ATTACHMENT 3

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS



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

Testimony on **HB 2463**
before the
House Committee on Appropriations

By

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

April 4, 2003

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on HB 2463. As we understand this bill, it would allow the state schools for the blind and deaf to receive the same kind of reimbursement for special education costs as school districts. We further understand that these schools would be entitled to approximately \$1.6 million in aid if this bill were passed.

KASB has not taken a position on whether the state schools should be included for special education funding. As the governing board for these schools, we are not aware that the Kansas State Board of Education has requested such funding, and certainly has not asked for KASB's support or opposition. However, we are concerned that passage of this bill without adding funding to cover the additional cost of this aid would simply reduce funding for all other school districts. We oppose shifting funds away from one group of school districts to increase funding for other schools.

For the same reason, although KASB could support changing special education from a reimbursement system to a pupil weighting system, as had been proposed by Governor Graves and now by Governor Sebelius; we would oppose such a change unless additional funding is added to the system.

We would also question the logic of applying one feature of the school district finance system (special education funding) to the state schools, but not other features (base budget, weightings, etc.). If the Legislature wants to increase funding for the state schools, the simplest way would be to increase the appropriation to the level it believes is appropriate.

Thank you for your consideration.

HOUSE APPROPRIATIONS

DATE 4-04-2003
ATTACHMENT 4