

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on March 11, 2011, in Room 548-S of the Capitol.

Senator Masterson was excused.

### Committee staff present:

Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
David Wiese, Office of the Revisor of Statutes  
Alan Conroy, Director, Legislative Research Department  
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department  
Aaron Klaassen, Senior Fiscal Analyst, Legislative Research Department  
Dorothy Hughes, Fiscal Analyst, Legislative Research Department  
Amy Deckard, Legislative Research Department  
Brea Short, Intern, Senator McGinn's Office  
Jan Lunn, Committee Assistant  
Josh Lewis, Chief of Staff

### Others attending:

See attached list.

### Conferees:

Amy Deckard, Legislative Research Department  
Senator Terrie Huntington  
Richard Shank, Alliance for Kansans with Developmental Disabilities  
Jane Rhys, Kansas Council on Developmentally Disabled  
Ron Pasmore, President and CEO, KTECH  
Kathy Lobb, Self Advocates Coalition of Kansas  
Matt Fletcher, Associate Director, InterHab  
Alice Lackey, Executive Director, Nemaha County Training Center  
Colin McKenney, Chief Executive Officer, MCDS  
Tom Laing, Executive Director, InterHab  
Ray Dalton, Deputy Secretary, Disability & Behavioral Health Services, Social and Rehabilitation Services (SRS)

There were no bill introductions.

### Subcommittee Report

#### Department of Revenue

Senator Taddiken reviewed the Department of Revenue agency request as well as the Governor's recommendation (Attachment 1). The Subcommittee concurred with the Governor's recommendation with notations that included the Division of Vehicles Modernization Fund, which is a multi-year project to integrate the Vehicle Information Processing System, the Kansas Drivers License System, and the Kansas Vehicle Inventory System. In addition, the Subcommittee recommended review of **SB 54** prior to finalization of the FY 2012 appropriations bill. This bill would impose a fixed cap on the number of licenses to sell alcoholic liquor at convenience and grocery stores.

Senator Francisco moved an amendment to "recommend review of the outcome of SB 54 prior to finalization of the FY 2012 appropriations bill." Senator Kelly seconded the motion, which passed on a voice vote.

Senator Taddiken moved adoption of the Department of Revenue Subcommittee report as amended. Senator Schodorf seconded the motion, which passed on a voice vote.

#### Court of Tax Appeals

Senator Taddiken reviewed the agency's FY 2012 request as well as the Governor's recommendation (Attachment 2). The Subcommittee concurred with the Governor's recommendation with an adjustment:

*Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.* 1



## CONTINUATION SHEET

MINUTES OF THE WAYS AND MEANS COMMITTEE on March 11, 2011, 10:30 a.m. 548-S

- Add \$654,248, all from the State General Fund (SGF), to restore the Court's FY 2012 SGF appropriation to \$1,303,004, which is the same amount recommended by the Governor in FY 2011. It was noted that the Governor's FY 2012 recommendation reduced the appropriation by 50.0 percent but the Court would have to increase filing fees. The Subcommittee felt that the increased filing fees would result in denial or limited access to the Court. In addition, increased debt collection by the agency has produced additional revenue which could be used to sustain the SGF increase for the Court of Tax Appeals.

Committee members discussed the following issues:

- The Court of Appeals has increased fees recently, and the Subcommittee discussed what statutory changes need to be made concerning the Court's filing fee structure and whether to direct the Court of Tax Appeals to draft a report for the purpose of introducing legislation to effect the statutory change.
- Senator Schmidt referred to the agency's resourcefulness in securing funding to address the Court of Tax Appeals backlog issues within the past several years.

Senator Taddiken moved an amendment to recommend the Court of Tax Appeals draft a report concerning required statutory changes to the Court's filing fees and to request the Legislative Coordinating Council schedule a 2011 interim study on the issue. Following evaluation of the report, the Subcommittee will introduce legislation during the 2012 session to make necessary statutory changes. Senator Schmidt seconded the motion, which carried on a voice vote.

Senator Taddiken moved adoption of the Court of Tax Appeals Subcommittee report as amended. Senator Schodorf seconded the motion, which passed on a voice vote.

### Department of Commerce

Senator Taddiken reviewed the agency's request as well as the Governor's FY 2012 recommendation (Attachment 3). The Subcommittee concurred with the Governor's recommendation with adjustments:

- Added 5.0 FTEs to the KTEC Division in the Department of Commerce. The new KTEC Division would include the Centers of Excellence, Entrepreneurial Centers, and Mid-America Manufacturing Technology Center. In addition, the Subcommittee recommended that the new Small Technology Pilot Program be administered by the KTEC Division. Approximate funding for the 5.0 FTE positions is projected to be \$500,000. The Subcommittee recommended the agency's Economic Development Initiatives Fund (EDIF) appropriation for programs be reduced by approximately 2.8 percent, which would partially fund the FTE positions and be added to the Operating Grant. The Strong Military Bases Program was recommended to be exempt from the 2.8 percent reduction. The Subcommittee recommended that the Secretary of Commerce should consider hiring current KTEC employees to fill the 5.0 FTE positions.
- Recommended reviewing the funding options for the PIPELINE program prior to finalization of the FY 2012 appropriations bill.
- Recommended review of the addition of a 1.0 percent fee on current and newly proposed grants within the Department of Commerce prior to finalization of the FY 2012 appropriations bill.

Senator Vratil moved an amendment to strike "... the Secretary of Commerce consider creating the Kansas Technology Enterprise Corporation (KTEC) Division within the Kansas Department of Commerce beginning in FY 2012," and add "... the Secretary of Commerce create the Kansas Technology Enterprise Corporation (KTEC) Division within the Kansas Department of Commerce beginning in FY 2012." Senator Taddiken seconded the amendment, which carried on a voice vote.

Considerable discussion was heard concerning the addition of a 1.0 percent fee on current and newly proposed grants within the Department of Commerce which could result in loss of grant funds matching dollars. Secretary Pat George, Department of Commerce, clarified the purpose of the 1.0 percent fee is to provide funding for collaboration with entities receiving grants, to partner with these entities to leverage economic development, and to provide beneficial guidance and direction.

CONTINUATION SHEET  
MINUTES OF THE WAYS AND MEANS COMMITTEE on March 11, 2011, 10:30 a.m. 548-S

Senator Kelly moved to delete adjustment #3 concerning the collection of a 1.0 percent fee on current and newly proposed grants within the Department of Commerce. Senator Vratil seconded the motion, which carried on a voice vote.

Senator Taddiken moved adoption of the Kansas Department of Commerce Subcommittee report. The motion was seconded by Senator Schodorf, which carried on a voice vote.

Kansas Inc.

Senator Taddiken reviewed the agency's request and the Governor's recommendation (Attachment 4). The Subcommittee concurred with the Governor's recommendation including the following notation:

- Should the Legislature reject Executive Reorganization Order (ERO) 37, Kansas, Inc. would be funded for FY 2012 at the FY 2011 recommended amount and remain a stand-alone agency.

Senator Taddiken moved adoption of the Kansas Inc. Subcommittee report. Senator Kelly seconded the motion, which carried on a voice vote.

Kansas Technology Enterprise Corporation

Senator Taddiken reviewed the agency's request as well as the Governor's recommendation (Attachment 5). The Subcommittee concurred with the Governor's recommendation with an adjustment:

- Should **SB 42** not pass, KTEC will be restored as an independent agency and funded at the FY 2011 level.

Senator Taddiken indicated that the House could control the KTEC outcome with their legislative efforts rather than the Senate, and he moved adoption of the Kansas Technology Subcommittee report with the addition that this report be reviewed prior to finalization of the FY 2012 appropriations bill. Senator Schodorf seconded the motion, which carried on a voice vote.

Additional information, submitted by the Legislative Research Department, was distributed and is attached. (Attachment 6)

**SB 210 - Assessment on providers of developmental disability waiver program**

Amy Deckard, Legislative Research Department, briefed committee members on **SB 210**. Ms. Deckard provided background information of assessments allowable under Medicaid provisions, and she described the federal limits concerning assessments (Attachment 7). The proposed legislation would establish a Home and Community Based Services Waiver (HCBS) provider assessment on gross revenues received for providing services to individuals with developmental disabilities (DD) that would be used to capture additional federal dollars. Ms. Deckard reviewed reasons for termination of the bill, the proposed effective date, and the agency accountable to administer and collect the assessment. The fiscal impact of the bill was also discussed. Ms. Deckard indicated authorized CMS classifications for provider assessments are:

1. Inpatient and outpatient hospital services. Kansas participates in this classification.
2. Nursing facilities. Kansas participates in this classification.
3. Intermediate care facilities for mental retardation. There is no assessment for this classification of services.
4. Physician services.
5. Health services.
6. Prescription drugs.
7. Health Maintenance Organizations (HMOs).

Senator Terrie Huntington spoke in favor of **SB 210** and noted that during challenging economic times, alternative methods to supplement existing programs (Attachment 8) are required to maximize funding resources.

Richard Shank, Alliance for Kansans with Developmental Disabilities, was present to speak as a proponent of **SB 210** (Attachment 9). He indicated that the passage of this bill would be a first step to a competitive wage scale for those who provide services to those with developmental disabilities.

CONTINUATION SHEET

MINUTES OF THE WAYS AND MEANS COMMITTEE on March 11, 2011, 10:30 a.m. 548-S

Jane Rhys, Kansas Council on Developmental Disabilities, advocated for **SB 210**. She reported that many individuals who care for persons with developmental disabilities maintain regular employment but remain in relative poverty due to low pay levels and dependent expenses (Attachment 10).

Kathy Lobb, Self Advocate Coalition of Kansas, indicated **SB 210** could fund the DD service system with an additional \$26.8 million dollars yearly (Attachment 11).

Matt Fletcher, Associate Director of InterHab, indicated Kansas providers of services to the DD community have been underfunded for the past 17 years. This underfunding leads to the inability to attract and retain a quality workforce (Attachment 12). He reported on the role of support professionals to those requiring services, discussed the factor of safety, and he indicated the passage of **SB 210** would stabilize the DD system.

Alice Lacky, Nemaha County Training Center, Inc., testified that staff turnover is a major issue, particularly in rural communities. This turnover directly impedes the provision of quality services. She requested favorable passage of **SB 210** (Attachment 13).

Colin McKenney, President and CEO of Multi Community Diversified Services, Inc., acknowledged the shortfall in the State General Fund (SGF). He indicated the passage of **SB 210** could create enough new revenue to bridge the gap between those that provide DD services and those employed in better paying positions (Attachment 14).

Tom Laing, Executive Director of InterHab, provided a history of provider assessments, the CMS review process, and remaining issues. He encouraged favorable passage of **SB 210** indicating there would be no additional cost to the state, and it would position Kansas to benefit DD service providers (Attachment 15).

Ray Dalton, Deputy Secretary, Social and Rehabilitation Services, discussed several concerns (Attachment 16). The first is there is no provision in the bill to provide services to those on the waiting list, only to increase rates paid to providers. The second concern is that currently DD waiver providers are currently not a CMS-approved class of providers on which an assessment can be levied.

Responding to Senators' questions, various conferees clarified:

- The bill provides for uniform percentage increases to the Medicaid payment rates for waiver providers to individuals qualifying under the Kansas developmental disability waiver program.
- The program would not raise payment rates enough to create wage parity compared to providers working in state hospitals.
- The bill, as written, does not provide a mechanism for oversight.

Written testimony in favor of **SB 210** was provided by:

Tim Wood, Developmental Disabilities Stakeholders Coalition (Attachment 17)

John Zehnder, President for the Alliance for Kansans with Developmental Disabilities (Attachment 18)

Connie Zienkewicz, Executive Director, Families Together, Inc. (Attachment 19)

Ron Pasmore, President, KETCH (Attachment 20)

The meeting was adjourned at 11:59 a.m.

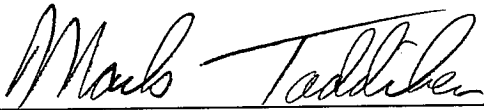
MARCH 11, 2011

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FY 2012

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Revenue  
Court of Tax Appeals  
Department of Commerce  
Kansas Inc.  
Kansas Technology Enterprise Corporation



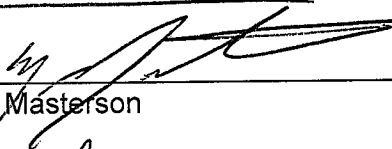
Senator Mark Taddiken, Chair



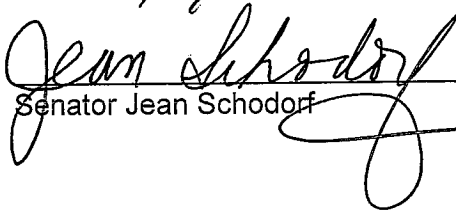
Senator Terrie Huntington



Senator Kelly Kultala



Senator Ty Masterson



Senator Jean Schodorf

Senate Ways and Means

Date:

03/11/11

Attachment:

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# House Budget Committee Report

**Agency:** Kansas Department of Revenue      **Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. --**

**Budget Page No. 90**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 16,607,719	\$ 16,607,719	\$ 0
Other Funds	89,931,464	89,613,364	0
Subtotal	\$ 106,539,183	\$ 106,221,083	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 106,539,183</b>	<b>\$ 106,221,083</b>	<b>\$ 0</b>
FTE positions	1,096.0	1,046.0	0.0
Non FTE Uncl. Perm. Pos.	20.0	20.0	0.0
<b>TOTAL</b>	<b>1,116.0</b>	<b>1,066.0</b>	<b>0.0</b>

## Agency Request

The **agency** requests FY 2012 operating expenditures of \$106,539,183, including \$16,607,719 from the State General Fund. The request is an all funds decrease of \$9,490,796, or 8.2 percent, and a State General Fund increase of \$410,793, or 2.5 percent, from the FY 2011 estimate. The request includes one enhancement to replace 21 agency vehicles. The enhancement totals \$318,000 and is funded entirely through the Division of Vehicles Operating Fund. Without the enhancement, the request would be an all funds decrease of \$9,808,796, or 8.5 percent, below the FY 2011 estimate.

## Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$106,221,083, including \$16,607,719 from the State General Fund. The recommendation is an all funds decrease of \$9,808,896, or 8.5 percent, and a State General Fund increase of \$410,793, or 2.5 percent, from the Governor's FY 2011 recommendation. The all funds decrease is attributable to a decline in revenues from the Division of Vehicles Modernization Fund which is expected to be implemented by January 2012. The State General Fund increase is a result of the Governor recommending the agency not reduce its salaries and wages shrinkage rate by 5.0 percent in order to minimize personnel reductions in the Tax Operations Division. The Governor also recommended the elimination of 50.0 vacant FTE positions.

## House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation.

## House Committee Recommendation

The **House Committee** concurs with the budget committee's recommendation.

## Senate Subcommittee Report

**Agency:** Kansas Department of Revenue      **Bill No. --**      **Bill Sec. --**

**Analyst:** Steiner      **Analysis Pg. No. 1467**      **Budget Page No. 90**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 16,607,719	\$ 16,607,719	\$ 0
Other Funds	89,931,464	89,613,364	0
Subtotal	\$ 106,539,183	\$ 106,221,083	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 106,539,183</b>	<b>\$ 106,221,083</b>	<b>\$ 0</b>
FTE positions	1,096.0	1,046.0	0.0
Non FTE Uncl. Perm. Pos.	20.0	20.0	0.0
<b>TOTAL</b>	<b>1,116.0</b>	<b>1,066.0</b>	<b>0.0</b>

## Agency Request

The **agency** requests FY 2012 operating expenditures of \$106,539,183, including \$16,607,719 from the State General Fund. The request is an all funds decrease of \$9,490,796, or 8.2 percent, and a State General Fund increase of \$410,793, or 2.5 percent, from the FY 2011 estimate. The request includes one enhancement to replace 21 agency vehicles. The enhancement totals \$318,000 and is funded entirely through the Division of Vehicles Operating Fund. Without the enhancement, the request would be an all funds decrease of \$9,808,796, or 8.5 percent, below the FY 2011 estimate.



### **Governor's Recommendation**

The **Governor** recommends FY 2012 operating expenditures of \$106,221,083, including \$16,607,719 from the State General Fund. The recommendation is an all funds decrease of \$9,808,896, or 8.5 percent, and a State General Fund increase of \$410,793, or 2.5 percent, from the Governor's FY 2011 recommendation. The all funds decrease is attributable to a decline in revenues from the Division of Vehicles Modernization Fund which is expected to be implemented by January 2012. The State General Fund increase is a result of the Governor recommending the agency not reduce its salaries and wages shrinkage rate by 5.0 percent in order to minimize personnel reductions in the Tax Operations Division. The Governor also recommended the elimination of 50.0 vacant FTE positions.

### **Senate Subcommittee Recommendation**

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

1. The Subcommittee notes that the Governor recommended the deletion of 50.0 vacant and unfunded FTE for FY 2012.
2. The Subcommittee notes the Division of Vehicles Modernization Fund, which was created by the 2008 Legislature, will fund the entire Division of Vehicles Modernization project. The Division of Vehicles Modernization Fund is funded through a \$4 surcharge on vehicle registration and is a multi-year project designed to integrate the three current vehicles systems into one. Under the project the Vehicle Information Processing System (VIPS), the Kansas Drivers License System (KDLS) and the Kansas Vehicle Inventory System (KVIS) will be merged into one system. The Modernization Project is comprised of two phases and the first phase should be completed in July 2011 and the second phase should be completed in January 2012.
3. The Subcommittee recommends reviewing Senate Bill 54 prior to final committee action on the FY 2012 appropriations bill. SB 54 would impose a fixed cap on the number of licenses to sell alcoholic liquor at convenience and grocery stores.

# Senate Subcommittee Report

**Agency:** Kansas Court of Tax Appeals

**Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. 1500**

**Budget Page No. 91**

<u>Expenditure Summary</u>	<u>Agency Request FY 2012</u>	<u>Governor Recommendation FY 2012</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 1,372,374	\$ 653,756	\$ 654,248
Other Funds	694,030	1,344,030	0
Subtotal	\$ 2,066,404	\$ 1,997,786	\$ 654,248
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 2,066,404</b>	<b>\$ 1,997,786</b>	<b>\$ 654,248</b>
FTE positions	26.0	20.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>26.0</b>	<b>20.0</b>	<b>0.0</b>

## Agency Request

The **agency's** FY 2012 request is \$2,066,404, including \$1,372,374 from the State General Fund. Included in the agency's estimate is \$5,000 from the Duplicating Fees Fund and \$689,030 from the Filing Fee Fund. The request is an all funds increase of \$29,982, or 1.5 percent, and a State General Fund increase of \$23,916, or 1.8 percent, above the FY 2011 revised estimate. The increase is largely attributable to increased contributions for group health insurance and Kansas Public Employees Retirement System (KPERS) contributions.

## Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$1,997,786, including \$653,756 from the State General Fund. The recommendation is an all funds increase of \$1,818, or 0.1 percent, and a State General Fund decrease of \$654,248, or 50.0 percent, from the Governor's FY 2011 recommendation. The Governor's recommendation offsets the State General Fund reduction by increasing filing fees for applications and appeals where amount at issue is in excess of \$10,000. The Governor also recommended eliminating 6.0 vacant FTE positions.

Senate Ways and Means

Date:

Attachment:

03/11/11

### **Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendation with the following adjustment:

1. Add \$654,248, all from the State General, to restore the court's FY 2012 SGF appropriation to \$1,308,004, which is the same amount recommended by the Governor for FY 2011. For FY 2012, the Governor reduced the court's State General Fund appropriation by 50.0 percent and recommended the Court increase filing fees on cases when the amount in controversy exceeded \$10,000 to offset the State General Fund reduction. In order to meet the Governor's recommendation, the Court increased some of its filing fees to \$1,000, \$2,000, \$3,000, \$5,000, and \$8,000. The Subcommittee felt that the increased filing fees would result in taxpayers being denied access to the Court. Additionally, the Subcommittee noted that the increased debt collection activity by the Department of Revenue has produced additional revenue which could be used to sustain the State General Fund increase for the Court of Tax Appeals.
2. The Subcommittee notes that the Governor recommended the deletion of 6.0 vacant and unfunded FTE for FY 2012.

# House Budget Committee Report

**Agency:** Kansas Department of Commerce **Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. 1515**

**Budget Page No. 70**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 15,000,000	\$ 0
Other Funds	138,817,338	142,700,481	0
Subtotal	\$ 138,817,338	\$ 157,700,481	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	160,000	160,000	0
Subtotal	\$ 160,000	\$ 160,000	\$ 0
<b>TOTAL</b>	<b>\$ 138,977,338</b>	<b>\$ 157,860,481</b>	<b>\$ 0</b>
FTE positions	314.8	251.8	0.0
Non FTE Uncl. Perm. <u>Pos.</u>	50.0	49.0	0.0
<b>TOTAL</b>	<b>364.8</b>	<b>300.8</b>	<b>0.0</b>

## Agency Request

The **agency** requests FY 2012 operating expenditures of \$138,817,338, including \$15,933,419 from the Economic Development Initiatives Fund (EDIF). The agency is not requesting any State General Fund appropriations for FY 2012. The request is an all funds decrease of \$2,860,542, or 2.0 percent, and an EDIF increase of \$275,792, or 1.8 percent, above the agency's FY 2011 request. The all funds decrease is attributable to a reduction in several federal funds, including the Community Development Block Grant (CDBG) and the Workforce Investment Act (WIA) funds. The decrease is offset by an increase in the EDIF due to the agency's \$200,000 enhancement request for a pilot program to recruit small technology companies.

## Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$157,700,481, including \$15,000,000 from the State General Fund and \$17,504,262 from the Economic Development Initiatives Fund (EDIF). The Governor's recommendation is an all funds increase of \$16,584,011, or 11.8 percent, an SGF increase of \$15,000,000, and an EDIF increase of \$1,908,045 or 12.2 percent, above the Governor's FY 2011 recommendation. The all funds increase includes the following adjustments:

Senate Ways and Means

Date:

Attachment:

03/11/11

- **State General Fund Adjustments:**
  - Add \$5.0 million for animal health research;
  - Add \$5.0 million for cancer research; and
  - Add \$5.0 million for aviation research.
- **Economic Development Initiatives Fund Adjustments:**
  - Add \$885,444 for Rural Opportunity Zones;
  - Add \$100,000 for the Small Technology Pilot Program;
  - Add \$500,000 for Community College Competitive Grants;
  - Add \$1,000,000 for Engineering Expansion Grants;
  - Add \$3,351,604 for the Kansas Technology Enterprise Corporation (KTEC);
  - Delete \$696,331 for the Agriculture Marketing Program and transfer to the Kansas Department of Agriculture;
  - Delete \$184,310 for the Kansas Commission on Disability Concerns and transfer to the Governor's Office;
  - Delete \$1,856,487 for the Travel and Tourism Division and transfer to the Kansas Department of Wildlife and Parks

Also included in the Governor's recommendation for FY 2012 is a transfer of \$5.0 million from the EDIF to the State Affordable Airfare Fund, which provides subsidies for commercial air travel to Wichita's Mid-Continent Airport. For FY 2007 through FY 2011 the program was funded through annual transfers of \$5.0 million from the State Highway Fund.

The Governor recommends eliminating 40.0 vacant FTE positions for FY 2012.

### **House Budget Committee Recommendation**

The **House Budget Committee** concurs with the Governor's recommendation with the following adjustments:

1. The Budget Committee would like to note that the Secretary of Commerce is working on fostering a positive and productive business environment in Kansas and the Department of Commerce is committed to growing all sectors of the Kansas economy with a focus on advanced manufacturing, value-added agriculture, biosciences, energy, and professional services. Additionally, the Committee is also confident that Secretary George will ensure a smooth and seamless transition as the grant programs of the Kansas Technology Enterprise Corporation are integrated into the Kansas Department of Commerce.
2. The Budget Committee would like to note the importance of veterinarians in Kansas, in particular large animal veterinarians. The Budget Committee encourages the Secretary of Commerce to work with Kansas State University and use a portion of the \$5.0 million grant for Kansas State University, which will be used for animal health research, to expand the KSU College of Veterinary Medicine, which would allow more Kansas students to attend veterinarian school in the state. It should be noted that in 2009 only 45 of the 132 students who began at the College of Veterinary Medicine at KSU were Kansas students.
3. The Budget Committee requests the Secretary of Commerce study and report back to the House Agriculture and Natural Resources Budget Committee by February 1, 2012 the feasibility of turning the America's Job Link Alliance (AJLA) into a not-for-profit entity.

AJLA is a consortium of state workforce agencies which provide information technology and systems support for several state workforce agencies. AJLA is housed within the Kansas Department of Commerce and is funded entirely through special revenue funds, including federal funds from the U.S. Department of Labor.

4. The Budget Committee would like to note the results and recommendations of the performance audit released by the Legislative Division of Post Audit on February 9, 2011 regarding the Fair Fares Program. The Budget Committee would like to acknowledge that while the Fair Fares Program has been successful in lowering passenger fares at Wichita's Mid-Continent Airport, the claims asserted by the Regional Economic Area Partnership (REAP) contained numerous inconsistencies and inaccuracies. The Budget Committee recognizes that there is a lack of oversight and accountability and as a result of the performance audit, the Budget Committee recommends that the Legislature enact new procedures to ensure greater accountability and oversight of REAP. The Committee would also like to note that the original intent of the legislation was to provide access to affordable airfares for residents of western Kansas in addition to the residents of Wichita.

In an effort to bring greater accountability to REAP, the Budget Committee recommends that a proviso be included in the mega appropriations bill. The proviso would require REAP to submit an annual report and appear in person to the House Committee on Economic Development, the House Committee on Appropriations, the Senate Committee on Commerce, and the Senate Committee on Ways and Means before May 1, 2012. Additionally, the proviso would require the Department of Commerce to conduct an independent review of the financial reports submitted by REAP as well an analysis of the statistics and data used by REAP. The Department of Commerce would present the findings of its review to the House Committee on Economic Development, the House Committee on Appropriations, the Senate Committee on Commerce, and the Senate Committee on Ways and Means before May 1, 2012. The proviso would allow the Secretary of Commerce to develop the necessary procedures to conduct such a review.

### **House Committee Recommendation**

The **House Committee** concurs with the House Budget Committee with the following adjustments.

1. The Budget Committee recommends the suspension of the statutory requirement to remit 20.0 percent up to a maximum of \$200,000 of the agency's fee receipts to the State General Fund for FY 2012. This would result in an estimated decrease of \$30,029 to the State General Fund for FY 2012.
2. Add \$30,029, all from the agency's special revenue funds, to increase the expenditure limitation by the amount of the revenue transfer reduction to the State General fund in FY 2012.
3. The Budget Committee would like to review the applications process for the KSU School of Veterinary Medicine. In particular, the Committee would like to know whether Kansas students have any priority in acceptance.

## Senate Subcommittee Report

**Agency:** Kansas Department of Commerce **Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No.** 1515

**Budget Page No.** 70

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 15,000,000	\$ 0
Other Funds	138,817,338	142,700,481	0
Subtotal	\$ 138,817,338	\$ 157,700,481	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	160,000	160,000	0
Subtotal	\$ 160,000	\$ 160,000	\$ 0
 TOTAL	 \$ 138,977,338	 \$ 157,860,481	 \$ 0
 FTE positions	 314.8	 251.8	 5.0
Non FTE Uncl. Perm. <u>Pos.</u>	50.0	49.0	0.0
TOTAL	364.8	300.8	5.0

### Agency Request

The **agency** requests FY 2012 operating expenditures of \$138,817,338, including \$15,933,419 from the Economic Development Initiatives Fund (EDIF). The agency is not requesting any State General Fund appropriations for FY 2012. The request is an all funds decrease of \$2,860,542, or 2.0 percent, and an EDIF increase of \$275,792, or 1.8 percent, above the agency's FY 2011 request. The all funds decrease is attributable to a reduction in several federal funds, including the Community Development Block Grant (CDBG) and the Workforce Investment Act (WIA) funds. The decrease is offset by an increase in the EDIF due to the agency's \$200,000 enhancement request for a pilot program to recruit small technology companies.

### Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$157,700,481, including \$15,000,000 from the State General Fund and \$17,504,262 from the Economic Development Initiatives Fund (EDIF). The Governor's recommendation is an all funds increase of \$16,584,011, or 11.8 percent, an SGF increase of \$15,000,000, and an EDIF increase of

3-4

\$1,908,045 or 12.2 percent, above the Governor's FY 2011 recommendation. The all funds increase includes the following adjustments:

- State General Fund Adjustments:
  - Add \$5.0 million for animal health research;
  - Add \$5.0 million for cancer research; and
  - Add \$5.0 million for aviation research.
- Economic Development Initiatives Fund Adjustments:
  - Add \$885,444 for Rural Opportunity Zones;
  - Add \$100,000 for the Small Technology Pilot Program;
  - Add \$500,000 for Community College Competitive Grants;
  - Add \$1,000,000 for Engineering Expansion Grants;
  - Add \$3,351,604 for the Kansas Technology Enterprise Corporation (KTEC);
  - Delete \$696,331 for the Agriculture Marketing Program and transfer to the Kansas Department of Agriculture;
  - Delete \$184,310 for the Kansas Commission on Disability Concerns and transfer to the Governor's Office;
  - Delete \$1,856,487 for the Travel and Tourism Division and transfer to the Kansas Department of Wildlife and Parks

Also included in the Governor's recommendation for FY 2012 is a transfer of \$5.0 million from the EDIF to the State Affordable Airfare Fund, which provides subsidies for commercial air travel to Wichita's Mid-Continent Airport. For FY 2007 through FY 2011 the program was funded through annual transfers of \$5.0 million from the State Highway Fund.

The Governor recommends eliminating 40.0 vacant FTE positions for FY 2012.

#### **Senate Subcommittee Recommendation**

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

1. The Subcommittee recommends that the Secretary of Commerce consider creating the Kansas Technology Enterprise Corporation (KTEC) Division within the Kansas Department of Commerce beginning in FY 2012. Additionally, the subcommittee also recommends adding 5.0 FTE to the Department of Commerce for FY 2012 in order to staff the newly created KTEC Division. The new KTEC Division would include the Centers of Excellence, Entrepreneurial Centers, and the Mid-America Manufacturing Technology Center. Also, the Subcommittee recommends that the new Small Technology Pilot Program be administered by the new KTEC Division.

The additional cost of adding 5.0 FTE is estimated to be \$500,000. The Subcommittee recommends that the agency's Economic Development Initiatives Fund (EDIF) appropriation for programs, as recommended by the Governor for FY 2012, be reduced by approximately 2.8 percent. This would partially fund costs associated with 5.0 FTE and would be added to the Operating Grant. Furthermore, the Subcommittee recommends that the agency's Strong Military Bases Program be exempted from the 2.8 percent reduction. The Subcommittee notes that for FY 2012 the Governor



recommended \$100,000, all from the EDIF, for the Strong Military Bases Program. Finally, the Subcommittee recommends that the Secretary of Commerce should first consider hiring current KTEC employees to fill the 5.0 FTE positions for the new KTEC Division within the Kansas Department of Commerce.

2. The Subcommittee recommends reviewing the funding options for the PIPELINE program prior to final committee action on the FY 2012 appropriations bill. The PIPELINE program is currently administered by KTEC and is a mentoring program for emerging entrepreneurs.
3. The Subcommittee recommends reviewing the addition of collecting a 1.0 percent fee on current and newly proposed grants within the Kansas Department of Commerce prior to final committee action on the FY 2012 appropriations bill. The new fee would be expected to cover costs associated with the management of new and existing grant programs within the Department of Commerce.

# House Budget Committee Report

**Agency:** Kansas, Inc.

**Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. --**

**Budget Page No. 90**

<u>Expenditure Summary</u>	<u>Agency Request FY 2012</u>	<u>Governor Recommendation FY 2012</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
Econ. Dev. Initiatives Fund	\$ 351,979	\$ 0	\$ 0
Other Funds	220,242	0	0
Subtotal	\$ 572,221	\$ 0	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 572,221	 \$ 0	 \$ 0
 FTE positions	 4.5	 0.0	 0.0
Non FTE Uncl. Perm. <u>Pos.</u>	1.0	0.0	0.0
TOTAL	5.5	0.0	0.0

## Agency Request

The **agency** requests \$572,221 for FY 2012 operating expenditures, an increase of \$38,376, or 7.2 percent, above the FY 2011 estimate. The estimate includes \$351,979 from the Economic Development Initiatives Fund (EDIF) and \$220,242 from the Kansas, Inc. Private Fund. The increase is attributable to increased state contributions for group health insurance and hospitalization and Kansas Public Employees Retirement System (KPERS) contributions. The agency request maintains the 4.5 FTE positions from FY 2011.

## Governor's Recommendation

The **Governor** recommends restructuring Kansas, Inc. and renaming it the Governor's Economic Council. All economic development policy research, program evaluation, and strategic planning of the State of Kansas will continue to be performed by the Governor's Economic Council as a program within the Kansas Department of Administration.

## House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation.

Senate Ways and Means

Date:

Attachment:

03/11/11

## House Committee Recommendation

The **House Committee** concurs with the House Budget Committee.

## Senate Subcommittee Report

**Agency:** Kansas, Inc.

**Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. 1563**

**Budget Page No. 90**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
Econ. Dev. Initiatives Fund	\$ 351,979	\$ 0	\$ 0
Other Funds	220,242	0	0
Subtotal	\$ 572,221	\$ 0	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 572,221</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE positions	4.5	0.0	0.0
Non FTE Uncl. Perm. <u>Pos.</u>	1.0	0.0	0.0
<b>TOTAL</b>	<b>5.5</b>	<b>0.0</b>	<b>0.0</b>

## Agency Request

The **agency** requests \$572,221 for FY 2012 operating expenditures, an increase of \$38,376, or 7.2 percent, above the FY 2011 estimate. The estimate includes \$351,979 from the Economic Development Initiatives Fund (EDIF) and \$220,242 from the Kansas, Inc. Private Fund. The increase is attributable to increased state contributions for group health insurance and hospitalization and Kansas Public Employees Retirement System (KPERS) contributions. The agency request maintains the 4.5 FTE positions from FY 2011.

4-2

### **Governor's Recommendation**

The **Governor** recommends restructuring Kansas, Inc. and renaming it the Governor's Economic Council. All economic development policy research, program evaluation, and strategic planning of the State of Kansas will continue to be performed by the Governor's Economic Council as a program within the Kansas Department of Administration.

### **Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendation with the following notation:

1. The Subcommittee recommends that if the Legislature rejects Executive Reorganization Order (ERO) No. 37 within 60 days then Kansas, Inc. shall be funded for FY 2012 at the amount recommended by the Governor for FY 2011 and remain a stand alone agency. The Governor's recommendation for FY 2011 included funding of \$533,845, including \$257,561 from the Economic Development Initiatives Fund. Also included in the Governor's recommendation for FY 2011 is funding for 4.5 FTE and 1.0 Non-FTE. It should be noted that ERO No. 37 was introduced in the Senate on February 3 and the House on February 7.

# House Budget Committee Report

**Agency:** Kansas Technology Enterprise Corporation

**Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. --**

**Budget Page No. 90**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
Econ. Dev. Initiatives Fund	\$ 7,855,272	\$ 0	\$ 0
Other Funds	1,864,950	0	0
Subtotal	\$ 9,720,222	\$ 0	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 9,720,222</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE positions	14.7	0.0	0.0
Non FTE Uncl. Perm. <u>Pos.</u>		0.0	0.0
<b>TOTAL</b>	<b>14.7</b>	<b>0.0</b>	<b>0.0</b>

## Agency Request

The **agency** requests FY 2012 operating expenditures of \$9,720,222, including \$7,855,272 from the EDIF. The request is an all funds increase of \$1,122,195, or 13.1 percent, and an EDIF increase of \$1,607,195, or 25.7 percent above the FY 2011 revised estimate. The request includes three enhancements totaling \$1,851,055. Without the enhancement packages, the request would be a decrease of \$728,860, or 8.5 percent, below the FY 2011 revised estimate.

## Governor's Recommendation

The **Governor** recommends eliminating KTEC as a state agency and transferring the programs previously managed by KTEC to the Kansas Department of Commerce and the Board of Regents for FY 2012.

## House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation with the following adjustments:

Senate Ways and Means

Date:

Attachment:

03/11/11

1. Review at Omnibus the progress of the Governor's proposed reorganization of the programs within the Kansas Technology Enterprise Corporation. In particular, the Committee would like an update on whether HB 2054, which authorizes the transfer of all current policies, assets, and necessary employees to the Department of Commerce and the Kansas Board of Regents, makes all of the required statutory changes.

### House Committee Recommendation

The **House Committee** concurs with the House Budget Committee.

### Senate Subcommittee Report

**Agency:** Kansas Technology Enterprise Corporation

**Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. 1547**

**Budget Page No. 90**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
Econ. Dev. Initiatives Fund	\$ 7,855,272	\$ 0	\$ 0
Other Funds	1,864,950	0	0
Subtotal	\$ 9,720,222	\$ 0	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 9,720,222</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE positions	14.7	0.0	0.0
Non FTE Uncl. Perm. <u>Pos.</u>		0.0	0.0
<b>TOTAL</b>	<b>14.7</b>	<b>0.0</b>	<b>0.0</b>

### **Agency Request**

The **agency** requests FY 2012 operating expenditures of \$9,720,222, including \$7,855,272 from the EDIF. The request is an all funds increase of \$1,122,195, or 13.1 percent, and an EDIF increase of \$1,607,195, or 25.7 percent above the FY 2011 revised estimate. The request includes three enhancements totaling \$1,851,055. Without the enhancement packages, the request would be a decrease of \$728,860, or 8.5 percent, below the FY 2011 revised estimate.

### **Governor's Recommendation**

The **Governor** recommends eliminating KTEC as a state agency and transferring the programs previously managed by KTEC to the Kansas Department of Commerce and the Board of Regents for FY 2012.

### **Senate Subcommittee Recommendation**

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

1. The Subcommittee recommends that if SB 42 does not pass, which allows the transfer of the KTEC programs to the Kansas Department of Commerce and the Kansas Board of Regents, then funding shall be restored which allows KTEC to be an independent and stand-alone agency for FY 2012. If KTEC is restored as an independent agency as a result of SB 42 not passing, then KTEC shall be funded at the amount recommended by the Governor for FY 2011. For FY 2011, the Governor recommended \$8,226,601, including \$5,876,651 from the EDIF. Included in the Governor's FY 2011 recommendation is funding for 9.0 FTE.

	Previous Fee	Current Fee	Option 1	Option 2
<b>Regular Division</b>				
<b>Valuation Appeals : Equalization &amp; Protest (Real and Personal Property)</b>				
EQ/PR Not-for-profit organization if valued less than \$100,000	\$10	\$10	\$10	\$10
EQ/PR Properties valued at \$250,000 or less	\$50	\$125	\$250	\$250
EQ/PR Properties valued at \$250,001 to \$1,000,000	\$75	\$125	\$500	\$500
EQ/PR Properties valued at \$1,000,000 to \$5,000,000	\$125	\$200	\$1,000	\$1,000
EQ/PR Properties valued \$5,000,001 to \$10,000,000	\$175	\$200	\$2,000	\$2,000
EQ/PR Properties valued \$10,000,000 plus	\$200	\$200	\$3,000	\$3,000
EQ/PR Single family residential property & farmsteads (personal property)	\$0	\$25	\$25	\$0
EQ/PR mobile/man. homes (personal property)	\$0	\$25	\$25	\$0
All other personal property	\$50	\$50	\$150	\$150
<b>Division of Property Valuation (KDOR)</b>				
PV \$500 or less	\$25	\$100	\$100	\$100
PV \$501 to \$1,000	\$50	\$100	\$100	\$100
PV \$1,001 to \$5,000	\$100	\$150	\$250	\$250
PV \$5,001 to \$10,000	\$175	\$150	\$500	\$500
PV more than \$10,000	\$250	\$250	\$750	\$750
<b>Division of Taxation (KDOR)</b>				
Homestead property tax and food sales tax refund	\$0	\$0	\$0	\$0
DT \$500 or less	\$25	\$100	\$100	\$100
DT \$501 to \$1,000	\$50	\$100	\$100	\$100
DT \$1,001 to \$5,000	\$100	\$150	\$250	\$250
DT \$5,001 to \$10,000	\$175	\$150	\$500	\$500
DT more than \$10,000	\$250	\$250	\$750	\$750
<b>Exemption Applications</b>				
IRBX/EDX Industrial revenue bond & economic development exemptions				
IRBX/EDX less than or equal to \$1,000,000 in value	\$250	\$250	\$5,000	\$5,000
IRBX/EDX greater than \$1,000,000	\$250	\$500	\$8,000	\$8,000
PVX/TX Oil leases real property	\$50	\$125	\$1,000	\$1,000
PVX/TX All other personal property exemptions	\$50	\$75	\$200	\$200
TX Not-for-profit if value is less than \$100,000	\$10	\$10	\$10	\$10
<b>Industrial Revenue Bond Filing Statement (IRB)</b>	\$250	\$250	\$500	\$500



<i>Grievances (TG)</i>	\$15	\$25	\$100	\$100
<i>Mortgage Registration Protests (MRP)</i>	\$15	\$25	\$25	\$25
<i>No-Fund Warrant Requests (NFW)</i>	\$50	\$150	\$150	\$150
<i>Requests for Reappraisal (RAP)</i>	\$50	\$250	\$2,000	\$2,000
<i>School Appraisals (SC)</i>	\$0	\$0	\$0	\$0
<i>Tax Settlement Claims (TSC)</i>	\$0	\$0	\$0	\$0

**Small Claims and Expedited Hearing Division**

***Equalizations and Protests***

EQSC/PRSC Single-family residential property, farmstead or manufactured homes	\$0	\$0	\$0	\$0
EQSC/PRSC Not-for-profit organization if value is less than \$100,000	\$10	\$10	\$10	\$10
EQSC/PRSC All other Appeals	\$20	\$100	\$150	\$150

***Division of Taxation (KDOR)***

DT Homestead property tax and food sales refund less than \$500	\$0	\$0	\$0	\$0
DT Homestead property tax and food sales refund greater than \$500	\$20	\$50	\$100	\$100

6-2

**ECONOMIC DEVELOPMENT INITIATIVES FUND  
FY 2010 - 2012**

Agency/Program	Actual FY 2010	Legislature Final Approved FY 2011	Gov. Rec. FY 2011	Gov. Rec. FY 2012
<b>Department of Commerce</b>				
Operating Grant	\$ 13,477,415	\$ 13,060,619	\$ 13,080,487	\$ 9,803,058
Older Kansans Employment Program	297,138	294,682	294,682	294,652
Rural Opportunity Program	1,909,786	1,756,681	1,765,017	-
Senior Community Services Employment Program	3,941	9,141	9,141	141,061
Kansas Commission on Disability Concerns	186,832	192,026	201,250	-
Strong Military Bases Program	323,210	307,050	245,640	100,000
Rural Opportunity Zones Program	-	-	-	2,213,887
Small Technology Pilot Program	-	-	-	100,000
Community College Competitive Grants	-	-	-	500,000
Engineering Expansion Grants	-	-	-	1,000,000
Centers of Excellence	-	-	-	1,358,581
Entrepreneurial Centers	-	-	-	968,023
Mid-America Manufacturing Center (MAMTC)	-	-	-	1,025,000
Subtotal - Commerce	\$ 16,198,322	\$ 15,620,199	\$ 15,596,217	\$ 17,504,262
<b>Department of Administration</b>				
Governor's Economic Council	\$ -	\$ -	\$ -	\$ 200,000
<b>Kansas Technology Enterprise Corporation</b>				
Operations	\$ 1,242,875	\$ 1,189,886	\$ 1,079,443	\$ -
University & Strategic Research	3,404,980	2,416,000	2,050,328	-
Product Development Financing	497,504	-	300,000	-
Commercialization	1,803,253	1,382,500	1,421,880	-
Mid-America Manuf. Tech. Center (MAMTC)	545,000	1,000,000	1,025,000	-
Subtotal - KTEC	\$ 7,493,612	\$ 5,988,386	\$ 5,876,651	\$ -
<b>Kansas, Inc.</b>				
Operations	\$ 354,858	\$ 346,317	\$ 257,561	\$ -
<b>Board of Regents &amp; Universities</b>				
Vocational Education Capital Outlay	\$ 2,565,000	\$ 2,565,000	\$ 2,565,000	\$ 2,565,000
Technology Innovation & Internship	86,469	180,500	274,531	180,500
EPSCoR	-	-	-	1,000,000
KSU - ESARP	298,668	300,815	300,815	301,332
FHSU - KAMS	-	200,000	200,000	-
WSU - Aviation Classroom & Training Equipment	2,500,000	5,000,000	5,000,000	5,000,000
WSU - Aviation Research	4,994,049	4,998,060	4,998,348	-
Subtotal - Regents & Universities	\$ 10,444,186	\$ 13,244,375	\$ 13,338,694	\$ 9,046,832
<b>Department of Agriculture</b>				
Grain Warehouse Inspection Program	\$ -	\$ 75,000	\$ 75,000	\$ -
Agriculture Marketing Program	-	-	-	396,331
Subtotal - Agriculture	\$ -	\$ 75,000	\$ 75,000	\$ 396,331
<b>Department of Wildlife and Parks</b>				
Travel and Tourism Development	\$ -	\$ -	\$ -	\$ 1,856,487
<b>Total Expenditures</b>	<b>\$ 34,490,978</b>	<b>\$ 35,274,277</b>	<b>\$ 35,144,123</b>	<b>\$ 29,003,912</b>
<b>Transfers to Other Funds</b>				
Kansas Economic Opportunity Initiatives Fund	\$ 2,050,000	\$ 1,250,000	\$ 625,000	\$ 1,250,000
KS Qualified Biodiesel Fuel Producer Incentive Fund	200,000	200,000	200,000	200,000
State Water Plan Fund	1,802,141	2,000,000	2,000,000	2,000,000
Public Use General Aviation Airport Development Fund	1,000,000	1,000,000	1,000,000	-
KPERS Death and Disability Moratorium	36,129	16,236	16,236	-
Health Insurance Moratorium	214,058	-	-	-
State Housing Trust Fund	2,000,000	-	-	-
State Fair	-	-	-	159,207
Affordable Airfare Transfer	-	-	-	5,000,000
State General Fund	5,800,000	3,743,605	3,743,605	5,785,830
Subtotal - Transfers	\$ 13,102,328	\$ 8,209,841	\$ 7,584,841	\$ 14,395,037
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 47,593,306</b>	<b>\$ 43,484,118</b>	<b>\$ 42,728,964</b>	<b>\$ 43,398,949</b>
<b>EDIF Resource Estimate</b>				
Beginning Balance	\$ 6,696,286	\$ 15,081	\$ 439,648	\$ 666,949
Gaming Revenues	40,782,869	42,432,000	42,432,000	42,432,000
Other Income*	553,799	800,000	524,265	300,000
Total Available	\$ 48,032,954	\$ 43,247,081	\$ 43,395,913	\$ 43,398,949
Less: Expenditures and Transfers	47,593,306	43,484,118	42,728,964	43,398,949
<b>ENDING BALANCE</b>	<b>\$ 439,648</b>	<b>\$ (237,037)</b>	<b>\$ 666,949</b>	<b>\$ -</b>

\* Other income includes interest, transfers, reimbursements and released encumbrances

6-3

## Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs "... supporting and enhancing the existing economic foundation of the state and fostering growth ... to the state's economic foundation." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance the state's economic foundation.

The EDIF is funded through the State Gaming Revenues Fund (SGRF). A portion of state revenue from both the Lottery and pari-mutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50.0 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90.0% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

1. Correctional Institutions Building Fund - 10.0%
2. Juvenile Detention Facilities Fund - 5.0%
3. Economic Development Initiatives Fund - 85.0%

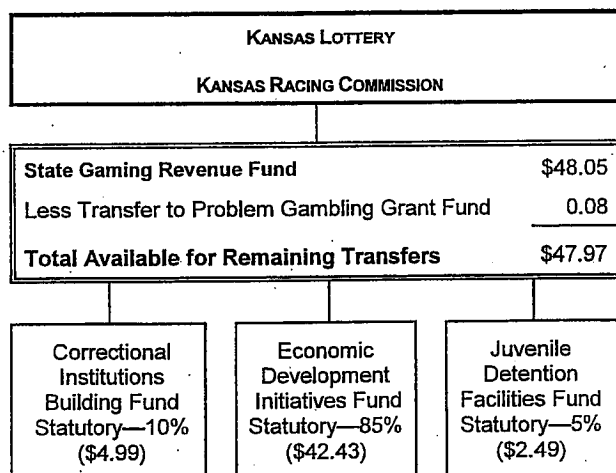
During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

During the 2009 Session, the Legislature changed the transfers to the following for FY 2009 and FY 2010

1. Economic Development Initiatives Fund - \$40,782,869
2. Correction Institutions Building Fund - \$4,797,985
3. Juvenile Detention Facilities Fund - \$2,398,992
4. Problem Gambling Grant Fund - \$80,000

### ECONOMIC DEVELOPMENT INITIATIVES FUND Revenue Flow (In Millions)



6-4

**ECONOMIC DEVELOPMENT INITIATIVES FUND  
FY 2011 - 2012**

Agency/Program	Legislature Final Approved FY 2011	Gov. Rec. FY 2011	Gov. Rec. FY 2012	Senate Subcommittee Adjustments FY 2012
<b>Department of Commerce</b>				
Operating Grant	\$ 13,060,619	\$ 13,080,487	\$ 9,803,058	\$ 218,372
Older Kansans Employment Program	294,682	294,682	294,652	(8,465)
Rural Opportunity Program	1,756,681	1,765,017	-	-
Senior Community Services Employment Program	9,141	9,141	141,061	(4,052)
Kansas Commission on Disability Concerns	192,026	201,250	-	-
Strong Military Bases Program	307,050	245,640	100,000	-
Rural Opportunity Zones Program	-	-	2,213,887	(63,602)
Small Technology Pilot Program	-	-	100,000	(2,873)
Community College Competitive Grants	-	-	500,000	(14,364)
Engineering Expansion Grants	-	-	1,000,000	(28,729)
Centers of Excellence	-	-	1,358,581	(39,030)
Entrepreneurial Centers	-	-	968,023	(27,810)
Mid-America Manufacturing Center (MAMTC)	-	-	1,025,000	(29,447)
Subtotal - Commerce	\$ 15,620,199	\$ 15,596,217	\$ 17,504,262	\$ -
<b>Department of Administration</b>				
Governor's Economic Council	\$ -	\$ -	\$ 200,000	\$ -
<b>Kansas Technology Enterprise Corporation</b>				
Operations	\$ 1,189,886	\$ 1,079,443	\$ -	\$ -
University & Strategic Research	2,416,000	2,050,328	-	-
Product Development Financing	-	300,000	-	-
Commercialization	1,382,500	1,421,880	-	-
Mid-America Manuf. Tech. Center (MAMTC)	1,000,000	1,025,000	-	-
Subtotal - KTEC	\$ 5,988,386	\$ 5,876,651	\$ -	\$ -
<b>Kansas, Inc.</b>				
Operations	\$ 346,317	\$ 257,561	\$ -	\$ -
<b>Board of Regents &amp; Universities</b>				
Vocational Education Capital Outlay	\$ 2,565,000	\$ 2,565,000	\$ 2,565,000	\$ -
Technology Innovation & Internship	180,500	274,531	180,500	-
EPSCoR	-	-	1,000,000	-
KSU - ESARP	300,815	300,815	301,332	-
FHSU - KAMS	200,000	200,000	-	-
WSU - Aviation Classroom & Training Equipment	5,000,000	5,000,000	5,000,000	-
WSU - Aviation Research	4,998,060	4,998,348	-	-
Subtotal - Regents & Universities	\$ 13,244,375	\$ 13,338,694	\$ 9,046,832	\$ -
<b>Department of Agriculture</b>				
Grain Warehouse Inspection Program	\$ 75,000	\$ 75,000	\$ -	\$ -
Agriculture Marketing Program	-	-	396,331	-
Subtotal - Agriculture	\$ 75,000	\$ 75,000	\$ 396,331	\$ -
<b>Department of Wildlife and Parks</b>				
Travel and Tourism Development	\$ -	\$ -	\$ 1,856,487	\$ -
<b>Total Expenditures</b>	<b>\$ 35,274,277</b>	<b>\$ 35,144,123</b>	<b>\$ 29,003,912</b>	<b>\$ -</b>
<b>Transfers to Other Funds</b>				
Kansas Economic Opportunity Initiatives Fund	\$ 1,250,000	\$ 625,000	\$ 1,250,000	\$ -
KS Qualified Biodiesel Fuel Producer Incentive Fund	200,000	200,000	200,000	-
State Water Plan Fund	2,000,000	2,000,000	2,000,000	-
Public Use General Aviation Airport Development Fund	1,000,000	1,000,000	-	-
KPERS Death and Disability Moratorium	16,236	16,236	-	-
Health Insurance Moratorium	-	-	-	-
State Housing Trust Fund	-	-	-	-
State Fair	-	-	159,207	-
Affordable Airfare Transfer	-	-	5,000,000	-
State General Fund	3,743,605	3,743,605	5,785,830	-
Subtotal - Transfers	\$ 8,209,841	\$ 7,584,841	\$ 14,395,037	\$ -
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 43,484,118</b>	<b>\$ 42,728,964</b>	<b>\$ 43,398,949</b>	<b>\$ -</b>
<b>EDIF Resource Estimate</b>				
Beginning Balance	\$ 15,081	\$ 439,648	\$ 666,949	\$ 666,949
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000
Other Income*	800,000	524,265	300,000	300,000
Total Available	\$ 43,247,081	\$ 43,395,913	\$ 43,398,949	\$ 43,398,949
Less: Expenditures and Transfers	43,484,118	42,728,964	43,398,949	43,398,949
<b>ENDING BALANCE</b>	<b>\$ (237,037)</b>	<b>\$ 666,949</b>	<b>\$ -</b>	<b>\$ -</b>

\* Other income includes interest, transfers, reimbursements and released encumbrances

6-5

## Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs "... supporting and enhancing the existing economic foundation of the state and fostering growth ... to the state's economic foundation." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance the state's economic foundation.

The EDIF is funded through the State Gaming Revenues Fund (SGRF). A portion of state revenue from both the Lottery and parimutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50.0 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90.0% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

1. Correctional Institutions Building Fund - 10.0%
2. Juvenile Detention Facilities Fund - 5.0%
3. Economic Development Initiatives Fund - 85.0%

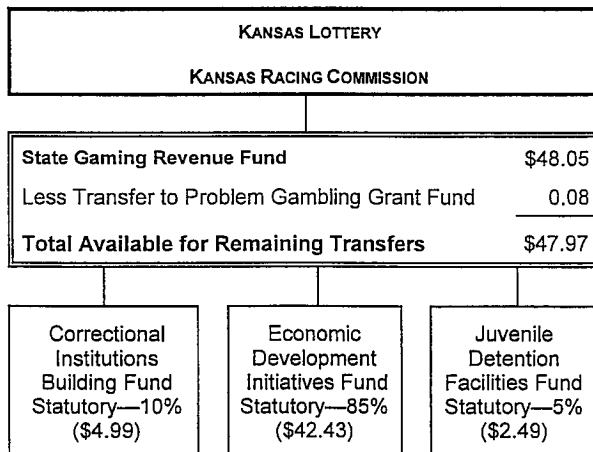
During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

During the 2009 Session, the Legislature changed the transfers to the following for FY 2009 and FY 2010

1. Economic Development Initiatives Fund - \$40,782,869
2. Correction Institutions Building Fund - \$4,797,985
3. Juvenile Detention Facilities Fund - \$2,398,992
4. Problem Gambling Grant Fund - \$80,000

### ECONOMIC DEVELOPMENT INITIATIVES FUND Revenue Flow (In Millions)



## **SB 210 Developmental Disabilities Provider Assessment Overview**

### **Background:**

Medicaid provider assessments allow states to authorize collecting revenues from certain categories of providers. This mechanism generates new state funds to be used as match for federal funds allowing the state to receive additional federal Medicaid dollars.

### **Federal Limits:**

The federal government requires that assessments must be:

- Broad Based — applied to all items or services within the same class of providers and applied uniformly.
- Apply to an approved class:
  - Hospital Services (both inpatient and out-patient services)
  - Nursing facilities
  - Intermediate Care Facilities for Mental Retardation (ICMRs)
  - Physician services
  - Home Health
  - Prescription Drugs
  - Health Maintenance Organizations (HMOs)
  - Specific provider services: dentistry, podiatry, chiropractic, optometry, psychological, therapeutic, nursing, laboratory services, and radiology
- Not contain any hold harmless provisions.
- Be no more than 5.5 percent of receipts.

Developmental Disabilities as an approved class of expenditures is awaiting approval by the federal Centers for Medicare and Medicaid Services (CMS).

SB 210 would establish a Home and Community Based Services Waiver provider assessment on the gross revenues received for providing services to individuals with developmental disabilities to be used to draw down additional federal funds.

Gross revenues exclude state or local only funded revenues as well as services provided to individuals who are not developmentally disabled. Gross revenues also exclude any charitable donations received by the entities.

The assessment would be an annual assessment based upon the maximum federally allowed rate of gross revenues. This is currently set at 5.5 percent.

The assessment received for waiver participants will be achieved by not increasing payments to account for the entire enhanced funding stream on a claim by claim basis. For non-waiver participants, quarterly payments would be collected from providers.

The provider assessment would be effective the first month after:

- CMS authorizes Developmental Disabilities as an approved class
- CMS approves KS waiver submission to add this provider class

The assessment authorizes the assessment for the fiscal year approval is achieved and the subsequent four fiscal years.

The Kansas Health Policy Authority (KHPA) is directed to administer and collect the assessment. In addition, the bill would allow KHPA to collect administrative costs not to exceed 0.5 percent of collections in the first year and up to \$100,000 each year thereafter.

KHPA is authorized to assess penalties on providers who do not pay the full amount of the assessment of the lesser of \$500 per day or 2.0 percent owed for the fiscal year.

SB 210 directs KHPA to adopt rules and regulations within 30 days of federal approval of the assessment.

The bill also creates a new no limit fund, the Quality Based Community Assessment Fund for KHPA. Interest earnings from balances in the fund shall be credited to the fund.

The bill makes the provider assessment null and void if:

- CMS does not authorize the provider assessment
- HCBS/DD waiver provider payment rates are reduced
- Medicaid eligibility criteria is reduced
- Medicaid services are reduced

The bill terminates the assessment if:

- Any funds are transferred or revert back to the State General Fund
- Funds are used to supplant or replace existing funding

If the provider assessment becomes null and void or terminates, any funds collected will be returned to providers on a pro-rated basis.

The fiscal note prepared by the Division of the Budget indicates that revenues from the provider assessment for FY 2012 would be \$19.9 million (assuming the assessment is in place for the entire fiscal year). This revenue would be used to draw down an additional \$26.9 million in federal funds for total increased expenditures of \$46.8 million for FY 2012.

7-2

**TERRIE W. HUNTINGTON**

SENATOR, 7TH DISTRICT  
6264 GLENFIELD  
FAIRWAY, KANSAS 66205  
(913) 677-3582

STATE CAPITOL, ROOM 235-E  
TOPEKA, KANSAS 66612  
(785) 296-7369  
TERRIE.HUNTINGTON@SENATE.KS.GOV



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS  
CHAIR: ETHICS AND ELECTIONS  
MEMBER: LOCAL GOVERNMENT  
PUBLIC HEALTH AND WELFARE  
TRANSPORTATION  
WAYS AND MEANS

TOLL FREE (DURING SESSION) 1-800-432-3924

Testimony in Support of SB 210  
Senate Ways and Means Committee  
March 11, 2011

Chairperson McGinn and fellow committee members:

In the recent past, the Legislature passed the hospital and adult care home provider legislation that allowed a withholding tax on the service provider to leverage Medicaid dollars to increase the State match.

SB 210 provides for a similar policy for the home and community based services Medicaid Developmental Disability waiver program. "The provider assessment model enables providers to contribute to the State's pool of matching funds and thereby draw down additional FMAP to enhance funding for eligible services."

This policy was established by the federal government under the leadership of President George H. W. Bush, and was continued by President George W. Bush, allowing the model to be used for additional classes of service providers.

When our budgets are tight and services are being cut, we need to look at ways to financially supplement programs. This model has been embraced by Kansas, and adding the DD waiver program would aid an ever-decreasing budget.

The conferees will provide the details and be able to answer your questions.  
I support this program and hope you will agree to this expansion of the provider assessment withholding tax.

Terrie Huntington  
Senator, District 7

Senate Ways and Means

Date:

Attachment:

03/11/11



TESTIMONY BY RICHARD SHANK OF HUTCHINSON  
REPRESENTING THE ALLIANCE FOR KANSANS WITH  
DEVELOPMENTAL DISABILITIES

TO: SENATE WAYS AND MEANS COMMITTEE

GOOD MORNING, I AM RICHARD SHANK APPEARING ON BEHALF  
OF THE ALLIANCE FOR KANSANS WITH DEVELOPMENTAL  
DISABILITIES.

THE ALLIANCE CONSISTS OF ORGANIZATIONS IN 17 CITIES AND  
TOWNS IN KANSAS THAT PROVIDE CARE FOR ABOUT 1500  
KANSANS WITH DEVELOPMENTAL DISABILITIES AND EMPLOY  
ABOUT 3000.

DURING THE PAST YEAR IT HAS BEEN MY GOOD FORTUNE TO  
WORK WITH THE ALLIANCE.

AS YOU SENATORS KNOW, FUNDING FOR PROGRAMS TO HELP  
THE DEVELOPMENTALLY DISABLED HAS BEEN VIRTUALLY  
FLAT FOR THE PAST 15 YEARS OR MORE. IN 1995, OUR ENTRY  
LEVEL JOBS PAID \$7 PER HOUR. IN THOSE DAYS, WE COMPETED  
WITH NURSING HOMES FOR GOOD EMPLOYEES. TODAY, THOSE  
SAME JOBS ARE ADVERTISED FOR \$7.70 PER HOUR.

SO IT SEEMS THAT WE ARE UNABLE TO COMPETE WITH THE  
WAGE SCALE OF OTHER BUSINESSES.

THIS MORNING I NOTED A SIGN AT THE CORNER OF EIGHTH  
AND TOPEKA BOULEVARD ADVERTISING FOR PIZAA DELIVERY  
DRIVERS FOR \$9 TO \$15 PER HOUR.

UNLIKE DOMINOS, EMPLOYEES WHO WORK DIRECT CARE IN  
COMMUNITY DISABILITY SERVICES ARE OFTEN CALLED UPON  
TO DEAL WITH LIFE AND DEATH ISSUES ON THE CRITICAL CARE  
OF OUR CLIENTS.

AND, EMPLOYEES IN STATE INSTITUTIONS WHO WORK WITH THE SAME PEOPLE COMMUNITY PROGRAMS DO, EARN FAR MORE THAN OUR ORGANIZATIONS CAN OFFER.

ALSO, OUR FACILITIES ARE UNDERSTAFFED TO HANDLE THE GROWING NEEDS OF THE RESIDENTS. AS ONE ALLIANCE MEMBER TOLD ME THIS WEEK, IT SEEMS THAT WE ARE FALLING FURTHER AND FURTHER BEHIND WITH MANY OF OUR EMPLOYEES BEING OVER WORKED AND SOME ARE SUFERING THE EFFECTS OF BURNOUT.

OTHER EXPENSES INCLUDING HEALTH CARE FOR OUR EMPLOYEES ARE EXPERIENCING A METEORIC RISE.

IT IS NOT MY INTENT TO BE A MESSENGER OF GLOOM AND DOOM BUT TO STATE THE FACTS AS WE SEE THEM.

SENATORS, WE FEEL THAT PASSAGE OF SENATE BILL 210 WILL BE A MAJOR FIRST STEP IN ADDRFESSING MANY OF THE ISSUES.

IN THESE DIFFICULT ECONOMIC TIMES, IT WILL PROVIDE BADLY NEEDED REVENUE TO ALL THE ORGANIZATIONS IN THE STATE WITHOUT COST TO KANSAS TAXPAYERS.

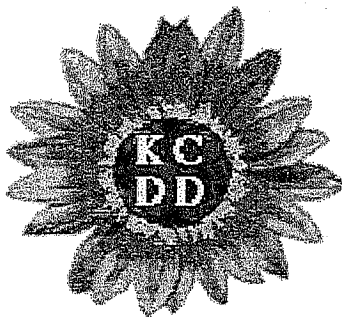
AND, THERE WILL BE NO LOSERS WITH THIS PIECE OF LEGISLATION.

IN OUR DISCUSSIONS OF SIMILAR ORGANIZATIONS FROM THROUGHOUT THE STATE, IT SEEMS THAT WE ARE UNITED IN SUPPORT FOR PASSAGE OF SENATE BILL 210.

PASSAGE OF THIS PIECE OF LEGISLATION WILL BE A GIANT STEP FORWARD TO UPGRADE THE CARE OF THE MOST SPECIAL PEOPLE IN OUR SOCIETY.

THANKS SENATORS FOR THE OPPORTUNITY TO PRESENT OUR POINT OF VIEW.

RICHARD SHANK (620-664-1517)



## ***Kansas Council on Developmental Disabilities***

SAM BROWNBACK, Governor  
KRISTIN FAIRBANK, Chairperson  
JANE RHYS, Ph. D., Executive Director  
jrhy@kcdd.org

Docking State Off. Bldg., Rm 141,  
915 SW Harrison Topeka, KS 66612  
785/296-2608, FAX 785/296-2861  
<http://kcdd.org>

*"To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities"*

### **SENATE COMMITTEE ON WAYS AND MEANS REGARDING S.B. 210**

**March 14, 2011**

Madame Chairwoman, Members of the Committee, thank you for the opportunity of appearing before you today in support of Senate Bill 210, the Assessment on providers of Developmental Disabilities waiver programs. I am Jane Rhys and I work for the Kansas Council on Developmental Disabilities, a federally mandated and funded entity under the Developmental Disabilities Assistance and Bill of Rights Act of 2000. We receive no state funds.

People who work as direct care staff for persons with developmental disabilities have not received raises for many years because there have been no rate increases. People who have a developmental disability are some of our most vulnerable Kansans. They need stable, reliable care, they do not need persons coming into their home who are only willing to stay until they can find work that pays better. These workers also have families who they support – many of them really love the people they care for and their jobs but they also need a place to stay, food on the table, and the other things one needs to live.

This bill is at no cost to state taxpayers and will enable Kansas service providers to hire and keep good staff. The precedence was set when a similar bill was passed last year for nursing homes. We urge favorable passage of this bill with recommendations to the full Senate for quick passage.

As always, we greatly appreciate your time and interest in this topic.

Jane Rhys, Ph.D., Executive Director  
Kansas Council on Developmental Disabilities  
Docking State Office Building, Room 141  
915 SW Harrison  
Topeka, KS 66612-1570  
785 296-2608  
jrhy@kcdd.org

Senate Ways and Means  
Date:  
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10



Promoting empowerment and Independence.

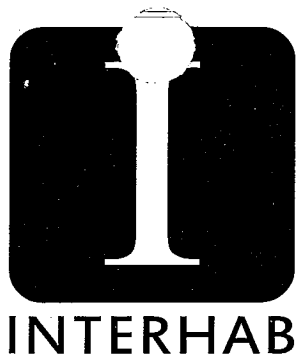
Thank you for the opportunity today to offer testimony on behalf of SB 210. My name is Kathy Lobb, and I work for the Self Advocate Coalition of Kansas. I am a person with a disability that lives and works in the community. I have received services and supports to live in the community thanks to Kansas developmental disability service providers through the Kansas DD Home and Community Based Services waiver. Through my supports, I have become an employee, community member and homeowner; in short, I have become a taxpayer rather than a tax consumer. We hope that you would consider SB 210 that would help fund the Kansas developmental disability service system with an extra \$26.8 million dollars every year. Our current system is very underfunded which means that many people don't receive the level of support that they need, or worse, they don't receive any services at all. We currently have a five year waiting list for people who need services. This should not happen. Adopting SB 210 would help to make sure that people who needed services got them, and it would help to decrease the waiting list. It is the right thing to do for Kansas, and it is simply the right thing to do.

Thank you,

Kathy Lobb

Legislative Liaison

Self Advocate Coalition of Kansas



# INDEPENDENCE INCLUSION INNOVATION

March 11, 2011

TO: Senator Carolyn McGinn, Chair,  
Members, Senate Ways Committee

FR: Matt Fletcher, Associate Director, InterHab

RE: SB 210: Building Capacity in the Kansas Community Developmental Disabilities Service System

Thank you Senator McGinn and members of the Committee for the opportunity to speak to you today regarding the merits of SB 210, and the needs of the community-based service system for Kansans with developmental disabilities.

Senate Bill 210 provides an excellent opportunity for a substantial and sustained investment in the Kansas DD service delivery system. You will hear from other conferees the "how" of Senate Bill 210 – how it will bring additional federal dollars to the State, without the need for any additional State funds. I wish to impart to you the "why".

Providers of services to Kansans with developmental disabilities are tied to a reimbursement mechanism that has seen few adjustments in the past two decades, service providers have watched as expense has steadily risen. They are increasingly faced with critical budget decisions which have direct impacts on the level and quality of service that can be offered. They have made the cuts, and have then cut some more.

- *Many Kansans with developmental disabilities who don't qualify for the HCBS DD Waiver have lost services, or experienced a severe reduction in services.*
- *Direct care worker jobs have been eliminated.*
- *Kansas families who have children with developmental disabilities have lost their family support assistance – vital funding that helps a family keep their child in the home.*
- *Transportation for persons with developmental disabilities has been reduced, or eliminated.*
- *Smaller residential settings (2-4 persons) have been closed, with persons moved to larger congregate settings (6-8 persons), representing a back-slide of the State's decades of commitment to increasing the independence of Kansans with developmental disabilities.*
- *Costs of fringe benefits to staff have risen such that health insurance and paid time off, for example have been reduced for many of our employees.*

Underfunding of the Kansas DD rate structure is not in dispute by anyone who has examined the facts.

Consider the following data from the University of Minnesota's College of Education and Human Development. In 1993, the per-person cost for DD services in Kansas was \$49,418. In 2008, the per-person cost for DD services in Kansas was \$42,483. All of the states surrounding Kansas experienced a growth in per-person costs during that same time frame. Nationally, the increase in per-person cost for DD services was 14.3% during that time. In Kansas, during that same period, we declined 14%.

Senate Ways and Means

Date:

Attachment:

03/11/11

12

### A Further Look at Underfunding:

Funding for Kansas community DD services truly has been anemic during the past two decades:

- *HCBS DD waiver reimbursement rate increases to providers totaled only 29% in the previous 17 years, far behind inflationary increases during that time (54%).*
- *A 2001 rate study conducted on behalf of the State showed that 27% of day service hours and 40% of residential service hours provided by community service providers were not funded due to way the reimbursement rate formula had been devised. No action has ever been taken to address that finding.*

The most visible symptom of underfunding in the community DD system is the financial inability to consistently attract and retain a quality workforce of Direct Support Professionals.

### Direct Support Professionals – The Core of the Kansas DD System:

Direct Support Professionals are vital in ensuring that Kansans with developmental disabilities can thrive in the community of their choice. They provide support in day and residential settings, often without direct supervision, and must handle demanding tasks such as managing crises in the lives of those with behavioral episodes strong behavioral, caring for persons with feeding tubes, attending to very personal tasks such as bathing, clothing or toileting persons who need their assistance.

Extensive training is required in courses as diverse as working with families, maximizing community resources, counseling skills, the detection and reporting of abuse, neglect and exploitation, bloodborn pathogens, CPR, first aid and non-aggressive restraint techniques.

Take a moment to compare the importance of these staff persons, in terms of their responsibilities for the health and safety of a vulnerable person with the following:

#### ***\$8.78 per hour.***

That's the average wage for Direct Support Professionals in Kansas, as reported in a 2009 national study of direct care wages in community DD service settings. It's no wonder that community providers experience high turnover.

In 2004, as part of a grant funded by the Kansas Council on Developmental Disabilities and coordinated by the University of Minnesota and the University of Kansas Center on Developmental Disabilities, data was regarding challenges in recruiting, retaining adequate direct care staff within the field of community services for persons with developmental disabilities. The grant's summary report found that:

- *"Average annual DSP turnover rates of 57% in 2002 and 53% in 2003."*
- *"The percent of DSPs who quit their jobs within six months of hire was 51% in 2002 and 51% in 2003."*
- *"The percentage of provider organizations that curtailed services due to workforce shortages was 40% in 2002 and 43% in 2003."*

We also know from a 1998 study on direct care staff turnover, conducted by the Kansas State University Institute for Social and Behavioral Research, that the average cost per incident of turnover is \$2,094, a significant financial cost to providers. We must act to assist providers in maintaining a quality staff to serve Kansans with developmental disabilities.

### The State Has Already Faced this Same Dilemma:

Currently, the starting wage step for a 'DD Tech 1' position (a directly comparable position to a community Direct Support Professional) in one of the State's institutions is \$12.35 per hour. That's almost \$4 per hour more than what Direct Support Professionals make in Kansas communities, on average.

The State previously articulated the reason for increasing institutional direct care wages – turnover.

In the Governor's Budget Report for FY 2006, the Governor stated that:

*"For a number of years, significant inequalities between the beginning salary ranges for state hospital employees and similar direct care positions in both the state and private sectors have been developing. Such inequalities have led to high employee turnover, which has been costly in terms of training, recruitment, and employee performance."*

It is clear that, years ago, the State concluded that higher wages equal lower turnover. However, the State's application of this remedy stopped at the property lines of its own two institutions.

While SB 210 won't capture enough funds to bring community Direct Support Professional wages and benefits up to the level of State direct care workers, it will provide a significant boost to providers' efforts to attract and retain a quality workforce of Direct Support Professionals.

**Factor of Safety:**

There's an engineering term – "Factor of Safety" – that refers to the structural capacity of a system beyond the expected load or actual load placed upon it. For the Kansas community-based developmental disabilities service system, the "factor of safety" is in danger of being exceeded due to the past two decades of underfunding.

While the community DD network would like to accomplish big things, such as reducing or eliminating the DD waiting lists, they must first address the system's capacity issues. To ignore crumbling capacity while expanding the numbers in the service system will only further dilute the collective resources these organizations have been able to assemble in their community. It would also put the system in jeopardy of compromised quality in the delivery of services.

Senate Bill 210 will help to stabilize the Kansas community DD system. It is essential that you protect the potential new funding embodied in SB 210 for use in addressing the capacity needs of the DD system. Any other use of these funds would place further stress on a system that is already in danger of exceeding its "factor of safety".

# FACTOR OF SAFETY

## Why the DD Provider Assessment Must Be Used to Build System Capacity:

### TIMELINE OF HCBS DD WAIVER REIMBURSEMENT RATE INCREASES:

1995: 0% increase

1996: 8% increase

1997: 0% increase

1998: 0% increase

1999: 4.1% increase

2000: 2% increase

2001: 0% increase

2002: 0.5% increase

2003: 0% increase

2004: 0% increase

2005: 3% increase

2006: 4.3% increase

2007: 2.4% increase\*

\*Reimbursement rate increased by a total of 10%. 7.6% of that increase "backfilled" lost funds to the DD TCM system that year.

2008: 2% increase

2009: 0% increase

2010: 0% increase

**FACTOR OF SAFETY.** An engineering term describing the structural capacity of a system beyond the expected load or actual load placed upon it. For the Kansas community-based developmental disabilities service system, the factor of safety is in danger of being exceeded due to decades of underfunding. HCBS DD Waiver reimbursement rates—the lifeblood of support for providers of DD services—have not been adequately increased. As a result, providers struggle to attract and retain the direct-care workers who are absolutely critical to maintaining Kansans with developmental disabilities in the community.

### ECONOMIC COMPARISONS

Consider the following economic facts:

- Since the passage of the Kansas DD Reform Act in 1995, private sector wages and salaries have increased **81%\***
- Since passage of the Kansas DD Reform Act in 1995, wages for the State's institutional direct-care worker position (DD Tech 1) have increased **64%\*\***
- Since passage of the Kansas DD Reform Act in 1995, inflation has increased **54%\*\*\***
- Since passage of the Kansas DD Reform Act in 1995, HCBS DD Waiver reimbursement rate increases totaled **29%\*\*\*\***

\*U.S. Congressional Research Services

\*\* Kansas Department of Administration Civil Service Basic Hourly Rate Pay Plans

\*\*\* U.S. Bureau of Labor Statistics

\*\*\*\* Kansas Legislature fiscal year budgets, 1996-2011

**THE TRUE COST OF UNDERFUNDING.** A 2003 study conducted by the Universities of Minnesota and Kansas found turnover rates between 53-57% for direct-care worker positions in Kansas communities. The study further found that 51% of turnover occurred within the first six months after hire. Finally, and most shocking, the study found that 40-43% of providers were forced to curtail services as a result of turnover.

**SOLVING THE PROBLEM.** The State has already faced its own crisis in turnover for institutional-based direct-care workers. The Governor's Budget Recommendations for FY 2006 included the following:

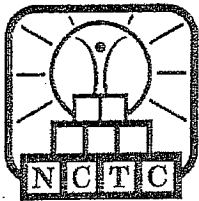
*"For a number of years, significant inequalities between the beginning salary ranges for state hospital employees and similar direct care positions in both the state and private sectors have been developing. Such inequalities have led to high employee turnover, which has been costly in terms of training, recruitment, and employee performance."*

As a result of turnover troubles, the State increased the starting wage for its own institutional direct-care workers (DD Tech 1) to its current level of **\$12.35 per hour**. That's almost \$4 per hour more than the average wage of direct-care workers in communities across Kansas (**\$8.78 per hour**).

Clearly the State has found a causal link between the wage offered, and the amount of turnover experienced, in these positions.







"Building On Abilities"

# Nemaha County Training Center, Inc.

NCTC West, Main Office  
12 South 11th Street • Seneca, Kansas 66538  
785-336-6116

NCTC Group Home  
602 South 8th  
SENECA, KS 66538  
785-336-6223

NCTC East  
329 North 11th  
SABETHA, KS 66534  
785-284-3666

Good Morning,

Thank you for the opportunity to testify before your committee in regard to Senate Bill 210.

My name is Alice Lackey. I am the Executive Director of the Nemaha County Training Center in Seneca. I have been employed by NCTC for the past 35 years. We strongly support Senate Bill 210. Our organization, like others around the State, would benefit from the adoption of SB 210, assuming CMS approves the HCBS provider assessment proposal.

NCTC is a private not for profit community based organization providing residential and day supports to Nemaha County citizens affected by developmental disabilities. We operate 24 hours a day 365 days a year and employ approximately 59 staff positions. Although we have 59 "positions" we celebrate those rare periods of time when we are actually fully staffed.

We experience far too much turnover in staff positions. The turnover happens primarily in our residential services program where the hours of operation are evenings and weekends, and in day service locations where individuals with total care needs receive services. When residential staff positions turn over there is often a long period of time before the positions are filled again.

I and other managers, after fulfilling our day responsibilities, take turns working the overnight positions until those openings are filled. One can imagine the impact that has on the manager's ability to effectively perform their own duties.

The primary challenge is our inability to pay a wage that attracts and retains staff, which is a direct result of inadequate reimbursement rates. The money spent on advertising, interviewing, orientation, and training new staff, as well as the overtime paid to individuals who help cover the vacant positions, would be more effectively spent on the actual provision of services. NCTC prides it's self in providing quality services, but our reimbursement rates make it harder and harder to maintain that quality. The primary factor in assuring quality is maintaining a strong workforce, but the rates currently in place under-value our work and our workers.

As the administrator I understand and worry about the day to day impact on the individuals we serve.

Senate Ways and Means

Date:

03/11/11

Attachment:

13

For many vulnerable persons, losing a well-trained support staff person is very troubling. The persons we serve do not always understand why staff persons leave. The importance of a trusted and supportive staff person is critically important. Many persons rely on staff in very personal and intimate activities, like dressing and toileting. You perhaps can imagine how unsettling it would be if you did not know who would help you dress and bathe when you wake up each day. In addition, for many individuals whom NCTC supports, when a trusted support staff leaves it is hard for that person to not feel as if they themselves have been rejected.

The individuals whom we serve, their families, and the Nemaha County community consider NCTC to be an absolutely necessary service provider in the area.

The passage of SB210 would position us and the State of Kansas with the chance for an awesome opportunity to ensure continued quality services for persons with disabilities, by helping to infuse badly needed funds into the community DD system without spending additional state dollars.

Please support our work, and the work of community service providers around the state, to ensure continued quality of care for the individuals who have chosen to be served in the community.

Please support the passage of Senate Bill 210.



**mcds**

**Multi Community Diversified Services, Inc.**

March 11, 2011

To: Senator Carolyn McGinn  
Members of Senate Ways and Means Committee

From: Colin McKenney, President/CEO  
Multi Community Diversified Services, Inc.

RE: Developmental Disabilities Provider Assessment

Good afternoon, Madam Chair and Members of the Committee

I am Colin McKenney, Chief Executive Officer of Multi Community Diversified Services (MCDS), which is based in McPherson. Our company has been supporting people with developmental disabilities in central Kansas since 1974. I am here today to support Senate Bill 210.

This is a year in which we all recognize the State's SGF shortfall, and respect the challenges you face in addressing it. We do not however, have the luxury of "taking a year off" in our long term efforts to advocate for more reasonable and adequate rates for the community based system of DD services. We continue to face heavy fiscal challenges, which you know from your interaction with us over the years.

Despite the ongoing financial needs of our system, today we are not asking for new SGF dollars to help us keep pace with increasing costs. Instead, we are here to talk about one possible lifeline to prevent our system of services from sinking further.

The potential that the Centers for Medicare and Medicaid Services (CMS) may soon authorize provider assessments for community DD services offers hope that we have not experienced in recent years. The provider assessment could actually create enough new revenue that we could take a step toward bridging the substantial gap between wages paid in our state hospitals and those that can be paid to support professionals in communities across the state.

Others will talk about the details of the provider assessment. The information I would like to share is from the perspective of a provider of disability services who attempts to work through the challenges of providing quality services in a time of shrinking resources:

- Although we are constantly looking for ways to control costs while still providing high-quality services, much of the control doesn't rest within our organization. We are a unique field of service. The expectation for community DD providers is to serve persons who are qualified in a location, with the array of services, and in a style of service delivery that they, not we, choose. We presently support some settings in which a single

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Colin McKenney, CEO/President

Board of Directors: Carlton Spencer, Chairman; Larry Schmic  
Jean Anderson, Secretary/Treasurer; Members: Dr. Jerry Leopold, )

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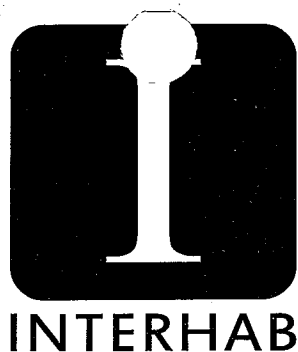
14

client resides, and who requires 24 hour staffing every day of the year. In the past we have been able to absorb the loss of thousands of dollars each month in this type of setting by limiting staffing at other settings where less intensive supports are needed. Our flexibility to balance finances between locations is now gone. We are forced to choose between the best bad options to allow us to continue to provide services with available resources.

- Even when funding is limited, expectations still exist to provide quality services for the individuals we serve. We don't have the option to shut down production during third shift to save dollars. We can't raise prices for one product line to make up for losses on another. The reality is that our services must appropriately support and protect our clients whenever needed, not just when the finances are sufficient to do so.
- We have been implementing measures to increase the wages of support workers over the past few years, and have made some progress. Unfortunately our progress hasn't come quickly enough to prevent employees from pursuing more lucrative job opportunities. That reality really hit home last week when one of our outstanding young leaders accepted another opportunity that offered significantly higher pay. We have become accustomed to new employees coming and going because the demands of the job or the pay and benefits weren't to their liking. Despite that fact, it is always very difficult to keep programs going following the loss of employees who have grown into the job over a number of years and made our support services something special for our clients.

My hope is that the communication process about the provider assessment has been comprehensive enough that everyone who would be affected knows that it isn't a guarantee of additional funding. The message that has been shared is that the assessment is a real possibility, and we need to be in a position to make use of the assessment when the opportunity presents itself. In the event this bill doesn't pass, or if the assessment is ultimately not approved by Medicaid, providers of support services in communities will have to be prepared to make difficult choices about the way we serve people with developmental disabilities.

I would be happy to answer any questions you may have at this time.



# INDEPENDENCE INCLUSION INNOVATION

March 11, 2011

TO: Senate Committee on Ways and Means  
FR: Tom Laing, Executive Director, InterHab  
RE: Senate Bill 210

Senate Bill 210 is an opportunity to position the State to adopt an immediate boost to our HCBS DD rate structure. In a year when SGF dollars are in short supply, SB 210 can enable us to make progress using an investment of provider dollars to draw new federal dollars to Kansas.

Therefore, we strongly support the committee's endorsement of SB 210.

## History:

Federal law has allowed provider assessments across the nation for many years as a way to allow provider funds to be a part of the state match pool to raise reimbursement rates. The practice was embraced in Kansas for hospitals, and was expanded last session to include adult care homes. The legislature was right to adopt provider assessments for hospitals and adult care homes, and would be right in extending that same opportunity to HCBS providers of services to persons with developmental disabilities.

## CMS review:

Even with passage of the bill, the process will still await a decision from CMS to add HCBS/DD as an eligible class of services. CMS officials are currently considering the proposal to add HCBS/DD services. We believe that decision will come during this calendar year, perhaps within a few months. If SB 210 is passed, it will only take effect if and when CMS approves HCBS/DD as a new class of eligible services.

If, as we expect, CMS approves the proposal during this calendar year, passage of the bill will have put Kansas in a position to immediately apply the law, without waiting for the next legislative session, which could delay the process for months. For our members and all community service providers, that span of months would equate to millions of otherwise available dollars, and for some groups that amount of funding could spell the difference between surviving and not surviving for currently strapped organizations.

Senate Ways and Means

Date:

Attachment:

03/11/11

15

Protections for community organizations:

As with similar legislation, this bill is written to prevent future legislatures or administrations from redirecting these funds away from their intended purposes, and from being used to supplant existing funding. Additionally, this funding methodology would be ended if reimbursement rates were cut.

Provider assessments create a means by which to supplement State efforts. Provider assessments should not be redirected into other unintended purposes.

Remaining issues:

1. The Department has urged that these dollars should be available for other State initiatives. With respect, we want to be very clear: we will not support provider assessment resources being used for any other purpose than that which this legislation proposes, i.e. reimbursement rate increases.
2. The Obama administration proposes reducing the allowable maximum provider assessment rate (currently at 5.5% and scheduled to increase to 6% in October). We do not believe that proposal will be adopted by Congress, because it is completely at variance with the requests of Governors to have greater, not lesser, Medicaid flexibility. Restricting the provider assessment would also require a change in Federal law, which we believe Congress will not support. If things go differently in Washington, we understand that a lesser provider assessment rate would result in a smaller net positive effect. We propose nothing in this bill to require the State to maintain an effort that has been limited by Federal action.

Summary:

Senate Bill 210 would position the State in a manner that would benefit all HCBS DD community service providers, if CMS approves this new class of service.

There would be no cost to the State, and the revenue received by the State would allow for an across the board rate increase for all HCBS services.

Such rate increases are long overdue, and Senate Bill 210 should be passed for the great potential it offers to help address these rate needs.

Rob Siedlecki, Acting Secretary  
Department of Social And Rehabilitation  
Services

**Senate Ways & Means Committee**  
**March 11, 2011**

**SB 210 – Assessment on Providers of  
Developmental Disability Waiver Program**

**Disability & Behavioral Health Services**  
**Ray Dalton, Deputy Secretary**

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

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03/11/11  
16

# **SB 210 – Assessment on Providers of Developmental Disability Waiver Program**

Senate Ways & Means Committee  
March 11, 2011

Chairwomen McGinn and members of the Committee, thank you for the opportunity to present testimony today on SB210, which would enact an assessment on providers of home and community based services for the developmental disability waiver program.

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

SRS has two concerns with this bill as it is currently written. The first is that all of the funding generated from this bill will be used only for increasing the rates paid to providers. There is no provision in the bill to provide services to those on the waiting list. We recommend that the funds from this assessment should be used equally for the waiting list and to help with the budget situation facing the state.

The second concern is that we want to ensure the Committee understands that the DD Waiver providers are currently not a CMS approved class of providers on which a provider assessment can be levied. The classes of health care providers that can be assessed a fee is contained in 42 CFR 433.56 and to add the DD Waiver providers would require CMS to go through the process to change this regulation.

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

16-2



# **Developmental Disabilities Stakeholders Coalition**

**Interhab - Disability Rights Center of Kansas - Self Advocates Coalition of Kansas - Families Together, Inc. -  
Kansas Council on Developmental Disabilities - End the Wait Campaign - Kansas Center on Developmental  
Disabilities**

## **Senate Ways and Means Committee**

**Friday, March 10, 2011**

Good morning Madam Chairman and Members of the Committee, my name is Tim Wood. I am the Campaign Manager for the End the Wait Campaign. Thank you for allowing me to appear before you today in support of SB 210. The End the Wait Campaign is a partner in the Developmental Disabilities Stakeholders Coalition.

On Wednesday, March 9, 2011 the Developmental Disabilities Stakeholders Coalition met to discuss SB 210 and by unanimous consensus reach an agreement that we support SB 210 as written.

We support SB 210 for the following reasons:

- SB 210 as written dedicates moneys collected through the assessments on providers to enhance DD service capacity.
- Ability to infuse dollars into direct care worker pay raises and will provide an opportunity to continue to build community capacity.
- This bill is consistent with the 2006 Legislative Budget Committee's recommendation which was based on the viewpoint that it is fundamentally important to address DD service capacity in concurrence with efforts to end the waiting lists.
- Moneys collected from the provider assessments should not go to the state general fund or to the waiting lists.
- Issues surrounding Deinstitutionalization and hospital closure are ways to move toward ending the waiting lists.

Thank you for the opportunity to speak today.

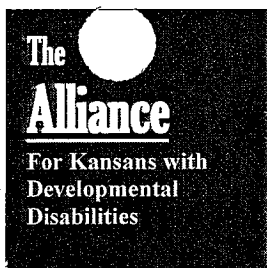
Senate Ways and Means

Date:

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03/11/11

17



# The Alliance for Kansans with Developmental Disabilities

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Box 324 • Topeka, Kansas • 66614

## Written Testimony

March 11, 2011

Chairperson McGinn and the Senate Standing Committee on Ways and Means:

Thank you for allowing me to submit written testimony to you on behalf of The Alliance for Kansans with Developmental Disabilities (The Alliance). My name is Jon Zehnder, President of The Alliance, an organization representing many providers of community services for those with disabilities throughout the State of Kansas.

Alliance member agencies offer services that are primarily funded through the Home and Community Based Services (HCBS) Waiver for persons with Developmental Disabilities and Medicaid Funds for Intermediate Care Facilities (ICFs/MR). We offer our support of Senate Bill 210, an assessment on providers of developmental disability waiver programs.

This bill should be considered a high priority for this legislative session. For years, community providers of services to the State's most vulnerable citizens, those with developmental disabilities, who trust us with their very lives, have languished with virtually stagnant funding. Senate Bill 210 offers an opportunity for community service providers to finally see an appreciable increase in funding with little initial cost to the State general fund and considerable savings in the years following.

The lives of some of the most vulnerable and fragile Kansas citizens are often in the hands of someone making \$8.00 to maybe \$10.00 per hour. While this direct support professional is required to often make life and death decisions, the wages the funding allows us to pay them often drives them to move to a better paying and less stressful, less important job. Administering critical medications and life saving treatments demands adequate remuneration that reflects the importance of the job of caring for others who depend on us with their lives. We often tell new direct support professionals that this will certainly be the most important job they ever have.

Please do not let this opportunity slip away without passing and advocating for this bill. It is likely the most important legislation of this session.

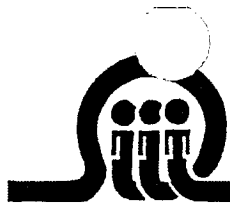
Senate Ways and Means

Date:

Attachment:

03/11/11

18



# Families Together, Inc.

*Parent Training & Information Centers for Kansas*

Home Page:  
<http://www.familiestogetherinc.org>

Administrative Center  
313 N. Seneca  
Wichita, Kansas 67203-5951  
Voice/TDD (316) 945-7747  
1-888-815-6364  
Fax (316) 263-0031

Wichita Parent Center  
3033 W. 2nd, Suite 106  
Wichita, KS 67203-5369  
Voice/TDD (316) 945-7747  
1-888-815-6364  
Fax (316) 945-7795  
[wichita@familiestogetherinc.org](mailto:wichita@familiestogetherinc.org)

Topeka Parent Center  
501 Jackson, Suite 400  
Topeka, KS 66603-3300  
Voice/TDD (785) 233-4777  
1-800-264-6343  
Fax (785) 233-4787  
[topeka@familiestogetherinc.org](mailto:topeka@familiestogetherinc.org)

Garden City Parent Center  
1518 Taylor Plaza  
Garden City, KS 67846-4055  
Voice/TDD (620) 276-6364  
1-888-820-6364  
Español (620) 276-2380  
Fax (620) 276-3488  
[gardencity@familiestogetherinc.org](mailto:gardencity@familiestogetherinc.org)

Kansas City Parent Center  
1333 Meadowlark Ln., Suite 103  
Kansas City, KS 66102-1200  
Voice/TDD (913) 287-1970  
1-877-499-5369  
Fax (913) 287-1972  
[kansascity@familiestogetherinc.org](mailto:kansascity@familiestogetherinc.org)

Statewide Spanish Parent Line  
1-800-499-9443

Member of the Senate Ways and Means Committee:

Families Together joins other organizations who serve persons with disabilities and their families in support of the Provider Assessment of Service Providers to persons with Intellectual Disabilities in Kansas. By helping to support the system of services for persons with disabilities in our communities these providers will enable the system to more adequately pay for the direct support staff in community programs.

We would only support this initiative if the funds generated by the additional "match" were applied directly to enhancing the pay of the direct care staff members in community programs participating in the matching process.

Thank you for your attention to the very significant needs of persons with disabilities across Kansas who need competent and consistent care givers.

Connie Zienkewicz  
Executive Director

Senate Ways and Means

Date:

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*Assisting Parents and Their Sons and Daughters*

03/11/11

19



March 9, 2011

Dear Senator McGinn and Committee Members:

I am writing in support of Senate Bill 210. I am hopeful that you will vote in favor of establishing a mechanism for Kansas to utilize a "provider assessment" to raise funds within the Developmental Disability service system to increase provider rates. It is my understanding that the provider assessment has the potential to raise \$25 million in new federal funds, which if applied to provider rates would result in an 8% increase.

My organization serves approximately 300 persons with developmental disabilities in Sedgwick County. Despite the high rate of unemployment that persists in our labor market, KETCH continues to be chronically understaffed. We experience a low response rate to our recruiting efforts and a very high rate of turnover, particularly in the first 90 days of employment. With our improving economy, the addition of 1,000 new jobs connected with the new casino and the anticipated effects of the tanker contract for Boeing - I know that our staffing needs will only get worse. We are in dire need of new resources to increase the entry wage for our direct care employees and our first level supervisors.

The quality of the community service system can be no better than the quality of the individuals we employ to provide our services. Just this morning I received a complaint from a guardian of a person we serve directly related to our high staff turnover. She stated in an email to me: *"I am so sick and tired of the front door at her home being a revolving door when it comes to staffing. I am going to be dealing with yet another new staff."*

Although the provider assessment would also apply to private pay clients, private pay is very rare in our service system. KETCH only has two private pay clients at the current time. The benefits far outweigh the cost of paying an assessment for the few who pay privately.

It is very detrimental to our clients and their families to have to experience such high turnover. SB 210 would provide the hope for improving the stability of community services for persons with developmental disabilities with no cost to the State of Kansas. Thank you for your consideration of this bill.

Ron Pasmore  
President/CEO

1006 EAST WATERMAN  
WICHITA, KS 67211