

Approved: May 9, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 AM on Friday, February 10, 2012 in 548-S of the Capitol.

All members were present except Senators Emler who was absent.

Committee staff present:

Jan Lunn, Committee Assistant
Eli Johns, Intern, Senator McGinn's Office
Alan Conroy, Director, Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Conferees appearing before the Committee:

Michelle Schroeder, Public Policy Director, Department of Social and Rehabilitation Services
Laurel Murdie, Legislative Division of Post Audit
Dr. Andy Tompkins, President and CEO, Kansas State Board of Regents

Others in attendance:

See attached list.

Bill Introductions:

Senator Masterson introduced 12rs2137 regarding taxation; Senator Schodorf seconded the motion, which carried on a voice vote.

Senator Schodorf introduced 12rs2136 concerning income taxation related to credits and adoption expenses; Senator Kelly seconded the motion, which carried on a voice vote.

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Subcommittee Reports for the Juvenile Justice Authority, the Kansas Juvenile Correctional Complex and the Larned Juvenile Correctional Facility:

Senator Vicki Schmidt submitted the Juvenile Justice Authority, the Kansas Juvenile Correctional Complex, and the Larned Juvenile Correctional Facility reports (Attachment 1). She reported the Subcommittee concurred with the FY 2012 Governor's recommendation for the Juvenile Justice Authority. For FY 2013, the Subcommittee concurred with the Governor's Juvenile Justice Authority recommendation with adjustments:

1. Add \$700,000, all from the State General Fund (SGF), to the Prevention and Graduated Sanctions block grant for tertiary prevention programs for FY 2013. The subcommittee recommended the following steps:
 - a.) Delete \$500,000, all from the Problem Gambling and Addictions Grant Fund, in FY 2012, and add \$500,000 to the Kansas Sentencing Commission special revenue fund, with a \$0 expenditure limitation in FY 2012.
 - b.) Delete \$200,000, all from the Problem Gambling and Addictions Grant Fund for FY 2013, and add \$200,000 to the Kansas Sentencing Commission special revenue fund, with a \$700,000 expenditure limitation in FY 2013, and delete \$700,000, all from SGF, in FY 2013.
 - c.) Add \$700,000, from SGF, to the Juvenile Justice Authority for Prevention and Graduated Sanctions Block Grant for tertiary prevention programs for FY 2013.

Senator Schmidt moved adoption of the FY 2012 and FY 2013 Juvenile Justice Authority Subcommittee report; Senator Francisco seconded the motion, which carried on a voice vote.

Senator Schmidt reported the Subcommittee concurred with the Governor's recommendations for the Kansas Juvenile Correctional Complex and the Larned Juvenile Facility in FY 2012 and for FY 2013. Senator Schmidt moved adoption of the Subcommittee reports for the Kansas Juvenile Correctional Complex report and the Larned Juvenile Facility; Senator Kelly seconded the motion, which carried on a voice vote.

Update on Food Stamp Policy:

Michelle Schroeder, Public Policy Director of the Kansas Department of Social and Rehabilitation Services (SRS), updated committee members on recent changes in the Kansas Supplemental Nutrition Assistance Program (SNAP). (Attachment 2) She described

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eligibility requirements and provided demographics concerning Kansas households currently receiving benefits. Ms. Schroeder elaborated on the recent SNAP changes in the program which provide that the income of all members of a household will be included in the SNAP eligibility calculation. Prior to the change in the program, income of members in a household who could or would not provide proof of legal U.S. residency was counted only in part (proration), while that of American citizen households were counted in full. This resulted in households with non-citizen members receiving benefits at higher levels than households comprised entirely of American citizens. She indicated the new policy results in citizen and non-citizen households' income levels being treated equally, and both types of households in the same circumstances will receive equal benefits, ending the unequal and discriminatory policy currently in place. Ms. Schroeder referenced examples and worksheets demonstrating the calculations.

Ms. Schroeder reported that between October and November 2011, 2,881 families exited the food stamp program. Of those, 1,042 were thought to include at least one non-citizen parent. She could not tell whether the reduction was due to the household being above the income limit or whether the reduction was due to the SRS policy change.

Ms. Schroeder responded to questions as follows:

- Kansas is the fourth state to adopt the current eligibility requirements — Arizona, Utah and Nebraska are the others. The other 46 states use the eligibility formula previously used by Kansas, which changed its policy in October 2011.
- Prior to October, food stamp eligibility for Kansas children of undocumented parents was determined by a formula that counted a fraction of the household income to account for the parents' ineligibility. With the new policy, all household income is counted but only the number of citizens in the house is used to determine eligibility. Ms. Schroeder indicated the previous policy allowed preferential treatment.
- Ms. Schroeder indicated that the United States Department of Agriculture (USDA), which oversees the nutrition program, believes (under the current calculation formula) there is enough income coming into the household to exclude food stamp assistance.
- With regard to setting a cap to prevent children from going hungry, that option was not considered. There are two USDA SNAP formulas; Kansas has chosen to implement a formula which creates an equitable policy, and one that equalizes the income of all households.

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- Ms. Schroeder could not answer why only four states (Kansas included) use the current formula.
- Under SNAP guidelines, foods eligible for SNAP are those that can be taken home and prepared.
- The policy implemented in October 2011, was not implemented as a cost reduction strategy.
- With regard to the handout with four scenarios, a committee member indicated that under the previous formula, all-citizen households fared better than the same household with an undocumented member. The premise offered by Ms. Schroeder concerning the creation of equality under the new policy did not appear within the distributed examples. A committee member expressed concern that the amount of food stamps for eligible beneficiaries could be reduced.
- The implemented policy is one based on equality in the system and income thresholds; Ms. Schroeder could not respond as to how this policy fits into the Governor's roadmap to take children out of poverty. Ms. Schroeder indicated the decision on whether or not SRS would consider applying for a cap or waiver to the policy was not hers and was outside her authority.
- The SNAP program is 100 percent federally funded and would not show in the state budget. An average of approximately \$35 million monthly is received for the food stamp program. SNAP funding is an off-budget item and fluctuates with the number of eligible beneficiaries added or eliminated monthly from the program. At the current time, there are approximately 140,000 households receiving benefits.
- Ms. Schroeder commented documentation used to prove a resident's status consists of identifying paperwork such as a social security number, passport, driver's license, or other official state or federal document, which is run through a federal government software application, Systematic Alien Verification for Entitlements Program (SAVE). Kathe Decker, SRS, clarified the process for proof of citizenship as well as those residents who have applied for citizenship; the waiting period to receive benefits for a United States citizen (after the resident achieves citizenship) is five years. Verification of an applicant's citizenship is performed by SRS and includes verification of income.

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- A committee member suggested that under the new SRS policy, an undocumented resident's income in the household is being counted towards the household income threshold; but the undocumented citizen is not counted towards the number residing in the household.

Report on Kan-ed:

Laurel Murdie, Division of Legislative Post Audit, briefed committee members on the Kan-ed audit. The audit was requested during the 2011 legislative session and was developed to determine what critical services Kan-ed provides to its members and whether or not members could afford to pay for those services. (Attachment 3) Ms. Murdie described audit findings relating to internet access, video conferencing, distance services, and other findings.

Recommendations include:

- The Legislature should decide whether or not the state should continue to provide the network of services currently in place; and
- The Board of Regents should discontinue any connections, grants or subsidies for any entity that is not a school, library or hospital. A process should be developed for monitoring use of network connections that should disconnect members who do not need a network connection and convert members' connections to commercial Internet, if needed.

Ms. Murdie indicated the Kansas Board of Regents concurred with the recommendations.

A committee member requested a breakdown of the demographics for connected members and whether those members (57 percent of current members) identified as not requiring a private network were in urban, rural, or metropolitan areas of the state. Ms. Murdie reported that extensive research had been conducted during the audit to determine the most cost effective alternatives for video conferencing and long distance learning. One alternative is to merge with the KanREN network, which could reduce the state's portion of costs.

Dr. Andy Tompkins, President and CEO of the Kansas State Board of Regents, provided testimony reflecting his agency's work to address the concerns resulting from the Kan-ed Audit (Attachment 4). Dr. Tompkins reviewed his agency's recommendations to:

- Transition the current Kan-ed network over an 18-month period to either a commercial network or KanRen.
- Develop a needs analysis to assist members in connection decisions.

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- File e-rate application for the circuits for which it pays from July 1, 2012 until June 30, 2013.
- Provide support and training to members to assist in filing e-rate applications.
- Transition Kan-ed to a subsidy program, which will complement federal funds received by members and provide cost-sharing for connections.
- Eliminate the provision of content services through Kan-ed at the beginning of FY 2013.
- Transfer the \$800,000, SGF appropriation, to allow state libraries to access research databases to the State Library for provision of these services.

A committee member voiced concern regarding the communication in rural areas and the potential loss of services. Dr. Tompkins reported that an Advisory Council has been created to address concerns and to assist in developing transitional plans.

Follow-up information from Kansas Legislative Research Department (KLRD)

Senator McGinn called attention to documents received (Profile and Explainer) reflecting Senate Ways and Means Committee action on **SB 311 Authorizing the expenditure of unencumbered balances held by school districts; reducing local option budget authority in certain circumstances.** (Attachment 5)

The meeting was adjourned at 12:03 p.m.