

Approved: April 26, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on Friday, March 9, 2012 in 548-S of the Capitol.

Senators Masterson, Emler, and Schmidt were excused.

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
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:

Representative David Crum
Michael Donnelly, Director, Kansas Rehabilitation Services, Department of Social and Rehabilitation Services
Martha K. Gabehart, Executive Director, Kansas Commission on Disability Concerns
Pat Jonas, President and CEO, Cerebral Palsy Research Foundation of Kansas
Natalie Bright, speaking on behalf of the Coalition for Opportunity
Robert Hammer, Jr., Employee of Business Technology Careers Opportunities
Rick Cagan, NAMI, Kansas
Mark Dugan, Office of the Lieutenant Governor
Rocky Nichols, Executive Director, Disability Rights Center of Kansas

See attached list for others attending.

Bill introductions:

Senator Vratil moved introduction of 12rs2246 concerning optional single factor sales apportionment for new businesses; Senator Umbarger seconded the motion which carried on a voice vote.

Senator Vratil moved introduction of 12rs2315 concerning the bioscience business tax incentive; seconded by Senator Umbarger, which carried on a voice vote.

Follow-up information:

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Information from Steve Anderson, Director, Division of Budget, was provided. Mr. Anderson's written follow-up testimony provides answers to various questions since the 2012 Legislative session began. (Attachments 1 and 2)

Information from Bobbi Mariani, Fiscal Analyst, Legislative Research Department, was provided regarding 2011 Health Maintenance Organization Privilege Fee Receipts (Attachment 3).

Hearing on: **SB 444—Relating to employment of disabled individuals and competitive bids for state contracts.**

Katherine McBride, Office of the Revisor of Statutes, briefed committee members on **SB 444**, which affords the director of purchases the power to decide the lowest responsible bidder for all purchases, subject to certain exceptions. K.S.A. 75-3739 *et seq.* (Attachment 4)

SB 444 affects state competitive bidding procedure by imposing the following changes:

1. Two new exceptions to the director's purchasing power:
 - (a) bidding preference for a "certified business"; and
 - (b) bidder purchasing deductions.
2. Requirement that certain state agencies consider unsolicited proposals for goods or services
3. Reporting requirements to the Legislature and the Director of Purchases regarding certified business contract awards and the employment of individuals with disabilities.
4. Clarifies the reinstatement eligibility of an individual with a disability to home and community based services if such services were terminated due to employment for a certified business.

Representative David Crum spoke in support of **SB 444**, indicating passage of this bill would allow disabled individuals to enjoy the satisfaction of contributing to society, which comes with competitive employment; in addition, the individual would be independent of Medicaid. (Attachment 5) Representative Crum clarified how the bidder purchasing deductions would work (see Attachment 4).

Michael Donnelly, Director, Kansas Rehabilitation Services, Kansas Department of Social and Rehabilitation Services, indicated **SB 444** provides an incentive to businesses and employers who are or wish to contract with the State of Kansas for goods and services (if at least 20 percent of its full-time workforce is comprised of individuals with disabilities). This bill encourages Kansans with disabilities to pursue competitive employment without fear of permanent loss of Medicaid or Home and Community Based Services (HCBS) waivers. (Attachment 6)

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Martha Gabehart, Executive Director, Kansas Commission on Disability Concerns, expressed support for **SB 444**. She indicated the bill incentivizes employers who hire significant numbers of people with disabilities. (Attachment 7)

Pat Jonas, President and CEO, of the Cerebral Palsy Research Foundation of Kansas (CPRF), provided statistics regarding the employment of persons with disabilities and discussed two proven models founded by CPRF. He reported that the bill provides for commensurate wages in the market and allows the disabled employee to participate in an employer's health plan. (Attachment 8)

Responding to questions, Mr. Jonas responded:

- The bill provides the employer pay 70 percent of the insurance premium for a disabled employee. The disabled employee has the option to use the employer-provided health plan or to stay on Medicaid.

Natalie Bright, Coalition for Opportunity, spoke in support of **SB 444** and indicated this bill provides an opportunity to engage the private sector in hiring disabled Kansans and to purchase goods and services from Kansas State Use Law vendors. (Attachment 9)

Robert Hammer, Jr., Employee of Bushiness Technology Careers Opportunities shared his personal experience and expressed support of **SB 444**. (Attachment 10) Mr. Hammer encouraged committee members to broaden the language in the bill to include individuals with significant mental illness.

Rick Cagan, Executive Director, NAMI Kansas, indicated his organization applauds the concept of the bill to provide incentives for employers who demonstrate commitment to hire individualities with disabilities. However, he encouraged that the broader language of serious mental illness should be substituted (Attachment 11).

Mark Dugan, Office of the Lieutenant Governor, expressed the current administration's support for **SB 444**. (Attachment 12) He indicated the legislation will further Medicaid reform. He emphasized the importance of allowing businesses, who are interested in hiring persons with disabilities, to engage in the contracting process and to focus on increasing utilization of Use Law vendors.

Considerable discussion was heard concerning Serious Mental Illness (SMI) and Serious Persistent Mental Illness (SPMI). In response to questions, Mr. Dugan indicated:

- A line item in the Department of Commerce budget creates a cash incentive for employers to hire persons with disabilities for full-time and part-time employment.
- Persons with SPMI are included in the eligible population within **SB 444**; persons with SMI are excluded from participating.

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- The SPMI population (within the mental health community) most closely mirrors that of persons on developmental disability (DD) and physical disability (PD) waivers. The financial model for **SB 444** was built upon the persons receiving DD and PD waiver services. The administration would be interested to hear how to build upon the program with inclusion of the SMI population.
- Rules and Regulations for **SB 444** will address issues related to businesses certified to do business primarily in Kansas or those with substantial production in Kansas.
- The state will continue to engage in conversations with federal Social Security Administration representatives for the purpose of revising federal laws related to social security income (SSI) and social security disability (SSDI) thresholds.

Discussion was also heard concerning individuals receiving SSI or SSDI and the impact of **SB 444** on these individuals, should they seek employment. Pat Jonas responded that the SSI and SSDI threshold levels are very low; every individual who is considered for employment under **SB 444** should undergo a thorough benefit analysis to ensure there is benefit.

Rocky Nichols, Executive Director, Disability Rights Center of Kansas, spoke in support of **SB 444**. (Attachment 13) Since the bill included individuals with a diagnosis of SPMI, Mr. Nichols was asked how the bill would work for an individual moving across the spectrum of mental health diagnoses (SPMI to an acute episode of SMI). A specific answer to that question was not heard. Mr. Nichols encouraged SMI inclusion in the bill.

Written testimony from the following individuals in support of **SB 444** was submitted by:

Ron Passmore, CEO, KETCH (Attachment 14)

Matt Fletcher, Associate Director, InterHab (Attachment 15)

Dan Augustin, Board Member, Cerebral Palsy Research Foundation of Kansas (Attachment 16)

Amy Campbell, Kansas Mental Health Coalition (Attachment 17)

Mike Hammond, Association of Community Mental Health Centers, Inc. (Attachment 18)

Senator McGinn closed the hearing on **SB 444**.

Subcommittee Report on Higher Education: (Attachment 19)

Senator McGinn commented that Senator Schodorf's signature does not appear on the Subcommittee Report; however, she does support the Subcommittee's final recommendations.

Postsecondary Education Systemwide (includes Board of Regents, University of Kansas, University of Kansas Medical Center, Kansas State University, Kansas State University Veterinary Medical Center, Kansas State University—Extension Systems and Agricultural Research Programs, Wichita State University, Emporia State University, Fort Hays State University, and Pittsburg State University):

Senator McGinn reported the Subcommittee concurred with the Governor's FY 2013 recommendation, with the following adjustments:

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1. Delete \$800,000, all from the State General Fund, at the Board of Regents for research databases and add the same amount for research databases at the State Library. This funding was granted from KAN-ED to the State Library from Kansas Universal Service Fund (KUSF) dollars in prior years. With the reduction of the KAN-ED budget, KUSF funding for the databases was eliminated. The Board instead requested, and the Governor recommended, \$800,000, all from the State General Fund, for FY 2013.
2. Add \$243,000, all from the State General Fund, at the Board of Regents for the Southwest Kansas Access Program to restore funding for FY 2013 and reduce the transfer from the State General Fund to the State House Trust Fund by the same amount.
3. Add \$95,000, all from the State General Fund, at the Board of Regents for Midwest Higher Education Compact (MHEC) dues for FY 2013 and reduce the transfer from the State General Fund to the State Housing Trust Fund by the same amount. The Subcommittee notes that in FY 2011 that the Board of Regents, public and private postsecondary institutions, public and private secondary institutions and local units of government and private citizens saved \$5.4 million and recommends continued funding of MHEC due its huge return on investment for the state.
4. The Subcommittee requests a report from the Board of Regents on the status of the Wichita Center for Graduate Medical Education (WCGME) before final committee consideration of 2012 SB 433 by the Committee on Ways and Means.
5. The Subcommittee notes that the budget includes \$5.0 million, all from special revenue funds, for the transfer of research from Plum Island to the Bioscience Research Institute (BRI) at Kansas State University as detailed in the attached document.
6. The Subcommittee recommends reviewing the addition of \$250,000, from the State General Fund or special revenue funds, in FY 2013 for a new graduate degree Nursing Informatics at Emporia State University. The American Nurses Association defines nursing informatics as a "specialty that integrates nursing science, computer science, and information science to manage and communicate data, information, and knowledge in nursing practice. Nursing informatics facilitates the integration of data, information, and knowledge to support patients, nurses, and other providers in their decision-making in all roles and settings."
7. The Subcommittee notes that after more than 13 years of dedicated and exemplary leadership, Dr. Donald L. Beggs announced his decision to step down as president of Wichita State University on June 30, 2012.
8. The Subcommittee commends the University of Kansas, the University of Kansas Medical Center, and the community for their efforts and support in obtaining National Cancer Institute's Cancer Center designation

Senator McGinn moved adoption of the Subcommittee Reports discussed in the Postsecondary Education Systemwide Overview Report; Senator Schodorf seconded the motion, which carried on a voice vote.

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Request for Information:

Senator Schodorf requested information be provided on the Kansas Department of Health and Environment's Early Detection Works program.

Announcement:

Clarification concerning **HB 2624--Procedure for distribution of oil and gas valuation depletion trust fund moneys.** Senator McGinn announced that the Committee Report drafted for **HB 2624** excluded "addition to the consent calendar." Therefore, the Committee Report for March 6 reflects "**HB 2624** *be passed.*" (see Bill Action Index)

Chairperson McGinn adjourned the meeting at noon.