

MINUTES OF THE HOUSE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairman Joe McLeland at 3:30 p.m. on March 2, 2010, in Room 159-S of the Capitol.

All members were present except:

Representative Richard Carlson- excused

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes  
Reagan Cussimonio, Legislative Research Department  
Kay Stanton, Committee Assistant

Conferees appearing before the Committee:

John Vratil, Kansas Senator, District 11  
Stuart Little, Little Government Relations  
Dale Dennis, Deputy Commissioner, Kansas State Board of Education  
Mark Tallman, Assistant Director, Kansas Association of School Boards  
Cheryl Semmel, Executive Director, United School Administrators  
Mike Mathes, Superintendent of Schools, Seaman USD 345  
Bob Vancrum, Blue Valley USD 229  
Diane Gjerstad, Director Government Relations Wichita Public Schools  
David Schauner, General Council, KNEA  
Scott Frank, Legislative Post Audit  
Bill Reardon, Kansas City Kansas School District  
Diane Gjerstad, Director, Government Relations, Wichita Public Schools  
Terry Collins, Director of Special Education  
Bob Coleman, ANW Special Education Coop  
Jennifer Crow, UDS 501, Topeka Public Schools

Others attending:

See attached list.

**SB 354 - School districts; tax levies; property subject to taxation**

Theresa Kiernan explained the purpose of this bill.

As a proponent, John Vratil, Senator, District 11, stated the state has authorized school boards to levy a tax on all taxable tangible property in a school district in order to address one or more of the following conditions 1) the district qualifies for declining enrollment funding, 2) the district qualifies for a cost of living increase, 3) or the district qualifies for ancillary facilities funding. He stated the bill would clarify the definition of "taxable tangible property" to include real property, personal property, state-assessed property, and motor vehicles. (Attachment 1)

Stuart Little, Shawnee Mission School District favored this bill, and also, stated this bill clarifies that taxable tangible property includes motor vehicle valuations. With this clarification, KSDE agrees to change the budget forms so districts may collect an amount that approximates the authorized weighting. This bill does not provide any additional funding to these school districts. It merely corrects the over-taxation. (Attachment 2)

There were no opponents on SB354, and after a question and answer session, the chairman closed the hearing on SB354.

**SB 362 - Teachers and administrators, contracts; notice of non-renewal**

Theresa Kiernan, again, explained this bill would amend two provisions concerning contracts of employment between school districts and teachers and school districts and administrators. (Attachment 3)

03-02-10

CONTINUATION SHEET

Minutes of the House Education Budget Committee at 3:30 p.m. on March 2, 2010, in Room 159-S of the Capitol.

Mark Tallman, Assistant Director, Kansas Association of School Boards, supports this measure because it has been amended to allow local school boards the choice of whether to extend the notice dates for staffing by one month. ([Attachment 4](#))

Supporting **SB 362**, Cheryl Semmel, Executive Director, United School Administrators outlined in a time of growing uncertainty over matters such as budget shortfalls, teacher shortages and time constraints, we appreciate your efforts to provide some flexibility during these extraordinary times. **SB 362** honors local control and would provide the flexibility necessary for administrators and boards to make critical personnel decisions. ([Attachment 5](#))

Mike Mathes, Superintendent of Schools, Seaman USD 345, said by passing this bill it would provide Seaman school district the flexibility necessary to make responsible personnel decisions, should that additional flexibility be needed. ([Attachment 6](#))

Bob Vancrum, Government Affairs Specialist, Blue Valley USD 229, favors passage of this bill, moving the date to non-renew from May 1 to June 1. If a school budget is not passed and signed into law by May 1, many school districts will be forced to non-renew most non-tenured teachers. ([Attachment 7](#))

Diane Gjerstad, Director Government Relations, supports SB 362 with the amended language giving school districts the option to use either May 1 or June 1 for notification date. ([Attachment 8](#))

David Schauner, General Counsel, KNEA opposes this bill because the changes do immeasurable harm to a system that has proven effective for sixty years, in good times and bad. ([Attachment 9](#))

Written Testimony was provided by the following:

Beth Reust, Superintendent, USD 270 Plainville ([Attachment 10](#))

Dr David Brax, Superintendent, Buhler USD 313 ([Attachment 11](#))

Glen J Suppes, Superintendent, Smoky Valley Public Schools, USD 400 ([Attachment 12](#))

Dr John R Morton, Superintendent and Dr Mike Clagg Assistant Superintendent, Newton USD 373 ([Attachment 13](#))

The hearing on **SB 362** was closed.

**SB 512 - School districts; medicaid replacement state aid**

For this bill, Theresa Kiernan, Office of the Revisor of Statutes, gave an overview of the bill to be heard. ([Attachment 14](#))

Scott Frank, Legislative Post Audit Division gave an overview of special education funding. ([Attachment 15](#))

Bill Reardon, Kansas City Kansas School District, stated that the federal government in 2007 changed the methodology for funding Medicaid eligible students. As a result, approximately 70 school districts were facing losses of \$25 million. The Kansas Legislature chose to provide Medicaid funding only through 2009-10 school year in order to allow the taskforce an opportunity to monitor this new provision and report any glaring irregularities. None were reported and it is appropriate to extend the Medicaid provision. ([Attachment 16](#))

Diane Gjerstad, Director, Government Relations, Wichita Public Schools, supports the continuation of Medicaid replacement funding for Medicaid eligible students. There is no fiscal note and this is simply a continuation of current policy. ([Attachment 17](#))

Terry Collins, Director of Doniphan County Inter-local #616 reminded the committee that the Kansas Health Policy Authority implemented changes in Medicaid funding due to an audit which discovered errors in reimbursement rates and cost reports that did not accurately reflect the services provided by schools. The changes resulted in a decrease in the amount of Medicaid funding that districts and cooperatives were eligible

CONTINUATION SHEET

Minutes of the House Education Budget Committee at 3:30 p.m. on March 2, 2010, in Room 159-S of the Capitol.

to receive. **HB 512** allows this funding source to continue. (Attachment 18)

Bob Coleman, ANW Special Ed Coop, says this bill will continue the practice of distributing the \$9 million of categorical aid in a manner that tends to favor districts that serve greater numbers of Medicaid eligible students. With this additional \$9 million in categorical aid as a reward for the districts that have done the work necessary to bring the additional Medicaid funding to our state, we have been able to better serve our disabled students. (Attachment 19)

Jennifer Crow, USD 501, Topeka Public Schools was a proponent who recalled that a new category of state aid called "Medicaid Replacement State Aid," was created for the 2007-08 school year. Such aid covers children who are receiving special education and related services, and who are eligible for Medicaid. It was created in order to establish a distribution mechanism directing dollars to the districts with Medicaid eligible populations, and to replace federal dollars lost due to changes to the federal rules for Medicaid reimbursement for school-based services. Passage of this bill will continue to direct these state dollars to districts, like Topeka USD 501, that incur additional Medicaid costs so they can continue to benefit Medicaid eligible students. (Attachment 20)

There were no opponents for **SB 512**.

The next meeting is scheduled for March 3, 2010.

The meeting was adjourned at 4:35 p.m.

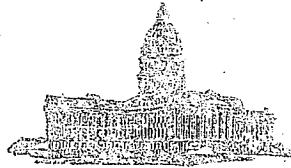
EDUCATION BUDGET COMMITTEE GUEST LIST

DATE: 3-2-10

NAME	REPRESENTING
MARK DESETTI	KNEA
Cheryl Semmel	USA/Kansas
Mark Trulman	KASB
Bill Reardon	USD 500 (KCKs)
Kevin Riemann	KNEA
Gayu Shaw	KACCT
Claudia Jaks	KNEA
Amy Healy	Olathe School Dist.
Judy Collins	DCEC #616
Scott Frank	LEG POST AUDIT
Tracy Russell	SQE
Bob Weats	KON-P
Karen Godfrey	KNEA
Mita Mathew	Secman USD 345
David Schaefer	KNEA
Bob Vancrum	<del>USD 229</del> USD 229
Dodie Wellshar	USA/Kansas
Pete Schuetz	USD 441 Sabetha

State of Kansas

JOHN VRATIL  
SENATOR, ELEVENTH DISTRICT  
JOHNSON COUNTY  
LEGISLATIVE HOTLINE  
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Vice President  
Kansas Senate

COMMITTEE ASSIGNMENTS

VICE CHAIR: EDUCATION  
WAYS AND MEANS  
MEMBER: JUDICIARY  
ORGANIZATION, CALENDAR  
AND RULES  
INTERSTATE COOPERATION  
KANSAS CRIMINAL  
CODE RECODIFICATION  
COMMISSION

Testimony Presented to  
The House Education Budget Committee  
By Senator John Vratil  
March 2, 2010  
Concerning Senate Bill 354

Good afternoon! Thank you for the opportunity to appear before the House Education Budget Committee in support of Senate Bill (SB) 354. The state has authorized school boards to levy a tax on all taxable tangible property in a school district in order to address one or more of the following conditions: the district qualifies for declining enrollment funding, the district qualifies for a cost of living increase, or the district qualifies for ancillary facilities funding.

The Kansas Department of Education currently interprets "taxable tangible property" to be real property, personal property and state-assessed property. When the tax is applied within a school district, however, it is applied to real property, personal property, state-assessed property and motor vehicles. The revenue sent to the state includes revenue from all four sources. When the revenue is distributed back to a qualifying school district, it includes revenue from that portion of the levy that was derived from real propriety, state-assessed property and personal property. As a result, the state receives a windfall to which it is not entitled and the state retains that portion of the levied tax generated from motor vehicles.

Senate Bill 354 would clarify the definition of "taxable tangible property" to include real property, personal property, state-assessed property, and motor vehicles. Clarifying the current statute diminishes the windfall the state has kept previously and it ensures that qualifying school districts receive the full amount of revenue to which they are entitled. The Kansas Department of Education supports SB 354.

I ask you to support SB 354 also.

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House Education Budget Committee  
Date: 3-02-2010  
Attachment #: 1

**STUART J. LITTLE, Ph.D.**  
Little Government Relations, LLC

**House Appropriations Education Budget Committee**

**Testimony on Senate Bill 354**

March 2, 2010

Chairman McLeland and Members of the Committee,

I appear today on behalf of the Shawnee Mission School District #512 in support of Senate Bill 354. Shawnee Mission is the state's second largest school district with 27,799 students enrolled in 2009-10.

The school finance formula includes three weightings that are financed by the local school district. They include ancillary facilities, cost of living and declining enrollment. The local school district assesses the tax, collects the tax proceeds and then remits the total amount collected to the state. In turn, KSDE converts the authorized amount into a weighting that is included in the formula.

School districts calculate their levy using a KSDE budget spreadsheet. The current spreadsheet does not consider the motor vehicle tax revenue generated by tax assessment. Therefore, these districts collect and remit more local revenue to the state than the authorization they receive from these weightings.

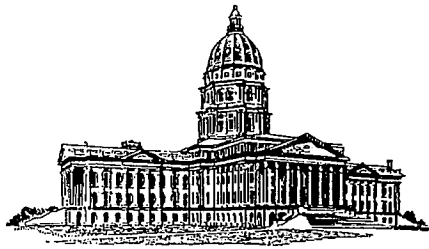
In each of the three statutes governing these weightings, it is clear that school districts are required to collect local taxes equal to the amount authorized and received by these weightings. On page 1, line 18 the current law KSA 72-6441 reads "...in an amount not to exceed the amount authorized ...". On page 3, lines 11 and 12, KSA 72-6449 reads "for the purpose of financing the costs incurred by the state ...". Lastly, on page 5, line 17 KSA 72-6451 reads "... in an amount not to exceed the amount authorized ..."

When a local school district assesses a tax under these provisions, it is directly applied to the assessed valuation of the property. Motor vehicle taxes are also affected by the new levy, but the rate paid by a taxpayer is computed on an average county tax rate. This bill clarifies that taxable tangible property includes motor vehicle valuations. With this clarification, KSDE agrees to change the budget forms so districts may collect an amount that approximates the authorized weighting.

This bill does not provide any additional funding to these school districts. It merely corrects the over-taxation.

I would be happy to stand for questions at the appropriate time.

**MARY ANN TORRENCE**, ATTORNEY  
REVISOR OF STATUTES  
**JAMES A. WILSON III**, ATTORNEY  
FIRST ASSISTANT REVISOR  
**GORDON L. SELF**, ATTORNEY  
FIRST ASSISTANT REVISOR



OFFICE OF REVISOR OF STATUTES  
KANSAS LEGISLATURE

Legal Consultation—  
Legislative Committees and Legislators  
Legislative Bill Drafting  
Legislative Committee Staff  
Secretary—  
Legislative Coordinating Council  
Kansas Commission on  
Interstate Cooperation  
Kansas Statutes Annotated  
Editing and Publication  
Legislative Information System

TO: House Education Budget Committee  
FROM: Theresa Kiernan, Senior Assistant Revisor of Statutes  
RE: Senate Bill No. 362  
DATE: March 2, 2010

SB 362 was introduced by the Committee on Ways and Means at the request of Senator Vratil.

The bill would amend two provisions of concerning contracts of employment between school districts and teachers and school districts and administrators.

Under current law, the board of education of a school district must give teachers and administrators written notice if the board does not intend to renew the teacher's or administrator's contract. The notice must be given on or before May 1. A teacher or administrator must notify the school board by May 15<sup>th</sup> if the teacher or administrator does not intend to continue the contract.

The bill would allow school board's to adopt a resolution to extend the deadline from May 1 to no later than June 1. If a resolution is adopted extending the deadline, the deadline for the teachers and administrators reply would be June 15.

RS- C:\Documents and Settings\tkiernan.RS\Desktop\Explnrs\SB354EXpr.wpd (tkiernan)

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House Education Budget Committee  
Date: 03-02-2010  
Attachment #: 3

KANSAS  
ASSOCIATION



OF  
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1420 SW Arrowhead Road • Topeka, Kansas 66604-4024  
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Testimony before the  
**House Education Budget Committee**  
on  
**SB 362**

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

**March 1, 2010**

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **SB 362**. The issue of moving the notice date for teachers and administrators under the continuing contract law arose last session when some school leaders were looking for additional flexibility regarding non-renewals at a time of significant budget uncertainty.

KASB opposed any change last session because of a long-standing policy position adopted by our members advocating that the notice dates for teachers and administrators under the continuing contract law be standardized at May 1 for boards to give notice of non-renewal and May 15 for employers to notify the board if they did not wish to remain under contract with that district. We appear today as proponents of *this* measure because the KASB Delegate Assembly in December 2009 adopted the following resolution:

KASB believes school boards should have more flexibility under the continuing contract law to make local staffing decisions when school funding has not been determined.

We support this measure in particular because it has been amended to allow local school boards the choice of whether to extend the notice dates by one month. If a local board wants to wait until June 1 to make decisions on contracts because school finance is still unclear on May 1, it may do so by adopting a resolution. In that case, employees will have until June 15 to notify the board if they wish to return. If a local board wants to make its staffing decisions and hear from employees under the current May 1 and May 15 dates, before the end of the school year, it may continue under current law.

Thank you for your consideration.

House Education Budget Committee  
Date: 03-02-2010  
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**Testimony on  
SB 362  
House Education Budget Committee**

Presented by: Cheryl L. Semmel, Executive Director

March 2, 2010

The mission of United School Administrators of Kansas (USA|Kansas\*), through collaboration of member associations, is to serve, support, and develop educational leaders and to establish USA|Kansas as a significant force to improve education.

Education administrators remain committed to ensuring that each and every child in Kansas receives a quality education that will help them reach their potential and become successful, productive adults. There are 465,000 students in our public schools that we strive to impact positively every single day. As you know, Kansas students are making unprecedented academic achievement and we are on a path of continuous improvement.

The 2010 Legislative Session promises to be one of the most challenging in the history of our state, as we face an economic downturn of global proportions. As one of those charged with leading our state through the budget and revenue crisis we are currently facing, I know you will be called on to make some of the most weighty decisions of your legislative service.

I am here today in support of SB 362. In a time of growing uncertainty over matters such as budget shortfalls, teacher shortages and time constraints, we appreciate your efforts to provide some flexibility during these extraordinary times. SB 362 honors local control and would provide the flexibility necessary for administrators and boards to make critical personnel decisions.

Administrators do not make decisions about reductions in workforce lightly and are committed to addressing workforce issues responsibly. Beyond the most immediate impact in the classroom, workforce reduction in K-12 education would result in increased unemployment in many of our communities across Kansas. K-12 education is a major workforce in Kansas – both directly and indirectly. From the district and building level personnel to contracted vendors, these individuals support local economies in many ways, whether it be supporting local retail or contributing to the tax base. In some of our small communities, with limited employment options, these individuals and families will relocate entirely – having a devastating, long-term impact on local communities.

Kansas statute 72-5437 established May 1 as the deadline by which local boards of education must notify teachers of their intent to non-renew a teacher's contract. If the local board does not notify a teacher of its intent to non-renew that teacher's contract by May 1, the teacher is then covered by continuing contract and automatically rehired for the next year.

House Education Budget Committee  
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Recent history demonstrates that the state budget has often not been determined until after May 1. As a result, school districts have had to make employment decisions (by May 1) before budgets are set.

Unfortunately, we are in a period of unprecedented economic uncertainty and budget shortfalls. In the absence of a multi-year school finance plan and with the final legislative appropriations bill not being passed until the end of April or first of May, making appropriate teacher staffing decisions under the current notification deadline has become excruciatingly difficult for school administrators and local boards. The only choice many districts have is to nonrenew all nontenured teachers on May 1, wait for final budget news, and then hope they can re-hire the staff they did not want to release in the first place. **This will have an impact on not only on school programs and operations, but will impact local communities.**

**Administrators remain committed to ensuring a quality education for each child. They are communicating regularly with staff – instructional and noninstructional – as they prepare for anticipated cuts and remain focused on that common goal.**

In closing, on behalf of education administrators, I would like to thank you for your continued support of education and for realizing the importance of investing in education. Preparing our children requires a shared commitment, collaboration, and open dialogue among all stakeholders. Thank you for being partners in education.

\*USA|Kansas represents more than 2,000 individual members and ten member associations:

Kansas Association of Elementary School Principals  
Kansas Association of Middle School Administrators  
Kansas Association of School Administrators  
Kansas Association of School Business Officials  
Kansas Association of School Personnel Administrators  
Kansas Assoc for Supervision and Curriculum Development  
Kansas Association of Special Education Administrators  
Kansas Association of Secondary School Principals  
Kansas Council of Career and Technical Education Administrators  
Kansas School Public Relations Association



# Seaman Unified School District #345

SEAMAN EDUCATION CENTER

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## Testimony on SB 362 House Education Budget Committee

Presented by: Mike Mathes, Superintendent, Seaman USD 345

March 2, 2010

My name is Mike Mathes and I am the superintendent of schools from Seaman USD 345. The Seaman school district is a suburban district located in northern Topeka and Shawnee County. We have 3,730 students enrolled in pre-K through 12th grade. The Seaman public schools have long been a source of pride for our community.

First, thank you for the opportunity to appear before you today. I am here today in support of SB 362, a bill to amend the contract notification deadline for teachers and administrators.

In the Seaman school district, we recognize and value the impact that our quality teachers and administrators have on student learning. It is unfortunate that the economic downturn and subsequent budget cuts have impacted us in such a way that this bill is necessary; however, we find ourselves in uncharted territory as we attempt to address budget shortfalls by maximizing administrative flexibility.

The Seaman school district has done an excellent job managing the district's finances and ensuring that students have access to programs and services they need. Unfortunately, in the absence of a multi-year budget and the uncertainty of our economic circumstances, advanced planning is extraordinarily challenging. The Seaman school district has already eliminated and/or reduced programs and personnel, but we anticipate additional reductions may be necessary.

The flexibility created in SB 362 will provide the Seaman school district with the flexibility necessary to make responsible personnel decisions, should that additional flexibility be needed. As a superintendent and community leader, I can assure you that our district does not make decisions about reductions in workforce lightly and that we are committed to addressing workforce issues responsibly. Indeed, it would be my hope that we might never need to utilize the flexibility provided in this bill.

Seaman USD 345 employs 305 teachers with 54 of those being probationary, non-tenured teachers. In addition we employ 309 classified staff. From the district and building level personnel to contracted vendors, these individuals support local economies in many ways, whether it be supporting local retail or contributing to the tax base.

House Education Budget Committee

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Educating our children and building strong communities requires a shared commitment, collaboration and open dialogue. This is a critical point in the history of Kansas education. The Seaman school district is proud of the unprecedented academic achievement our students have made – not only in our district, but also throughout the state. I can assure you that the Seaman school district and administrators statewide are committed to ensuring that our students continue along this path of increasing academic excellence and that our schools continue to be a source of pride for our community...our state.

**Testimony to House Education Budget Committee  
in support of Senate Bill 362  
by Bob Vancrum,  
Blue Valley USD 229 Government Affairs Specialist  
March 2, 2010**

KSA 72-5437 provides that boards of education must notify teachers and administrators of their intent to non-renew their contracts by May 1<sup>st</sup>. If notification of non-renewal is not given by that date, such contract is automatically extended for an additional year.

Because of the severe budget shortfall facing the Kansas legislature, all school districts in the state are reducing budgets and many will be cutting staff. In recent years the Kansas legislature has been still working on school finance legislation as of May 1. If a school budget is not passed and signed into law by May 1, many school districts will be forced to non-renew most non-tenured teachers.

- Dismissing non-tenured, although highly qualified, teachers simply because schools are still waiting for a finance bill is not good policy and is not good for morale.
- Dismissing non-tenured teachers causes unnecessary concern to many Kansas teachers who are financially the most stressed (Many non-tenured teachers are younger, have young families and are in debt through student loans for college.)
- Kansas is already experiencing a teacher shortage. By arbitrarily non-renewing teachers on May 1 younger but well qualified teachers could leave the profession.

Senate Bill 362 addresses all of these problems by moving the notification date as to decisions to non renew from May 1 to June 1

Therefore, we encourage you to favorably report Senate Bill 362.

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Date: 03-02-2010  
Attachment #: 7



## House Education Budget Committee

Representative McLeland, Chair  
S. B. 362 – Continuing Contract Law

*Submitted by Diane Gjerstad  
Wichita Public Schools*

March 2, 2010

Mr. Chairman, members of the Committee:

One of the difficulties with prior versions of S.B. 362 in past sessions has been the difficulty of tying notification language to an event. Wichita has opposed most previous bills because the extension of time was too long or tied to an unpredictable event, such as signing of the budget.

We support S.B. 362 **with the amended language** giving districts the option to use either May 1 or June 1 for notification date. This option recognizes different circumstances among over 290 districts statewide. It is very important to allow the flexibility gained with the optional language of May 1 or June 1

Thank you.

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Date: 03-02-2010  
Attachment #: 8



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David M. Schauner, Testimony  
General Counsel KNEA  
House Education Budget  
Committee  
March 2, 2010  
**Senate Bill 362**

Mr. Chairman and members of the Committee:

Thank you for the opportunity to speak against **Senate Bill 362**.

The continuing contract law and its predecessors have been the law in Kansas in one form or another since 1950. As the Kansas Supreme Court first stated in 1973 "The purpose of the continuing contract law is to eliminate uncertainty and possible controversy regarding the future status of a teacher and of a school with respect to the teacher's continued employment." The Court reiterated that statement of purpose in the McReynolds case in 2002.

Predictability benefits teachers and schools alike. Certainly non-renewing teachers is not pleasant but creating mass uncertainty among the ranks of teachers and schools and parents is without question, worse.

The changes proposed in **Senate Bill 362** do immeasurable harm to a system that has proven effective for sixty years, in good times and bad.

As schools have started their academic year earlier and earlier over the past decade it is increasingly important for them (and teachers) to know who will be available to teach and who will be offered positions for the following school year. If the school does not know whether the science teacher or the math teacher will be returning to school until a few weeks before school begins then not only will the school administration suffer, more importantly, so will students.

The proposal in **Senate Bill 362** as amended would permit school boards to pass a resolution changing the non-renewal date from May 1 to June 1.

If the board passes that resolution teachers would have until June 15<sup>th</sup> to announce their intention with respect to returning or not returning the following year.

The bill does not indicate by what date the school board must pass this resolution and perhaps more importantly if they choose to use the June 1<sup>st</sup> date and school is out

during the last week of May how will they be certain they can notify teachers of their decision.

Although many teachers do not leave during the summer, a growing number of teachers do leave their school districts for summer vacation, returning to school for additional credit and generally take the opportunity to enjoy a few weeks without teaching responsibilities. If a board chooses to use the June 1 date how will it be certain that it has notified those teachers it does not wish to return of their decision.

**Senate Bill 362** attempts to "fix a system" that is not broken. The current system works and it would be bad public policy to "fix it".



# Plainville Public Schools

...where students walk through the doors of opportunity every day.

**USD 270**



## Testimony on House Education Budget Committee

Submitted by: Beth Reust, Superintendent, USD 270 Plainville

March 2, 2010

Chairman and Committee members,

Thank you for reviewing my testimony on SB 362. I am the superintendent of a rural school district almost in the center of the state. We have 398 headcount or 368.2 FTE enrolled in our two schools. We employ 29.86 FTE certified teachers. At the grade school we have 2 teachers at grades K, 1, 2, and 4. From 6<sup>th</sup> grade through high school we are departmentalized meaning that our teachers instruct students in specific disciplines like English or math and may be responsible for multiple grade levels of students in their classes each day. In the core subject of Language Arts we have 3.8 teachers for all students grades 6 through 12. We have 2.8 teachers in math, 2 in social studies, and 2 in math.

As of today, we have a budget of \$2,945,610 in general fund. In that fund, 71% goes toward salaries and fringe benefits for all types of staff...certified, classified, administration. Any additional adjustments to our budget must involve reduction in staff. The 29% that we have left pays for utilities, all supplies, textbooks, gasoline for buses and other vehicles, insurance for buildings, library books, Internet access, etc.

These are the statistics. When the issues surrounding the determination of how much money we will have to work with is delayed beyond the May 1 deadline, we have two options. We can choose to not take action on any employment contracts or we can choose to guess. If we choose to not take action, all of the certified contracts automatically are locked in place. The situation becomes extremely challenging to come up with sufficient money to pay the salaries of the classified staff should the budget be reduced. If we choose to guess how much we will have and we guess that the budget will be reduced, we can lay off both certified and classified staff as the case may be. Should we find later that the budget will not be reduced or will (with the grace of the legislature) be raised by \$50.00 per FTE, we may not be able to hire back the teachers that we have released. We will have the added expense of advertising and looking for new staff to

**Beth Reust**

Superintendent of Schools

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**Troy Keiswetter**

High School Principal

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**Karen Crowe**

Grade School Principal

202 SE Cardinal, Plainville KS 67663

BOARD MEMBERS - JOHN CRAWFORD - JESSI HRABE - DONNA BROWN - LOREN HEMPHILL - JAY FR

House Education Budget Committee

Date: 03-02-2010

Attachment #: 10

take the place of those we had. We may even reduce the quality of the education that we offer our students.

Today I am recommending the passage of SB 362, which would grant districts the ability to make rational decisions that are in the best interests of the students.

Thank you.

**Written Testimony in support of Senate Bill 362**  
**By, Dr. David Brax**  
**Buhler USD 313 Superintendent of Schools**  
**March 2, 2010**

This written testimony is based on a series of conversations with fellow administrators and with the Buhler USD 313 Board of Education. I believe that Senate Bill 362 would positively impact non-tenured teachers throughout the state and would alleviate some arbitrary time constraints on school administrators and boards of education to make staffing decisions.

**“Rethinking teachers’ continuing contract renewal date”**

Kansas statute 72-5437 sets May 1 as the date by which boards of education must notify teachers of their intent to non-renew a teacher’s contract. If notification is not given by that date, a teacher’s contract is automatically extended for an additional year.

Because of the budget shortfall facing the Kansas legislature, all school districts are facing budget reductions. Recent history shows that the Kansas legislature continues to work on school finance legislation beyond May 1. This has been a concern in years past, but with significant budget reductions facing all of the Kansas school districts, the date becomes critical. Because the budget cuts will be significant, if a school budget bill is not passed and signed into law by May 1, many school districts will be forced to non-renew all non-tenured teachers and only hope to hire them back after finance legislation is complete. I have strong reservations about using this procedure. I believe that:

- May 1 is an arbitrary date and teachers’ continuing contracts should not be bound to it.
- Dismissing non-tenured teachers while waiting on a finance bill could be viewed as unprofessional.
- Dismissing non-tenured, although highly qualified, teachers while waiting for a finance bill would be demoralizing.
- Dismissing non-tenured teachers causes unnecessary concern to many Kansas teachers who are financially most vulnerable. (Most non-tenured teachers are younger, have families and are in debt through student loans for college.)
- Kansas is experiencing a teacher shortage. By arbitrarily non-renewing teachers before May 1 several teachers could leave the profession.

I believe that Senate Bill 362 fully addresses these problems.

- It allows administrators and boards of education 15 days after a school finance bill is finalized to make employment decisions on financial reality not speculation.
- It allows administrators and boards of education to quickly meet their budget reductions in a planned, systematic way.
- It provides administrators and boards of education a professional time-structure to make staffing decisions.
- It shows that we value our teachers and it allows school administrators and boards of education to make professional decisions.

Therefore, I encourage you to support passage of Senate Bill 362.

House Education Budget Committee  
Date: 03-02-2010  
Attachment #: 11



# SMOKY VALLEY PUBLIC SCHOOLS

USD 400 • 126 South Main • Lindsborg, KS 67456  
(785) 227-2981 FAX (785) 227-2982

**Glen J. Suppes**  
Superintendent

**Gwen Oleen**  
Board Clerk

**Julie Martin**  
Treasurer

## Written Testimony in Support of Senate Bill 362

Respectfully Submitted by **Glen J. Suppes**  
Superintendent of Smoky Valley Public Schools  
March 2, 2010

Thank you for the opportunity to discuss SB 362 and the recommended changes concerning continuation of contracts for our teachers.

I am Glen Suppes, Superintendent of Schools at Smoky Valley. I am pleased to represent 1,000 students in a district located in central Kansas based in Lindsborg. We serve several rural communities within our 396 square miles, including a K-8 building in Marquette, Ks. Our district is extremely proud of our Standards of Excellence awards as well as our emphasis on fine arts and outstanding integrated technology programs.

I strongly encourage you to support SB 362. We understand the need to have a system in place that provides contracted certified employees with appropriate notification of the district's intention to non-renew or the desire for continuation of the contract. We place a great deal of value in being able to treat our dedicated employees with professional respect, especially when it deals directly with their individual contracts and their future.

With respect to the most recent serious budgetary issues we all face together, it only makes sense to allow local districts the latitude to make employment decisions reasonably. These staff-reduction decisions should be based upon what we know, after careful considerations of the resources we believe are available for the following school year. By following the current law, we will certainly be forced to non-renew all non-tenured teachers, and possibly some tenured teachers because of a possible reduction in force. With no flexibility of the May 1 deadline, districts must terminate teachers, and then explain that we have no choice but to wait and see what happens in Topeka before committing to continuation of contracts.

These critical personnel decisions should not be taken lightly. In communication with several of our neighboring superintendents, I believe there is much support for your careful consideration of this much-needed change in an effort to treat employees and our community with the respect they deserve. By allowing local latitude of a notification extension, we'll all be able to make better informed decisions about which teaching professionals will be coming back to work with our children next year. We should not be guessing whether or not they will have a job this fall.

Recent history has shown that state budget decisions are often not determined until after the May 1 deadline. Districts are forced to make critical employment decisions prior to setting a budget. The May 1 deadline has served us well in the past, but an obvious change is in order.

Falun

Lindsborg

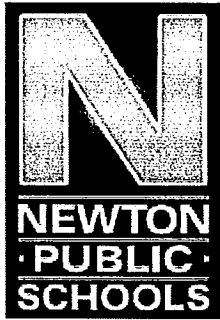
Serving the Communities of  
Marquette

House Education Budget Committee  
Date: 03-02-2010  
Attachment #: 12

Smoky Valley employs 21 non-tenured teachers. We have taken great pride in promoting positive employee moral and demonstrating fairness in our dealings with our people. We wish to continue to be honest and fair in our assessment of the district's future. It is not fair to officially dismiss these 21 staff members by May 1 just because we're not sure of what to expect from the upcoming budget.

Smoky Valley will continuously strive to produce outstanding Kansas citizens and create an educational atmosphere of which the state can be proud. By working together to promote a reasonable employment law for educators, we're showing our support to classroom teachers who work tirelessly every day for our children and community.

Thank you for allowing us the opportunity to be involved in these decisions. We would appreciate your support for SB 362.



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**Testimony on SB 362**

**House Education Budget Committee**

March 2, 2010

Dr. John R. Morton, Superintendent  
Dr. Mike Clagg, Assistant Superintendent for Human Services

In a time of growing uncertainty over matters such as budget shortfalls, teacher shortages and time constraints, a rather simple idea could provide some relief for Kansas school districts. While this idea may not be a permanent solution over the long-term, it certainly might provide some short-term relief.

Kansas statute 72-5437 sets the date by which local boards of education must notify teachers of their intent to non-renew a teacher's contract as May 1. If the local board does not notify a teacher of its intent to non-renew that teacher's contract by May 1, the teacher is then covered by continuing contract and automatically rehired for the next year.

Recent history demonstrates that the state budget has often not been determined until after May 1. As a result, school districts have had to make employment decisions (by May 1) before budgets are set (sometimes up to two months later). **The only choice many districts will have this year is to nonrenew all nontenured teachers on May 1, wait for final budget news, then hope they can hire back staff they did not want to release in the first place. Such a procedure creates needless hardships and stress for nontenured staff. In the Newton district alone, we currently have 80 nontenured certified staff.**

SB 362 would allow school districts to know their financial ability to retain staff before they have to make employment decisions about them. **Not only could moving the date back forestall unnecessary unemployment of thousands of teachers, it could also make for more responsible financial planning. To us, it appears to be a much more humane way of dealing realistically with any staff reductions which might occur rather than arbitrarily nonrenewing all nontenured staff.**

Thank you for your consideration of SB 362.

House Education Budget Committee  
Date: 03-02-2010  
Attachment #: 13

MARY ANN TORRENCE, ATTORNEY  
REVISOR OF STATUTES  
JAMES A. WILSON III, ATTORNEY  
FIRST ASSISTANT REVISOR  
GORDON L. SELF, ATTORNEY  
FIRST ASSISTANT REVISOR



OFFICE OF REVISOR OF STATUTES  
KANSAS LEGISLATURE

Legal Consultation—  
Legislative Committees and Legislators  
Legislative Bill Drafting  
Legislative Committee Staff  
Secretary—  
Legislative Coordinating Council  
Kansas Commission on  
Interstate Cooperation  
Kansas Statutes Annotated  
Editing and Publication  
Legislative Information System

TO: House Education Budget Committee  
FROM: Theresa Kiernan, Senior Assistant Revisor of Statutes  
RE: Senate Bill No. 512  
DATE: March 2, 2010

Senate Bill 512 would amend a provision in the special education law which provides for the payment of medicaid replacement state aid to school districts. The provision was enacted during the 2008 legislative session and provided medicaid state aid for three school years. The bill would provide such state aid on an on-going basis, subject to appropriation.

Under current law, school districts must apply for the state aid. The amount of state aid received is based upon the number of exceptional children enrolled in the district for which the district receives medicaid payments. Money received as medicaid replacement state aid is deposited in the general fund of the district and transferred to the special education fund of the district.

Of the total amount of money appropriated for special education state aid, the state board of education is allowed to designate up to \$9 million as medicaid replacement aid. Just like catastrophic state aid, amounts to be paid as medicaid replacement state aid are subtracted from the money appropriated for special education state aid prior to the determination of the amount of categorical state aid to be paid to school districts.

RS- C:\Documents and Settings\tkiernan.RS\Desktop\Explnrs\SB512Expr.wpd (tkiernan)

300 SW TENTH AVE - STE 24-E, Statehouse—TOPEKA, KANSAS 666  
PHONE (785) 296-2321 FAX (785) 296-6668 E-mail: Revisor'sO

House Education Budget Committee  
Date: 03-02-2010  
Attachment #: 14

## Overview of Special Education Funding

***The Legislature Provided  
\$436 Million for Special  
Education Services in  
2008-09***

The federal Individuals with Disabilities Education Act (IDEA), passed in 1975, requires states to provide special education services to all children with disabilities who are between the ages of 3 and 21. In addition, under Kansas law, the Special Education for Exceptional Children Act augments the federal law by requiring Kansas school districts to provide special education services to gifted children as well.

School districts are responsible for ensuring that their students receive appropriate education services, but they have several options for providing those services:

- Contract with an outside facility to meet the student's needs.
- Provide the services themselves using their own teachers.
- Join other districts to form a special education cooperative (run by a member district) or interlocal (run by a separate, independent entity). For simplicity's sake, in this report we'll use the term "cooperative" to refer to both cooperatives and interlocals.

**Kansas law requires the State to pay 92% of the "excess costs" of special education, and most of that aid goes to districts and cooperatives in the form of teacher aid.** The "excess" costs of special education are the total costs incurred for serving special education students less other funding sources that already are available to pay for special education services, including a share of the district's regular education funding, federal special education funding, and Medicaid.

Districts and cooperatives pay for special education services with a mix of federal, State, and local funds. The State funding they receive for special education is known as "categorical aid." For the 2008-09 school year, the Legislature appropriated \$436 million in special education categorical aid to the State's 69 districts and cooperatives that provide special education services.

Because of the current fiscal crisis, the Legislature will fund only about 73% or \$367 million of special education excess costs for the 2009-10 school year. Slightly more than one-half of the difference between what the Legislature has appropriated and the 92% requirement will be made up with almost \$56 million in federal American Recovery and Reinvestment Act (ARRA) funding for special education, although Department officials have told us that money will not be distributed as categorical aid through the State's special education formula.

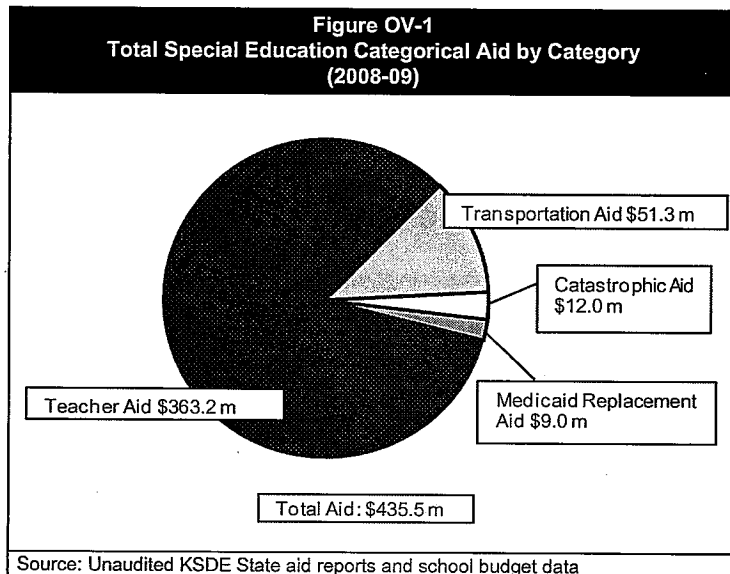


Although the amount of categorical aid the State provides is computed on the basis of excess costs, it isn't distributed on that basis. Rather, by law the money is distributed to the districts and cooperatives as follows:

- Transportation Aid—A portion of categorical aid is set aside to cover 80% of the cost of transporting special education students and reimbursing special education teachers for the miles they drive.
- Catastrophic Aid—A portion of categorical aid is set aside to help pay for special education students who cost more than \$25,000 to serve. This aid, which covers 75% of the cost over \$25,000, was designed to keep districts and cooperatives from being financially devastated if they had to serve students with extremely expensive special needs. (Catastrophic aid is described in more detail in Question 1.)

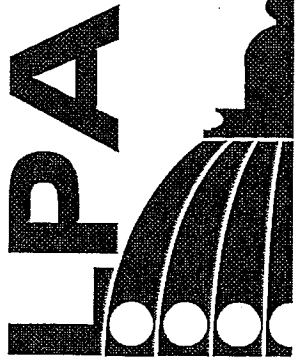
Under the catastrophic aid formula, however, other types of special education aid (transportation aid, for example) aren't deducted when calculating the catastrophic costs of a special education student. This means a district or cooperative generally is paid twice for some transportation costs and teacher costs—a practice commonly referred to as “double-dipping.” Double-dipping isn't prohibited under the current catastrophic aid formula.

- Medicaid Replacement Aid—A portion of categorical aid is set aside to address funding disparities created by changes to school-based Medicaid in 2008. 2009-10 will be the last year for this type of aid. (More information about the changes to Medicaid and their impact on districts and cooperatives can be found in Question 2 of our December 2007 report, *K-12 Education: Reviewing Issues Related to Special Education Funding (07PA30)*.)
- Teacher Aid—The remaining categorical aid is distributed to districts and cooperatives based on the number of special education teachers and paraprofessionals they employ. Most categorical aid is distributed as teacher aid. As **Figure OV-1** shows, \$363 million of the \$436 million in categorical aid distributed in 2008-09 (about 83%) was distributed based on the number of special education teacher and paraprofessionals.



For the 2008-09 school year, districts received \$28,760 per full-time-equivalent special education teacher in teacher aid. That aid covered about 54% of the average classroom education teacher's contracted salary and benefits.

For the 2009-10 school year, the Department of Education has informed districts that special education teacher aid will drop to about \$23,000 per teacher. As mentioned earlier, much of this difference will be covered using almost \$56 million in federal American Recovery and Reinvestment Act (ARRA) moneys, but those dollars will be distributed to districts under a federal formula, not the State's categorical aid formula. In this audit, we didn't try to assess whether this situation would result in some districts getting significantly more or less funding than they otherwise would have.



# **SCHOOL DISTRICT PERFORMANCE AUDIT REPORT**

**K-12 Education: Reviewing Issues  
Related to Special Education Funding**

**A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
December 2007**

## Question 2: How Will Districts and Cooperatives Be Affected by Changes to School-Based Medicaid Funding?

### Answer In Brief:

*Recent changes to Medicaid will cost the State an estimated \$24 million in Medicaid funding, starting in the 2007-08 school year. The Legislature has agreed to replace 92% of the lost funding, resulting in almost half the districts and cooperatives gaining more funding than they lost in Medicaid because of how the new funding will be distributed. Districts and cooperatives that will lose funding tend to be in high-poverty areas, while districts and cooperatives that gain funding tend to be in more affluent, suburban areas. These and related findings are discussed in the sections that follow.*

### **Changes to Medicaid Will Cost Districts and Cooperatives Almost \$2 Million in Special Education Funding, Starting in the Current School Year**

Because some special education services provided by districts and cooperatives are health-related, they are able to bill Medicaid to help pay for these services if the students are eligible. Beginning with the 2007-08 school year, several key changes have been made to the Kansas Medicaid plan that will make it more difficult for districts and cooperatives to access this funding.

**Changes to the school-based Medicaid rules are the result of two recent audits by the federal Department of Health and Human Services.** In the past two years, the federal Department of Health and Human Services conducted two audits of the school-based Medicaid program in Kansas. These audits found several problems with how the program was being administered, including errors in reimbursement rates and cost reports that didn't accurately reflect the services provided by districts and cooperatives. As a result of these findings, the Kansas Health Policy Authority—the agency that administers the Medicaid program in Kansas—implemented the following changes:

- reimbursements will be based on a fee-for-service rate rather than a bundled rate
- services will have to be authorized by a doctor to be eligible for reimbursement
- each year, a student's parent will have to authorize the school to access Medicaid for reimbursement

These changes are expected to decrease the amount of Medicaid funding districts and cooperatives are able to receive, primarily for these reasons:

- **Because the bundled rates were too high, districts will receive less when they have to document the individual services.** A bundled rate plan includes an array of services priced at one rate. However, a fee-for-service plan prices each service individually. Because the federal audits

concluded the State's bundled rates were too high, the State will lose money when districts and cooperatives are reimbursed for each individual service.

- **Fee-for-service rates will require districts and cooperatives to maintain more detailed service records in order to receive reimbursements.** Under a bundled rate plan, a provider only needed to show the student received a service once that month in order to bill Medicaid for the month. Under the new fee-for-service plan, districts and cooperatives must be able to match their billing records directly to the documentation in the student's file. Some districts and cooperatives might find this requirement too burdensome and not even try to seek reimbursement for many services.
- **Parents will have little incentive to obtain a doctor's note or sign an authorization form to allow their school to bill Medicaid.** That's because schools are required to provide special education services to all students who need them, regardless of how those services are going to be paid for.

**Kansas' Consensus Revenue Estimating Group estimates that changes to Medicaid will reduce Medicaid funding from \$35 million to \$11.5 million, beginning with the 2007-08 school year.** This group recently estimated Kansas would receive only \$11.5 million in school-based Medicaid funding because of the changes described above. In 2005-06 (the most recent year for which actual revenue data was available), districts and cooperatives in Kansas received \$35.4 million in school-based Medicaid funding. If they receive only \$11.5 million in Medicaid funding, it would mean a loss of \$23.9 million, or 67.5%, of Statewide Medicaid funding for the 2007-08 school year.

**Under the current school finance formula, the Legislature will replace 92%, or almost \$22 million, of the lost Medicaid revenues with State categorical aid.** Medicaid is one of the sources of primary funding used in calculating the excess costs of special education. Every dollar lost increases Statewide excess costs by a dollar. Under current law, the Legislature funds 92% of all excess costs. If the State loses \$23.9 million in Medicaid funding, the Legislature will offset most of the loss by providing an additional \$21.9 million in categorical aid. Districts and cooperatives will have to fund the remaining almost \$2.0 million with their own revenues.

***Because of How the Lost Medicaid Dollars Will Be Replaced With State Aid, Some Districts And Cooperatives Actually Will Gain Funding***

As we described above, it's estimated that districts and cooperatives will lose a little more than two-thirds of their Medicaid funding as a result of the recent changes. Although the Legislature will replace 92% of the lost funding with special education categorical aid, the new aid will be distributed based on the number of special education teachers employed by each district or cooperative (as described in the Overview), not based on the amount of Medicaid funding districts and cooperatives will lose. This means that some are likely to be affected more adversely than others.

To assess the net effect of the Medicaid changes on each district or cooperative in the State, we used revenue and staffing data from the 2005-06 school year to estimate the amount of Medicaid funding each provider would lose (assuming they lost a little more than two-thirds of their funding), and the amount of new categorical aid they would receive. *Figure 2-1* summarizes our estimates, while *Appendix G* details the estimated impact on each of the 69 districts and cooperatives.

<b>Figure 2-1</b>				
<b>Summary of the Estimated Effect of Changes to Medicaid on Districts and Cooperatives</b>				
<b>Based on 2005-06 Revenue and Staffing Data</b>				
	<b>Districts or Co-ops Estimated To Gain Funding</b>		<b>Districts or Co-ops Estimated To Lose Funding</b>	
<b>ALL DISTRICTS OR COOPERATIVES</b>				
Total # of Districts or Cooperatives	31		38	
Total Estimated Gain (Loss)	\$3.9 million		(\$5.8 million)	
<b>DISTRICTS OR COOPERATIVES AFFECTED MOST</b>				
Total # of Districts or Co-ops Estimated to Gain (Lose) More Than \$100,000	13		12	
Average Estimated Gain (Loss)	\$258,004		(\$426,408)	
Poverty (% Free Lunch)	19%		39%	
<b>INDIVIDUAL DISTRICTS OR COOPERATIVES</b>				
Districts or Cooperatives Estimated To Gain or Lose the Most Funding	Shawnee Mission (512)	\$ 827,710	Wichita (259)	(\$2,166,500)
	Blue Valley (229)	\$ 622,765	Kansas City (500)	(\$769,074)
	Olathe (233)	\$ 421,028	Hutchinson (308)	(\$352,953)
Source: LPA estimates based on 2005-06 Medicaid reimbursement and special education staffing data from 69 providers, and Consensus Estimating Group estimates.				

As the figure shows, 31 districts or cooperatives will gain an estimated total of \$3.9 million, while 38 will lose a total of \$5.8 million. Although all providers will be affected, 10 were estimated to gain or lose less than \$10,000 each. On the other hand, many districts and cooperatives will be affected significantly—we estimated that 13 would gain more than \$100,000 and 12 would lose more than \$100,000.

When we looked at the characteristics of districts that will gain or lose the most money, we found that:

- **Suburban districts with little poverty are likely to gain the most funding.** The three districts that gain the most are Shawnee Mission, Blue Valley, and Olathe. Overall, the districts that gain the most tend to have very little poverty—on average only 19% of their students qualify for free lunches under the National School Lunch program.
- **Districts with high poverty are likely to lose the most funding.** The three districts that lose the most are Wichita, Kansas City, and Hutchinson. Overall, the districts that lose the most tend to be very poor. On average, 39% of their students qualify for free lunches.

Districts and cooperatives with very little poverty don't rely as heavily on Medicaid as a funding source. As a result, it will be easier for them to get enough of the new special education categorical aid to offset (or even exceed) the Medicaid funding they will lose.

On the other hand, districts and cooperatives with more poverty likely will be more adversely affected by the changes because they rely more heavily on Medicaid as a funding source than other districts. It's far less likely that they will be able to get enough new categorical aid to offset the lost Medicaid funding.

### **Conclusion**

Each year the Legislature provides categorical aid to districts and cooperatives to help pay for the cost of providing special education services. The categorical aid isn't distributed based on the actual costs of providing special education services or on the number of students who are served. Rather, the majority of it is given to districts and cooperatives based on the number of special education teachers they employ.

Using the number of special education teachers as the basis for distributing categorical aid reduces the incentives districts and cooperatives may have to "over identify" students for services and may help control costs. But it also can create certain inequities in the distribution of aid. As we've found in this audit and in our 1998 audit of special education funding, this system results in significant differences in the percent of districts' and cooperatives' special education excess costs that are paid for with categorical aid. We've also found that recent changes that will reduce the amount of school-based Medicaid funding for districts and cooperatives will affect them very differently because of this system. If the Legislature wants the distribution of special education funding to be more closely linked to the excess costs of providing those services, it will have to consider changing the current funding formula.

## APPENDIX G

### Estimated Effect of Changes to Medicaid on 69 Districts and Cooperatives Based on 2005-06 Revenue and Staffing Data

This appendix shows our estimate of the amount of Medicaid revenue each district and cooperative might lose because of changes to the program, the amount of new categorical aid they are likely to receive as a "replacement" from the Legislature, and the net impact.

The estimate of lost revenues is based on providers losing 67.5% of their Medicaid revenues. Also, although the Medicaid changes didn't go into effect until the 2007-08 school year, these estimates are based on revenue and staffing data from the 2005-06 school year (the most recent year for which complete data were available). The amount of new categorical aid is based on the Legislature funding 92% of the "excess costs" of special education, as is currently in statute.

District Number	School District or Cooperative Name	Medicaid Lost	New Categorical Aid	Net Impact
259	Wichita	\$4,182,118	\$2,015,618	(\$2,166,500)
500	Kansas City	\$1,624,526	\$855,452	(\$769,074)
308	Hutchinson	\$555,437	\$202,484	(\$352,953)
637	Southeast Kansas Interlocal	\$909,485	\$573,016	(\$336,469)
253	Emporia	\$649,159	\$353,990	(\$295,169)
305	Salina	\$926,670	\$671,546	(\$255,124)
465	Winfield	\$549,178	\$345,376	(\$203,802)
607	Tri-County Cooperative	\$585,365	\$397,979	(\$187,386)
501	Topeka	\$976,157	\$791,925	(\$184,232)
603	ANW Special Education Cooperative	\$544,387	\$392,321	(\$152,066)
333	Concordia	\$266,409	\$152,759	(\$113,650)
490	El Dorado	\$748,901	\$648,426	(\$100,475)
428	Great Bend	\$297,566	\$220,025	(\$77,541)
282	West Elk	\$140,206	\$78,268	(\$61,938)
407	Russell	\$110,530	\$53,641	(\$56,889)
602	Northwest Kansas Education Center	\$454,684	\$398,057	(\$56,627)
611	High Plains Education Cooperative	\$432,704	\$381,143	(\$51,561)
202	Turner	\$220,437	\$172,570	(\$47,867)
636	North Central KS Special Education Co-op	\$330,003	\$284,354	(\$45,648)
290	Ottawa	\$158,869	\$114,505	(\$44,363)
379	Clay Center	\$199,848	\$161,646	(\$38,201)
450	Shawnee Heights	\$164,696	\$135,394	(\$29,302)
610	Reno County Cooperative	\$315,020	\$288,603	(\$26,418)
495	Ft. Larned	\$135,770	\$110,707	(\$25,062)
615	Brown Cty Special Education Interlocal	\$150,931	\$127,994	(\$22,937)
368	Paola	\$442,620	\$425,739	(\$16,881)
619	Sumner County Interlocal	\$150,934	\$134,337	(\$16,597)
389	Eureka	\$54,560	\$38,488	(\$16,071)
489	Hays	\$247,684	\$233,866	(\$13,818)
234	Ft. Scott	\$85,828	\$72,376	(\$13,452)

District Number	School District or Cooperative Name	Medicaid Lost	New Categorical Aid	Net Impact
442	Nemaha Valley	\$79,209	\$66,366	(\$12,843)
616	Doniphan County Education Cooperative	\$99,139	\$89,192	(\$9,947)
263	Mulvane	\$78,595	\$69,498	(\$9,097)
273	Beloit	\$129,535	\$121,788	(\$7,747)
620	Three Lakes Co-op	\$265,928	\$259,002	(\$6,925)
330	Wabaunsee East	\$34,119	\$30,090	(\$4,030)
373	Newton	\$256,438	\$252,659	(\$3,778)
336	Holton	\$166,186	\$162,430	(\$3,757)
405	Lyons	\$123,914	\$128,992	\$5,078
364	Marysville	\$72,413	\$78,092	\$5,679
261	Haysville	\$208,090	\$214,680	\$6,590
345	Seaman	\$155,113	\$165,425	\$10,312
372	Silver Lake	\$26,820	\$38,958	\$12,138
260	Derby	\$283,962	\$299,174	\$15,212
617	Marion County Special Education Cooperative	\$162,213	\$178,972	\$16,759
353	Wellington	\$91,041	\$108,848	\$17,806
497	Lawrence	\$556,970	\$575,580	\$18,611
320	Wamego	\$124,297	\$149,998	\$25,701
480	Liberal	\$94,641	\$122,160	\$27,519
244	Burlington	\$84,179	\$111,784	\$27,605
321	Kaw Valley	\$44,466	\$77,055	\$32,589
230	Spring Hill	\$23,342	\$78,327	\$54,985
605	South Central Kansas Cooperative	\$363,893	\$429,850	\$65,957
231	Gardner-Edgerton	\$111,847	\$178,013	\$66,166
418	McPherson	\$181,242	\$261,626	\$80,383
613	Southwest Kansas Area Cooperative	\$452,658	\$534,998	\$82,339
453	Leavenworth	\$395,198	\$495,805	\$100,607
409	Atchison (a)	\$0	\$110,844	\$110,844
457	Garden City	\$198,640	\$310,725	\$112,085
475	Junction City	\$243,555	\$356,867	\$113,312
614	East Central Kansas Cooperative	\$37,932	\$165,484	\$127,552
437	Auburn Washburn	\$130,021	\$262,409	\$132,388
232	DeSoto	\$75,929	\$214,837	\$138,908
383	Manhattan	\$158,771	\$309,393	\$150,623
608	Northeast Kansas Education Center	\$28,787	\$259,609	\$230,823
618	Sedgwick County Interlocal	\$463,991	\$729,396	\$265,405
233	Olathe	\$710,400	\$1,131,427	\$421,028
229	Blue Valley	\$217,202	\$839,966	\$622,765
512	Shawnee Mission	\$342,049	\$1,169,759	\$827,710
<b>Statewide Total</b>		<b>\$23,883,402</b>	<b>\$21,972,682</b>	<b>(\$1,910,720)</b>

(a) Atchison did not receive any Medicaid revenue in 2005-06 so the analysis shows no changes in Medicaid funding for them.  
Source: LPA analysis based on 2005-06 Special Education revenues and expenditures for 69 districts and cooperatives





# Kansas City, Kansas Public Schools

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*Unified School District No. 500*

## HOUSE EDUCATION BUDGET COMMITTEE

**SB 512**

**March 2, 2010**

Mr. Chairman, Members of the Committee:

In 2007 the federal government changed the methodology for funding Medicaid eligible students. As a result approximately 70 school districts were facing a loss of \$25 million. In the 2008 session the legislature created a Medicaid replacement fund and also created a special education taskforce. The Legislature capped the state funding at \$9 million (from the existing Special Education funding pool) and placed a sunset on these Medicaid replacement dollars until the special education taskforce completed their work.

It was a prudent decision by the Legislature to provide the Medicaid funding only through the 2009-10 school year in order to allow the taskforce an opportunity to monitor this new provision and report any glaring irregularities. None were reported. Therefore, it would seem entirely appropriate to extend the Medicaid provision.

SB 512 was advanced to the Senate floor by the Ways & Means Committee on a unanimous voice vote and passed on Final Action by a vote of 40-0.

The Kansas City Public School District is hopeful that the House will also approve SB 512 and remove the sunset on this important component of Special Education funding.

Bill Reardon, KCKPS Lobbyist



## House Education Budget Committee

Representative McLeland, Chair  
S. B. 512 – Medicaid replacement state aid

*Submitted by Diane Gjerstad  
Wichita Public Schools*

March 2, 2010

Mr. Chairman, members of the Committee:

We appreciate the opportunity to support continuation of Medicaid replacement funding for Medicaid eligible students. Attached to my testimony is a list of the 70 districts and special education cooperatives which have received Medicaid replacement dollars. Those funds will expire for these 70 districts and coops unless S.B. 512 is passed.

Several sessions ago the legislature encouraged districts to maximize federal Medicaid funding. Many districts, including Wichita, worked hard to identify eligible students and get parent permission to maximize Medicaid funding. Districts were drawing down about \$25 million statewide of which Wichita received \$6 million. When the federal reimbursement rules were changed those districts lost \$25 million in Medicaid funds; however maintenance of effort required the state to make up those dollars. But the \$25 million for MOE was not distributed to those districts which had generated Medicaid funding, instead it was added to the special education formula and allocated to all districts on a per teacher basis.

This bill does not replace the full \$25 million the districts originally drew down. S.B. 512 is a partial replacement of \$9 million. The participating districts and cooperatives shown on the attachment recoup a fraction of the original amount they originally received.

There is no fiscal note on S.B. 512, this is simply a continuation of current policy.

Thank you for the opportunity to testify on S.B. 512; and we urge favorable action.

House Education Budget Committee

Date: 03-02-2010

Attachment #: 17

		FY09 Medicaid	
		Students Served (Feb 23-Mar 6)	
USD#	USD Name	Paid	
202	TURNER PUBLIC #202	49	62,426
229	BLUE VALLEY USD 229	108	137,592
230	SPRING HILL USD #230	32	40,768
231	GARDNER EDGERTON ANTIOCH 231	34	43,316
232	DESOTO USD 232	30	38,220
233	OLATHE USD #233	290	369,460
234	USD 234 FORTSCOTT	24	30,576
244	COFFEY CO USD 244	41	52,234
253	FLINT HILLS SPECIAL ED	99	126,126
259	WICHITA PUBLIC SCHOOL 259	1,012	1,289,288
260	DERBY USD 260	71	90,454
261	HAYSVILLE USD # 261	82	104,468
263	MULVANE USD 263	24	30,576
273	BELOIT USD #273	54	68,796
282	HOWARD USD 282	24	30,576
290	OTTAWA PUBLIC SCHOOL	16	20,384
305	CENTRAL KS COOPERATIVE	315	401,310
308	HUTCHINSON PUBLIC SCHOOLS #308	116	147,784
320	WAMEGO USD 320	57	72,618
321	KAW VALLEY USD 321	28	35,672
330	MISSION VALLEY USD #330	9	11,466
333	CONCORDIA USD #333	65	82,810
336	HOLTON USD 336 HOLTON SPECIAL	75	95,550
337	ROYAL VALLEY USD 337	7	8,918
345	SEAMAN USD #345	55	70,070
353	WELLINGTON PUBLIC SCHOOLS	21	26,754
364	MARSHALL CNTY SPEC ED #364	23	29,302
368	EAST CENTRAL KS SPEC EDUC COOP	128	163,072
372	SILVER LAKE USD 372	7	8,918
373	HARVEY CO SPECIAL ED COOP	60	76,440
379	CLAY CENTER USD 379	61	77,714
383	MANHATTAN U S D #383	86	109,564
389	EUREKA USD 389	11	14,014
405	UNIFIED SCHOOL DISTRICT 405	48	61,152
407	RUSSELL COUNTY USD 407	22	28,028
409	ATCHISON PUBLIC SCHOOL	36	45,864
418	MCPHERSON USD #418	64	81,536
428	GREAT BEND USD 428 BARTON CO	82	104,468
437	AUBURN WASHBURN USD 437	77	98,098
442	NEMAHA VALLEY USD 442	19	24,206
450	SHAWNEE HEIGHTS USD 450	55	70,070
453	LEAVENWORTH UNIFIED SCHOOL	155	197,470
457	GARDEN CITY USD #457	72	91,728
465	COWLEY CO SPEC SERV # 465	200	254,800
475	JUNCTION CITY USD 475	34	43,316
480	LIBERAL PUBLIC SCHOOLS USD 480	22	28,028
489	HAYS USD 489	69	87,906
490	EL DORADO USD #490	235	299,390
495	FORT LARNED USD #495	48	61,152
497	LAWRENCE USD 497	73	93,002
500	KANSAS CITY KS PUB SCHOOL	672	856,128
501	TOPEKA PUBLIC USD 501	253	322,322
512	SHAWNEE MISSION PUBLIC	81	103,194
602	NORTHWEST KANSAS EDU SERV	84	107,016

		FY09 Medicaid	
		Students Served (Feb 23-Mar 6)	
USD#	USD Name	Paid	
603	ANW SPECIAL EDUCATION COOP	127	161,798
605	SO CENTRAL KS SPEC ED COOP	141	179,634
607	TRI COUNTY SPEC EDUC #607	116	147,784
608	NORTHEAST KS EDUC SERVICE CTR	45	57,330
610	RENO CNTY EDCOOP	98	124,852
611	HIGH PLAINS EDUC COOPERATIVE	117	149,058
613	SOUTHWEST KANSAS AREA COOP 613	85	108,290
614	EAST CENTRAL KS COOPER ED	39	49,686
615	BROWN CO KS SPECIAL EDUC COOP	45	57,330
616	DONIPHAN COUNTY ED	11	14,014
617	MARION CO SPEC EDUCATION COOP	37	47,138
618	SEDGWICK CO AREA ED SERV 618	236	300,664
619	SUMNER CNTY EDUC SERV USD 619	19	24,206
620	THREE LAKES EDUCATIONAL COOP	129	164,346
636	NORTH CENTRAL KS SPECIAL ED	94	119,756
637	SOUTHEAST KS INTERLOCAL 637	207	263,718
	Grand Total	7,061	8,995,714
		9,000,000	
	Per Pupil	1,274.61	
	Final Amount Per Student	1,274	

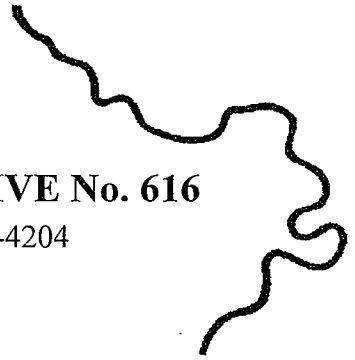
**DONIPHAN COUNTY EDUCATION COOPERATIVE No. 616**

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Troy, KS 66087

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Terry E. Collins, Director



**House Education Committee  
Testimony on SB 512**

March 2, 2010

Presented by:

Terry Collins, Director of Doniphan County Inter-local #616

Chairman McLeland and Honorable Representatives:

I am Terry Collins the Director of Doniphan County Education Cooperative/Inter-local #616. I am a current member and a Past President of the Kansas Association of Special Education Administrators (KASEA). I am here to testify as a proponent for SB 512.

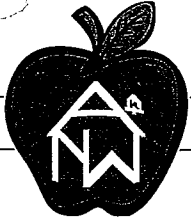
As you are aware, the Kansas Health Policy Authority implemented changes in Medicaid funding due to an audit which discovered errors in reimbursement rates and cost reports that did not accurately reflect the services provided by schools.

Bundled rate was eliminated and a fee-for-service was re-established. The changes resulted in a decrease in the amount of Medicaid funding that districts and cooperatives were eligible to receive. The state was unable to "Maintain Effort" so funding was added to the special education formula. This funding cannot exceed \$9.0 million in any school year.

HB 512 allows this funding source to continue.

Thank you for the opportunity for me to share my thoughts.

CECD



# ANW

## Education Cooperative

Interlocal #603 • 710 Bridge Street • P.O. Box 207 • Humboldt, KS 66748 • 620-473-2257 • www.anwcoop.com

March 2, 2010

House Education Budget Committee Hearing on Senate Bill 512

Chairman McLeland and Members of the House Education Budget Committee,

I am the Director of the ANW Special Education Cooperative that serves Anderson, Allen, Neosho, Wilson and Woodson Counties. I am here to speak in favor and to ask your support for Senate Bill 512.

Background: Three years ago when the Federal Government changed how we bill for Medicaid services from the bundled rate method to fee for service, schools were faced with the potential loss of more than twenty five million dollars. The Kansas Legislature chose to offset that loss with new state money but wanted to be assured that school districts would still appropriately seek out funds through Medicaid, thus nine million dollars was set aside from state categorical aid to be divided up among districts based on the number of students in the district that were determined to be eligible for Medicaid on or about March 1. That provided a significant financial incentive for districts to do the necessary work to assure that students were determined to be eligible. Without this incentive many districts would not have enlisted the necessary manpower and training to make it happen.

I ask for your support of this Senate Bill 512 based on the following:

1. The nine million dollars set aside provides a needed incentive for districts to be sure that we collect the maximum amount of federal dollars to meet the needs of our disabled students. In the case of ANW, it provides direct financial assistance that helps offset the costs of hiring support professionals like Occupational Therapists, Physical Therapists, Nurses, and Speech Language Pathologists. The Medicaid reimbursement process is complicated and frustrating to our staff and to our parents. By using access to the 9 million in categorical aid as a reward for the districts that have done the work necessary to bring the additional Medicaid funding to our state we have been able to better serve our disabled students.
2. Senate Bill 512 will continue the practice of distributing that nine million dollars of categorical aid in a manner that tends to favor districts that serve greater numbers of Medicaid eligible students. Those students can be generally categorized as the more severely disabled, medically disabled and or meeting requirements to be considered a low SES student. Districts that do not have as many Medicaid eligible students would in fact receive less money. I would argue that this adds an appropriate leveling mechanism to categorical aid to insure that State dollars are spent appropriately to meet the needs of our disabled students.

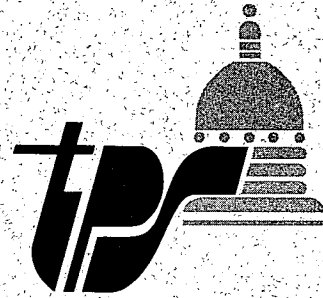
In closing I would ask that the members of the committee support Senate Bill 512 so that the incentive remains for districts to go after all appropriate federal dollars and so that monies will be provided to meet the needs of some of our most disabled students.

Respectfully, Robert Coleman, Director

House Education Budget Committee

Date: 03-02-2010

Providing Special Education Services to Allen, Anderson, Neosho, Wilson Attachment #: 19



March 2, 2010

**Testimony on SB 512  
House Education Budget Committee**

Chairman McLeland and Members of the Committee:

Thank you for the opportunity to testify in support of SB 512. You may recall that a new category of state aid called "Medicaid Replacement State Aid," was created for the 2007-2008 school year. Such aid covers children who are receiving special education and related services, and who are eligible for Medicaid. It was created in order to establish a distribution mechanism directing dollars to the districts with Medicaid eligible populations, and to replace federal dollars lost due to changes to the federal rules for Medicaid reimbursement for school-based services.

This year, Topeka USD 501 is supporting 253 Medicaid eligible students via Medicaid Replacement State Aid.

If the bill sunsets, the only statutory method for distributing these dollars is to increase the number of dollars provided for each special education teacher. This results in a distribution that has no relationship to the number of Medicaid students in a given school district. Distributing funds for Medicaid reimbursed services by headcount is closer to funding based on actual costs than the method of distributing the money to all districts whether they have Medicaid eligible students or not.

Passage of SB 512 will continue to direct these state dollars to districts, like Topeka USD 501, that incur additional Medicaid costs so that they may continue to benefit Medicaid eligible students.

Thank you for your consideration of this issue.  
Jennifer Crow, USD 501, Topeka Public Schools

House Education Budget Committee  
Date: 03-02-2010  
Attachment #: 20