

M I N U T E S

SPECIAL COMMITTEE ON WAYS AND MEANS - A

September 8-9, 1977

September 8
Morning Session

Vice Chairman Wingert convened the Special Committee on Ways and Means - A at 9:30 a.m. in Room 514-S of the State House. In addition to Vice Chairman Wingert, the following Committee members were in attendance: Representative R.E. Arbuthnot, Representative Mike Glover, Representative Mike Hayden, Representative Rex Hoy, Representative Ruth Luzzati, Senator Billy McCray, and Senator Joe Warren. Staff members present were Marlin Rein, Chris Badger, Robert Epps, and Norman Furse. Others who were in attendance are listed in Attachment I at the end of these minutes.

Proposal No. 70 - Energy Utilization and Sources

Following a brief review of the agenda by Mr. Rein, Mr. Badger presented a report on energy consumption and utilization by selected state agencies. Mr. Badger noted that expenditures for utilities by the state agencies surveyed increased 37.9 percent in FY 1977 above comparable FY 1976 expenditure levels. The conclusion, upon reviewing the consumption data, is that a large part of the increase can be attributed to rate increases for electricity and natural gas coupled with a significant increase in the utilization of fuel oil during the 1976-1977 heating season. The increased reliance on fuel oil during FY 1977 accounts for the reduced consumption of natural gas during the same period. It was pointed out that from a cost standpoint the costs for fuel oil are significantly greater than natural gas.

The agencies surveyed spent a total of \$6,050,882 in electricity in FY 1977, an increase of 26.8 percent above FY 1976. Consumption of electricity increased only 2.2 percent for the same period which suggests that the growth in expenditures is largely due to rate increases rather than increases in consumption. It was pointed out that part of the increase in consumption can be attributed to the addition of new space, particularly at the Regents' institutions. Consumption by Regents' institutions increased approximately two percent which reflects the fact that during FY 1977 several new facilities were opened, particularly at the University of Kansas and Wichita State University.

The staff report indicated that expenditures for natural gas in FY 1977 increased by 47.8 percent above FY 1976. In contrast the consumption of natural gas decreased by 1.3 percent. This decrease in consumption which occurred in spite of servicing additional physical space during FY 1977 was largely accounted for by the increased reliance upon fuel oil as an alternative fuel source. In light of the reduced consumption of natural gas, a 47.8 percent increase in expenditures for natural gas occurred which suggests that significant rate increases were experienced during FY 1977.

Senator Warren inquired about the amount of BTU's produced by cubic foot of gas. Warren Corman of the Board of Regents responded by indicating that a cubic foot of gas produced approximately 1,000 BTU's. Senator Warren then requested an explanation of the increased use of fuel oil during FY 1977. Mr. Badger indicated that a greater use of fuel oil during FY 1977 could be attributed largely to the unusually cold winter. Mr. Rein also pointed out that additional space at various agencies would be a factor for contributing to the greater increase in fuel oil.

Senator McCray asked for an explanation of the decline in water consumption during FY 1977. Mr. Corman pointed out that several institutions have cut back drastically on water consumption during the last fiscal year as part of an overall conservation effort. Mr. Rein stated that most of the energy conservation efforts by state agencies were initiated in FY 1975. Therefore, a better evaluation of current conservation efforts could be obtained by including FY 1975 energy consumption data for comparison.

Vice Chairman Wingert inquired as to whether data on the amount of square feet in institutional buildings could be obtained. Mr. Rein indicated that such data are available. Representative Luzzati expressed concern about recent utility rate increases and requested that the staff obtain additional energy consumption data for FY 1975 through FY 1977. She further requested that new square footage added to institutional buildings in recent years be "factored out" to assist in the comparison.

Warren Corman suggested that a more accurate comparison of energy conservation trends could be obtained by factoring in degree days for each of the fiscal years involved in the study. Mr. Corman then reported on the status of the special energy conservation appropriation made to the Board of Regents for FY 1978. According to Mr. Corman, a sum of \$1,000,000 will be used for window glazing at the various Regents' institutions, an amount of \$363,300 will be used to insulate attics and the sum of \$627,000 will be used to finance miscellaneous conservation projects. Among the miscellaneous items, electrical capacitors and boiler controls will be purchased for the University of Kansas, and adjustments to air conditioning equipment designed to cut water consumption will be made at the University of Kansas Medical Center. A new heat return system will be applied to the veterinary science building at Kansas State University. Electrical capacitors will be obtained for the power plant at Emporia State University and a solar heating project will be initiated at Kansas Technical Institute. Mr. Corman indicated that construction clearance requests have been initiated by the various Regents' institutions but that most of the projects have not been advertised by bids.

Representative Hayden inquired as to the status of the capacitors. Mr. Corman responded that a sum of \$50,000 and \$10,000 had been allocated to the University of Kansas and Emporia State University respectively under the Regents' priority order.

Representative Glover asked whether the Regents' institutions were asking for a computerized energy conservation unit in their FY 1979 budget requests. Mr. Corman stated that energy management computers would be the No. 1 capital request for each of the Regents' institutions.

Representative Luzzati asked whether the student unions, which are operated primarily by student fees, were attempting to conserve energy. Mr. Corman stated that various efforts were underway in student unions to reduce expenditures. It was further noted that not all the student unions have separately metered utilities and that such costs are allocated by formula in an effort to isolate utility costs. Requests will be made for separate utility meters at several institutions. Mr. Rein noted that during the 1976 Legislative Session, a Ways and Means subcommittee looked at the utility budgets of the Regents' institutions and recommended that the institutions provide separate utility meters for the dormitories. A variance among the campuses in allocating utility costs for dormitory operations prompted the recommendation.

Mr. Corman pointed out that his office is in the process of publishing a manual on energy conservation. The manual will consist primarily of low cost, quick action projects (e.g., installation of low consumption fluorescent lights). Another section of the manual will deal with refitting and conversion of an existing energy system. A third section will deal with new building design requirements. The fourth section contains the "Ash-Ray" standards on energy conservation.

Representative Glover inquired as to how the Board of Regents will view the agency requests for energy-saving computers. Dr. Conard indicated that the Regents would view this request favorably.

Senator McCray asked about the type of computer used in energy conservation at the universities and colleges. Mr. Corman responded that the most common is a Honeywell Delta 1000. This model is a relatively simple computer which applies variables and turns numerous energy consumption devices off and on to minimize energy consumption. One problem with such a system, however, is that large electric motors

can be worn out prematurely by excessive amounts of switching. Another device that is being considered is the use of time clock systems on various energy consuming devices. Mr. Corman speculated that the best system may be a combination of both time clocks and the computer.

Mr. Leonard Eudaley, an architect employed by the Department of Social and Rehabilitation Services, spoke on energy conservation measures at the ten institutions under the department's jurisdiction. Mr. Eudaley pointed out that the energy conservation programs at the ten SRS institutions are not nearly as sophisticated as those at the Regents' institutions. Each institution has appointed an energy conservation committee which acts to make all institutional personnel more energy conscious regarding such matters as light control and thermostatic settings.

Mr. Eudaley then summarized a list of energy-saving capital improvements currently underway at the SRS institutions. Osawatomie State Hospital is currently installing boiler controls and insulating older buildings. Larned State Hospital is in the process of installing storm windows on several patient buildings. Parsons State Hospital and Training Center is also installing storm windows and Topeka State Hospital is in the process of installing power plant controls.

Mr. Eudaley then presented a number of charts which displayed energy consumption by the institutions since 1970. It was pointed out, for example, that natural gas consumption had decreased approximately 20 percent since 1970. The chart on fuel oil consumption showed peaks in FY 1974 and FY 1977 due to extremely cold winters. The chart depicting electricity consumption showed a drop in the period from FY 1973 to FY 1974. However, the overall consumption rate for the SRS institutions is gradually increasing, primarily because of the new buildings at the Kansas Neurological Institute.

Representative Glover asked why the institutions were experiencing an overall rise in the consumption of electricity. Mr. Eudaley indicated part of the increase was due to the construction of the new buildings at Kansas Neurological Institute and that hot summer weather, particularly in 1976, contributed to an overall rise in electricity consumption. Mr. Eudaley also stated that his office expects to use the three new positions approved for the State Architect's Office for energy conservation projects.

Mr. Louis Krueger, Director of the Division of Architectural Services, Department of Administration, discussed a number of energy conservation projects that were being requested from a special \$3.2 million federal grant. Requirements of the grant stipulate that projects are to be funded in counties with high unemployment rates. Another requirement is that the state must guarantee that work on the approved projects will begin within 90 days. An example of the kind of energy conservation project being requested is the installation of sun screens on the west side of the State Office Building.

Mr. Krueger then reported that the two mechanical engineers and the architect positions approved by the 1977 Legislature to work on energy conservation projects are still unfilled. Mr. Krueger commented that the reason the positions have not been filled is due to the low pay scales assigned to these positions.

With regard to buildings in the Capitol Complex area, Mr. Krueger pointed out that with the central KPL steam plant switching from gas to oil, the cost for steam heat will be increased considerably. Mr. Krueger also commented that energy conservation guidelines were now being given to associate architects on all the capital improvement projects. The greatest potential for energy conservation, however, exists within the existing state buildings.

Representative Glover inquired as to the current practice of turning off lights in the State Office Building. Mr. Krueger responded that the maintenance staff now turns off lights after they have cleaned up specific sections of the building.

Vice Chairman Wingert requested additional information about the grant application. Mr. Krueger commented that the grant was essentially a make-work program to decrease high unemployment. To receive favorable consideration, a given project must have a high labor factor. The State of Kansas is emphasizing energy conservation in its application; however, this is not a requirement of the grant.

Representative Hayden commented that some of the projects appeared to require relatively high skilled people. Mr. Krueger agreed but indicated that most of the projects would require relatively unskilled labor.

Representative Glover expressed concern that through such a grant, the executive branch could be making expenditure decisions without legislative input. Mr. Rein commented that the grant would require Finance Council approval.

Representative Hayden questioned the wisdom of installing additional fuel tanks at Kansas Neurological Institute because of the availability of fuel oil dealers in this area. Mr. Eudaley responded that Kansas Neurological Institute's existing storage tanks provide only a three or four-day capacity. Mr. Frank Applegate of the Division of Architectural Services pointed out that the Environmental Protection Agency requires that fuel tanks be installed underground.

Mr. Bill Uhl, representing Kansas Power and Light Company, told the Committee about the company's plans to get out of the steam heating business. According to Mr. Uhl, the steam generating plant will be required to switch to oil from gas consumption and because of this change-over in fuels, the cost of steam will increase drastically. A further problem with oil consumption is that it creates considerable smoke pollution. Mr. Uhl stated that it is the Kansas Power and Light Company's policy to get out of the steam generating business as soon as its current customers can convert to alternate heating methods. At this point, the company has no specific timetable or schedule for abandoning the steam generating plant.

Senator Warren inquired about the relative efficiencies of a central plant versus decentralized heating plants. Mr. Dale Whittaker of KPL responded that approximately 30 percent of steam heat is lost in transmission.

Representative Hayden stated that it would be essential for the Legislature to know the costs involved in converting Capitol Complex building heating systems. Mr. Krueger responded by saying that the Division of Architectural Services will request funds in the FY 1979 budget for a study of Capitol Complex building heating requirements and the long-term cost considerations in converting to alternate heating systems.

At 12:05 p.m. Vice Chairman Wingert recessed the Committee until 1:30 p.m.

Afternoon Session

Osteopathic Aid Bill

Dr. John Conard of the Board of Regents summarized the Attorney General's Opinion regarding the osteopathic aid bill. Dr. Conard noted that his staff agrees with the Attorney General's Opinion.

Because of the lateness of the passage of the bill and the time squeeze involved, the provisions for the freshman class scholarships could not be administered this fall. The Attorney General's Opinion also indicates that the Board of Regents can proceed on loans for upperclassmen this fall. Dr. Conard said that the Regents' Office currently has 35 applicants for the loan provisions which will be screened. It was also indicated that implementation for the ten entering freshman students would be possible next fall.

Mr. Rein asked whether the Attorney General's Opinion said in essence that the Legislature erred in making the \$90,000 appropriation in scholarships to freshman students. Dr. Conard indicated that this was not the case and that his office could encumber these funds for next year's class of entering freshmen.

Representative Hayden asked how many of the 35 upper class applications for loan represented potential future physicians for Kansas. Dr. Conard responded that most, if not all the 35 applicants, appeared to be individuals who would likely return to Kansas to practice medicine.

Kansas Energy Conservation Plan

Mr. Louis Chabira presented a review of the staff memo - Summary of Kansas Energy Conservation Plan. (A copy of this staff memorandum is attached.) He covered both the mandatory and optional measures that are included in the plan. A review of personnel and funding requirements for the Kansas Energy Office were also covered in the report.

Senator McCray inquired as to the purpose of the energy plan. Mr. Chabira indicated that the purpose of the plan was to bring about a minimum saving of at least five percent in energy consumption and that the purpose of the supplemental plan was really to assist in the implementation of the mandatory plan.

Representative Hayden asked where the expenditure of funds was going, for the mandatory measures or the optional measures. Mr. Lyle Goltz of the Kansas Energy Office reviewed the FY 1978 appropriation and current staffing of the Kansas Energy Office which currently consists of a director, two assistant directors, and a CETA-financed secretarial position. Mr. Goltz pointed out that federal law P.L. 94-163 mandated five requirements for the receipt of federal funds:

1. Right turn on red light;
2. Changes in government procurement practices to include consideration of energy conservation;
3. Mandatory thermal efficiency standards;
4. Application of lighting efficiency standards; and
5. Encourage use of carpooling.

Mr. Goltz pointed out that Kansas ranks ninth in energy consumption. According to Mr. Goltz the energy supplemental plan deals with three areas:

1. Public education;
2. Intergovernmental relations; and
3. Energy audits.

Representative Glover inquired as to whether the supplemental plan would be funded with federal money. According to Mr. Goltz this part of the plan would be funded with federal funds. Vice Chairman Wingert requested that a copy of the plan be provided to members of the Committee. Vice Chairman Wingert also asked whether some state agencies are doing the same kind of work as the Energy Office, for example the Cooperative Extension Service. Mr. Goltz agreed that there was some overlap between state agencies. Representative Hayden expressed concern that the energy-saving programs designed for agriculture will not be financially practical.

Vice Chairman Wingert also asked how the position of director was filled when the 1977 Legislature specifically deleted this position. Jim Maag of the Governor's Office replied that this matter would be brought before the next Finance Council meeting. He also stated that the Kansas Energy Office is within its position limitation because the director is filling a position that had been allocated to a secretary and that secretarial functions are now being performed by a CETA employee.

Representative Arbuthnot requested a brief outline of the functions of the Kansas Energy Office. According to Mr. Goltz, the program consists of four broad activities: (1) energy exploration, (2) development of resources, (3) environmental conservation, and (4) fuel conservation.

Senator McCray asked whether the plan contained any penalty procedures. Mr. Goltz replied that at this time there were no penalty procedures in either the basic plan or the supplemental plan.

Vice Chairman Wingert inquired about the background of the new director, Mr. Harris. According to Mr. Maag, Mr. Harris had previously been assistant director of the Ohio Energy Office in Columbus, Ohio. Mr. Rein asked whether the plan had been approved by the federal authorities and a commitment of funds given. Mr. Goltz replied that the plan had not been approved but that he expected approval by September 30. Vice Chairman Wingert asked what would happen to the Kansas Energy Office if the State Finance Council disapproves the request. Mr. Maag stated that, in that case, the State of Kansas would have an inoperative Energy Office. Mr. Rein asked whether the

Finance Council would be authorizing the expenditure of funds which have technically not been approved by the federal government. Mr. Maag stated that this was technically correct; however, the state was virtually assured of the funds.

Proposal No. 72 - Computerization of Health-Related
Fee Agencies Licensure Data

Mrs. Julie Mundy reviewed a staff report concerning the computerization of health data. (A copy of this memo is attached.)

Mr. Irvin Franzen, Director of the Bureau of Registration and Health Statistics of the Department of Health and Environment, gave a brief explanation of how the division was carrying through on the provisions of SCR 1607, which required the department to establish a statewide health data system.

Vice Chairman Wingert inquired as to how long the health data center had been functioning. Mr. Franzen replied that the center has been in operation for approximately one year.

Representative Hayden asked whether information is received on physicians who either leave or enter the state. Mr. Franzen said that his office does receive this information; however, in some instances as much as one year of lag time is involved. Representative Hayden stated that he was aware of some physician listings that were grossly inaccurate, some of which showed physicians practicing in a given town that had never practiced in that town.

Mrs. Mundy stated that such problems are due to the fact that the data were based on the old Board of Healing Arts renewal forms and that the new renewal forms used by the Board of Healing Arts will solve such problems.

Representative Luzzati asked Mr. Franzen why his bureau did not favor the mandatory requirement for boards to provide relevant data to the health data center. Mr. Franzen replied that he assumed his office would get better cooperation if there were no mandatory requirements. Representative Luzzati stated that she would like to see requirements for health data to be uniform and mandatory for all concerned boards.

Representative Hoy asked whether it would be possible to establish a CRT interface with the Board of Nursing. Mr. Franzen said that such a system would be feasible and that it would provide benefits to the State Board of Nursing staff.

Mrs. Mundy asked whether additional federal funds would be forthcoming for the development of the system. Mr. Franzen replied that he was aware of additional funds but was not aware of when they would become available to the state.

Vice Chairman Wingert recessed the meeting at 4:35 p.m.

September 9
Morning Session

Proposal No. 68 - Kansas Utilization of Title XX

Vice Chairman Wingert called the meeting to order at 9:00 a.m. in Room 514-S to consider Proposal No. 68 - Kansas Utilization of Title XX.

Staff presented a report comparing FY 1977 and FY 1978 Title XX Plans and pointed out alternatives for remaining within the federal allotments of Title XX funds. A copy of that report is attached.

Vice Chairman Wingert opened the floor to questions. Representative Hayden asked what the difference was between budgeted FY 1977 funds and FY 1978 funds and if we have until September 30 to spend the funds. Staff replied that funds do not carry over into the next fiscal year. Staff also stated that differences between the FY 1977 funding and FY 1978 budget were due to: (1) a \$300,000 reduction in the amount of Title XX funds available and (2) \$1.2 million in Title XX funds which were available but not yet appropriated by the Legislature.

Staff asked which residential services currently funded under Title XX could be funded under Title IV-A.

Staff referred to Attachment I of the handouts, which reflects the amount of Title XX money going to various residential service categories. Senator McCray asked what percentage of the money was used to pay the administrative costs of disbursing the funds. Staff indicated that 18 percent of Title XX federal funds were used for administrative costs.

Representative Luzzati asked how requiring a higher donor match would increase the number of donors. Staff said that there is more donor money than can be matched, so increasing the donor match rate increases the number of donors who could match a portion of their funds with Title XX funds.

Representative Hayden asked how much unutilized donor money is available. Staff said that in FY 1977 the amount of donor funds that were used to match Title XX funds represents a good approximation of the donor money that is available in the state.

Senator Warren asked what areas of developmentally disabled money overlapped with Title XX money and if the state is fully utilizing developmentally disabled funds. Staff responded by pointing out that all the federal and state money for the developmentally disabled is currently being expended to the full level of its appropriation and availability.

Representative Luzzati asked if administrative costs had decreased proportionally in the 1978 Title XX plan in areas where services are curtailed. Staff said that administrative costs had not decreased proportionally in those areas.

Vice Chairman Wingert asked what activity 000, Administrative Services - local offices fund paid for. Staff said that this activity included typists at SRS offices and a portion of the rent and utilities in local SRS offices.

Vice Chairman Wingert asked if expenditures were distributed among federal funding mechanisms according to workload and whether part of the increased administrative cost was due to pay raises. Staff said part of the increased cost was due to pay raises and that the funds are allocated by a cost allocation formula which is based on case-load size.

Vice Chairman Wingert asked what the data processing involves and what the funds in Finance, Research and Statistics, and Personnel are used for. Staff replied that data processing dollars finance data entry and computer time for processing checks to reimburse providers for purchase of services; that staff time in Finance and Research and Statistics sections provides accounting records and statistical reports required by federal regulations and that Personnel activities relate to recordkeeping necessary to track civil service employees in SRS offices.

Senator McCray asked if there is a strict limit on the amount of money used for administration of Title XX funds. Staff said there is no limit.

Representative Hayden asked staff to estimate the impact of the change in eligibility requirements. Staff said that calculations to provide that information have not been completed because such calculations involve looking at individual client records which are located only at local SRS offices.

With no further questions, Vice Chairman Wingert opened the floor to public testimony concerning Title XX. Dr. Robert Harder, Secretary of the Department of Social and Rehabilitation Services (SRS), handed out several supplements and gave a report. The handouts are attached to these minutes.

Vice Chairman Wingert asked what SRS does related to child protective services. Secretary Harder said workers are expected to investigate suspected child abuse reports and that one-fourth of suspected child abuse reports reflect confirmed child abuse. Representative Wingert asked if most reporting of such incidents is done through police. Secretary Harder said that the police refer complaints to SRS and that many public officials also report such cases to SRS. Senator Warren asked if a child becomes a ward of SRS in a situation where a child must be removed from a bad home environment. Secretary Harder indicated that when children must be removed from the home, they frequently become wards of SRS.

Representative Luzzati asked if some people were counted twice in the handouts provided by Secretary Harder. Secretary Harder indicated that no one was counted twice.

Senator Warren asked if there is a ceiling on Aid to Dependent Children funds. Secretary Harder said no, but there is some possibility that such a limit may eventually be imposed by the federal government.

Representative Arbuthnot referred to the handout entitled "Total Cases by Area by Comparative Quarters" and asked why some cities show dramatic increases in caseload. Secretary Harder said that the Army has almost completely removed itself from social service activities, creating a much heavier caseload in military areas. Chairman Wingert asked what types of assistance are provided for military personnel. Secretary Harder said that the services provided were primarily adoption, cash assistance, and medical assistance. Chairman Wingert asked how a military man can get away with leaving his wife unsupported, thereby involving the state in cash assistance. Secretary Harder said that in some cases individuals who are in the military desert their families, and families with a low income level often become clients of SRS.

Secretary Harder went on to describe the important figures on the handout entitled "Comparison of Supportive Costs, Direct Service Costs, and Salaries to Total Costs." Column No. 4 shows the amount of direct service costs and the percent of direct service costs making up total costs. All of the facilities listed on this handout are Rehabilitative Facilities in Kansas.

Representative Hoy asked what accounted for the very low percentages of direct service costs at some facilities. Secretary Harder said that variances in the amount of service given clients accounts for the differences. All facilities listed are those where SRS purchases services and SRS tries to allow families to place children in a facility that is chosen by the parents of the child.

Representative Luzzati asked if the "Comparison of Supportive Costs..." handout provided a complete listing of rehabilitation facilities and whether the selection of facilities was related to the severity of cases. Secretary Harder said that the facilities listed on the comparison sheet represented a random selection of rehabilitation facilities statewide and was not based on severity of disability among clients served.

Representative Hoy asked if the Legislature could pass legislation requiring 50 percent of the funds to go to direct services. Secretary Harder said that this was a legal question that he would have to check on.

Representative Arbuthnot asked if SRS could direct recipients of aid to the more efficient facilities. Secretary Harder said that SRS does not like to direct individuals but rather to provide them with as much freedom of choice as possible.

Senator McCray asked whether any SRS costs are included in the handout. Secretary Harder indicated that SRS costs were not included and also pointed out that direct service costs are costs associated with personal contact with clients.

At the conclusion of the questioning, Chairman Wingert acknowledged Mr. David Williams of the United Way of Wichita. Mr. Williams testified on United Way requests for changes in the current Title XX utilization system. A written copy of his testimony is supplied as an attachment. At the conclusion of Mr. Williams' testimony, Chairman Wingert opened the floor to questions.

Senator McCray asked what the program responsibility of United Way is after the money is given. Mr. Williams replied that United Way finances deficits and block grants.

Seeing no further questions, Chairman Wingert called to testify Ms. Alice Kitchen of United Community Services of Johnson County. A written copy of her testimony is attached.

Vice Chairman Wingert asked Ms. Kitchen if she would prefer minimum funding standards to prevent program cuts and stated that Kansas currently finances such programs at levels above the minimum standards.

Mr. Joe Kelley from United Cerebral Palsy was then invited to testify. Mr. Kelley indicated that he had been assigned to do research and resource development concerning home health care using Title XIX funds from Medicaid. Two copies of Mr. Kelley's research were presented to the Committee.

The Chair then recognized Mr. Abe Hussein, who commented on earlier testimony before introducing Mr. Bob Smith of the Kansas Association of Rehabilitation Facilities. Mr. Smith provided a written copy of his testimony, which is attached to these minutes.

Senator Warren asked how much it would cost to implement Mr. Smith's recommendations. Mr. Smith replied that the exact dollar value had not been calculated.

Vice Chairman Wingert then called Mr. Brent Glazier of the Kansas Association for Retarded Citizens to testify. A copy of Mr. Glazier's testimony is attached. After Mr. Glazier's testimony, Senator McCray said that it is important not to play one recipient of funds against the other.

Seeing no further questions, Mr. Ben Farney of the Citizens' Committee on Alcohol Abuse was introduced. Mr. Farney said that he was an advocate for alcohol treatment programs and that he was asking for some kind of long-range planning to improve services. He said that discrimination in the field of providing Title XX services to the exclusion of some programs may cause future legal problems. Mr. Farney took issue with the shift in Title XX services in the past year, which he said had shifted from 35 percent for SRS and direct service costs and 65 percent for purchase of services to a 50 - 50 split for the current year. Mr. Farney also said that it is inappropriate for SRS to provide direct services -- that such services should be purchased. There were no questions at the conclusion of Mr. Farney's testimony.

Vice Chairman Wingert introduced Ms. Jan Yocum of the Wichita Child Day Care Association. After presenting her testimony, Ms. Yocum provided a copy of her comments to staff. A copy of that testimony is attached. At the conclusion of Ms. Yocum's testimony, the Committee adjourned for lunch.

Afternoon Session

Vice Chairman Wingert reconvened the meeting at 1:30 p.m. and opened Committee discussion of Proposal No. 68.)

Representative Luzzati asked how much of the \$26 million budget is still available and what the outlook is for that money. Mr. Rein replied that approximately \$1.2 million is left and that it will probably be used up by ADC Foster Care and GA Foster Care, as those figures are unrealistically low.

Representative Luzzati asked if the \$1.2 million was intended to be a cushion Mr. Rein indicated that was the view that the subcommittee took when it reviewed the SRS appropriation.

Representative Glover asked if there is a rational basis for the present allocation plan. Secretary Harder said that it represented an effort to minimize the number of people who would experience service cutbacks and that the money was tied to services rendered for eligible people.

Representative Hoy asked what the previously discussed \$2 million figure represented. Secretary Harder said that \$2 million of Title XX funds could be freed up and replaced with Federal ADC Foster Care funds but that the federal government is considering putting a lid on foster care expenditures financed with ADC money.

Senator Warren asked what would happen if a cap on foster care dollars was exceeded by the state. Secretary Harder said that the would be required to pick up the difference.

Representative Glover asked if donor contracts will be written by local areas and how they will decide which programs to fund. Secretary Harder said that donor contracts will be written by local areas and that they will try to fund as many programs as possible. Secretary Harder also said that a key point in distributing funds is whether funding will help achieve some degree of self-sufficiency.

Representative Glover asked why the alcoholism program was cut out. Secretary Harder said that the alcoholism program was one which had an opportunity for alternate funds through state hospitals, the use of Title XIX funds, and the use of the new liquor gallonage tax.

Senator Warren asked if Mondale Day Care funds are currently available. Secretary Harder said availability will last until September 30 and he is hopeful that Congress will extend this funding for the new fiscal year which begins October 1, 1978.

Staff asked what the criteria were for home health services to be eligible for federal Medicaid funds. Staff said that to be eligible federal government criteria must be met.

Senator Warren asked what would happen to those people cut off Title XX money and transferred to Aid to Dependent Children funds. Secretary Harder indicated that no change in services would occur for those individuals and that only the method of financing their services would change.

Senator Warren asked if cutting off day care services would increase the number of ADC clients. Secretary Harder said yes, that certain persons who would not be able to work due to the lack of day care aid and would have to go back on ADC cash assistance. Representative Luzzati asked what Ms. Yocum meant when she said that money had been shifted. Secretary Harder said that any income eligible persons currently receiving ADC funds were shifted to Mondale funds in order to stretch state dollars. Representative Glover said that the policy seemed to be contrary to the intent of the law. Secretary Harder said that SRS had also included new individuals for day care services and had not merely shifted funds.

Representative Luzzati asked Secretary Harder to respond to comments made earlier during public testimony which referred to the state plan and the idea of an advisory council. Secretary Harder said that there is a state plan, a prescribed process, and public hearings. Secretary Harder said that a statewide advisory committee would be all right but that advice needs to come from the local levels. Representative Luzzati asked Secretary Harder to respond to accusations made earlier concerning lack of input by Title XX recipients and policy changes in the middle of the fiscal year. Secretary Harder said that he received letters from over 4,000 people expressing concern and held meetings with many concerned groups. He noted that part of the criticisms probably stemmed from SRS decisions that some people did not like. Secretary Harder said that most major decisions are implemented to coincide with the fiscal years and that these changes are discussed at SRS open meetings during June, July, and August.

Representative Luzzati asked how Secretary Harder would feel about funding direct costs from State General Funds. Secretary Harder said that he is agreeable to that, but that such action would require a legislative change and is not a prerogative of the Secretary.

Vice Chairman Wingert commented that generally services have been added to maximize federal dollars and that the Legislature may have to make some basic decisions on health care and other services.

Senator McCray asked if SRS is heavily loaded toward funding salaries out of state funds. Mr. Rein said that almost without exception the emphasis has been on minimizing expenditure of state dollars by utilizing federal dollars.

Representative Luzzati asked if other federal funds have a cap on them. Mr. Rein indicated that nearly all of the federal funds have limits. The notable exceptions are federal support of Medicaid and Aid to Dependent Children.

Senator McCray asked Secretary Harder to review briefly the circumstances leading up to the current funds crunch. Secretary Harder said that for three years we did not use all available federal dollars. However, in February of FY 1977, Project Reintegration funds ran out, creating a need to restrict the number of new clients participating. In anticipation of such restrictions in several categories, area facilities rushed to add new people which caused the state to hit its ceiling on the expenditure of federal funds for the current fiscal year. The largest increases in expenditures occurred during the last half of FY 1977. Senator McCray asked if other funding sources are available. Senator Harder said no, but unused funds have been shifted whenever possible, as when staff reductions have occurred and when contract rates have been negotiated which were lower than audited costs.

Senator Warren asked what the problems were in switching to Title XIX funds. Secretary Harder said that Title XIX funds are more restrictive funds and that more extensive staffing patterns are required.

Future Meetings

Following discussion of Proposal No. 68, the Committee began discussion of future meetings.

Representative Hoy requested the staff to find the cost of installing a CRT ino the State Board of Nursing as part of Proposal No. 72. Representative Luzzati requested that Mr. Kelley's report on home health care be summarized by the staff.

Vice Chairman Wingert asked when the Committee reports are due. Mr. Rein said that the reports will be published in two volumes, one in November and one in December.

Vice Chairman Wingert reported that the October meeting will be used to review the osteopathic aid issue and to provide additional information on state energy consumption, including square footage data and consumption and cost information for FY 1975.

Vice Chairman Wingert adjourned the meeting.

Prepared by Robert Epps and Chris Badger

Approved by the Committee on:

10-10-77

Date

Wingert *Wingert*

ATTACHMENT I

OTHERS IN ATTENDANCE

<u>Name</u>	<u>Representing</u>
Dr. Robert C. Harder	Department of Social and Rehabilitation Services (SRS)
D.B. Dallam	Division of the Budget
Lauren Harrod	SRS, Topeka
Carolyn Hill	SRS, Wichita
Barbara Sabol	SRS, Topeka
Alice Kitchen	United Community Services, Johnson County
Abe Hussein	Kansas Association of Rehabilitation Facilities
Bob Smith	Developmental Services of Northwest Kansas, Hays
Don Schreiner	Mid-Kansas Developmental Services, Newton
Don L. Andrews	Franklin County Rehabilitation Facility, Ottawa
Suzanne Woods	Developmental Disabilities Council
Joan Strickler	Kansas Advisory and Rehabilitation Services for the Developmentally Disabled
Brent Glazier	Kansas ARC, Mission
G.H. Miller	ARC, Topeka
D.C. Fournier	Starkey, Wichita
David Williams	United Way, Wichita
Raymond Winter	Starkey, Wichita
Jeannette Catudal	Starkey, Wichita
David L. Kearns	Starkey Developmental Center, Wichita
Victor C. Zakour	Starkey Developmental Center, Wichita
Jan Caldion Yocum	Wichita Child Day Care Association, Wichita
Raymond E. Halstad	Starkey Developmental Center, Wichita
Dale D. Koehn	Meadowlark Homestead, Newton
Marianne Wilkinson	Kansas Children's Service League, Topeka
John E. Wilkinson	Kansas Children's Service League, Topeka
Irene Wall	Armourdale Day Care Center, Kansas City
Dolly Ganguly	The Salvation Army Day Care, Kansas City
Sister Ann Zoth	Community Service Center, Kansas City

<u>Name</u>	<u>Representing</u>
Cecilia Ewing	Wyandotte Association for Child Care Services, Kansas City
Pat McKinley	Mental Health Association in Kansas, Topeka
Ruth C. Dickinson	State Planning and Research, Topeka
Ethel May Miller	Kansas Association for Retarded Citizens
Benjamin F. Farney	Kansas Citizens Committee on Al- cohol and Alcohol Abuse, Overland Park

MEMORANDUM

August 22, 1977

TO: Special Committee on Ways and Means - A
FROM: Kansas Legislative Research Department
RE: Summary of Kansas Energy Conservation Plan

Background

The 1976 Legislature authorized the expenditure of \$71,376 of federal funds which were made available to the state for the purpose of developing an energy conservation plan in accordance with the Federal Energy Policy and Conservation Act of 1975 (EPCA). The Kansas Energy Office contracted with the College of Engineering at Kansas State University in September, 1976, to undertake development of the plan. The KSU developmental plan report was completed March 15, 1977. The Governor, with the assistance of the Kansas Energy Office, modified the initial report and, after several approved time extensions, submitted the final plan to the Federal Energy Administration June 13, 1977. As submitted, the plan recommends a reduction of 6.1 percent in the total amount of energy consumed in the state for the year 1980. (The federal legislation requires a minimum savings of five percent in that same time period.)

Organization

With respect to implementation of the measures recommended to conserve energy in the state, the plan is divided into two sections. The first is a description of the five program measures made mandatory by P.L. 94-163 and the second section consists of those optional measures which the Governor, with the assistance of the Kansas Energy Office and the contracted plan developers (Kansas State University), recommended for inclusion in the plan.

Mandatory Measures. A summary of the mandatory program measures recommended is presented below.

- A. Mandatory lighting efficiency standards
- B. Promote the use of car pools and public transportation
- C. Energy efficient procurement practices in state government

- D. Mandatory thermal efficiency standards for new non-residential buildings, new residential buildings, and renovated buildings
- E. Turn right on red light

Optional Measures. The following represents a summary listing of the optional measures recommended in the plan.

A. Residential

1. Media campaign and distribution of a Home Energy Savers Workbook to homeowners in the state
2. Demonstration project to turnoff gas furnace pilot lights in a limited area to determine energy savings
3. Education/public information program through workshops and seminars
4. Allow utility companies to make loans to homeowners for thermal improvements
5. Reduce thermostate settings
6. Use of "Arkansas Plan" for home construction
7. Increase use of heat pumps as a substitute to electric resistance heaters

B. Commercial

1. Media campaign and distribution of Energy Savers Workbook to commercial establishments
2. Reduce operating hours
3. Increase use of heat pumps as a substitute to electric resistance heaters
4. Education/public information program through workshops and seminars

C. Industrial Manufacturing

1. Seminars and courses for applying energy conservation measures to industrial production
2. Prepare material on energy conservation in industry
3. Technical assistance to industry
4. Examine the role of government regulations and incentives as obstacles to energy conservation

D. Electric and Gas Utility Sectors

1. Conduct study in selected areas of the impacts of voltage reduction on the use of electricity in selected areas
2. Implement methods to reduce use of natural gas through the cooperation of utility providers

E. Transportation

1. Encourage annual automobile tune-ups
2. Adjust vehicle registration fees to benefit efficient vehicles
3. Increase costs for vehicle parking
4. Improve bus service and other forms of public transportation
5. Prohibit use of vehicles in selected commercial areas
6. Improve traffic control measures and traffic signal systems
7. Increase use of telephone/reduce travel
8. Encourage increased use of bicycles
9. Encourage the purchase of smaller, economy automobiles

10. Enforce more strictly the 55 mph speed limit
11. Improve curricula of driver education classes in high schools
12. Convert Highway Patrol vehicles to operate on diesel fuel

F. Agriculture

1. Encourage use of the "gear-up" and "throttle-down" techniques in the operation of tractors to haul light loads
2. Reduce tillage of farmland where possible
3. Redesign tractors to ensure ballast is adequate
4. Better maintenance of farm equipment, such as sharpened blades on forage harvesters
5. Reduce drying of grain by artificial means
6. Convert to dry rolled processing, where possible, in feedlot operations
7. Encourage use of low water pressure in irrigation
8. Proper adjustment of pumps used for irrigation
9. Better scheduling of irrigation operations
10. Replace inefficient pumping plants used for irrigation
11. Reclaim used engine oil
12. Better storage of fuel oil to prevent evaporation
13. Convert to more efficient power plants

G. Government Operations

1. Assist in the development of state agency energy plans
2. Conduct energy audits of state facilities
3. Training for agency personnel

H. Alternative Energy Sources

I. Recycling Possibilities

It should be noted that the State of Kansas is in compliance with the mandatory measure of permitting vehicles to turn right on a red light; as a consequence, no recommendations or commitment of funds have been included in the plan concerning this measure.

Personnel

A total of eight positions to be fully supported by the federal funds expected to be made available to the state is recommended for addition to the existing staff of the Kansas Energy Office to assist in implementing the plan. These positions, together with their gross salary costs, are as follows:

Energy Supervisor	\$17,500
Energy Coordinator (3)	43,500
Technical Writer	13,336
Research Analyst	10,118
Secretary	7,356
Clerk-Typist II	6,756
TOTAL	<u>\$98,566</u>

In addition, two of the authorized staff positions in the Kansas Energy Office would, upon approval of the plan, be funded in part by these same federal funds. The two positions thus affected are the director and one of the assistant directors. Consequently, to the above total should be added 20 percent of the Energy Office director's salary of \$25,200 (\$5,038) and 80 percent of one assistant director's salary of \$16,188 (\$12,954) to bring the total salary cost, as recommended in the plan, to \$116,558 (excluding benefits).

It should be noted that the addition of these eight positions constitutes only the federally-funded portion of the first-year implementation effort. Mention is made of five or six state-funded positions in the first year in addition to the new federally-funded positions and the current complement of staff at the Kansas Energy Office. Another five or six state-funded positions are recommended for the second year of the implementation effort which would raise authorized personnel in the agency to a total in excess of 20 positions.

In evaluating the need for the additional positions recommended, a distinction should be made between those efforts intended to further implementation of the plan and those which continue to carry out the existing functions of the Energy Office. The distinction is complicated, first, by the fact that two of the existing personnel will be partially utilized in the implementation plan with the remainder of their time devoted to current responsibilities in the agency. Second, the Energy Office, in its present operation, performs several of the same functions of distributing information on energy conservation that are recommended in the plan, although such efforts are conducted on a more modest scale than those recommended in the plan. Third, even though the plan was submitted for review to the Federal Energy Administration after reductions were made in the Energy Office staff, the planned utilization of personnel was apparently based on the level of staffing that was authorized for the agency prior to these reductions (5.0 F.T.E. positions).

Finally, assuming the appointment of a new director is approved, the composition of the Energy Office staff would apparently experience some modification in order to accommodate the addition of the new director. In any event, changes in Energy Office staff ultimately affect the personnel needed to implement the plan; consequently, any assessment of personnel needed to implement the plan will be difficult until the staffing pattern in the Energy Office has been stabilized.

Funding

Approval of the plan is expected to secure for the state in the first year of implementation an amount of \$283,000. An estimated \$433,000 is also expected to be made available for the second year. Except for the initial federal grant of \$71,376 to contract for development of the plan, this \$716,000 is anticipated to be the extent of federal support for implementation of the plan.

A summary of estimated federal fund expenditures, as recommended in the plan for the first year of implementation, is as follows:

Salaries	\$116,558
Benefits	20,114
Travel	22,640
Equipment	9,000
Supplies	7,125
Contractual Services	80,000
Other	27,563
TOTAL	<u><u>\$283,000</u></u>

Total costs of the plan for the duration of its implementation are estimated to be \$3,483,025, of which \$716,000 is from federal funds and \$2,767,025 from state funds. Implementation of the mandatory measures would cost an estimated \$229,025 and optional measures the remaining \$3,254,000. A summary by year of the total estimated expenditures recommended to implement the plan is presented below:

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Mandatory Measures	\$ 43,000	\$ 87,400	\$ 47,800	\$ 50,825
Optional Measures	<u>689,500</u>	<u>739,000</u>	<u>895,050</u>	<u>930,450</u>
TOTAL	<u><u>\$732,500</u></u>	<u><u>\$826,400</u></u>	<u><u>\$942,850</u></u>	<u><u>\$981,275</u></u>

MEMORANDUM

September 8, 1977

TO: Interim Committee on Ways and Means - A
FROM: Legislative Research Department
RE: PROPOSAL NO. 72 - COMPUTERIZATION OF HEALTH
RELATED FEE AGENCIES

Introduction

During the 1977 Legislative Session, the House Committee on Ways and Means requested a study to examine the possibility of utilizing existing computer facilities to aid the small health related licensure boards in their renewal processes. At that time the Insurance Department had just implemented a computer system for the processing of medical malpractice information and was inputting data collected from the boards. Both the Senate and House Ways and Means Committees further expressed interest in the collection and analysis of health planning data.

Although the original impetus for study of computerization was related to the Insurance Department's records, another system related to health manpower data has since been established within the Department of Health and Environment. It is the possibility of using this system to expedite the licensure functions of the boards that this report will focus on. The affected licensure boards are as follows: Board of Examiners of Optometry, State Dental Board, State Pharmacy Board, Board of Healing Arts, and State Board of Nursing.

Manpower Data System

1977 Senate Concurrent Resolution No. 1607, directs the Department of Health and Environment to "establish a health manpower data system for the purpose of evaluating underserved areas and for development of programs to meet the needs of these areas." (See Attachment 1). Accordingly, the Department has begun implementation of a health manpower component within its Health Data Center.

In order to collect the necessary manpower data, the Department has entered into cooperative working agreements with the health related licensure boards. Attachment 2 to this report describes those agreements. Information for the system is being collected from health manpower questionnaires. The questionnaires were mailed to all new licensees and applicants for license renewals by their respective licensure boards. The completed questionnaires were then delivered by the licensing boards, to the Research and Analysis Section of the Bureau of Registration and Health Statistics of the Kansas Department of Health and Environment. At present the Department is editing, coding, and keypunching the data and will provide computer analyses of the manpower data in the near future.

Licensure Boards

The following subsections detail the licensure renewal process and health manpower information collection efforts of the five licensure boards. Each section also

examines those activities with the purpose of identifying problem areas and possible ways for improving the systems.

Board of Examiners in Optometry. The Board currently has 317 licensees. Renewal is annual and is done at the annual education program which is conducted by the Kansas Optometric Association. The Board has agreed via a letter to the Department of Health and Environment to cooperate for one year in the collection of health manpower data. They are the only board who has not entered into a formal memorandum of agreement.

Although the Board is staffed only by a .3 F.T.E. typist, license renewal does not appear to be a problem because of the small number of licensees and the method of annual renewal. Computerization, even on a limited basis, does not appear to offer many benefits at this point.

State Dental Board. The Kansas Dental Board currently sends renewal notices to dentists on October 1, of each year. This renewal consists of a registration card which the practitioner must complete and submit to the Dental Board along with his or her annual renewal fee and records of continuing education. The registration card, when returned by the dentist, becomes part of the agency's alphabetical file of registrants. The envelopes for license renewal are addressed by typewriter. The Dental Board usually has not employed part-time staff members to process renewal applications. However, the agency may in the future request part-time staff to monitor continuing education requirements.

The Dental Board would be able to eliminate a considerable amount of typing through use of computer prepared mailing labels. Since this agency uses registration cards for its alphabetic file, it would probably not profit from computer addressed registration forms. However, the Board could potentially replace its card file with an alphabetic computer printout of registrants. The agency also issues a directory of registered dentists and dental hygienists. A computerized printout could be substituted for the typed listing that is submitted to the State Printer to produce this directory.

Currently dental licenses expire on December 1 of each year. The statute allows dentists until March 1 to renew with no penalty and until September 1 to renew their license with a penalty. The Committee may wish to consider whether this is an excessive period for an individual to practice with an expired license.

Pharmacy Board. The Pharmacy Board currently licenses all pharmacies, pharmacists, wholesalers, and producers of drugs in Kansas. Additionally, it licenses all retail dealers of non-prescription drugs. Registrations for pharmacists and pharmacies expire each June 30. Registrations issued under the controlled substances act expire each September 30, and permits to retail dealers expire on February 28 of each year.

The Board sends renewal notices approximately one month prior to registration expiration. The active file is maintained on addressograph plates and in a book of registrants. The method utilized by the Pharmacy Board requires only one stamping of the addressograph plate. Currently the Pharmacy Board maintains a separate card on each pharmacist on which is recorded information concerning continuing education. The Pharmacy Board has not in the past utilized temporary help in its renewal process.

The potential for computerization at this agency is somewhat reduced because it licenses more facilities than it licenses individuals. Consequently, only a small portion of the information maintained by the agency is useful to the Department of Health and Environment's manpower data base. Computerization of this agency would thus be dependent upon Health and Environment processing certain data from which they would receive no health manpower information or the Pharmacy Board computerizing only part of their licensure operation. Possible benefits accruing to the Pharmacy Board from computerization appear to be as follows: (1) computer prepared mailing labels, (2) computer addressed renewal applications, and (3) a computer prepared listing of registrants, thus alleviating a hand posted registrant book.

Board of Healing Arts. This board is responsible for administering the annual licensure of Medical Doctors (M.D.'s), Doctors of Chiropractic Medicine (D.C.'s), Doctors of Osteopathy (D.O.'s), Doctors of Podiatry (D.P.N.'s) and Physical Therapists (P.T.'s). Currently Kansas statutes require that all licenses for M.D.'s, D.O.'s, D.C.'s, and D.P.N.'s expire every June 30th. The law further provides that renewals be conducted on forms prescribed by the Board.

The Board of Healing Arts is fulfilling this legislative mandate by mailing a notice of renewal to all licensees on May 1 of each year. This notification consists of a three part card, which requires four separate addressograph stampings. Physical Therapists and Physical Therapy Aides are notified each year by the same process on December 1. The May 1 mailing includes approximately 6,500 notifications, while the December 1 mailing contains approximately 450 notices. The Board of Healing Arts currently pays \$.26 each for new addressograph plates. When renewal payments are received, they are posted to individual cards. These individual cards contain records of a particular physician's mailing address, university, and type of practice.

Clerical work generated by the renewal process consumes a considerable amount of time among the staff of this agency. Staff of the Board of Healing Arts estimate that activities associated with license renewal require about four months of each year. Additionally, the agency usually hires one part-time person twice during the year to assist in this process. Monitoring of continuing education requirements, which will become effective July 1, 1978 will increase the agency workload.

The cost of preparing addressograph plates could be eliminated if the Board of Healing Arts utilized mailing labels, prepared by Health and Environment from addresses on their computer file. If the Board were to adopt revised forms, the renewal process could be further streamlined through computer addressing of the renewal form.

An additional step in the renewal process could be eliminated, if appropriate computer programming was completed. This would involve a computer printout of those who had renewed their license, rather than posting of this renewal information to individual cards. Use of such a procedure would require inputting to the computer individuals who had renewed their license against those who had not. The net clerical timesaving could likely offset this additional procedure.

Efficient utilization of a computerized process by the Board of Healing Arts would necessitate a method of determining compliance with continuing education requirements. This process would require indication of those who must demonstrate compliance during a particular year as well as notice of those who have already fulfilled their requirements. Computerized procedures could be utilized to monitor this process, which will begin during July, 1978.

A final computer application that would assist the Board of Healing Arts involves preparation of a roster of practitioners. This roster is prepared every third year. It lists names and addresses of all practitioners that are licensed by the Board of Healing Arts. Currently, the information for this roster must be typed by agency staff so that it can be submitted to the State Printer. A computer printed listing (or a computer generated tape) could be utilized to eliminate typing that has formerly been done on this project.

The licensure of all physicians, osteopaths, and chiropractors is currently required by statute to occur on June 30 of each year. This requirement results in an annual workload peak of 6,500 notifications to end by May 1 and subsequent processing of renewals and receipts during May and June. Office workload could be leveled if the renewals were distributed throughout the year. The statutory change required if a staggered renewal process were adopted, could require a certain portion of the renewals to be due in monthly, quarterly, or semi-annual cycles.

State Board of Nursing

Of the five agencies included in this report, the Board of Nursing is the largest in terms of number of licensees. Data provided by the Board indicates that for FY 1977 the Board maintained licenses for 18,179 registered nurses, 5,656 practical nurses, and 2,056 mental health technicians. The Board is also the only one which issues licenses (with the exception of health technicians) on a biennial basis. According to Mr. Ray Showalter, Executive Administrator of the Board, the biennial renewal process, which was implemented in 1976, is working well and has alleviated some agency workload problems.

At present, the Board is using a manual system for renewal. In addition to the renewal process being done only once every two years, renewals are staggered so that approximately 1,000 licenses are renewed each month. The Board is presently working with the Department of Health and Environment to implement a computerized system. The new system, which is already partially on the computer, will be designed to input data from the renewal questionnaires and output information for the renewal process. Once a month the Board takes renewal applications to the Department. The information is entered and the Board receives a microfiche of the data. Once fully implemented, the Board will receive monthly printouts in advance for those persons whose license is up for renewal. Those will be accompanied by a pre-printed application from the previous year and a renewal card. The licensee will then only have to update information on the application and return it to the Board. In addition to the monthly microfiche provided to the Board, all previous files will be microfilmed.

According to Mr. Showalter, the manual renewal system will be continued until the new system is fully operative. The main problem to date with implementing the new system, is getting the information processed once it is delivered to the Department of Health and Environment. As of Friday, June, July and August data had not yet been entered. One possible solution to this problem would be to provide a data entry terminal to the Board so that they could directly enter information into the computer. Mr. Showalter also indicated that the renewal for mental health technicians would be better if it were put on a biennial basis.

Comments

The Department of Health and Environment's manpower data system is based on cooperative agreements. Although the Department cannot require the boards to collect information, so far the boards have been cooperating on an individual basis to do so. It should be noted, however, that most of the boards have entered into one-year agreements and are not obligated to collect information in future years. With the exception of the Board of Nursing, which has traditionally collected such information, the boards are reluctant to send questionnaires to their licensees on an annual basis.

If the Legislature should desire the manpower system to be a continuing program, there appear to be three alternatives which could possibly help in the collection of health manpower data. First, the Department of Health and Environment could provide the Boards with pre-printed questionnaires each year, as will be done with the Board of Nursing. The primary advantage of this system, is that the licensee then only has to update information rather than fill out a new questionnaire each year. The second alternative would be to give the boards more specific statutory authority to collect manpower data. The Dental Board has such a statute and although it gives them the necessary authority to gather the information, the Board is still reluctant to do so on an annual basis. Another alternative would be to require the boards, by statute, to collect manpower data for the Department of Health and Environment. The Department of Health and Environment does not favor this system because information collected on a forced basis might not be of as good quality as information collected in a cooperative system.

Perhaps the most effective method of assuring continuing participation by the boards in the collection of health manpower data would be the computerization of information for the boards' use as detailed in the previous section of this report. Although the potential for computerization varies a great deal among the individual boards, it could provide an incentive to the boards to continue cooperation with the Department of Health and Environment.

Senate Concurrent Resolution No. 1607

By Special Committee on Public Health and Welfare

Re Proposal No. 33

12-23

ATTACHMENT # 1

A CONCURRENT RESOLUTION recommending that the Department of Health and Environment establish a health manpower data system for the purpose of evaluating underserved areas and for the development of programs to meet the needs of these areas.

WHEREAS, The Kansas Legislature recognizes that in order to develop programs which will reduce the problem of physicians and allied health personnel rural distribution, data needs to be collected on the ingress and egress of physicians and allied health personnel in and out of the state of Kansas particularly as these data relate to those educated in Kansas; and

WHEREAS, Presently there is a great deal of information in many Kansas state agencies, however in order to evaluate or use this information it requires considerable time and effort to find this information; and

WHEREAS, The most efficient method this data can be accumulated and maintained is to establish under the jurisdiction of the Kansas Department of Health and Environment a health manpower data system; and

WHEREAS, This data base could be put in the Department of Health and Environment's computer under a format which would make this information readily available; and

WHEREAS, One method that could be used in the development of a health manpower data system is to consider developing two separate data bases, one on physicians and allied health personnel now practicing in our state, the other on persons now in residency training. By using this approach, the former will be helpful in analyzing the distribution of health manpower in the

state, while the latter will give the state of Kansas a basis for understanding better what influences residents in their selection of locations for their practices: Now, therefore,

Be it resolved by the Senate of the State of Kansas, the House of Representatives concurring therein: That the Kansas Department of Health and Environment be directed to collect from various sources including other state agencies and maintain such information for the purpose of implementing and developing a complete health manpower data system. In the development of this health manpower data system, the data collected should be primarily that information which will define the effective distribution of health manpower in the state, project future needs more accurately, and provide for a better understanding of those factors that determine the location of physicians and allied health personnel.

Be it further resolved: That the secretary of state be instructed to deliver an enrolled copy of this resolution to the Secretary of the Department of Health and Environment, the Kansas Insurance Commissioner, the Chancellor of the University of Kansas, the Executive Vice-Chancellor of the University of Kansas School of Medicine, the Vice-Chancellor of the University of Kansas School of Medicine, Wichita State University Branch, and all licensing agencies of health care providers.

MEMORANDUMS OF AGREEMENT

BETWEEN

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

AND

CERTAIN HEALTH MANPOWER LICENSURE BOARDS

Terms of Cooperative Agreements Between the Kansas Department of Health and Environment and Health Manpower Licensure Boards:

The conditions of agreement between the Kansas Department of Health and Environment and the specific licensure board include general agreements, as well as specific terms specified in specific memorandums of agreement between the Kansas Department of Health and Environment and each manpower licensure board. The agreement between the Kansas Department of Health and Environment and the State Dental Board is provided here as Exhibit 8, for illustration purposes.

Other memorandums of agreement exist with Healing Arts, Nursing and Pharmacy. Additionally, we have obtained a letter of cooperation from the Board of Examiners in Optometry. The Nursing Home Administrator licensure authority already exists within the Kansas Department of Health and Environment, therefore, no formal memorandum of agreement was necessary with this particular licensing group.

All memorandums of agreement are identical to the State Dental Board agreement except on the following issues:

1. The Board of Examiners in Optometry has not signed a memorandum, but instead, has sent a letter expressing an intent to cooperate for one year only. All other memorandums are indefinite as to time and automatically renew annually. However, some boards, i.e. the Board of Healing Arts, prefer not to repeat the data collection procedure more frequently than biannually.
2. The Board of Nursing and the Board of Healing Arts have agreed to pay the cost of printing questionnaire forms.
3. The Board of Nursing has agreed to pay the cost of coding, keypunching and updating the files.
4. Only the Board of Healing Arts and the Board of Pharmacy memorandums specify ownership of the machine readable files. *
5. The Board of Pharmacy questionnaire differs from the other question-

* As of September 6, 1977, the Dental Board agreement also contains this option.

naires in that it was developed independently by the National
Association of Boards of Pharmacy under National Center for Health
Statistics sponsorship.

COOPERATIVE AGREEMENT
BETWEEN
THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
AND
KANSAS STATE DENTAL BOARD

PURPOSE

The purpose of this agreement is to coordinate and implement a comprehensive data system, to collect and process such manpower information that supports the data requirements of the Kansas State Dental Board, supports the data requirements of the Department of Health and Environment and fulfills the minimum data set prescribed by the Nation's Cooperative Health Statistics System.

Whereas it is deemed highly desirable and advantageous in effectively planning for adequate health services for all Kansas residents, to establish and maintain a comprehensive health manpower data system, utilizing the currently available resources of the above named agencies and,

Whereas such a joint endeavor will eliminate duplication of efforts and result in a more efficient and comprehensive data system, the aforesaid parties agree to the following terms in establishing a cooperative program.

The Kansas Department of Health and Environment Agrees to:

- (1) Develop and operate a statewide computerized health data system by performing the necessary systems analysis and programming functions, by transmitting and receiving data through the available terminal facilities and by arranging for whatever computer services are required from the Computer Services Division of the State Department of Administration for the production of specified statistical reports.
- (2) Bear the cost of coding and keypunching data for the development and maintenance of the computer tape file.
- (3) Pay the cost of data processing and of producing reports for the Department's own purposes, and upon request provide copies of such reports at no cost to the Kansas State Dental Board.
- (4) Abide by applicable laws and regulations regarding confidentiality of the collected data, release statistical reports only in aggregated form, not identifying individuals, and identify individual records only as necessary for internal operations.
- (5) Provide the Kansas State Dental Board with work products in accordance with a prearranged output schedule. If such prearranged outputs are desired, they will be identified in Attachment #1 of this agreement.

The Kansas State Dental Board

as Primary Collector of the Data Agrees to:

- (1) Allow the Kansas Department of Health and Environment to use the collected data for statistical purposes.
- (2) Allow the Kansas Department of Health and Environment to cooperate with the National Center for Health Statistics in collecting the minimum data prescribed by the Cooperative Health Statistics System, currently as contained in Attachment #2 and as the list may hereafter be amended.
- (3) Pay the costs on whatever billing period basis used by the State Department of Administration for the production of special reports specifically requested by the Kansas State Dental Board as specified in Attachment #1 and as that list may hereafter be amended.

Special Provisions:

- (1) Ownership of the machine readable files produced from source documents supplied by the Kansas State Dental Board rests with the Department of Health and Environment. However, a copy of these machine readable files will be provided to the Kansas State Dental Board upon request and at no charge.

- (2) Should the Kansas State Dental Board ask for special tabulations of the data, the Department of Health and Environment will furnish cost estimates, prior to undertaking the work.

Term of Agreement:

It is the intent of the undersigned parties that this agreement remain in force for one full year and that it be automatically renewed each year unless either party notifies the other party in writing, at least sixty (60) days prior to the renewal date of its intent not to renew. This agreement can be amended at any time with mutual consent of both parties.

Termination Due to Lack of Funding Appropriation:

The obligation of either state agency to perform pursuant to this agreement is expressly contingent upon the appropriation, budgeting and availability of sufficient funds after the current fiscal year by the State of Kansas. In the event that these funds are not budgeted, appropriated, or otherwise made available to either agency for the purpose of payment of this agreement at any time after the current fiscal year, then the agency that does not have the funds shall have the option of termination of the agreement at any time after the current fiscal year, upon written notice to the other party. The termination of this agreement for this reason will NOT cause ANY penalty to be charged to the agency cancelling the agreement, nor require the payment of any additional regular payments beyond this termination date.

MEMORANDUM

September 6, 1977

TO: Special Committee on Ways and Means-A
FROM: Kansas Legislative Research Department
RE: Proposal No. 68 - Kansas Utilization of Title XX

Comparison of Kansas Title XX Plans --
FY 1977 and FY 1978

State preparation of an annual Title XX plan is required by federal law (PL 93-647). The law additionally requires that states publicize their Title XX plan and hold public meetings concerning it. During Fiscal Years 1976 and 1977 the plan caused relatively little public concern. However, the preliminary FY 1978 plan resulted in a public meeting that was attended by over 300 persons and continues to be a source of concern to many, a situation which has been brought to the attention of legislators on numerous occasions.

The major difference between the FY 1978 Title XX plan and those of previous years is that the newest plan contains reductions in expenditures for certain services. These reductions have occurred due to the fact that Kansas has for the first time approached the limit of its allocation of Federal Title XX money. Expenditures in excess of the federal allocation would occur without the usual 75 percent federal funding. Consequently, the state has the choice of either expanding services utilizing non-federal monies or reducing expenditures for services.

The option exercised in the FY 1978 budget, which is reflected in the newest Title XX plan, is that of reducing certain purchased services. The reductions have occurred among services purchased utilizing donated funds matched with Federal Title XX funds. Total expenditures utilizing Title XX/donor funds during FY 1977 were \$6,293,754. The FY 1978 SRS budget includes \$3,300,000 for this purpose. Various services have been provided through donor funds matched with Title XX, including alternative education and alcoholic treatment. However, the primary use of these services has been residential, work adjustment, and day-care services to the developmentally disabled.

During FY 1978, the donor funds have been allocated by SRS management areas. Consequently, the donor contracts that will be accepted during FY 1978 will be selected by the local SRS offices. This represents a change from previous years, in which donor contract acceptance or rejection was a central office function. The donor funds have been allocated to areas utilizing a formula which distributed 70 percent of the funds according to expenditures during FY 1977; 10 percent based upon the population of the area; 10 percent by the number of persons in the area living below the poverty level; and 10 percent according

to the number of persons in the area receiving public assistance. Every area in the state will experience a substantial reduction in the amount of federal funds available to match. Reductions between actual FY 1977 donor-matched expenditures and allocated FY 1978 expenditures will average 35.7 percent, with the maximum decline being 45.3 percent.

As a consequence of the reduction of Title XX funds available to be matched by donor funds, decreases will occur in the number of persons receiving day care, residential, and work adjustment services. Additionally, SRS has indicated the intention to completely phase out Title XX financial participation in several services during the next 12 months. These services include: transportation services; nutritional programs; alternative educational programs; and services to alcoholics and drug abusers.

The Title XX funds that were decreased for matching with donor money have been utilized to finance other projects within the area of social services. Budgeted for major increased funding from Title XX sources during FY 1978 are: (1) Homemaker Services (\$565,912); (2) Day Care for A.D.C. Clients (\$244,164); (3) Residential Services for A.D.C. Foster Care Clients (\$52,950); (4) Residential Services for G.A. Foster Care Clients (\$24,430); Services to Reintegration Clients (\$277,520); and the employment of nine new protective service workers in local SRS offices. In addition to specific services budgeted for increases, an additional \$324,543 of Title XX funds was budgeted during FY 1978 to finance increases in Administrative and Indirect Costs. Attachment I to this memorandum shows budgeted and actual Title XX expenditures during FY 1977, as well as budgeted FY 1978 expenditures.

Revisions to Eligibility Standards

To facilitate containing expenditures within the Title XX federal limitation, SRS has tightened the eligibility requirements for Title XX services. Public Assistance recipients will continue to be eligible for services, as required by federal laws. However, those receiving services on the basis of low income will experience a phased-in reduction in eligibility. Prior to July 1, 1977, individuals were eligible if they earned less than 110 percent of the state's median income. This allowed a family of four, having an income of \$15,840, to be eligible for services. During the first half of FY 1978, the income eligibility level will be reduced to 100 percent of the median income, or \$15,708 for a family of four. The impact of this reduction in eligibility may be offset somewhat by an increase in the 1978 median income over the 1977 median income. Median income figures used in the Title XX plan are promulgated by the federal government. However, the 100 percent level of income eligibility will only be in effect from July 1, 1977 to December 31, 1977. On January 1, 1978, the eligibility level will be further reduced to 90 percent of the median income. Thus, during the last half of FY 1978, a family of four will be eligible only if its income is less than \$13,980 annually. SRS has announced an intention to set the income eligibility level at 80 percent of the median income effective July 1, 1978.

Fees for Service

Since the beginning of Title XX, SRS has maintained a co-payment arrangement for those who receive services based on eligibility due to low incomes (no fee is charged those receiving public assistance who also receive social services). During FY 1976 and 1977, individuals receiving services were required to pay part of the cost of service if their income was above 80 percent of the median income. These fees are based upon family size and level of income. Effective July 1, 1977, individuals having earnings above 60 percent of the median income will pay a fee. The beginning fees are rather small, usually \$5.00 or less per month. However, since the scale now begins at 60 percent of the median income, recipients in the range of 80 to 100 percent of the median income will be paying a larger portion of the service fees. Thus, a family of four earning 100 percent of the median income during FY 1977 and receiving services paid a fee of \$48 per month. A family of four earning 100 percent of the median income during FY 1978 will pay a monthly fee of \$144. Reflected in a slightly different manner, a family of four with a monthly gross income of \$1,100 paid a monthly fee of \$17.00 during FY 1977 will pay \$66.00 per month during FY 1978.

Donor Match Rate

The federal rate of financial participation for Title XX services has been 75 percent federal funds matched with 25 percent state funds. Kansas has used this same match rate for all services purchased through Title XX, including both those matched with donor funds and those matched with state funds.

SRS proposed that the donor match rate be increased, during FY 1978, from 25 percent to 50 percent. This would have stretched Title XX dollars and allowed continuing expansion of social services. However, public comment to this proposal was extremely unfavorable. Various individuals indicated in public testimony that this procedure would cause an undesirable effect on social services statewide, resulting in discontinuance of several projects. Consequently, SRS did not adopt this proposal and the match rate remains at 25 percent.

During FY 1978 SRS will allow federal revenue sharing funds to be used as match. This source of revenue has not formerly been accepted.

Alternatives

Various problems confront the future of Title XX Social Services in Kansas. Due to increased utilization, Title XX cannot be viewed as an unlimited method of financing Kansas social service efforts. As a result of approaching the state's maximum

federal allotment, Kansas decisionmakers are now faced with several alternatives for remaining within the federal allotments. Continuance of present growth rates in social service would result in larger portions of the social service program being financed with no federal financial participation. Some of the options for reducing social services so as to remain within federal allotments are discussed in the following material. This enumeration is not intended to be an exhaustive listing of all alternatives. Rather it details some options which can be explored to address marginal resource allocation among expanding demands for social services.

Curtail Services Uniformly

One possibility for maintaining expenditures within federal allotments is to annually decrease the amount budgeted for each type of service proportionally according to the total reduction in Title XX funding. This procedure would have the advantage of causing state operations and private vendors to share proportionately in the reductions. Since estimates of the total federal allotment are usually available several months in advance service providers would be aware of likely decreases in available funding and would not be surprised by revised Title XX plans.

This method has the disadvantage of assuming that the current distribution of service money should be proportionally continued indefinitely. Additionally, direct service expenditures tend to expand annually due to increases in salaries, rents, utilities, and supplies. Therefore, proportional reductions in direct service expenditures would be required or increases in direct service costs would be financed from funding mechanisms other than Title XX.

Curtail Certain Services While Maintaining Others at the Current Level

Another procedure is to set priorities for the various services and to initiate all reductions at the expense of non-priority services. This has essentially been the procedure utilized by SRS in preparation of its proposed FY 1978 plan. Services geared toward goals of self-support were continued at present or slightly increased levels, while others deemed less essential were reduced. A problem with this method is that it maximizes conflict. Certain providers of services that have been reduced are required to absorb funding decreases, frequently on rather short notice. Effective use of this method requires a considerable amount of service planning and careful consideration of data prior to priority setting. Unless some long-range planning accompanies the setting of priorities, conflicts will be maximized and service provision has the potential to become a relatively chaotic experience for both service consumers and providers.

Return Funding of Certain Foster Care
Services to Title IV-A Funding

Prior to Kansas reaching its Title XX ceiling, several innovations were explored by SRS in an effort to maximize federal funding while minimizing state general fund requirements. One of these procedures involved financing certain residential services for ADC foster care recipients at a 75 percent federal match, rather than the 52 percent federal match available for the remainder of ADC maintenance activities. One option involves returning these services to the 52 percent match rate in an effort to make Title XX funding available for other services. This procedure would require additional state expenditures of \$724,995 (during FY 1978) and would result in \$2,013,876 of Title XX funds being available for other purposes.

While transfer of other types of residential services to foster care recipients could make additional Title XX money available, no other source of federal funding exists to absorb the impact of such transfers. If foster care services, now funded utilizing Title XX funds, were financed utilizing state money during FY 1978, it would cost the general fund an additional \$1,310,003 for G.A. foster care recipients and \$188,433 for state ward foster care recipients to free similar amounts of Title XX money.

Require Donors to Match at a Higher Ratio

One possibility for increasing the total purchase of service effort, while remaining within Kansas Title XX allotments, involves increasing the amount that donors must match from the present 25 percent. This would increase the number of donors who could match Title XX funds and enlarge the total funds being spent for social services. Raising additional donor money presents no problem in certain areas, particularly those having county mill levies to serve the aged or mentally retarded. However, in other areas obtaining additional donor money would be nearly impossible and could have the effect of abolishing certain services. The existence of donor money may not be proportional to the need for service, which presents a problem when considering raising the donor match rates.

Several alternatives exist for altering donor match rates. Obviously one merely involves setting a new statewide match rate for all services. Additionally, variable match rates could be established for certain services or areas of the state where needs are the greatest. Another alternative involves starting the match rate at 75/25 for new donors and reducing it each year until ultimately the donor would no longer be eligible to match Title XX funds. Such an arrangement could be employed to promote the concept of community-based facilities that would gradually become self supporting.

Discontinue Funding Administrative
Activities Through Title XX

During the past several years, federal social service money has been utilized to finance certain administrative operations. The amount of administrative expenditures that are charged against the Title XX fund is determined by a cost allocation plan that is approved by HEW. The amounts that are allocated to the Title XX federal account cannot be rearranged to other federal cost allocation standards. Thus the options for financing these operations are restricted to either Title XX funds or state funds.

Increased Use of Title XIX Funding

Various service providers have suggested that Title XIX funding could be utilized to replace Title XX services in certain cases. Federal financial participation of 52 percent is available for approved services in a state Title XIX program. It appears that two possibilities exist for utilizing this funding mechanism to expand services to the developmentally disabled.

One option would be for providers of service to the developmentally disabled to become certified as Intermediate Care Facilities (ICF) for the mentally retarded. However to receive certification as an ICF-MR the facility structure, staffing patterns, educational services offered and medical services offered must meet rather precise federal specifications. Thus, individual facilities would be required to make a considerable investment to achieve eligibility for this funding mechanism. It is doubtful that many facilities would be interested in pursuing this option for financing.

A secondary alternative which has been suggested involves increased use of a category of medical services known as Home Health Services. The impetus for increased use of this service arose through press releases from an Oklahoma program. The Oklahoma system utilizes home health aides to provide daily care to approximately 2,000 recipients. The clientele served by this program are primarily elderly individuals who live alone. A major goal of the Oklahoma Home Health Service is to allow such individuals to remain in their homes and reduce the necessity for nursing home care. Information from Oklahoma SRS indicates that in some cases their Home Health Aides are also utilized to serve the developmentally disabled.

Thus the home health service concept exists as an alternative for serving clients in their homes rather than in specialized day care or residential care facilities. However, federal regulations place certain requirements on Home Health Agencies. Included in these mandates are: (1) that individual home health service plans be prepared and carried out by a physician; (2) that skilled nursing services be available to recipients; and (3) that recipients be eligible for Medical Assistance under the state's Title XIX plan. These stipulations

obviously build additional costs into the program which may not be absolutely necessary given the clients to whom such a program would be directed. Such requirements should also be considered by donors who may wish to donate funds for such a program or by the Legislature, if it considers increased financing of Home Health Services. Additionally, prior to implementing such a program analysis should be given to whether clients receiving Title XX services would be eligible for federally supported medical assistance. If the clients benefiting from expanded Home Health Services would only be eligible for state-only medical assistance, then the expenditures would be of little value.

TOTAL CASES BY AREA
BY COMPARATIVE QUARTERS

SRS Area	# Cases (4/76-6/76)	# Cases (4/77-6/77)
Hays	2104	2931
Garden City	2295	2633
Salina	2647	3493
Pratt	2663	3431
Wichita	9380	10605
Hutchinson	2515	3964
Winfield	1850	2601
Emporia	1974	2199
Junction City	2746	4043
Hiawatha	1582	2069
Topeka	7281	8796
Kansas City	8607	10539
Olathe	4231	5251
Osawatomie	2015	2878
Chanute	2562	2903
Parsons	1396	2181
Pittsburg	<u>3414</u>	<u>3680</u>
TOTAL	<u>59262</u>	<u>74197</u>

~~*Data collected~~

Attachment 5

PARTIAL LIST OF TITLE XX
SERVICES BY NUMBER OF RECIPIENTS
IN COMPARATIVE QUARTERS

Quarter -- 4/76-6/76

Quarter - 4/77-6/77

CATEGORY			
SERVICE	SSI*		
	AGED	BLIND	DISABLED
	# Recipients	#Recipients	#Recipients
Chore	282	70	34
Day Care - Adult	38	27	215
Day Care - Children			183
Education & Training		11	99
Habilitation/ Rehabilitation	233	254	1,054
EPSDT		18	19
Homemaker	540	129	222
Community Living	129	48	106
Protective Serv.	258		860
Residential - Adult	151	33	957
Residential - Children		23	473

CATEGORY		
SSI*		
AGED	BLIND	DISABLED
# Recipients	# Recipients	# Recipients
294	108	166
30	20	85
		361
		33
179	501	1,792
	23	24
849	232	349
124	85	120
136	37	967
226		1,367
		639

*Includes Medicaid Eligibles

PARTIAL LIST OF TITLE XX SERVICES BY NUMBER
OF RECIPIENTS IN COMPARATIVE QUARTERS

SERVICE	Quarter 4/76-6/76	Quarter 4/77-6/77
	AFDC	AFDC
	# Recipients	# Recipients
Chore	76	42
Day Care - Children	2,814	2,910
Education & Training	602	970
Habilitation/ Rehabilitation	3,413	3,816
EPSDT	2,343	3,295
Homemaker	112	63
Community Living	749	560
Protective Serv.	1,858	2,647
Residential - Children	2,427	3,154

SERVICE	Quarter 4/76-6/76	Quarter 4/77-6/77
	Income Eligible	Income Eligible
	# Recipients	# Recipients
Chore	552	1,301
Day Care - Adults	95	88
Day Care - Children	2,037	2,622
Education & Training	241	178
Habilitation/ Rehabilitation	1,005	1,677
Family Planning	788	655
Homemaker	1,231	2,748
Community Living	265	619
Residential - Adult	344	401
Residential - Children	1,238	2,282

CHILDREN WITH DIAGNOSED HANDICAPS
IN OUT-OF-HOME CARE

(As of December 31, 1976)

<u>Handicap</u>	<u>#Children</u>
Physical(Correctable)	92
Physical (Permanent)	164
Emotional	437
Learning Disability	200
Mental Retardation	313
TOTAL	1,206

There are 5,607 children in custody of the Secretary of the Department of Social and Rehabilitation Services who are in various out-of-home placements, including group boarding homes and residential centers.

The above figures indicate the number of these children who are handicapped. Some of these children are receiving social services in group boarding homes and residential centers which are being funded, in part, from Title XX.

Some have Res. Jurs & some etc. do!

COMPARISON OF SUPPORTIVE COSTS, DIRECT SERVICE COSTS AND SALARIES TO TOTAL COSTS

The only costs shown direct sup are those shown as a direct sup cost
 Maintenance costs etc # 2 # 3 # 4 # 5 # 6

Rehab. Facility	Audit or Desk	Direct Admin. Costs		Other Costs		Total Support Costs		Direct Service Costs		Total Costs	Salaries and Benefits	
		Amount	% of Total Cost	Amount	% of Total Costs	Amount	% of Total Costs	Amount	% of Total Costs		Amount	% of Total Costs
TRI-Ko	Audit	36,259	27.9%	38,050	29.4%	74,309	57.1%	55,730	42.9%	130,039	78,136	60.1%
TERRAMARA	Audit	55,449	18.9%	107,858	36.8%	163,307	55.7%	129,704	44.3%	293,011	157,742	53.8%
MENTAL RETARD. GOV. BOARD OF WYANDOTTE	Audit	100,399	37.4%	88,194	32.8%	188,593	70.2%	79,982	29.8%	268,575	182,294	67.9%
KANSAS ELKS TRAIN. CENTER	Audit	243,291	21.9%	564,278	50.7%	807,569	72.6%	305,138	27.4%	1,112,706	460,473	41.4%
SUNFLOWER TRN. CTR.	Audit	96,736	46.6%	12,496	6.0%	109,232	52.6%	98,383	47.4%	207,615	70,255	33.8%
CHIKASKIA	Audit	60,631	29.2%	34,718	16.7%	95,349	45.9%	112,181	54.1%	207,530	135,012	64.6%
STARKEY'S	No Audit	128,713	27.3%	96,477	20.4%	225,190	47.7%	246,820	52.3%	472,010	119,315	25.3%
COTTONWOOD, INC.	Audit	69,685	18.7%	148,908	40.1%	218,593	58.8%	153,352	41.2%	371,945	170,184	45.8%
Develop. Service N.W. KANSAS (H.B. REED)	Desk	331,536	38.2%	262,374	30.2%	593,910	68.4%	274,834	31.6%	868,744	468,718	54.0%
LEAVENWORTH DEVELOP. SERVICES	Audit	66,291	23.4%	91,801	32.4%	158,092	55.8%	125,007	44.2%	283,099	179,658	63.5%
TOPEKA ASSOC. FOR RETARD. CITIZENS	Audit	81,737	24.4%	98,548	29.4%	180,285	53.8%	154,732	46.2%	335,017	196,611	58.7%
BIG LAKES DEVELOP. CENTER	Audit	151,812	33.5%	110,466	24.3%	262,278	57.8%	191,186	42.2%	453,464	292,799	64.6%
JOHNSON CO. MENTAL RETARD. CENTER	Audit	340,520	26.4%	362,408	28.0%	702,928	54.6%	584,944	45.4%	1,287,872	703,923	54.7%
FRANKLIN CO. REHAB. CENTER	Audit	79,480	18.3%	164,667	37.8%	244,147	56.1%	191,096	43.9%	435,243	232,189	53.3%
CLASS, LTD.	Audit	75,542	34.0%	42,759	19.0%	118,301	53.0%	104,825	47.0%	223,126	153,258	68.7%
MID-KANSAS DEVELOP. SERVICE	Audit	34,889	30.0%	33,752	29.0%	68,641	59.0%	47,695	41.1%	116,336	70,969	61.0%
VIRDIGRIS VALLEY DEVELOP. CTR, INC.	Audit	43,742	32.6%	39,656	29.5%	83,398	62.1%	50,897	37.9%	134,295	83,318	61.3%

COMPARISON OF SUPPORTIVE COSTS, DIRECT SERVICE COSTS AND SALARIES TO TOTAL COSTS (CON'T)

	# 1		# 2		# 3		# 4		# 5		# 6	
	Audit or Desk	Direct Admin. Costs Amount	Admin. Costs % of Total	Other Costs Amount	Other Costs % of Total	Total Support Costs Amount	Total Support Costs % of Total	Direct Service Costs Amount	Direct Service Costs % of Total	Total Costs	Salaries and Benefits Amount	Salaries and Benefits % of Total
CHILDREN'S IDENTICAL			Costs		Costs		Costs		Costs			Costs
UNITED METHODIST UTHVILLE	Desk	149,313	14.1%	590,246	55.7%	739,559	69.8%	319,645	30.2%	1,059,204	557,776	52.7%
G. L.	Audit	574,371	24.8%	552,502	23.8%	1,126,873	48.6%	1,190,482	51.4%	2,317,355	1,557,917	67.2%
SENTINE-CHILDREN'S UTH CENTER	Audit	34,332	15.0%	127,869	55.9%	162,201	70.9%	66,556	29.1%	228,757	121,033	52.9%
PLACES, THE	Audit	22,613	9.2%	157,250	64.0%	179,863	73.2%	65,886	26.8%	245,749	82,858	33.7%
PPER FOUNDATION	Audit	161,982	23.1%	225,140	32.1%	387,122	55.2%	313,795	44.8%	700,917	506,786	72.3%

REMARKS

TO: Interim Legislative Ways & Means Committee (A), "Wint" Winter, Chairman
BY: David Williams, United Way of Wichita and Sedgwick County,
420 Insurance Building, 212 North Market, Wichita, Kansas
RE: Title XX

Mr. "Wint" Winter, Chairman, and distinguished members of the Kansas Legislative Committee on Ways and Means, thank you for the invitation and opportunity to appear before you today to discuss the effective utilization of Title XX monies in assisting persons receive necessary services. It can be said of each organization represented here -- the Ways and Means Committee, the Department of Social and Rehabilitation Services, and we making presentations -- "We each have one ultimate purpose or goal overriding all others, and that is....to enable individuals and groups to live well-adjusted and satisfying existences and to enable them to realize their full potential." With each of us serving the people of Kansas and operating within the same human service delivery system, it appears important that three things occur between us: (1) Coordination, (2) Cooperation, and (3) Accountability.

Coordination and cooperation are occurring locally, as exemplified by the Department of Social and Rehabilitation Wichita Office, the City of Wichita, the Metropolitan Area Planning Department, and the United Way to plan and fund the delivery of human services. More specifically, we have worked together on common budget and proposal forms, common definitions of programs, and coordinated Information and Referral Services such as a common directory of services. All of these components make up what we call the Human Services Information System.

An example of coordination among these agencies occurred recently when state level Social and Rehabilitation Services decided to make regional allocations of Title XX monies. Representatives of the agencies participating in the Information System met with representatives of the Day Care Association to determine the impact on the clients and the impact on the agency. Another example of coordination in the Information System is the exchange of funding data on programs and agencies receiving monies from two or more participating agencies. Recently, in addition to exchanging the above data, we have been exchanging information regarding policies, present and potential ones, and future funding in terms of dollars and priorities. Locally, we feel this coordination improves our ability as funding agencies to meet individual's needs. Just as at the community level it is necessary to be coordinated, it is necessary at the state level since Social and Rehabilitation Services policy decisions are made in Topeka.

Excellent working relationships have been established between local communities -- cities, United Ways, private agencies, and Social and Rehabilitation Service Offices -- but Social and Rehabilitation Services policy decisions are not made locally. They are made at the state level. At present, a forum does not exist for coordinated input or reaction to those policy decisions by funding and provider agencies. When local agencies do respond, not only is there a lack of coordination but often it is to established policy rather than having the opportunity to input into the development of the policy or responding to a proposed policy. Having the opportunity to collectively input would increase coordination of local agencies throughout the state, as well as provide greater

lead time in making appropriate adjustments locally to changes. An example of this impact is that the decision to make regional allocations resulted in Sedgwick moving from approximately \$1.35 million in purchase of service dollars in fiscal 1977, to approximately \$850,000 in fiscal 1978. This decision was made after the City of Wichita, the County of Sedgwick, and the United Way budgets were set for fiscal 1978, beginning January 1, 1978. As you can see, local communities are left with the responsibility once the Department of Social and Rehabilitation Services, and are left with very little capability of developing additional resources and almost no advance notice to respond. Therefore, we suggest that the committee consider establishing the following by legislation:

- 1) An advisory council to Social and Rehabilitation Services to include representatives of funding agencies and direct service agencies.
- 2) A time frame for responding to, and for adjusting to, major changes the administration makes in Title XX funding, including policy decisions and time frame; for example, 45-90 days for responding to proposed changes and 45-90 days once policies are finalized before they are implemented.

Having concluded the remarks regarding coordination, I will now move to the second and third elements: Cooperation and Accountability. Using Webster's as a reference, cooperation is defined as: (1) to act or work with another or others; to act together, and (2) to associate with another for mutual benefit.

Not only are those agencies which are in the local Information System coordinating, but cooperating. This cooperation is exemplified by the common proposal and budget forms which have been developed and implemented by each participating agency. With these forms, it is possible to determine administrative, indirect and direct costs of programs of community based agencies.

Just as the cooperative agencies are asking for accountability of provider agencies, we, as funding agencies, should be accountable for administrative, indirect services, and direct services in the expenditure of our funds. Therefore, we would like for Social and Rehabilitation Services to present its Title XX and total budget identifying the costs listed above. For this to be meaningful, standard definitions for administrative, indirect service, and direct service costs must be developed. The Kansas Department of Social and Rehabilitation Services is in the process of developing definitions for some direct and indirect programs. We are having the opportunity to respond to these definitions, which is appreciated. We have met with state and local representatives of Social and Rehabilitation Services in determining the feasibility of adopting the same definitions which will enable local provider agencies to maintain just one set of books instead of three or four.

While discussing funding, we would like the committee to consider one other matter. Community based agencies, cities, United Ways and others cooperatively fund services to Income Eligibles. We feel local communities should participate in the cost of services to persons of this income level. On the other hand, we feel that for wards of the state, A.D.C. clients, and others who are the responsibility of the state, the full cost of service should

be provided by the state and not Title XX or with local funds. For example, Booth Memorial in Wichita has two programs, only one of which the United Way wants to fund. The audited cost by Social and Rehabilitation Services of the other program is almost \$30. However, the ceiling for that type of service set by Social and Rehabilitation Services is \$27.50. For each client Social and Rehabilitation Services places in that program, some source is committed to paying the \$2.50 deficit to keep the agency financially solvent. The United Way is presently funding that deficit, although we do not have any clients in it. Therefore, we are suggesting that the Legislative Ways and Means Committee consider proposing to the full legislature that the full cost of services for wards of the state and A.D.C. recipients be provided by the state.

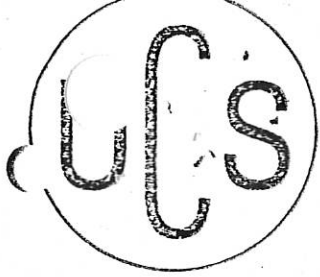
Summary of Comments. Items that would assist us in planning and funding of services are:

- 1) Knowing the amount of Title XX funds available for purchase of both direct and indirect services locally and statewide, and administrative costs.
- 2) Development of State and Local Advisory Council.
- 3) An opportunity to respond to proposed policies.
- 4) Lead time to plan changes locally necessitated by the changes.
- 5) Adoption of common definitions for terms and programs.
- 6) Full cost of service for wards of the state.

Interim Legislative Ways & Means Committee (A)
"Wint" Winter, Chairman
Title XX
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Your consideration of these matters is appreciated. If additional or more specific information would assist you in responding to these issues, please contact me.

DW/jb
9/21/77



United Community Services

of Johnson County, Kansas

5311 Johnson Drive, Mission, Kansas 66205 (913) 432-8424

STATE WAYS AND MEANS HEARING

TITLE XX

September 9, 1977

I am Alice Kitchen, Executive Director, United Community Services of Johnson County, the planning arm for United Way in Johnson County. Our business is planning, coordination, resource utilization, research and development.

Our interest in Title XX is to assure that the social service needs of Kansas citizens are being met through public and private efforts.

From our study of the Legislation we believed that Title XX could provide Kansas with Federal dollars to fill in the gaps - provide the glue to the existing system to encourage an integration of the old categorical aid programs and to expand services.

The effects at the local level have been mixed. Since United Community Services is not in the business of direct service, the perspective we bring is that of a neutral party.

My comments will be limited to four areas:

1. Comprehensive Planning
2. Decision-making Process
3. Responsibility/Accountability
4. Problem(s) Areas

I. COMPREHENSIVE PLANNING

Whether it was intended or not, the ability to promote comprehensive planning is undoubtedly the strongest tool presented by Title XX.

- A. The process gives states the opportunity and flexibility to rethink the traditional mode of operation and design new strategy. This was not intended to mean use of Federal dollars to manage the existing welfare system. A look at the services contracted out

EXECUTIVE COMMITTEE:

President, Mayme D'Agostino; First Vice President, Anne Debus; Second Vice President, Anne Rhoads; Secretary, Frances Jarcow; Treasurer, Jan Bloomingdale; Past President, Barbara Buehler; Members at Large, Will Cleaver, Richard Bond
EXECUTIVE DIRECTOR, Alice Kitchen

to community based programs evidence this point.

- B. This opportunity has given the state funds to create the necessary linkage to make services tie together.

Coordination at the state and local level has not been generated by SRS. Cooperative efforts to develop the networks has not materialized. Non SRS providers are pitted against each other in the scramble for the same dollars.

This is not necessary and can be avoided by re-structuring, utilizing contracts and community-based programs. Linkages are intended to interface CETA, Community Development Funds, Community Service Agencies with Title XX. Due to the broad spectrum of Title XX overall Human Resources Planning in the State of Kansas is a must.

- the private sector needs to be involved, as do the municipalities and consumer groups
- you need this to maintain the broad overview and objectivity.

We recommend an emphasis on decentralization planning with a Statewide Advisory Committee. Both committees should be charged with reviewing information and setting priorities.

II. DECISION MAKING

In order to tap the best thinking and problem solutions it seems important that the concept of Citizen Advisory Council stated in the Plan be implemented. To date, our County does not have a Citizen Advisory Council

Personnel fearful or uneasy with citizen participation methods could be given technical assistance from a wide range of resources.

We recommend that these Councils be instituted where they are not now operable.

We recommend that the Councils be active in the needs assessment, resource inventory, and priority setting process.

III. RESPONSIBILITY/ACCOUNTABILITY

The State has the statutory responsibility to care for dependent and non self-sufficient persons - NOT THE FEDERAL GOVERNMENT. Using Title XX to supplement state obligations violates the intent of the legislation. The original idea was to set up a consumer social service system: a system that maintains and prevents as opposed to strictly financing dependant persons. The Title XX Plan requires that the state maintain its current effort in funding social services. My question to you is:

1. How do you separate that out to assure yourselves that this is

being done?

2. Who decides where the money is spent that is generated by Title XX matching dollars?
3. What is the current system to monitor and evaluate the effectiveness of the plan?

IV. PROBLEM AREAS

In the current decision-making process policies are made without the benefit of broad-based input, without consideration of local concerns, and often given without rationale.

This has been evidenced with DRUG and ALCOHOL programs specifically. Assurances of funding were given and then withdrawn.

- All of this undermines the trust we need to work in a cooperative spirit.

- This creates a distance that prevents cooperation and problem-solving: it breeds competition and resistance. In the end it costs us all time and dollars.

We recommend and ask for your assistance at broadening the base of planning at the local level.

In reference to PROPOSAL 68:

1. Donor Match - we discourage increasing the match as it would prevent private and non SRS agencies from participating actively.
2. Home Health Care - we are researching this need and currently have documented a limited need. We encourage you to look at this option.
3. Choice of Service - It is essential that freedom of choice be maintained in the arena of social services. This philosophy allows for healthy competition that improves quality. More importantly, being poor or dependant should not mean you have only one choice while everyone else can pick and choose where they purchase their services.

Thank you for the opportunity to respond to this significant piece of legislation.

Alvie Kitchen

TO: The Special Committee on Ways and Means -- A
Senator Wint Winter, Chairperson

FROM: Kansas Association of Rehabilitation Facilities

DATE: August 18-19, 1977

RE: Proposals No. 65, 66

I. INTRODUCTION

As noted in previous testimony, in 1973 Kansas made a conscientious effort to move people from State Institutions to communities. The effort was also designed to serve the severely handicapped by providing for community services which would improve the quality of life for those individuals. Community agencies serving the mentally retarded and other developmentally disabled persons were encouraged to initiate or expand services to meet the unmet need already existing in the communities (and thereby prevent institutionalization) as well as provide for appropriate placement in the targeted de-institutionalized population. Services in communities across Kansas developed from almost nothing to become a viable and important component of Kansas' service system.

Services that evolved were based upon three basic principles:

1. That services to the developmentally disabled should be provided in the most normalizing and least restrictive way possible. This means, among other things, that people live in houses rather than dormitories, recreate in local theatres rather than in a "multi-purpose" room, work in industrial locations rather than converted hospitals, and worship at churches and synagogues rather than in chapels attached to their dormitories.

2. That services should, as soon as possible, achieve an acceptable level of quality as determined by national accreditation agencies, such as the Joint Commission for Accreditation of Rehabilitation Facilities.
3. That services should be provided to a class of people that have been excluded from the mainstream of our communities, that is, the severely mentally handicapped and/or severely developmentally disabled. A developmental disability is defined as:

"Disabilities that become evident in childhood, are expected to continue indefinitely, constitute a substantial handicap to the affected individual, and are attributable to mental retardation, autism, cerebral palsy, epilepsy, or other neurological condition closely related to, or requiring treatment similar to that required by, mental retardation."*

Though the concept of deinstitutionalization was initiated in Kansas, a well delineated plan for a comprehensive service system and a systematic strategy for implementation was not. The roles and corresponding relationships of community services and private service providers, State institutions, Vocational Rehabilitation, and educational system still need to be or never have been defined.

* Standards for Community Agencies. Joint Commission on Accreditation of Hospitals. July, 1973. Page 120.

Inherent in this lack of planning is an ill defined and inadequate funding base for the community based service system. As a result, a crisis now exists that could potentially cause the return of more than 300 Kansans to state operate facilities.

Kansas has relied heavily on Federal and local funding for its community services. Support on the state level has been sporadic and minimal. Specifically, State funds represent 7% of the total funding, whereas locally generated monies account for more than 35%.** Federal funds, principally Title XX, have been the largest factor in the development of community services. These funds, however, are subject to varying priorities according to State agency manipulation. Recent changes in uses of these monies have precipitated the current crisis. Furthermore, this money is a limited allocation and cannot cover the costs of a comprehensive system of services that is still being developed.

The solution to this current crisis cannot be a stop-gap measure. Kansas has an opportunity to provide leadership in the development of less restrictive, more humanizing alternatives to specialized care for its disabled citizens and at the same time, make the best use of available public funds on the long run. With this opportunity, Kansas has the chance to proact rather than react to Federal mandates. There is a growing feeling that de-institutionalization and community based services will receive the same legislative attention that has been paid special education. This view is based upon the fact that persons

**Kansas Developmental Disabilities - Community Facilities Summary for year ending 12-31-76. State Department of S.R.S. (Attachment #1)

in institutions for the disabled are not incarcerated and have a right to as free an existence as is feasible for the individual as possible.

Certainly, Kansans are not prepared for an immediate and sudden mass restructuring of services offered to the developmentally disabled. A detailed, well-planned strategy for the integration of our disabled citizens into the mainstream of society should include transitory steps that utilize the existing services, both private and State operated.

The following testimony will describe some of the services provided on a local level, and some of the obstacles to the upgrading and expansion of these services and propose specific recommendations.

II. CHILDREN'S SERVICES

In addressing the needs and problems of the preschool developmentally disabled citizens of the State of Kansas, it is important first of all to understand the services provided by community based agencies. The services that are designed to serve the developmentally disabled are basically five and include: (1) assessment - determining the strengths and needs of individual children in the areas of cognitive (thinking skills, intelligence), affective (feelings and emotions), socialization (social behavior and interaction), communication (speech and language development), and sensory motor (including fine and gross motor skills, as well as perceptual motor skills); (2) provide services based on Individual Program Plans - IPP's are a written plan of intervention and action based on the individual's needs as determined in assessment. IPP's are provided through an interdisciplinary approach including (a) instruction by developmental specialists, (b) therapy by speech, occupational and physical therapists and (c) counseling (behavior management); (3) follow-up and follow-along services - services designated to integrate children into the least restrictive programs in the community such as public schools, day care centers, homes, etc.; (4) necessary support services such as transportation and meals, as well as other services obtained in the community such as medical, dental, psychological, and financial services; (5) parent education - development of the concept of the parent as the "prime educator" of the child as well as to assist the parents in coping with their handicapped child and to accept that child into their family.

There are presently approximately 1213 developmentally disabled children between the ages of 0 and 5 in the State of Kansas that are receiving the above named services in a community based facility. Kansas' statistical data indicate that approximately 1300 children are born each year with varying degrees of handicapping conditions. A recent survey by the State Department

of Social and Rehabilitation Services estimates that by the year 1981 that 2860 preschool children with developmental disabilities should be served by community based facilities.

Historically, the Department of S.R.S. has made big strides in assisting community based facilities in providing adequate services for the preschool handicapped citizens of Kansas. Recent decisions regarding use of Title XX funds by the Department of S.R.S. will greatly jeopardize the continuance, much less the expansion, of preschool programming in the future, which is inconsistent with national trends. These recent decisions point out further that gaps in the continuum of services for the disabled are going to become more apparent unless prompt measures are taken to fill these gaps and to provide a true continuum of care. At the present time, for example, S.R.S. is eliminating many preschool clients whose needs should be covered either by S.R.S. or education funds. However, the state education plan has not yet made provisions to cover this age group. A State Plan for services to developmentally disabled preschoolers and adults is needed in order to fill the voids created in the decisions that are made by S.R.S. and the State Department of Education. Community based centers have demonstrated their willingness to serve this particular population but are in desperate need of financial resources to carry out this task.

Although the State Department of S.R.S. emphasizes the importance of providing preschool services for developmentally disabled children, a recent decision to reduce the median income eligibility from 110 percent to 80 percent will virtually eliminate many families that now qualify for Title XX funding.

The implications are that more local dollars and state dollars will be needed then to finance these programs. Senate Bill No. 649 provides a mechanism by which the State of Kansas can become more actively involved in funding of these community based programs and could be expected to pick up some of the lost dollars that this decision will create. However, state appropriations for programs serving the developmentally disabled need to be funded at its maximum level in order to adequately supplement dollars lost through the lowering of the median income for eligibility and to provide discretionary money in order to adequately operate programs in the community. It is interesting to note that presently federal and local dollars account for approximately 93% of community based agency funds for operation while state dollars account for less than seven percent (7%) of agency operating funds. Local funding sources accounted for more than 35% of the available funds.

The magnetic nature of the Title XX matching formula has attracted the State Department of S.R.S. to use these limited funds for many other programs that were once supported under other federal programs. Although this was a money saving venture at the time, it appears now that Title XX dollars are expended and it is time to look at other ways of funding programs that have other options. It is essential to realize that these funds are limited, and shifting their use around can only accomplish so much. Administrative costs of S.R.S. are presently being funded under Title XX and it is suggested that these programs could and should be placed back under general funds and removed from the Title XX responsibility. Attachment #2 shows the large percentage of Title XX funds that are used by S.R.S. for administrative and indirect costs.

Due to the fact that gross family income is considered in determining eligibility for Title XX funding of preschool services, it is suggested that the median income eligibility remain at the present level in order to provide services for children of median income families who would otherwise be denied

services. It is also recommended that medical costs be deducted from the family's income in order to determine income eligibility due to the often extraordinarily high costs in medical services created by these often catastrophic conditions.

The Kansas Association of Rehabilitation Facilities member agencies fully support quality services and are committed to meeting national standards. In addition, the licensing standards and procedures established by the state are requiring agencies to provide these quality services. However, adequate funding is not being made available by the state in order to provide the services and quality expected by their requirements.

III. RESIDENTIAL SERVICES

We view rehabilitation as a process of actively changing the recipient's life style to become more independent, self supporting and as normal as possible.

To provide this service many of our clients require consistent management and enforcement of appropriate behavior on a 24 hour basis. For this reason, many KARF facilities have found it imperative to provide residential services as an integral component of the rehabilitation program.

Services Provided:

- (a) Large group homes in which approximately 10-15 adults are being served in a "rooming house" type facility. Residents are usually supervised and trained by live-in staff and their aides. Many of the house chores are shared by the residents as preparation for independent living. While the number of hours in training per client per week varies, residents are usually provided 10-15 hours per week.
- (b) Small group homes provide a homelike atmosphere for less than 8 clients. In this type of residential facility emphasis is being placed on family style living. Usually this type of facility provides 30 hours of social services per client per week. The residents are encouraged, and perhaps required, to participate in another daytime program, such as sheltered worksh education, or competitive employment.
- (c) Alternative Living Program is usually provided in small residential settings for 2-3 clients with a co-resident staff. Clients being served in this type are usually more capable and assume more responsibility for their lifestyle. While 24 hour supervision is not provided, it is available when needed. This type of living alternative is considered the final step prior to full independent living in the community.
- (d) Crisis or temporary foster care for adults and children who may need the services is being provided by some KARF facilities for a 1-2 week duration. This service is provided mainly to render emotional support to the client living semi-independently or to assist with a family emergency.

It should be noted here that the above are the main four classifications of residential services, however, there are many variations from each.

From information available from SRS** there are 34 providers operating 86 certifie homes for mentally retarded and other developmentally disabled individuals in Kansas.

**Report of reintegration clients in certified adult residential homes as of April 30, 1977 State Department of Social and Rehabilitation Services, Residential Home Program Certification May 13, 1977.

The total capacity of these homes is approximately 840. The same report noted that 55 (S.R.) reintegration clients have been served by their facilities for the period 7-1-74 to 3-31-77. We estimate that based on the 1978 average institutional cost, there will be an annual savings to the state of \$5,184,994. The figure will be staggering if one multiplies this amount with the average life expectancy for the 555 persons. Of those reintegration clients served, 110 individuals moved to independent living on their own in the community. Historical data on the development of these services is scarce, however, we know that the great majority of these homes have been in operation for less than four years.

While we are most willing to participate in the State's reintegration program we need more state dollars to be able to continue this operation of our facilities. Federal funds under Title XX available to our facilities are very limited because the State S.R.S. is using more than half of the available Title XX funds. Furthermore, the State is increasing its use of Title XIX. In 1974, the State spent \$14,108,038* from its general fund to operate the four institutions for the mentally retarded; that is Parsons, KNI, Norton and Winfield. Title XIX (federal dollars) for the year was only \$2,928,656. In 1978 State general fund expenditures will be dropped to \$12,631,387 while Title XIX income will increase to \$11,259,291. (see attached chart) Total expenditure from all sources will increase from \$18,592,276 to \$25,850,789, while the increase in federal participation (430%) could not have been possible with the overcrowded conditions that existed in 1974. At the same time reduction of this number of residents could not have been possible without the services by community residential services. Money, federal and state, did not follow the clients into our programs. The state funding during this period has decreased from 76% in 1974 to 49% in 1978. Nevertheless, it continues to contrast sharply with the current 7% level of support to community facilities for mentally retarded and other disabled individuals. The 7% state support contrasts also with the 36.92% level of support from locally generated funds.**

The State Department of SRS is shifting funding from state to federal dollars, and minimizing state contributions, a worthy effort. However, with Title XX topping out, primarily because SRS is using more than half the available federal dollars for its own operations, facilities throughout the State are in desperate need for new funding source(s). We are asking for additional direct State aid to pay for certain expenditures which are not allowed under our existing funding sources such as renovations, equipment, interest, social services that provide counseling, follow up, etc. The state's aid to facilities serving mentally retarded and other developmentally

*All information in this paragraph and the attached chart is based on information from: Summary Report to the Governor and the Legislature of of Five Year Plan in the Division of Mental Health and Retardation Services, SRS, February 24, 1977.

**Kansas Developmental Disabilities, Community facilities summary for year ending 12-31-State Dept. of S.R.S., 1977.

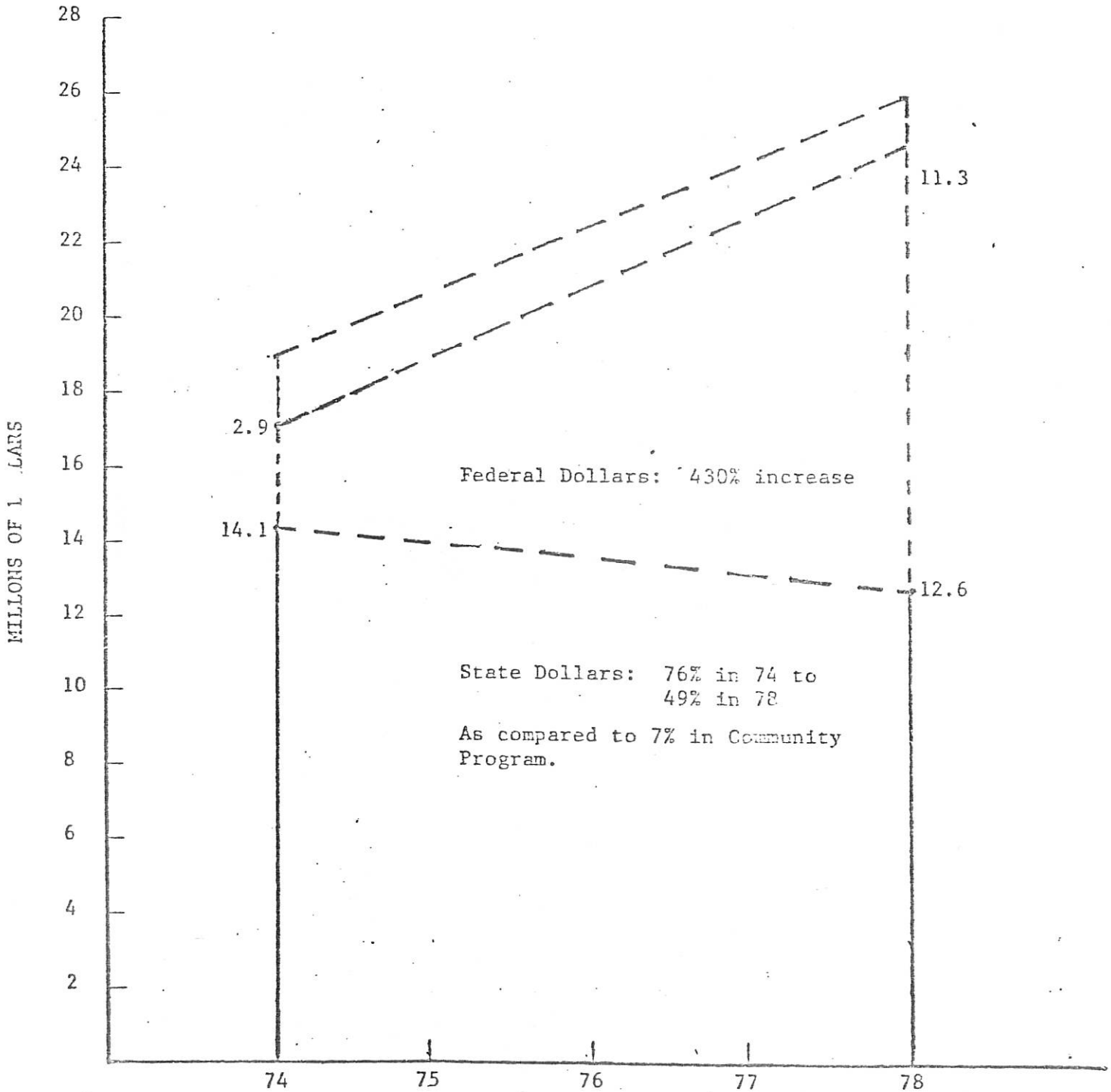
disabled persons will also enable these facilities to cope with cash flow problems. The lack of stability inherent in the "hand to mouth" operation is affecting the quality of services and overall morale in these agencies.

Furthermore, we are asking that the state exercise the option of allowing Title XIX to pay for certain types of residential facilities for the mentally retarded and other developmentally disabled individuals. Seven states have already exercised this option. These states are: Illinois, Indiana, Minnesota, Nebraska, Nevada, New Hampshire, and Oklahoma. Taking this measure will help to decrease the pressure on Title XX which already reached its ceiling, while Title XIX has no ceiling.

Finally, our facilities are operating under a daily maximum rate that is substantially lower than the state operated facilities. State officials found it necessary to increase the average daily cost in institutions from \$26.92 in 1974 to an estimated \$50.59 in 1978 (excluding capital improvement) to provide the quality of services its residents could get and to meet Title XIX requirements. We are pleased with the changes made and proud of the quality of care being provided at this time. However, our facilities are allowed to operate only under much lower maximum rates of \$21.80 per day, per client (all expenses) in 1978. This figure is based on the maximum allowed: \$10.50 for 30 hours of residential training per week, \$16.50 for a full day of training.

Subtle but valuable components of our program are suffering, i.e. training, counseling, follow up, and documentation of progress, etc. The Department of SRS licensing procedures as well as the accreditation process call for all of these activities. Our program can ill afford to continue operation with these restrictive, maximum rates. We are asking for a rate of reimbursement based on actual audited and justified costs. The rates of reimbursement should also vary to reflect the degree of the client's disability and the intensity of the program being served.

Main Information Source: Summary Report to the Governor and the Legislature of a Five Year Plan for the Division of Mental Health and Retardation Services, S.R.S., February 24, 1977.



Budget:	\$18,592,276	\$25,850,789
Number of Residents:	1892	1400*
Average Daily Cost:	\$26.92	\$59.59
	Maximum allowed to Community Program:	\$21.80
	Number placed in Community Program from an institution:	555
Compared to 1,471 developmentally disabled persons in community programs in 1976		

IV. ADULT WORK/TRAINING SERVICES

There are approximately 1471 developmentally disabled and/or mentally retarded individuals currently being served in community agencies. It is estimated that by 1981 these facilities will have or should be serving 13,600 handicapped individuals.¹

25 years ago, workshops (and there were few) served a caseload of predominantly physically disabled. Today caseloads are predominantly the mentally disabled. In 1968 there were three private nonprofit agencies providing community services. In 1977 there are 27 such multi-service facilities. In the last ten years there has been this significant increase in the number of community agencies serving the handicapped, and the greatest increase has been in services to the mentally handicapped.

Since the advent of reintegration, handicapped individuals coming from state institutions have become more and more severely disabled. Correspondingly, the cost of providing services has increased. Community agencies have grown from a total dollar expenditure in 1974 of \$8,791,943 for 2,038 clients, to in 1976, total dollar expenditures of \$15,120,357 for 4,778 clients.² In 1978 however, community agencies will operate with a reduction in current or 1978 fiscal year budgeted dollars of at least \$2,000,000; and potentially ~~300~~ clients currently being served will be denied services. Also, a fee lid has been set on total reimbursed cost of services through Title XX of \$21.80.³

¹ These figures were compiled and released by the Office of the Coordinator for Mental Retardation Services, State of Kansas, Dept. of Social & Rehabilitation Services.

² Summary Report to the Governor and the Legislature of a Five Year Plan for the Division of Mental Health and Retardation Services, February 24, 1977.

³ Fee lid was computed as follows for comparability to State Institutions "per patient day cost": \$16.50 is proposed day fee lid. Day services are provided 250 days per year. ($\$16.50 \times 250 \text{ days} \div 365 \text{ days} = \11.50) \$11.50 represents the day service fee annualized. Residential fee lid is \$10.50 for 365 days. ($\$11.50 + \$10.50 = \21.80).

State institutions for the mentally retarded showed a total operating cost in 1974 of \$18,592,276 for 1,892 patients; and in 1976, total operating cost of \$22,875,275 for 1,515 patients. However, in 1978 state institutions for the mentally retarded will increase total operating cost to \$25,850,789, will serve 1,400, and will operate with a daily cost per patient day of \$50.59⁴ -- more than twice than that set for community agencies.

Each year the clients transferred from state institutions to community agencies are more severely disabled. Yet, in 1978 total dollars available to fund services in the community will decrease and a lid of less than one half of the state institutions cost per patient day will be imposed.

In 1973 the State made an effort to move patients from state institutions to community services, and provide state dollars to facilitate that goal. At the same time Title XX (then Title XVI) was heralded as a primary funding source for community services for the developmentally disabled and/or mentally retarded individual. However, other than reintegration funds, which were used to match with Title XX funds, state dollars to fund community services were non-existent. Title XX funds had a limit and could not conceivably meet in the years ahead the identified need. These funds also were designed to serve the developmentally disabled and/or mentally retarded by providing for community services which would improve the "quality of life" for individuals. Community agencies serving the developmentally disabled were encouraged to initiate and/or expand services to meet the need already existing and the communities (and thereby prevent institutionalization) as well as provide for appropriate placements for the targeted deinstitutionalized population.

⁴Summary Report to the Governor and the Legislature of a Five Year Plan for the Division of Mental Health and Retardation Services, February 24, 1977.

socialization, and creative growth, especially if not otherwise provided in the residential setting.

Services provided to the developmentally disabled/mentally retarded individual in work activity and sheltered workshops should have as their objective: a) to approximate the pattern of community daytime work activity available to non-disabled people of the same age; b) to reduce the high risk of community extrusion, institutionalization, or reinstitutionalization often resulting from a lack of such services; c) to reduce the problem impact upon the affected individual, his family, and the public, of community-basing a person who is not fully able to care for himself; d) to assist the affected individuals to attain and maintain a maximum degree of independence, self-care and self-support; e) to reduce the public cost presently being incurred by such community based individuals in the absence of such constructive services, upon such fall out systems as criminal justice (courts and jails and crisis health care facilities); f) to develop feasibility for referral to vocational rehabilitation for short term services transitional to mainstream competitive employment.

Most, if not all, developmentally disabled/mentally retarded individuals can benefit from a program which includes a remunerative work component. Work in an adult activity. Work accomplishment builds a feeling of self respect and self esteem. Remunerative work is the means of achieving the goal of independent living. It provides incentive, reinforcement, and builds momentum into the clients movement toward competitive employment.

Work is a major method for the social rehabilitation of the whole person. It provides practice, applied training and actual concrete experience, especially valuable to persons with limited functional abilities. Most community based programs for adults are operated by non-profit community based organizations engaged in business to create a work based client service.

Community agencies up to November 1976 had over the past three years served approximately 425 clients directly from state institutions. 90 individuals from state institutions were placed on jobs in the community. An additional 612 individuals being served in the community agencies were also placed in competitive employment. A total number of 702 people were placed in competitive employment as a result of services provided in community agencies.⁵ If each of these 702, over the last three years, were to work at least the equivalent of one year at \$2.30 an hour, they would have earned ~~\$3,258,368~~ These same people would have paid \$198,391 in Social Security Taxes, \$170,130 in Federal Income Taxes, and \$29,203 in State Taxes. These same people, if they continue successfully employed, will save the federal government in Supplemental Security Income a total of at least \$1,495,265 per year. They would do at least this every working year of their life.

A broad title for the day services people receive in the community agency is adult work/training service. This service is available to handicapped individuals 18 years of age (in some instances 16 years of age) and older, five days a week, Monday through Friday. This service is really a continuum of services, commonly called: work activity, sheltered employment, and vocational rehabilitation services.

For some individuals due to the severity of the handicap, a service is necessary whose immediate objective is not competitive employment. Such services provide developmental activities tailored to the needs of the individuals and are provided within the constraints of the community agency's limited operating budget. Such services include: initial screening and assessment, basic or remedial education, independent living skills, recreation,

⁵ Results of survey conducted by the State Departmental Disabilities Council on November 23, 1976, plus Kansas Elks Training Center, Wichita, Kansas, figures.

Business activities include sub-contract work, prime manufacturing, salvage, and service type work. Increasingly, developmentally disabled/mentally retarded individuals and non-handicapped work side-by-side. This helps to dissolve barriers to the employment of the handicapped in the community. In recent studies by the University of Michigan's Institute of Social Research it was found that non-handicapped people expect at least 60% of their life fulfillment to come from work. Can you imagine what it can mean to the developmentally disabled/mentally retarded to have the opportunity to engage in work?

Production related revenue has grown from \$601,215 in 1974 to \$1,195,746 in 1976.⁶ Facilities need and want to strengthen these ties with private enterprise.

There are a variety of support services which must compliment the total program for the client in the community based facilities. These services include: 1) counseling; 2) medical services; 3) dental services; 4) speech therapy; 5) physical therapy; 6) occupational therapy; 7) psycho-therapy; 8) transportation; 9) recreation; 10) protective and other socio-legal services.

The public cost benefits to be gained through funding workshop services are manifold. Established programs generate client wages, funded from business revenue. The wages return taxes to the government; reductions to income maintenance grant support, and other transfer items; and productivity to the economy. State hospital cost savings should be realized by deinstitutionalizing the client; the cost of neglect are saved: courts, jails, health care crisis, readmission to state hospitals, and the burden upon other family members.⁷ The cost of basic workshop services can conceivably be more than offset by direct benefits for a substantial net return.

⁶ Kansas Developmental Disabilities Community Facilities Summary for Year ending 12/31/76.

⁷ "The Case for Federal Support for Extended Sheltered Workshop Services for Community-Based Severely Disabled Substantially Handicapped Adults." by Committee for the Development of Direct Long Term Funding for Workshops and Activity Centers,

V. SUMMARY AND RECOMMENDATIONS

As we have heard from those who testified before, the community service system is a reality in Kansas. The philosophical commitment was made years ago when the decision was made to deinstitutionalize developmentally disabled people and return them to the community. The decision was strengthened recently when Kansas mandated special education services for handicapped children to be offered by public schools in communities throughout the state.

PROBLEM

While the community services system for the mentally retarded and other developmentally disabled persons is established and many advances have been made, there is a need for a spelled out state commitment to short and long range planning for these services. An increasing number of people are being served by the system which is constantly facing one funding crisis after another. Uncertainty about the future and the objective hampers these facilities from reaching its maximum potential. What type of goals should Kansas be working toward, and what are the resources the state is willing and able to provide in reaching those goals? What are the responsibilities of the Department of Social and Rehabilitation Services, the Department of Education and the Department of Health and Environment in regard to this commitment?

RECOMMENDATION

I. We recommend that the Kansas Legislature should by statute express its commitment to a community based comprehensive service system for mentally retarded and other developmentally disabled children and adults, and mandate the necessary measures and procedures to implement the legislative intent. Overall responsibilities of state and private agencies providing services should be specifically designated. We are making available to the legislators a sample of such legislation from the states of Montana, Florida and Georgia.

II. We are also recommending that Kansas Legislation should designate and empower a developmental disability planning authority. This authority should be composed of appropriate state agencies, consumer representatives and providers. The short and long range plan will include, but are not restricted to:

- a. identifying current facilities and services
- b. establishing standards and definitions for services to be provided throughout the state.
- c. Outlining a comprehensive service system including education, vocational rehabilitation, state institutions and private service providers
- d. projecting the need for additional facilities and services

- e. establishing a time line for the development of such facilities and services
- f. identifying the financial resources necessary to support needed facilities and services.

The plan shall be ready for approval by a Legislative interim study in 1978.

The representatives of the organizations testifying before you today are most willing to offer their help in working with committee staff to prepare a bill for your consideration.

PROBLEM

Community services for the mentally retarded and other developmentally disabled persons in Kansas have faced many funding crisis since their inception. The present one is the most critical of all. While the county mill levy has almost doubled from \$658,486 in 1974 to \$1,242,549* in 1976 in response to increasing need and demand for services, State treasury participation in the program did not exceed 7% of its total budget of \$325,067 in 1976. Figures for the most recent years are not available to us, however, the general pattern continues. The imbalance in local-state contribution contrasts sharply with funding State institutions, where the state government funds represented 76% of its budget in 1974 and 75% in 1976, and is projected to reach 49% in 1978** due to increased federal participation. During the period 1974 to 1978, population has dropped while the budget increased. The return of 555 mentally retarded and other developmentally disabled persons to community programs reduced the institution's overcrowded conditions and facilitated their eligibility for federal participation. However, this placed additional financial burden upon community facilities. The state treasury did not share the benefits of this shift to increased federal participation with the participating communities.

The most recent ceiling out of Title XX, primarily due to increasing state shifting of programs and services to it, has dramatized the current financial crunch facing community programs serving mentally retarded and other developmentally disabled people. For years, many of these programs have struggled to maximize the use of available dollars by the use of volunteers, CETA employees, donated buildings and surplus property equipment. KARF believes that these efforts have reached their limits and the present crisis is threatening the survival of these facilities.

RECOMMENDATIONS

1. As an immediate solution, KARF is asking the legislature to approve immediate supplemental funds, based upon credited needs to ensure the survival of community

*State Developmental Disabilities Office, Division of Mental Health and Retardation, State Department of Social and Rehabilitation Services.

services for mentally retarded and other developmentally disabled people. We are asking that these funds become available during the Fiscal Year 1978. The current decrease in Title XX appropriations to community facilities in F.Y. 1978 is estimated to be in excess of \$2,000,000. It is extremely difficult to continue services for the remainder of this year without emergency funding. The large investment and the experience that Kansas has accumulated in the past five years must be saved and allowed to survive until long range commitment, plans and funding are provided as outlined in earlier recommendations.

2. As an intermediate solution we are recommending that provisions need to be made in F.Y. 1979 for increased state aid to facilitate serving mentally retarded and other developmentally disabled people. Senate bill 649 or a revised formula can be used for funding. If S.B. 649 or S.B. 30 is used, we are asking for funding to the maximum 50% of eligible funds. Irrespective of the formula used in S.B. 30, the main problem facing community programs is inadequate state funds.

3. Since Title XX represents a major funding source for community facilities serving mentally retarded and other developmentally disabled persons, we are recommending special changes in the usage of Title XX funds available to Kansas. These recommendations will be discussed further when the committee studies proposal #68. Since all these proposals are interrelated, we wish to summarize our recommendation:

- a. To decrease the demand for Title XX provisions need to be made to allow the use of Title XIX for certain residential facilities serving mentally retarded and other developmentally disabled persons.
- b. Shifting services to ADC and foster care services to Title IVa instead of Title XX.
- c. State funds rather than Title XX should assume the cost of "administration and indirect costs", which was \$4,483,419 in F.Y. 1977.
- d. Set aside an amount of Title XX funds for services to mentally retarded and disabled children due to the restrictive eligibility limitations and the catastrophic nature of these conditions.
- e. State, rather than local funds, to pay the match required for Title XX.

Community facilities for mentally retarded and other developmentally disabled people in Kansas have grown in the past few years as a viable alternative for institutionalization. KARF is asking for state commitment, a systematic long range plan and financial support to continue its services. Kansas has been a leader throughout the nation in serving the people with special needs. We are asking for your help in reestablishing this leadership and continuous successes.

KANSAS DEVELOPMENTAL DISABILITIES
COMMUNITY FACILITIES SUMMARY FOR YEAR ENDING 12-31-76
(11 months actual and 1 month projected)

Fees paid for reintegration services (Title XX)
** This percentage does include Title XX
State Match (8,c,1) -
*** This percentage does not include Title XX
State Match (8,c,1)

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FUNDING SOURCE:

	1974	% Of Total 1974	1975	% Of Total 1975	1976	% Of Total 1976	Increase(+) Or Decrease(-) 1974-1975	Increase(+) Or Decrease(-) 1975-1976
1. State Grants:								
a. Child Welfare	\$ 109,837		\$ 22,869		\$ 1,000			
b. Day Care Seed Grants			118,977		260,665			
c. Senate Bill 649			58,708		23,123			
d. Block Grants			85,938		40,279			
e. Other			382,775*					
Subtotal - State	\$ 195,775	2.23	\$ 581,329	4.83	\$ 325,067	6.35**	\$ +387,554	\$ -258,262
2. Federal Grants:								
a. Develop. Disabilities	\$ 249,852		\$ 151,032		\$ 137,758			
b. Title I, Education	187,293		237,492		195,814			
c. Voc. Rehab.	154,307		877,020		304,614			
d. Other	54,099		133,083					
e. Vocational Education					39,650			
f. Community Develop. Funds					41,210			
g. Dept. of Transportation					121,034			
h. Other					275,374			
Subtotal - Federal	\$ 645,551	7.34	\$ 1,398,627	11.54	\$ 1,115,454	7.38	\$ +753,076	\$ -283,173
3. County Mill Levy	\$ 658,486	7.49	\$ 706,579	5.83	\$ 1,242,549	8.22	\$ + 48,093	\$ +535,970
4. Revenue Sharing:								
a. City	\$ 50,953		\$ 50,354		\$ 63,074			
b. County	29,000		39,208		76,419			
c. State								
Subtotal - Revenue Sharing	\$ 79,953	0.90	\$ 89,562	0.74	\$ 139,493	.93	\$ + 9,609	\$ + 49,931
5. United Funds	\$ 506,933	5.77	\$ 183,686	1.52	\$ 213,303	1.41	\$ -323,247	\$ + 29,617
6. Donations	\$ 949,510	10.80	\$ 1,242,511	10.25	\$ 1,348,335	8.92	\$ +293,001	\$ +105,824
7. Other:								
a. Grants	\$ 95,902		\$ 71,977		\$ 18,148			
b. Memberships	35,679		50,027		83,657			
c. School Lunch	64,910		87,000		116,514			
d. Store Sales	21,810		19,241		6,211			
e. Production	514,495		829,118		1,073,021			
f. Interest and Endowment	154,643		309,365		302,526			
g. Miscellaneous	322,889		299,612		342,658			
Subtotal - Other	\$ 1,210,328	13.77	\$ 1,666,340	13.75	\$ 1,942,735	12.84	\$ +456,012	\$ +276,395
8. Fees:								
a. Title IV	\$ 268,421		\$ 706,958		\$			
b. Title VI	1,305,901		2,577,479					
c. Title XX					4,935,603			
1. State Match					635,913			
2. Local Match					13,287			
d. Voc. Rehab.	161,570		401,641		270,058			
e. Services for Blind	5,616		1,152		1,011			
f. Veteran's Administration	4,910		4,783		2,414			
g. Insurance	47,437		35,770		46,720			
h. Clients and Parents	2,438,900		2,292,925		2,637,254			
i. Other Fees:								
Transportation	37,016		20,333		11,481			
Outside Services	19,685		20,717					
Miscellaneous	107,621		106,699		127,141			
j. O'Champus	148,330		76,958		84,145			
Subtotal - All Fees	\$4,545,407	51.70	\$6,245,415	51.54	\$ 8,793,421	53.95***	\$+1,700,008	\$+2,547,166
TOTAL	\$8,791,943	100.	\$12,116,049	100.	\$15,120,357	100.	\$+3,324,106	\$+3,004,308

Attachment #1

ESTIMATED FY 1977 TITLE XX FEDERAL FUND ALLOCATION

<u>Direct Services</u>	<u>Title XX Funded</u>
Social Services Area Offices	5,820,158
Social Services - Blind	127,824
Migrant Project	35,489
Protective Service - Donor Fund	181,849
Homemaker Services	1,500,000
WIN Area Office (Over WIN)	260,676
Service Extension - Donor	522,730
	<hr/>
Total Direct Services	8,448,726
<u>Purchase of Service</u>	
Day Care - ADC Eligibles	2,441,674
Day Care - Income Eligibles	750,000
Community Based Boarding	-0-
Speech Defective Children	825,000
Purchase of Service - ADC Foster Care	2,037,660
Purchase of Service - State Ward Foster Care	193,173
Purchase of Service - GA Foster Care	1,843,107
Purchase of Service - Donor Funds - Children	525,000
Purchase of Service - Donor Funds - Adults	3,385,004
Reintegration	1,917,480
Speech Defective (Adults) UCP (State Only)	-0-
	<hr/>
Total Purchased Services	13,917,498
Total Direct and Purchased Services	22,366,224
<u>Administration and Indirect Costs</u>	
Area Office Admin.	3,000,056
Executive, Finance, Research & Statistics, & Personnel	651,871
Social Service - Adult State	83,295
Children & Youth - State Admin.	445,716
Data Processing	221,720
Purchase of Service Management System	80,761
	<hr/>
Total Administration & Indirect Costs	4,483,419
TOTAL DIRECT, PURCHASED AND INDIRECT COSTS	<u>26,849,643</u>

Results of survey conducted by the State
Developmental Disabilities Council on
November 23, 1976

During the last three years

AGENCY	CY 1977 TOTAL MILL LEVY	How many of your clients came from state institutions?	How many clients have you placed on jobs in the community?	Of those placed on jobs, how many came from state insti- tutions?
Finney County M. R. Center	\$ 270,755	20	1	0
Big Lakes Development Center	115,808	4	5	1
Nebraska County Sheltered Workshop	10,000	0	0	0
Tri-Valley Development Ctr.	39,548	0	1	0
Johnson County M. R. Center	352,979	8	12	0
Franklin County Rehab. Facility	33,635	41	7	5
M. R. Governing Board of Wyandotte Co.	83,157	3	5	0
Verdigris Valley ARC	22,200	3	2	0
Mid-Kansas D. D. Services	61,532	0	4	0
Terranara, Inc.	106,000	19	7	0
Chikaskia Area Training Center	71,844	12	4	2
CLASS, Ltd.	90,480	14	11	0
Cottonwood, Inc.	46,000	31	16	10
McPherson Diversified Services	58,000	N/A	N/A	N/A
Dodge City Area Council	90,512	4	4	0
Tri-Ko, Inc.	52,720	3	1	0
Sunflower Training Center	136,151	2	2	0
Reno Occupational Center	86,533	18	19	0
Leavenworth Developmental Services	30,811	16	6	2
TARC	111,197	7	0	0
D. D. Services of Northwest Kansas	189,493	60	30	20
Sedgwick County M. R. Board	429,000	23 *	20*	4*
Occupational Center of Central Kansas	132,000	23	25	7

In lieu of Agency Table 3-5, 3-6a & b,
3-7, 3-8
Personnel & Fiscal Resource Summary

	FY 72 Actual	FY 73 Actual	FY 74 Actual	FY 75 Actual	FY 76 Actual	FY 77 Estimate	FY 78 Estimate	FY 79 Estimate	FY 80 Estimate	FY 81 Estimate
Parsons State Hospital										
General Revenue	3,519,462	3,555,050	3,616,061	3,057,504	4,361,331	3,362,077	3,609,099			
General Fees	244,543	202,347	182,430	203,826	120,315	190,874	220,070			
Title I	111,817	119,942	124,002	133,334	104,990	150,000	150,000			
Title XIX	25,000	50,000	480,065	634,729	740,246	2,000,000	2,000,000			
Foster Grandparents										
Total Opr. Expenditures	3,900,822	4,027,379	4,403,358	4,029,473	5,335,142	5,710,001	5,987,977			
Avg. Cost Per Pat. Day	21.06	25.78	30.16	41.22	52.01	57.95	65.62			
ADC	506	428	400	321	276	270	250			
Winfield State Hospital										
General Revenue	4,168,087	4,466,309	4,589,270	5,116,972	5,692,602	5,096,218	4,289,631			
General Fees	506,612	490,616	437,698	503,708	361,043	450,000	425,000			
Title I	42,456	39,693	56,633	46,420	34,669	49,992	50,000			
Title XIX	1,346,000	1,290,000	1,821,037	1,815,468	2,134,166	3,000,000	4,000,000			
Foster Grandparents		74,924	115,871	114,155	135,053	143,098	145,900			
Total Opr. Expenditures	6,063,155	6,361,542	7,009,509	7,596,731	8,357,613	8,739,308	8,910,531			
Avg. Cost Per Pat. Day	18.68	21.36	24.62	29.95	37.87	43.53	48.82			
ADC	887	816	780	695	603	550	500			
Kansas Neurological Institute										
General Revenue	3,986,331	4,064,010	3,993,568	4,661,201	5,011,991	4,400,399	3,610,729			
General Fees	218,978	251,402	430,260	421,444	369,143	333,146	315,215			
Title I	67,695	71,449	96,863	119,984	114,119	180,476	188,783			
Title XIX	25,000	50,000	338,458	298,773	805,599	2,046,145	3,259,291			
Foster Grandparents	99,363	89,952	87,655	90,129	97,610	151,513	156,385			
Total Opr. Expenditures	4,397,367	4,526,813	4,946,804	5,591,531	6,398,462	7,111,679	7,530,403			
Avg. Cost Per Pat. Day	26.29	27.08	29.85	33.89	39.91	44.28	46.89			
ADC	457	458	454	452	438	440	440			
Norton State Hospital										
General Revenue	1,567,350	1,863,729	1,909,139	1,982,532	2,145,879	1,603,269	1,121,928			
General Fees	99,998	169,905	34,370	156,669	282,732	300,000	300,000			
Title I										
Title XIX			289,096	289,856	355,447	1,269,569	2,000,000			
Foster Grandparents										
Total Opr. Expenditures	1,667,348	2,033,634	2,232,605	2,429,057	2,784,058	3,172,838	3,421,928			
Avg. Cost Per Pat. Day	20.34	17.09	23.71	33.44	38.42	41.39	44.64			
ADC	224	326	258	199	198	210	210			
Total - M. R. Institutions										
General Revenue	13,241,230	13,949,098	14,108,038	15,618,289	17,212,083	14,461,963	12,631,387	13,455,147	14,117,792	14,844,964
General Fees	1,070,131	1,214,310	1,044,751	1,285,647	1,141,293	1,281,950	1,269,043	1,332,495	1,399,120	1,469,076
Title I	221,968	231,084	267,298	299,746	253,728	380,460	388,783	400,000	400,000	400,000
Title XIX	1,396,000	1,390,000	2,928,656	3,038,826	4,035,458	8,315,714	11,259,291	11,655,686	12,203,582	12,911,478
Foster Grandparents	99,363	164,876	203,526	204,284	232,663	294,611	302,285	300,000	300,000	300,000
Total Opr. Expenditures	16,028,692	16,949,368	18,592,276	20,446,792	22,875,275	24,734,706	25,850,789	27,143,328	28,509,494	29,925,518
Avg. Cost Per Pat. Day	21.12	22.90	26.92	33.60	41.23	46.10	50.59	53.12	55.70	58.56
ADC	2,074	2,028	1,892	1,667	1,515	1,470	1,400	1,400	1,400	1,400

Kansas Association for Retarded Citizens, Inc.
6100 MARTWAY / MISSION, KANSAS 66202

To: Ways and Means Committee A
Legislative Interim Study
From: Proposal #68, Title XX

Date: September 22, 1977
Subject:

Ethel May Miller, Volunteer
Kansas Association for Retarded Citizens, Inc.
6100 Martway, Mission, Kansas 66202

It was my privilege to present testimony representing the Kansas Association for Retarded Citizens at the hearing August 18th, 1977 of the Interim Study Committee on Proposals #65 and #66. In doing so we indicated our appreciation and respect for both state and community services.

At the hearing on Proposal #68, September 9th, 1977, Dr. Harder submitted a chart of figures and percentage breakdowns which indicated that community centers for retarded and developmentally disabled were using, in most cases, less than 50% of their funds in direct service costs. Those figures thus conveyed an impression of community services which at least some, after viewing Dr. Harder's figures, referred to as "a rip-off".

As the recently retired director of one of those community centers, (after 7 years as a volunteer and 15 years as an administrator) I feel compelled to comment on the compilation of the figures Dr. Harder presented. The chart distributed showed a high percentage of funds going for "other costs". What was not explained is that those "other costs" are for other than Title XX services, some of which are direct, but are non-Title XX. Yet they were used in the figures distributed at the Title XX hearing to reduce the overall percentage of funds for direct services.

The following is a recap of the 1976 reimburseable costs for Title XX contracted services of the Topeka ARC Community Center with which I am most familiar. These are compiled from the figures we submitted to the Department of SRS on their forms. Because of the SRS timetable and expiration date of our Title XX contract we had to project these figures about 6 weeks prior to the actual close of our fiscal year. We believe it is especially important to let you know that the actual end of year Title XX costs, as per the SRS audited totals given us at the conclusion of their audit, varied only as follows:

TITLE XX REIMBURSEABLE COSTS

	CHILDREN	ADULTS	TOTAL
Our Projected Costs (Nov., 1976)			
	\$ 104,952	157,596	262,558
SRS Audited Costs (Feb., 1977)	107,149	159,049	266,198

RECAP OF 1976 TOTAL REIMBURSEABLE COSTS
 OF TITLE XX SERVICES

From SRS Form DFA M-28 Revised, submitted Dec., 1976

<u>ADMINISTRATIVE SERVICES</u>	<u>CHILDREN</u>	<u>ADULTS</u>	<u>TOTAL</u>	<u>PERCENT OF GRAND TOTAL</u>
Salaries, Office, Telephone, Postage, Printing, etc.	\$ 12,442	32,404	44,846	17.1
Property & Maintenance - Rent or Lease, Salaries, Utilities, Insurance, Maintenance, Supplies, Repair, Depreciation, Small Equipment, Vehicle, etc.	<u>12,059</u>	<u>33,601</u>	<u>45,660</u>	<u>17.4</u>
Total	\$ 24,501	66,005	90,506	34.5%
<u>DIRECT SERVICES</u>				
Salaries, Supplies, Program Activities, Client Transportation, Food Services, etc.				
Total	<u>80,461</u>	<u>91,591</u>	<u>172,052</u>	<u>65.5%</u>
GRAND TOTAL	\$ 104,962	157,596	262,558	100 %

We are indeed sincerely concerned about direct services to citizens, especially those who happen to be mentally retarded and/or developmentally disabled. We trust the Study of Title XX may focus on recommendations of solutions to the current problems.

THE TROUBLE WITH TITLE XX

Introduction

A new administration in Washington always brings new hope for a better future, and nowhere is this more the case than among the advocates of improved child daycare policy. From the tone of the Presidential campaign, and from statements the President and others have made, it appears that the Administration is receptive to some kind of change in the way public policy affects the family, and in particular to the needs of the children of working parents.

Few expect instant utopian solutions. Carter is not likely to ask the Congress for billions to finance a massive government-run Operation Daycare at several times the price of federal aid to education, as some advocates in the past had hoped. This President appears open to practical, feasible policy, no more, no less.

Policy change, within the realm of the practical and feasible, is badly needed. For ten years now, the providers and advocates of day care have been spending incredible energy in trying to avert inappropriate decisions, or in trying to undo policy decisions which should never have been made. Forced to respond, government officials have been engaged in a time-consuming struggle, which has used up both people and money. Surely there must be a way in which the talents of child daycare providers can be used in caring for children rather than in a Sisyphus struggle to push the rock of child daycare policy forever up a steep hill.

Impatient with restrictive guidelines, inappropriate regulation, costly payment policy, and insensitivity to family problems, human service providers are becoming increasingly well organized. More and more, policy is being made through a process of negotiation between organized providers and fiscal people at the state level. The voice of the citizen and consumer is not part of this process. Long term policy issues will be forgotten in favor of immediate money issues if this direction for policy-making continues. In general, the child daycare scene is increasingly provider-dominated, except in a few locations where consumer-oriented information and referral centers play a strong role, or where an Association of citizens funnels the money to the centers.

What is the problem? Policy-makers and the child daycare field appear to be operating from different underlying assumptions.

For one thing, Title XX administrators appear to see the child daycare provided under that funding source as a "program." Thinking in terms of program, rather than policy, they have ignored the efforts of providers to use Title XX as just one strand in an overall effort to serve the whole community, bringing together all sources of public and private funds. They have failed to consider the effect of policy decisions on the children who need childcare and whose parents are paying the total cost.

The country already has a widely diverse network of child daycare services. Ten billion is being spent, and even more childcare is arranged through non-monetized arrangements in the family and with relatives and friends. Of the monetized daycare, two billion dollars come from the federal government; another billion and a half come from state and local governments and private donations; and six and a half billion is being paid by parents.

Such an extensive and important network needs some overall policy direction as the government seeks constructive ways to fit its Title XX piece into the whole day care puzzle. Instead the government has made policy as if the non-publicly-funded children were not there.

In 1970 at the White House Conference on Children, Dr. Alfred Kahn

red a Task Force on Delivery Systems, to try to bring greater clarity to discussion of child daycare future policy. The first question addressed by the group was whether a new, government-run "program" was needed when the expected Child Development legislation became reality. The group consensus was that new day care policy should build on the existing network of public and private centers and family daycare homes, improving them and linking them up, rather than creating a new system. Yet that issue has been little understood in the years which have followed. The Task Force also urged continuation of a variety of auspices and types of service with an emphasis on parent choice.

What does the future hold for child daycare? The service could go in several directions, depending on which vision predominates.

(1) There is the traditional social service view of child daycare, which creates the service in its own image, as a help to families in trouble. The service can be treatment of a problem, or it can be preventive in the sense of treating an identified potential problem so that it won't get worse. Because of the expertise in this profession in mother-child relationships, child daycare is like a home or like a mother. The parent is a client.

The network of day care does not quite fit this image. One-third of the mothers with preschool children, and one-half of the mothers with school age children are employed. Between 11 and 12 million of the eighteen million children with working mothers have mothers who work full time, an increase of about 30% since 1965. While some of these families have troubles, many are strong and healthy, working to maintain self-sufficiency and to contribute to the quality of life for their children.

When child daycare is run by an agency staffed with professionals with social work training, this healthy daycare is often seen as a low priority compared with daycare as a case work need. It is very difficult to work in an agency engulfed with human crises and see a need for priority to child and family health. Yet many believe that a perspective of health is essential for a quality child daycare program. One researcher found in cross-cultural comparisons of child daycare that the successful programs around the world, among other characteristics, "assume the inevitability of a good outcome because they see themselves as working with essentially normal children in need of help and guidance and not sick children in need of treatment." Such a health-oriented day care program is of course an invaluable therapeutic community for children and parents with problems, but that use does not define the program.

(2) The early childhood educators have tended to make day care over in their image, too. Child daycare is like a school, whether in a center or family home. If the agency running child daycare is staffed with educators, the emphasis is likely to be on learning, rather than on total development of the child. Educators are better able to focus on the healthy child, but they have tended to be child-centered, viewing the family as part of the external environment of the program, rather than central to it. Experts know more about children than parents do.

Child daycare is an interest of the field of education, but not a high priority.

(3) Another model for daycare in the future might be called a consumer model. Here the emphasis would be on enabling informed parent choices, The family would in general be considered competent to make child daycare decisions, and policy would be to support and strengthen that competence through educational materials, consumer-oriented resource and referral centers, and a funding mechanism geared to the consumer rather than to the provider. The regulatory system would become a support to parents, a consumer protection perspective. Professional expertise would be "on tap, not on top."

Recently there have been a large number of books and articles² warning against a delivery system for child daycare organized as a large government-run "program" and recommending something like a consumer model. Some of these writers believe that tax legislation alone can provide the financial assistance parents who are not need, without unwieldy government red tape. Others believe that a group caught in the middle, the two-parent working family and single parents above the poverty level but not wealthy enough to pay a sizeable amount for their child care, need additional help in the form of vouchers on a sliding fee scale. Those arguing for tax legislation alone have not yet adequately defined how this issue of justice to the family caught in the middle is to be dealt with. Many writers are analyzing the figures on child care arrangements made by families, and discovering that most families now, as in the past, are making their own arrangements, often within family resources, and do not need formal child care centers or regulated homes. /poor

Yet for families without relatives or friends to care for their children, the need for child care can be a desperate one, as any referral center can attest. Those working families who are not eligible for government subsidy and not wealthy enough to benefit fully from the tax credit may be a minority, but they are a significant one. It is interesting that Senator Kennedy added an amendment, which failed to pass, to the recently enacted Tax Reform Act, which would have given child care money as reverse taxes to those families not wealthy enough to pay a tax.

Another form of the consumer model for the future of child daycare would use vouchers or the use of a central organization with a family supportive philosophy. There are interesting models in Orlando, Florida, and Wichita, Kansas of systems which have created the mechanism for universally accessible child day care. In Orlando, parents are given a choice of three programs, with the option of rejecting all three and continuing to search. They are given some guidance as to what to check for when they visit. No center may include more than 30% subsidized children. Parents pay on a sliding fee scale and the central agency, a 4-C, is billed for the difference. Funds come from Title XX, a variety of other public and private sources. The Orlando system is not perfect, by any means, since it works within constraints of federal and state policy. With the addition of some creative regulatory administration, a broader definition of eligibility for subsidy, it could offer some useful directions for the future.

Where Does Day Care Belong in Government?

One problem for day care is that at present there is no place in government where it fits. Placed in Welfare, it becomes a low priority, with emphasis on pathology, competing against major crises for attention. Placed in Education, it again becomes a low priority with undue emphasis on learning rather than development, competing against the enormous other problems in public schooling, including a failure to universalize kindergarten, and large new strains caused by the new policy directions to include children with special needs.

Given the size of the daycare network, its \$10 billion costs and its countless non-monetized costs, its enormous potential for good or ill in support of the family, child daycare must be a national priority. Yet placement within any of the present agencies as structured at present will result in its sinking to a low priority. As part of government reorganization, some thought needs to be given to the appropriate place for the needed policy leadership for child daycare.

The appropriate place, speaking rationally and not politically, might be outside HEW entirely, in HUD, which is the successor to the agency which supported child day care under a variety of auspices in the Lanham Act Days; or as a part of a Consumer Affairs agency with a concern for rights of families and children.

*Argument for separate Dept. of Children & Youth Affairs
S.M.S.
P.O.E.*

Yet, because of the importance of government responsiveness to local coordinative efforts, it is probably wiser to create an appropriate base for day care within HEW, where the Secretary can take steps to assure working relationships with the other agencies whose cooperation is needed.

It is hoped that the Secretary will not move forward with reorganization which affects daycare without making an effort to crystallize the thinking of the proponents of the consumer model. Making a decision based on past experience with other types of services could result in a typical Epaminandus effect: an inappropriate solution to next year's problem because it was appropriate for last year's problem. The future of the family is important enough, and daycare's relation to support of the family critical enough, for there to be some discussion and study specific to daycare before making a decision.

However, a decision needs to be made within twelve months or even sooner. The present bureaucratic structure is wrong for child daycare.

During the past administration there was an unfortunate division of policy responsibility. The Office of Child Development had responsibility for standards, and for some policy. The Social and Rehabilitative Studies had the money and the staff, and made policy as well. In the Regional Offices and the states there was a good deal of wheel-spinning while the administrators waited to find out who was really going to be responsible.

Right now, SRS is to report to the Human Development agency, and the expectation is that one place in government will have policy responsibility for child daycare. But no one agency has the knowledge and commitment to support the health of the family. SRS is geared to services to a narrow population group, and has made no moves to end the dual child welfare system which segregates the poor. It is unlikely that leadership in a universally accessible child daycare system will come from this agency, without specific mandate and personpower.

The day care staff in the Office of Child Development have been inappropriately placed in the Children's Bureau, a traditionally oriented child welfare agency. Within the goals and objectives of that agency, there can not be a priority for the elements of the consumer model for daycare policy.

It seems urgent that there be a division of the Office of Human Development, parallel and equal to the Children's Bureau, and with direct control of Title XX (or its successor) day care policy, which is geared to the support of the American family.⁵

A new agency for Children and Families could administer the child daycare program, the federal initiatives in education for parenting, and family impact research. Supports for the daycare network, such as training and consultation belong here. Supports for consumers, such as information and resource centers would be encouraged from such an agency. These compatible activities are of such scope and importance as to justify the creation of an agency to see that they have priority. As in the past, much daycare would continue to be non-monetized, and parents would continue to pay a large share of the monetized daycare. But combining the administration of that daycare subsidized by the government with policy directions which include all children would solve many of the present daycare dilemmas.

In Sweden, day care is clearly considered to be a social service. However, in Sweden, social services are broadly defined and include support for the quality of life of all, not just the few. Parks and recreation, for example, are social services, and community-controlled daycare for working families is supported as a desirable end in itself, not related to family pathology. This country has no such philosophy, and day care cannot fit into any existing agency until one is created with that emphasis.

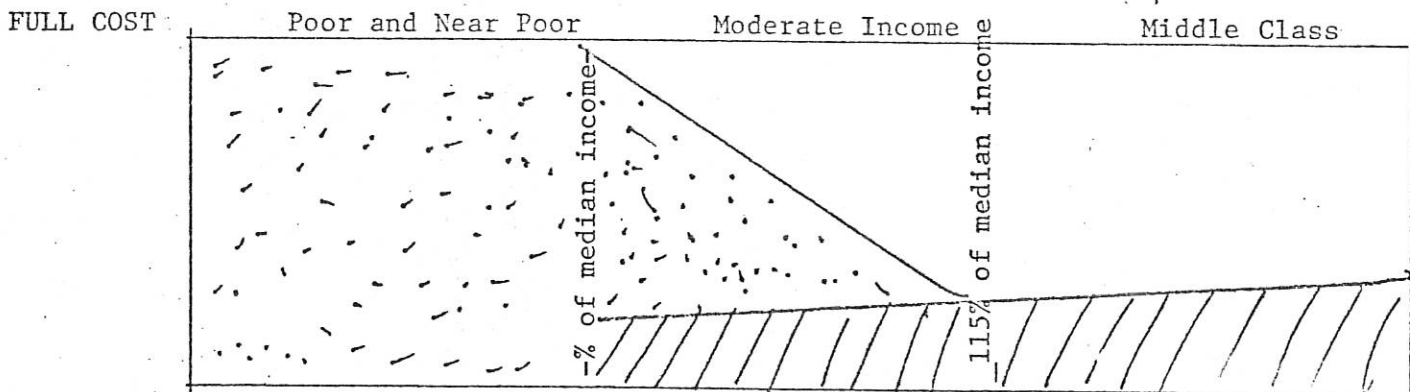
3 Trouble With Title XX

Most daycare is financed with federal Title XX money. These funds come through an amendment to the Social Security Amendments, and provide 75% federal money for almost any social services the states want to plan. The matching 25% can come from the state or through the state from local public or private sources. Private in-kind matching is not permitted, but public in-kind matching in the form of budget commitment to staff or space, and public and private cash, can provide the matching funds.




Despite some major difficulties in the guidelines, this recent federal legislation has far-reaching potential for creating new and bold approaches. Title XX is not a "welfare" related piece of legislation. It could revolutionize the social service system, providing universally accessible services. Under Title XX, it is possible for a shift to consumer-oriented rather than provider-oriented services.

Five states have already defined eligibility in a way which makes possible universally accessible services. Under this model, the poor are subsidized, the middle class pay for their own services, and working families not able to afford the full costs pay a sliding fee based on their income. It is this sliding fee for the middle group which provides the "glue" to create the new universally accessible system.

States which have a sliding fee scale subsidy system, and broad definition of eligibility, do not have to limit family economic opportunity, or favor single parents over two parents struggling to maintain a family through employment. The model looks like this:⁶



Families regardless of income can use the same program, buying in with parent fees or government subsidy.

-  - Subsidy by the states using federal money
-  - Subsidy through federal tax credit
-  - Fees paid by parents, based on ability to pay.

However, many states have not yet taken full advantage of Title XX. Five states have defined eligibility at 115% of the median income; others define it in various ways. The country appears to be on its way to the policy in the above diagram in some places, with considerable variation. Fees are charged in thirty states, with plans to institute fees in many of the rest of the states.

In states which limit daycare to poor children who get it free, there are major injustices. Families in the middle suffer a "notch" effect: the minute they are able to earn more than the limit for free day care, they must pay the full costs of daycare, which they cannot afford. Such families face

no-win situation: their choices are: - refuse the additional income
 - conceal earnings from the funding source
 - remove child from the daycare, with all the pain of separation which that entails. Ironically, it is in this middle bracket where many of the high daycare-need families are found: single parents and families with two parents each earning low incomes. The Notch effect assures that those using government-subsidized daycare must be poor and stay poor, thus defeating by definition any possibility that the program has for economic opportunity, economic development, or successful manpower development.

One reason for this unjust and self-defeating policy is the fear which some administrators have of "statewideness" - that all eligible children would have to be served at a single stroke of the clock. If this fear were valid, we would never have any daycare program, since waiting lists would be outlawed. A sound daycare program can and must be built in a planful way within a fixed appropriation each year, with gradually increasing resources from a mix of federal, local, public and private funds, along with the state commitment.

At present, the fear of statewideness causes hardship particularly to two parent families, because of the way we present statistics to ourselves on bar charts. We have lumped together in one bar on the family income charts two very different kinds of families and the result is a cruel injustice to the two parent family working out of financial necessity.

One family may have an income of \$12,000 because the primary wageearner, usually the father, earns that amount. Another family may have the same income, \$12,000 because the father earns \$7,000 and the mother supplements the income by earning \$5,000. In the second case, the family is not able to live on the earnings of one wage earner and is maintaining self sufficiency through their own efforts. This family has a high need for child daycare. The first family has different expense pattern, and a low need for daycare; in fact it may have a bias against day care. Two more different situations could not be imagined, yet on income charts they are lumped together.

In a society with policies which increasingly work against the family, a society with the bizarre development that elderly people are living together without marriage, it is important to correct all policies which work against the family. Marriage is not to be confused with the family, but it is important that policy should support families in which two people are trying to maintain care for children and an adequate income. The family must be a viable economic unit if it is to survive. Our treatment of the two-parent working family exactly as we treat the family with the same income from one parent is causing us to ignore the former's needs, while at the same time responding to the needs of the single parent. Policy which discriminates against two parents in favor of one parent is offering a strong incentive for family breakdown. In 2/3 of nonprofit centers, single parents represent over 75% of enrollees.

These problems, however, are not problems caused by Title XX. Title XX, as shown on the diagram above, makes possible a broad universally accessible social service program for all children. In the case of the discrimination against families with two low incomes, it is not Title XX which is the trouble, it is state policy.

Therefore, in considering the trouble with Title XX in order to make constructive changes, one must determine whether the trouble is at the federal or state level. It is not possible to make changes without being able to identify what the specific problems are, where they are, and how to change them.

The following is a list of issues which have been raised about Title XX. Discussion of each issue will follow, and will identify what kind

The requirement of a single state agency for Title XX forces child daycare into an incompatible Welfare system.

2. State-level control inhibits local officials from consolidating daycare with community development programs, manpower programs, economic development, schools.

3. Single state agency means that daycare will not coordinate with Head Start, other programs.

✓ 4. No agency of government at present has a family supportive philosophy needed for child daycare.

✓ 5. Goals of Title XX are primarily adult goals, without priority for prevention and family support.

6. Title XX places ceiling on state expenditures.

7. Federal Interagency Day Care Requirements work against including parents who pay for daycare.

8. Sliding fee scale, essential to concept of universal accessibility, exists in only 3/5 of the states, and varies wildly from state to state.

✓ 9. Limited eligibility keeps people poor.

✓ 10. Limited eligibility discriminates against the two parent family.

✓ 11. Limited eligibility destroys commitment to continuity of care to a child.

✓ 12. Limited eligibility segregates the poor.

✓ 13. No incentives offered to programs which try to serve all income levels.

✓ 14. Slow payment, lack of front-end funding, causes programs to fail.

✓ 15. Present system is provider-dominated in most places, not consumer-oriented.

✓ 16. Training, consultation and support to the day care network is rare.

✓ 17. State licensing staff are not trained.

18. No support between FIDCR and state licensing; federal standards appear to have weakened state licensing without providing an effective strong replacement.

19. 16 federal contract requirements inhibit parent choice, eliminate the small operator, may undermine quality.

20. Determination of eligibility demeaning and inappropriate for daycare, raises issues of privacy.

21. Inadequate and unhelpful monitoring of quality

22. Lack of local financial participation in some states.

23. Fragmented responsibility for young children with special needs, inadequate monitoring, inconsistent policy.

Single State Agency. The Congress, in an effort to achieve coordination, mandated that one agency be selected to administer the entire Title XX program. The result is that child daycare is forced into the Welfare system, even though Congress did not intend it to be a Welfare program.

A lack of coordination has resulted, and Congress might be asked to change this policy for child daycare. It has not resulted in its goal, coordination.

Some states have created Offices of Child Development, and might wish to administer their child daycare programs there. Yet they are forced by the requirement of a single state agency to group day care with services more oriented to social pathology.

2. Inhibits local coordination. During the sixties categorical programs mushroomed, and local officials were helpless to eliminate duplication, waste, and to fit programs to local needs and goals. Citizens were bewildered by the complexity of their government.

Now the government has a number of block grant programs which are especially helpful to city officials. Daycare, manpower development, and economic development, for example, should be planned together at the local level, and yet it is very difficult under Title XX for local officials to bring this about.

Congress or HEW might consider mandating that the states make block grants on a formula basis to cities applying for this responsibility, out of the total Title XX.

3. Single state agency requirement means that there is a possibility of coordination at the state level with other child welfare services, but the more important coordination with other agencies has not been well achieved. AT present, there is little coordination between day care and Head Start, despite a 1967 Congressional mandate.

4. No agency has family supportive philosophy. Since the United States has a commitment to the private sector, policy-makers avoid government intrusion into the family. Our agencies are therefore all geared to some problem, not to support of the healthy, garden variety family. It would be difficult for existing agencies to offer support for families without identifying problems. An exception is the Education agency, but here there is a tendency to supplant the family for narrowly defined purposes: learning. This agency looks at the child, too often, out of the family context.

5. The goals of Title XX are primarily adult goals, without priority for children, prevention and family support. Each of the five Title XX goals has two aspects, a treatment aspect and a preventive aspect. Since daycare of children is and should be primarily a preventive, family supportive service, with a minority of the children using it for remediation, the preventive goals have particular relevance. To be effective for daycare, the preventive goals should be given some priority, at least equal to the treatment goals. Further wording is needed articulating some goals for the children in the daycare programs.

As they stand, but without the separation between prevention and treatment, Title XX goals now are:

Preventive

Treatment

(1) Maintaining economic self-support to prevent or eliminate dependency

(1) Achieving economic self-support to reduce or eliminate dependency

- | | |
|---|---|
| .) Maintaining self-sufficiency, including prevention of dependency | (2) Achieving self-sufficiency including reduction of dependency |
| (3) Preventing neglect, abuse, or exploitation of children | (3) Remediating neglect, abuse or exploitation of children |
| <u>Preserving families</u> | Rehabilitating or reuniting families |
| (4) Preventing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care | (4) Reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care. |
| (5) | (5) Securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions. |

The above outline separates out all the various goals which Title XX has lumped together. None of them speaks to the quality of care the children receive, and none is a goal for children except the third.

For child daycare purposes, the two important preventive goals are: maintaining economic self-support and preserving families. The two are closely related, since the family, if it is to survive, must be a viable economic unit.

For the viability of the family, there must be jobs. Full employment in national policy is the cornerstone of humane family policy. Parents need to be able to provide food and shelter for their children; they need the self-esteem and autonomy which comes with working with others and receiving a pay check for the work. This type of goal, which would enable earnings, rather than limiting them, in the interest of the family, is not likely to receive priority attention under the present bureaucratic arrangements for daycare.

(6) Title XX places a ceiling on state expenditures. When Title XX was passed, the Congress, alarmed over the quantum jump in federal reimbursements to states which were using Social Security Services monies to replace state money in already-existing services, placed a ceiling on the total amount states could spend. Most states have now completed the process of matching their state expenditures with the federal dollars for reimbursement, and are now at the ceiling. Level funding in those states is causing hardship. Furthermore, there is a need for more child daycare. The Congress has raised the ceiling by a small amount for daycare purposes, but because of the lack of a maintenance of effort clause, many states are using the new money for other than daycare purposes.

The ceiling needs to be raised.

(7) Federal Interagency Day Care Requirements, developed in 1967, are now out of date and need rethinking. Congress has postponed any further enforcement until October of 1977 for staffing ratios, to allow time for this re-thinking.

Title XX has written standards into law, which is going to inhibit needed change and flexibility in enforcement. It would be preferable for the law to spell out the process of arriving at standards, require some re-examination at least every five years, and assure representation of all interests in the process.

8. A sliding fee scale, essential to the concept of universal accessibility, has not been established in 20 of the fifty states, although many are discussing it. The scale itself varies wildly from state to state.

Title XX permits a sliding fee scale but leaves the option to the states as to the lower limit, the upper limit, and the fee to be paid.

In the states which have had fee scales for some time, such as Connecticut, there may be enough useful experience so that the federal government could spell out a fair fee scale policy which is uniform across the states.

9. Limiting eligibility to the poor keeps people poor.⁷ A few states (five) take their fee scale up to 115% of the median income, but most place an eligibility ceiling well below that level, some near the poverty line. If poverty is a criterion for participation in the program, everyone must be poor and stay poor in order to participate. Day care cannot offer economic opportunity to any family.

It is a catch-22 situation which offers child care in order to provide work opportunity, and then removes the enabling service if the participant is offered a reasonable wage. Parents should be encouraged to provide well for children.

10. Limiting eligibility discriminates against the two parent family, and offers incentives for family breakdown. This problem has been discussed earlier, and stems from the way statistics group families by income on bar charts. It would be helpful to policy if the census and other population studies would separate the different kinds of families at the same income level: single parent families; two-parent families with one wage earner earning the entire income; two-parent families with two wage earners.

11. Limiting eligibility destroys commitment to continuity of care to a child. When a family rises to an income above the income eligibility level established by its state, the child care program is expected to expell the child, or move the child to another type of care. Yet anyone with even the faintest knowledge of how children develop knows that nothing could be more harmful to a young child. The state accepts responsibility for a child, and provides relationships which build basic trust and security, - then subjects the child to the pain of separation from those needed and loved people for accounting reasons. It is time we stop accepting the unacceptable in policy. Programs must serve the needs of children, rather than accountants. The principle should be established that a child, once accepted, has a right to continue in the same program as long as it is needed. Such a principle could be articulated in the law, or in guideline, but it is high time that it be adopted.

12. Limiting eligibility segregates the poor. Our country tends to develop a dual social service system in every field, with the middle class using different services than those used by the poor.⁸ The services to the poor then have low status, both for the children and the professionals who work in them, but they serve the function of salving our consciences while protecting us from contact with the poor. Child daycare has a different history, and need not go in this direction, although in many places it is far down the road toward segregation. With its history of serving working mothers during wartime, and the current interest in new roles for mothers, fathers, and children in the family, child daycare could easily, at this time, go in the better direction of universally accessible service.

13. There are disincentives for trying to serve all income levels. Because those

designing guidelines and contract and audit procedures have concentrated on the funded children, the system works against including children who have other sources of funds, such as parent fees, or special needs money. Many programs using Title XX funds are fully funded and serve only poor children.

If our day care programs included private fee-paying parents as well as subsidized children, there would be more of a vested interest in keeping costs down in the long run. Instead of following a conscious policy of encouraging programs to meet their total community's child daycare needs, all our fiscal controls are pushing programs in the direction of either taking all subsidized, or all unsubsidized children. Some daycare programs are valiantly trying to include a mix of children, but state policy works against them.

If it is desirable to include a mix of children, this policy could be stated in guideline and law, and auditors could audit for their presence.

14. Method of payment causes serious cash flow problems, and some programs fail. States generally reimburse for child daycare after the service has been provided, with payments late, and no mechanism for front-end funding.

This is a state problem, and needs to be examined at the state level. If the state is not able to streamline its payment processes, some kind of revolving fund for interest-free loans to programs waiting for accounts receivable would provide stability.

The method of establishing rates of reimbursement per child is arbitrary, and does not represent the documented costs of meeting required standards of quality.

Payment and enrollment/attendance are handled differently by the various states. Some reimburse only for the time a child is actually attending, even though the program's incurred costs are great. Others reimburse for average daily attendance, others for average enrollment. Some states reimburse for enrollment, but punish a program when attendance falls below a certain percentage, such as 80%, by a shift to reimbursement by attendance. This means that a measles epidemic causes huge financial losses, which some programs cannot survive.

No educational program can survive a policy of reimbursement by attendance. There are better ways to achieve capacity operation.

These are problems in state procedures, possibly with some pressures from fiscal officials in federal regional offices. They may be changed at the state level, or advocates may believe that more uniform and supportive fiscal policy should be adopted at the federal level and required of the states.

15. The present system is provider-dominated in most places, rather than oriented in a policy way toward the concerns of consumers of child day care. Although it is generally held to be highly desirable for parents to make their own decisions and feel that they are responsible, the present system of contracting, eligibility determination, and referral is tending more and more to emphasize provider issues and to force parents into feelings of dependency on the system.

It is possible that a voucher payment system, which automatically would make the whole system more consumer-oriented, might be more desirable to providers and parents alike. Vouchers are sometimes recommended by those who believe that supply and demand will regulate the quality of child care: this idea is called a "market voucher" system. Most economists do not believe that a "market voucher" system would work; quality would probably suffer. However,

a "regulated voucher" system, with attention to monitoring quality in programs eligible to receive vouchers, is worth trying out. Vouchers could be prioritized, and a sliding fee could be built into them. If children with special needs, poor children, and other categories come with their own funding, a consumer-oriented system of services which serve their communities could develop.

Consumer-oriented resource and referral centers could provide parents with information on selection of child care services. Parent choice of child care could become a powerful reinforcer of the parent role.

16. Training, consultation and support to the day care network is rare. Title XX makes training money, above the ceiling. Since public in-kind matching is possible, along with matching by private donations to the non-public colleges, it would be possible to finance new training without additional state money. Some states are involved in training; in others, no planning has yet been done to meet the daycare training needs.

Part of this problem is state lethargy; part of it stems back to the problem of the single state agency. Welfare Departments have had training money available under Title IV-B of the Social Security Amendments for a long time, and priority for day care training has been expressed in connection with these funds. Yet there has been little day care training under Title IV-B.

Guidelines for IV-B give priority for training by Schools of Social Work. Short term training is possible by other kinds of schools, but the priority is not for short term training. The kinds of training needed by the day care field are not within the competence, nor the interests of most Schools of Social Work. For this reason, even with stated priority for day care training, there has been very little day care training, under this title.

Without some attention to opening up the planning of the day care training to day care people, this situation could continue, since the schools with high competence in child growth and development, and in day care, are not known to the training staff in the agencies making the decisions.

17. State licensing staff are not receiving training in regulatory concepts. Despite the fact that licensing and federal interagency day care requirements are issues of national importance and debate, Title XX policy has not encouraged the training of licensing staff. Poorly trained staff are ineffective regulators, and may arouse hostility of state legislators, weakening the regulation further.

18. Since the furor over standards written into Title XX as law, it appears that state licensing has been adversely affected by fall-out from the battles, and the two regulatory strategies have substantially weakened, rather than reinforced, one another.

Furthermore, some states have attempted to improve their child daycare licensing, by removing it to another agency other than the one which provides the service, thereby getting away from the inherent conflict of interest when the purchaser also enforces standards. Yet states which have licensing placed in other agencies are told that Offices of Child Development cannot receive Title XX training funds because of the single state agency requirement. If this is true, federal policy is clearly inhibiting state efforts to improve government, and the policy needs to be changed at once either in law or guideline.

Training in licensing concepts, legal enforcement, rights of licensees, fiscal regulation, the standard-setting process, and the like are of overriding

importance, both from the perspective of licensing and from the perspective of what standards should be applied to Title XX daycare. Such training should be a clear national priority. Yet the small number of colleges offering Institutes for licensing and monitoring staffs have had great financial difficulty because of the lack of priority to this important topic in policy.

19. Sixteen federal contract requirements apply when the state purchases child daycare under Title XX. Initially these contract requirements were to apply for family daycare as well as center care, but the government realized that they were too cumbersome for home care. As interpreted by many states, they are also too cumbersome for the small center provider. The result is that only the large and sophisticated agencies can deal with the state, even though we know through research and observation that small daycare agencies may sometimes provide more loving care. The more complex our bureaucratic requirements, the more we inhibit parent choice and squeeze out the small, informal arrangements which children love.

The federal government could develop simple contract forms as guidance material to the states. However, those concerned with contracting and auditing are not likely to be the same people who understand the relation of fiscal policy to program goals. Of what use is protecting our funds through legally solid agreements if that process results in less care, or lower quality care, as may be the case?

20. The process of determining eligibility has become increasingly demeaning to parents, and inappropriate for child daycare as a family supportive service. Some states have a "closed referral" system under which those needing child care must go through a demeaning process at the Welfare office instead of applying at the daycare program. Parent feeling of control of decisions is weakened as this happens. The process of applying for services should be carefully designed so that it will not in itself undermine the goals of the program, self-sufficiency and strong and autonomous families.

Furthermore, there have been efforts to collect and computerize information about families which is not related to need for or eligibility for daycare.

21. Monitoring of quality has been inadequate and unhelpful, in most states. Neither the federal government nor most states have made a strong effort to assure quality in the daycare purchased, especially in the non-contracted programs. Further, many states have decreased the priority to their responsibility to license programs in which parents pay the full cost, since most child daycare is not subsidized. Unrealistic work loads have been assigned to licensing workers, and there may be a trend to add the monitoring of programs for children with special needs to the licensing work in future.

This is a state problem, and needs to be addressed at the state level. Yet Title XX requires licensure, and should offer some federal leadership.

22. Some states do not encourage local financial participation. In studying the pattern of financing across the country, one finds wide variation in the way the states produce the 25% non-federal share to attract the 75% Title XX federal funding. Some states match the federal money almost entirely with state money; while other states use much more local money. Totals for the child daycare in those states spending most are shown on the following chart.

The advantages of the state matching money are obvious - programs

can develop more quickly, are not burdened with local financial problems. However, for the future development of a service like child daycare, it is likely that state commitment will limit the size of the program to what it can sustain in state taxes. It may limit communities from expansion of needed services. Similarly, it is commendable that the federal Congress has been willing to pay a large share of child care but in the long run this may limit the program overall to what appears reasonable, in comparison with other federal expenditures.

In Sweden, the national share is about 1/3 of the per child cost, and the commitment of the local community and parent fees makes a universally accessible system financially feasible.

Local financial participation produces a local involvement and commitment to stability which is desirable for certain kinds of services, such as services to the elderly, and child daycare. It may be difficult to establish, but programs without it are more easily eliminated with shifts in policy trends.

STATE	DAYCARE BUDGET	% of TOTAL TITLE XX	LOCAL TO STATE RATIO IN THE MATCHING \$
New York	\$158,981,511	54.82%	1/1
Illinois	95,887,000	30.3	6/35
California	61,166,954	24	31/40
Pennsylvania	57,682,976	30.6	1/3.7
Michigan	41,174,202	28.72	2/33
New Jersey	37,815,551	43.1	5/4
Texas	30,742,324	16.5	1/3
Louisiana	22,216,028	21.55	1/3
Massachusetts	21,541,722	23.1	1/22
Ohio	20,016,196	11.75	17/25
Georgia	19,371,733	25	1/4
Alabama	16,510,100	29.41	4/9
North Carolina	15,773,363	21.60	13/5
Minnesota	14,529,353	12	more than 1/1
Maryland	12,010,000	26.5	1/1
Arkansas	8,562,707	43	2/3
Virginia	9,168,728	14	5/2
Tennessee	8,823,596	18	6/5
Connecticut*	8,081,459	18.29	1/9
Kansas	8,250,800	30	1/2
South Carolina	7,551,041	17.44	2/9
Indiana	7,973,856	11	2/15
Oklahoma	6,308,438	8.51	0/
West Virginia	5,560,612	25	2/3
Mississippi	5,984,674	47.47	1/2

Connecticut also appropriates state funds for a state run daycare program in its Department of Community Affairs. A sliding fee scale has been in place since before Title 4-A in 1967. The state permits families below 40% of the median income to pay a voluntary fee if they choose to.

This issue of the best mix of federal, state, and local funds, and of public and private funds, needs further discussion. Of course it is clear that local funds in the large cities must come from the federal level under some kind of block grant; cities' resources compared with their human needs are weak.

23. Fragmented responsibility for young children with special needs is likely to be an increasing problem. Title XX, and its single state agency, relate very little to Head Start and the schools. Head Start is mandated to include a percentage of children with special needs. Many states are passing laws mandating schools to pay for the education of children with special needs, sometimes including the younger ages from 3 - 5. No adequate program of monitoring quality has been thought through, and there does not appear to be a clear and accountable decision-making process. States need to think through how these programs for young children can combine funding and relate to one another.

All these problems with Title XX have solutions, if the decision-makers have the will to make changed policy. Most of them refer to the policy for spending the appropriated funds regardless of the size of the appropriation. Broadened eligibility, for example, is desirable policy in itself, regardless of whether additional funds are available, although, of course, a modest expansion of daycare would also be desirable.

Before trying to persuade Congress, the President, or the Secretary of HEW to make changes, advocates need to clearly identify whether the problem is at the state level, or the federal level, and whether the needed change should be legislated or made administratively.

Primarily

ISSUE	Federal or state	Legislative or Administrative
1. Single state agency	F	L
2. Local officials cannot coordinate	F	L
3. Lack of coordination with other federal programs such as Head Start	F	L
4. No government agency has family support philosophy	FS	L
5. Adult goals, without priority for prevention	F	L
6. Ceiling on state expenditures	F	L
7. FIDCR raise cost for fee-paying parents	F	LA
8. Sliding fee not adopted	S	A (L)
9. Limited eligibility	S	A (L)
10.		
11.		
12.		
13. No incentives to serve all income levels	F	A
14. Method of payment slow, no front end	S	A (L)
15. System provider dominated	F	L
16. Little training and Support	S	A
17. Little training licensing workers	F	A
18. FIDCR and state licensing weaken one another	FS	L
19. 16 contract requirements inhibit parent choice, eliminate small operator	FS	A
20. Eligibility determination demeaning	FS	A
21. Inadequate and unhelpful monitoring	SF	A
22. Lack of local financial participation inadequate incentives	F	L
23. <u>Fragmented responsibility for young children with special needs</u>	FS	L

Options for new Legislation

In general, the proposals for new daycare policy, which have been proposed legislatively, are the following:

- amend Title XX
- pass a Comprehensive Child and Family Services Act
- Substitute for Title XX, or add to it, Human Services Block grants
- Continue to improve tax credits as a way of funding child care

Amending Title XX, which can be done, provides us with daycare on a social service model, and attention would have to be given to assure priority for daycare policy, in agencies and among professionals accustomed to dealing with crisis emergency services rather than preventive, or family supportive activities. Elements of the consumer model need to be built into this reform.

The trouble with the Comprehensive Child and Family Services Act

It is not a foregone conclusion, but there are strong possibilities that this bill, if passed, would use the public education mechanisms as the delivery system. Many day care advocates are strongly opposed to exclusive use of the schools, although of course, recognizing that some schools can and should participate.

The schools have some advantages.¹⁰ They see themselves, and are seen by the public, as providing universal services to all social classes. They are not pathology oriented. They have a well established position in use of federal, state, and local tax dollars. They have buildings, and access to building money for new buildings or renovations. They have access to state and federal funds to serve young children with special needs: why not mainstream these children by serving the whole population?

Those who are alarmed at the prospect are primarily concerned that child daycare, a supplement to family childrearing, be taken over by government as a governmental function, and the dangers this creates for parents' feelings of autonomy and responsibility.

Some of the troubles:

1. The schools tend to be child-centered and proud of it. When Albert Shanker first proposed school control of the Child and Family Service Act, his first suggestion was removing the word "family" from the name of the bill. Schools tend to center on the child out of the context of his or her family. Daycare experts believe the focus should be on the dyad, supporting child growth both through the activities at the program but even more through support of the parent-child interaction. Daycare programs tend to define themselves as an extended family; schools seldom do. The philosophy of the Kaiser Child Service Centers during World War II was "Meeting Needs." Whatever was needed to improve the quality of the time when children and parents were together, that was considered the work of the daycare program, along with the direct work with the children.
2. The schools would professionalize child-rearing, intimidating families, and undermining parent judgment and autonomy.
3. The schools would be likely to create a more permanent system, with fixed buildings and tenured staff, unable to shift and change locations, grow and decline, as the pattern of demand in child day care necessarily shifts. The

very fact that schools have underutilized buildings and a problem with teacher employment is evidence of the inflexibility of the system to adapt to changing conditions. The purchase of service system widely used in Title XX gives much more flexibility to that system.

4. The schools are likely to duplicate, rather than use, the existing network of centers and private homes. Although it is possible and desirable to build a purchase of service capability into schools' daycare provision, it is unlikely that the system would make wide use of it. When schools have begun kindergartens, for example, they have usually started their "own" regardless of whether the existing private kindergarten might continue to meet the need. The change has sometimes been an improvement; sometimes a lowering of quality.
5. When schools universalize, they tend to make their services compulsory. At best, the expectation is that most children will go there, or "ought" to go there. While daycare is an important need which needs to be legitimized by public recognition of its value, it is not desirable to legitimize formal center care or satellite home systems above the informal arrangements which families are able to make on their own. Both have value.
6. School operation would probably shift more non-monetized child daycare into the sector of public expenses, in emphasizing the formal arrangements over informal. This would add to the public expense, without necessarily improving the child rearing.
7. While child daycare needs to be universally accessible, it is unlikely that this can be done in the foreseeable future, without parent fees on a sliding fee scale. Schools are unaccustomed to such a mechanism.
8. Schools do not coordinate well, unless coordinative mechanisms, and funds, are built into the design. Thus Follow Through provides a coordination with Head Start on a demonstration basis, but where there is no Follow Through, schools, daycare, and Head Start are not involved in coordination. There are seldom community planning efforts which make maximum use of Health and Mental Health services for children in schools, daycare, and Head Start. Some of the expertise in child development which exists in the daycare and private nursery field, as well as Head Start, could prevent school failure as they respond to demands for service from children with special needs, but the coordination is not taking place, except in rare instances.
9. The public education system is not a good regulatory agency. Even if schools were able to gear up to purchase services from the local nursery, Head Start, or daycare programs, they are not equipped to monitor quality. They could rely on state licensing for such purchase. When they provide the service themselves, they are not good self-regulators, nor are they adequately monitored. They do, however, receive a good deal of regulation from the Health and Safety bureaucracies; which are accustomed to a much higher child-staff ratio, and much larger overall size in the schools than is the present practice in day care. The regulation of daycare as if it were a restaurant, a hospital, or a large school, tends to institutionalize it, and destroy the warm, comfortable, homelike aspects which are important.
10. Philosophically, the schools tend to focus on learning, rather than development. For child daycare, with children in full time care, such a view is too narrow, and would not only prevent the schools from nurturing all aspects of development, but also could contribute to harming young children. Teachers concentrating on lesson plans sometimes overlook their effect on children's self esteem. The important

If the schools are to be the primary delivery system, all these troubles need to be addressed specifically in the legislation. Retraining of teachers would be essential, and it is possible that something like a CDA competency-based credential, further developed to include daycare skills, should be required when credentialed teachers work in daycare. It is equally important to avoid the present rigid credentialing for daycare, offering a career ladder through in-service training for members of the child's community.

The Trouble with Block Grants

Block grants, or special revenue sharing for human services, is an appealing idea for municipal officials and some county officials. Title XX is itself a human service block grant, but the decisions about expenditures are usually controlled by the states. Cities in particular, have had too little voice in Title XX decisions affecting their overall programs for their citizens.

Daycare programs need to be coordinated with manpower programs. Mayors have control of their manpower decisions, but cannot get a handle on daycare policy under Title XX.

A forward looking local official who wants to design human services and human development programs together, understanding the economic ways of supporting the family with job opportunities as well as the social service needs, is inhibited by the social service philosophy at the state level.

A special revenue sharing bill for human services could be introduced into the Congress. This could be far-reaching, replacing Title XX entirely with a more workable system. Or a more modest suggestion would be a block grant to cities over a certain size, which would be used very freely, as the Appalachian Regional Commission's day care money has been used by states, as free money which can be the glue to hold a number of different programs together in a single coordinated system.

Highly specialized services might best be planned and funded from the state level. Other services, like day care and services to the elderly, need to be planned and carried out by local people, using neighborhood, not state regions as the planning unit.

The troubles with block grants: in relinquishing control in order to permit greater local flexibility, the federal government often relinquishes standards; the present compromise of distributing money to cities and states, as in the case of manpower block grants, is a political compromise rather than a decision made from considerations of good government. It tends to work against uniform substate geographic areas in which different agencies could begin to gather useful data about the same client populations.

Politically, there are both advantages and disadvantages to this idea for the day care advocates. By seeing their service in the context of overall human services, they gain a better understanding of the way day care fits together with other policy. They gain important allies, and offer their support to an improved quality of life.

However, it would be very naive to expect that, once the victory is won, other advocates will support a priority for daycare. Block grants put services in competition against one another, as they already are in Title XX.

he Trouble with Tax Credits and other Tax Incentives for Child Daycare

Many advocates of the consumer model of child care, particularly those with a middle-class professional perspective, want to avoid government direct subsidy in order to avoid government intervention into the family. More indirect subsidy through tax legislation leaves the family in greater control, selecting their own type of child care and paying for it themselves.

The argument is valid. However, the credit benefits the middle-class much more than it benefits families with two wageearners earning a moderate income. Those who have a choice about whether or not to work, now have some help with their decision favoring child care, in the new tax credit. The credit becomes less and less valuable to families as income decreases, since the working families could not pay for very expensive child care in order to gain most in the 20% credit. Below \$7000 the poor of course do not pay a tax and do not get the credit. Presumably we will continue direct subsidy for the poor, if they are to have daycare, while giving a credit to the middle class, supporting a dual social service system unless we are very careful in design of our daycare programs to encourage or require private fee-paying parents wherever subsidies to the poor are made.

The group which benefits most from the tax credit is the family earning more than \$15,000. In 1970 families in this category were about 20% of the total population. Those earning between \$6,000 and \$15,000, who benefit less, were about 53.3% of the total. Those needing ^{full} direct subsidy, under \$6000 in income, were about 26% of the total.

The tax credit recently enacted is a big step forward in daycare policy, but it leaves a very large number of families caught in the middle, not eligible for subsidy and not benefiting much, if at all, from the credit.

Some kind of a loan fund which gave vouchers to moderate income families which could be repaid after receiving the credit might be possible, but such a system would be very complex. It might be much easier for the country to offer day care vouchers universally, and then tax them for the middle class. 11

In a recent interview, the Secretary of HEW mentioned an interest in employment-related day care. If employers, whether for-profit or not-for-profit, were to offer a partial subsidy to supplement parent fees, this would bring more daycare help to working people. Tax legislation could offer incentives for employers to participate in daycare if carefully designed. Government-designed "incentives" in the past have not offered employers any real inducement to participate. Some of the considerations which are important:

1. Location. While a significant minority of working parents feel deeply that they want their children near the work location, where they can have lunch and be available in emergencies, the majority of parents prefer the residential location where they live. Employers would need to support both kinds of locations for daycare for their employees.
2. Auspices. Most employers do not want to operate day care programs themselves, as they expressed their feelings at three conferences run by the Urban Research Corporation in Chicago. They do not want to make decisions about admission and retention of children. Many industry-related programs have been operated by separate Boards of Directors in which parents play a strong role, as in the KLN program in the past, and Stride-Rite at present. Other industries much prefer to join forces with other employers and the community, to support community-based child care. Any tax "incentives" will have to be geared to this kind of desire.

3. Financial feasibility - There are benefits to employers in making daycare possible. These benefits: reduced absenteeism, reduced turnover, larger pool of potential employees for recruitment, reduced family-related anxiety affecting productivity, greater good will, and possibly product image, - can be quantified, and in some cases where the benefit equals the cost of the daycare, can be used to justify financial participation. In many situations however, the benefits quantify well below the costs of daycare, and there would be an overall substantial loss for the employers to participate, even with the parents paying fees.

Similarly, the not-for-profit employer must also participate if all working people are to be reached with a program. Some kind of real incentive must be devised if this idea is to have any widespread viability. It seems likely that some kind of money coming in, such as federal matching grants, would have to be the policy.

Another solution would be to require all employers to participate, as some countries do. This would simply add to the cost of their operation, but all would be equally affected. It seems likely that a result would be discrimination in hiring against mothers of young children, which would be difficult to prove and contest.

4. Economic stability - Conditions of employer support for child care will differ in time of recession or boom.¹² Public policy must provide the needed stability so that day care programs do not have to close down when employees are laid off. Policy must permit shifts toward less and greater reliance on employer subsidy if that is a major part of daycare policy. The problems in this solution, while not insurmountable, seem much greater than direct subsidy to the consumer. However, it would tap another funding source, reducing the overall cost to government and to parents.

Some Major Policy Principles

Regardless of the form which future legislation may take, the foregoing discussion identifies some major policy principles, and some major issues. The trouble with public policy:

1. The child daycare professional is part of the problem. There is a tendency ¹³ to define solutions as "what we do" rather than in terms of meeting human needs. Policy solution: There needs to be a mechanism for a strong citizen-consumer voice in policy, not necessarily through the 51% representation on Advisory Councils, but in other ways as well. A shift of funding toward the consumer away from the provider would help. Parent oriented resource and referral centers will also have a desirable effect.

2. Our social services to children are class biased.¹⁵ Two systems, one for the poor and another for the middle class, create a stigma for publicly funded services, and hostility to the poor. Policy solution: Move toward universally accessible services, especially for daycare.

3. Our services often undermine family self-esteem, treating recipients as victims, or at best "clients."

Policy solution: Treat users of services as consumers. Experiment with regulated vouchers, shifting funding to consumer. Offer resource and referral centers giving parents information to make informed choices.

4. Free child care for all is not financially feasible with tax money at present. Universality requires a sliding fee. We need to move toward a taxicab model

Of funding, and away from a fire engine model. In the fire engine model, everybody paid a part of fire fighting equipment and service, and when the fire engine came, it was free. More and more, now we are paying for services, and differentiating how much we pay on the basis of how specialized the service was. A sliding fee scale adds the dimension of ability to pay.

5. Daycare is a family-supportive and preventive service on the whole, although if the majority of children are considered healthy, it can be a useful treatment tool as well. Yet no agency of government has this as a priority. Policy solution: Create a new agency, staffed with leadership in a family supportive philosophy.

Functions of such a new agency would be: Provision of vouchers for day care on a sliding fee scale .

Support of resource and referral centers

Production of educational materials on selection of child daycare

Support for parenting education and family daycare education

Family impact statements

Training of state licensing offices in effective consumer protection

Training funds for daycare administrators

Training funds for daycare staff, including development of new modes of parent-staff partnership

Dissemination of information; research

Relation to state and local recreation agencies; agricultural stations

Planning linkages with health, social services, schools, Head Start, Mental Health, Manpower programs, and economic development.

Some recommendations

Day care alone is not the Answer, whether the question is welfare reform, improved school performance for children, liberation of women, greater power for black people and other minorities, prevention of child abuse, or any other social policy issue.

Daycare for children is important and necessary, but it must be seen in a context of a society committed also to family income maintenance, and to full employment. These three social policy issues, together, need to be addressed in a way which adds up to a genuine choice for families.

It would be helpful in developing policy if policy makers could understand the importance of several pieces of negative advice:

1. Government should stop trying to predict long term demand. Recently we have seen a somewhat ridiculous debate between those who see the need for day care

of children in formal daycare arrangements, versus those who look at the data of what working parents are doing with their children and concluding that no new daycare is needed. Obviously the truth lies between these two extremes. It is doubtful if the number of children in daycare centers or regulated daycare homes will ever reach 20% of the children of working mothers. Experience in Sweden and other countries has been that families continue to make their own informal arrangements when they can, even when a well-liked and stable formal daycare system is available. When informal arrangements cannot be made, daycare can become a desperate necessity.

There is no absolute number which represents the final, future demand for child daycare. It depends. It depends on the fluctuations of the economy; demand will be greater at some times than others. It depends on the types of jobs available. If and when part-time jobs are available in ready supply; the pattern of daycare demand will be different. It depends on the type of income maintenance available, how adequate it is for meeting survival needs of families and how adequate it is for meeting the needs for self respect among adults and the needs children have to look up to the role models in their parents. It depends on the quality of the daycare and how well it matches consumer needs and expectations in its location.

If we postpone daycare decisions until we can predict all these factors, or have made firm and final policy in all these areas, we are going to wait forever. There is no one final policy which will describe the way things are supposed to be. Any society, like any living organism is in constant interaction with the people and things in the environment, constantly changing goals as conditions change. This dynamic change is the constant; it is the way things are supposed to be. We are not evolving toward some correct fixed condition; the evolution and change itself is the condition we will forever be addressing in our policy.

There is no absolute number representing day care demand, any more than there is an absolute day care cost. The only way to plan daycare is to plan incrementally, in small steps, in the direction of consumer demand.

It is well known that daycare demand builds very gradually in response to a new service. The Kaiser Child Service Centers, planned to serve 1000 children, were disappointed that children in that number were not enrolled on the first day. Ultimately, the demand materialized, but demand patterns were significantly different than need predictions. This has been true over and over again in this country's daycare, so much so that slow demand should be a factor taken into account whenever new daycare begins.

For this reason, demand studies which include daycare, if they are to be valid, need to be no less than three years in duration, and probably are not solid as predictors until after five years.

Ten years ago, and even five years ago, such studies were recommended but never undertaken. At this time, it no longer seems sensible to recommend long range demand studies. We know families need day care, and they need it now. We know the demand will not produce a runaway service, but will be modest.

Sensible policy would be to increase daycare, within a fixed appropriation, but with broad eligibility, with improved support systems in the form of training and consultation, both to centers and homes. It appears from consumer studies that we need a modest increase in the number of children in centers, over time perhaps double what we now have, but a much smaller increase now; and we need better support for the family daycare homes.

The delivery system should be flexible enough to shift as patterns of consumer demand shift. The best indicator of consumer preferences would be what consumers choose given options. It is to be expected that

2. Government should stop trying to control decisions which should be family decisions. There is altogether too much discussion among policy-makers about what families "should" do. Should parents work? The person best able to figure the odds on that question is a parent. His/her decision will be based on what the job would pay; what expenses the family feels are vital; what alternative income maintenance is available and how it is viewed by parents and by those whose respect they want, including their children; what the job contributes or¹⁴ detracts from the parent in personal functioning; what childcare is available and what the parent thinks of it; and a number of other highly personal factors. Knowing all these factors, each individual parent has the data to make a wise decision; government never could.

Should parents use center care, family daycare or in-home care? Again the factors to be considered are many and they will differ from family to family depending on family values and what is available. Government should not be trying to make these choices for families; it should be offering information to them.

What we need to do is to make a variety of options available to parents, and provide them with information about the choices. Beyond that, government should support families but not intrude.

We are not going to be able to support the family if we cannot trust them to plan for themselves and their children. Let the parents decide.

REFERENCES

1. Wolins, M. Child Care in Cross-cultural Perspective, Berkeley, U. of Cal., 1969.
2. See: Mary Jo Bane, Here to Stay
Peter Sauer, Toward Comprehensive Child Care
Norton Grubb, Alternative Futures for Day Care
Mary Howell, Helping Ourselves
Jacquie Cook, "Future for Social Services in the U.S." Testimony, December 2-3, 1977.
Suzanne H. Woolsey, "Pied Piper Politics and the Child-Care Debate," Daedalus,
Journal of the American Academy of Arts and Sciences, Spring 1977.
Arthur C. Emlen, "Slots and Slander: The Myth of Day Care Need," 1972,
and others.
3. Epaminandus brought home a gift of butter from his grandmother under his hat on his head; however, the hot sun melted it. His mother told him how to wrap it in green leaves and cool it in water before bringing it home. When he went for his next visit to his grandmother, she gave him a puppy. He cooled it in the brook until it was almost dead and then wrapped it in green leaves. His mother explained how to bring home a puppy: tie a string around its neck, set it on the road and walk home tugging at the string. When he next visited his grandmother she gave him a loaf of bread, which he dragged home on the dusty road at the end of a string, etc.
4. Daycare is one of the basic supports to keeping the healthy family self-sufficient. Unfortunately, some writers have not understood this, and present daycare as undermining to the family. Poor day care has the potential of undermining the family; particularly if run by naive professionals. Much day care defines its role nowadays as part of the family, extended supportive help shared among people. Thus we see daycare providing a food coop, a clothing exchange, reminiscent of the World War II period when daycare and the government saw their purpose as improving the quality of the time parents and children spent together. A small for-profit proprietor who had a dream of helping families and who was seeing her program destroyed by a combination of contract requirements and regulatory red tape, told me: "Day care is not just like a school; its more like a family. Last week one of the children who used to come here to me had her father die. They called me first thing, and I went and got Charlene and brought her home with me. We talked about her daddy, and what dying means, and she spent the night with me. I think she'll come through it all right. Families need someone to turn to, who has shared their children with them, and scolded them and cared about them right along."
5. See Bergstrom and Morgan, Issues in the Design of a Delivery System for Day Care and Child Development Services to Children and Their Families, May 1975, DCCDCA.
6. The concept of this diagram first came from a workshop at the Industry and Day Care Conference of the Urban Research Corporation in Chicago. Carl Staley was the first to use this diagram which has since been widely used in discussion and in print. See: The Role of the Family in Child Development, December 1975, Education Commission for the States.
7. See: Mon Cochran, talk on the relation of employment and family policy at DCCDCA meeting, Wilmington, Delaware, 1977.

Although in recent decades the social service system may have lost sight of the importance of adequate (not low-income) employment for parents, this is not a new concept. In 1919, Julia Lathrop, chief of the Children's Bureau, said, "Children are not safe and happy if their parents are miserable, and parents must be miserable if they cannot protect a home against poverty. Let us not deceive ourselves: the power to protect a home against poverty is not in the hands of the state, but in the hands of the parents."

8. See: Alvin Schorr, Children and Decent People, New York, Basic Books, 1974.
9. See American Federation of Teachers, Manual for Getting Daycare in the Public Schools, 1976.
10. Norton Grubb, Alternative Futures for Day Care
11. See Norris Class.
12. One page of the proposal for funding to the Children's Bureau from the KKH Child Development Center was devoted to this issue. It was not expected that industry related child care could maintain itself in the private sector without some governmental partnership which would become greater in time of recession. As it turned out, this problem became an important one in that project. By the time the daycare center had weathered some time-consuming start-up problems, and a disagreement over the way research was to be conducted, the industrial company was affected by a recession which caused its work force to shrink from 600 women workers to less than 100. Although the planners of the daycare program had not foreseen this event, it had been discussed as a theoretical problem in the proposal. It was this, and no other factor, which forced the center to develop other sources of support beyond those initially foreseen, since government did not offer the needed stability for the children of parents no longer employed.
13. See Alvin Schorr, Children and Decent People, where one central thesis is that "services to children are in the hands of a series of professionals --social workers, lawyers, teachers, doctors, and nurses - who come to define what needs to be done for children in terms of that they or their employing organizations are prepared to do.."

An example, quoted from a Child Welfare League publication with a revealing title, Child Welfare as a Field of Social Work Practice defines child welfare as "...social work practice in providing social services to children and youths whose parents are unable or need help to carry their child-rearing responsibilities, or whose communities fail to provide the resources and protection that children and their families require." (CWL and U.S. Children's Bureau, 1959, p.6)

14. "Available" childcare means childcare at a price parents can afford, within a reasonable distance of where they work or live. Once parents have determined their available options, they will evaluate them in terms of their preferences for their children.
15. John Dewey said, "What the best and wisest parent wants for his own child that must the community want for all of its children." (quoted in Schorr, op cit.) Yet we find that when the children are poor, and when the government cares for dependent children, the services are different than those chosen by self-sufficient parents. "Although they are 'children of the public', they are not cherished by the state as a parent cherishes his own child," according to Shirley Jenkins in Schorr, op. cit.) The United States Children's Bureau was established to investigate and report on "all matters pertaining to the welfare of children and child life among all classes of our people," wording which asserts a national interest in overall policy for children rather than only children who are deprived. Yet policy has not generally followed that directive, and the community selects services in response to a focus on poverty, neglect and problems, which are significantly different from the services being selected by the best and wisest parents.

CRITERIA FOR LOOKING AT DELIVERY SYSTEMS FOR CHILD DAYCARE (Joan Bergstrom and
To what degree: Gwen Morgan, Anaheim 1976)

Is it financially feasible?

Can it link with other agencies, - health, Mental Health, Employment, Community
Development?

Will it be responsive to community desires?

Will it speak effectively in advocacy for children?

Will it encourage innovation? (where innovation is appropriate)

Can it respond to shifting patterns of demand?

Does it offer stability? At what price? Monopolistic?

Will it respect non-traditional family forms?

Can it enhance different cultural and other family values?

Will program quality be effectively monitored?

Will it be universally accessible? Will there be a socio-economic mix of children?

Will it support and strengthen the family's essential role in child development?

Can it offer parent choices?

Can it offer different program forms - homes as well as centers, and mixes?

Can it include infants and toddlers?

Will staff be community role models?

Will knowledge of early childhood be applied? Who will be recruited to work with children?

Can it care?

Can it educate - with understanding of how young children learn?

Can it meet all the needs which children have?

ATTACHMENT I

FY 1977 - FY 1978 SOCIAL SERVICE EXPENDITURES

	Budgeted 1977 Expenditures		Actual 1977 Expenditures		Budgeted 1978 Expenditures	
	FY 1977 Total	FY 1977 Title XX Funded	FY 1977 Total	FY 1977 Title XX Funded	FY 1978 Total	FY 1978 Title XX Funded
<u>DIRECT SERVICES</u>						
Act. 151 -Social Services Area Offices	\$ 7,972,868	\$ 5,763,581	\$ 7,807,732	\$ 5,644,209	\$ 8,348,843	\$ 6,035,429
Act. 156 -Social Services - Blind	176,571	127,644	191,991	138,790	185,069	133,787
Act. 415 -Migrant Project	47,319	35,489	33,828	25,371	--	--
Act. 168 -Protective Service - Donor Fund	242,465	181,849	14,175	10,631	289,815	217,361
Act. 590 -Homemaker Services	1,248,948	936,711	1,198,603	898,893	1,964,019	1,502,623
Act. 172 -WIN Area Office	528,024	264,768	339,464	254,597	545,465	277,849
Act. 165 -Service Extension - Donor	479,719	359,789	457,552	343,164	504,274	378,205
Total Direct Services	<u>\$10,695,914</u>	<u>\$ 7,669,831</u>	<u>\$10,043,345</u>	<u>\$ 7,315,655</u>	<u>\$11,837,485</u>	<u>\$ 8,545,254</u>
<u>PURCHASE OF SERVICE</u>						
Act. 451 -Day Care - ADC Eligibles	\$ 3,124,449	\$ 2,343,336	\$ 3,262,488	\$ 2,446,916	\$ 3,450,000	\$ 2,587,500
Act. 557-461-Services to Income Eligibles	609,500	500,000	436,037	327,014	500,000	500,000
Act. 486 -Speech Defective Children	700,000	560,000	707,720	530,774	700,000	525,000
Act. 459-460-Purchase of Service ADC Foster Care	2,614,568	1,960,926	2,700,123	2,025,072	2,685,168	2,013,876
Act. 462 -Purchase of Service-State Ward Foster Care	245,150	183,865	244,692	183,517	251,243	188,433
Act. 463 -Purchase of Service - G.A. Foster Care	1,714,097	1,285,573	2,637,446	1,978,066	1,746,671	1,310,003
Act. 455-456-Purchase of Service-Donor Funds*	7,601,672	5,710,004	6,293,754	4,720,479	3,300,000	2,475,000
Act. 521 -Reintegration	2,556,640	1,917,480	2,847,254	2,135,178	2,860,000	2,145,000
Act. 486 -Speech Defective (Adults) UPC (State Only)	--	--	60,000	--	60,000	--
Total Purchased Services	<u>\$19,166,076</u>	<u>\$14,461,184</u>	<u>\$19,189,514</u>	<u>\$14,346,966</u>	<u>\$15,553,082</u>	<u>\$11,744,812</u>
Total Direct and Purchased Services	<u>\$29,861,990</u>	<u>\$22,131,015</u>	<u>\$29,232,859</u>	<u>\$21,662,621</u>	<u>\$27,390,567</u>	<u>\$20,290,066</u>
<u>ADMINISTRATION AND INDIRECT COSTS</u>						
Act. 000 -Area Office Administration	\$ 8,403,520	\$ 3,000,056	\$ 8,694,666	\$ 3,091,726	\$ 8,889,354	\$ 3,175,277
Act. 010 -Exc. Fin. R&S, Personnel	2,341,201	627,298	2,435,970	628,342	3,039,797	814,058
Act. 161 -Social Services - Adult State	110,784	80,097	111,737	80,775	115,050	83,187
Act. 162 -C & Y - State Administration	686,220	431,595	686,825	445,777	716,308	451,152
Act. 016 -Data Processing	820,175	221,841	785,666	198,671	896,453	242,517
Act. 419 -Purchase of Service Management System	107,681	80,761	65,276	48,957	--	--
Total Administration and Indirect Costs	<u>\$12,469,581</u>	<u>\$ 4,441,648</u>	<u>\$12,780,140</u>	<u>\$ 4,494,248</u>	<u>\$13,656,962</u>	<u>\$ 4,766,191</u>
TOTAL DIRECT, PURCHASED AND INDIRECT COSTS	<u>\$29,861,990</u>	<u>\$26,572,663</u>	<u>\$29,232,859</u>	<u>\$26,156,869</u>	<u>\$27,390,567</u>	<u>\$25,056,257</u>

* Budgeted donor figures for FY 1977 include \$5,201,672 approved in the initial SRS appropriation (H.B. 2553 of 1977 Session), \$1,200,000 added in the Omnibus Appropriation Act (H.B. 2661), and \$1,200,000 added June 30, 1977 by the Finance Council.

Source: FY 1976, 1977, and 1978 Budget for Social and Rehabilitation Services

Note: In addition to Day Care provided through Title XX funds, \$1,005,080 from P.L. 94-401 was utilized to purchase day care services.