

3-4-85

MINUTES OF THE House COMMITTEE ON Ways and MeansThe meeting was called to order by Chairman Bunten at
Chairperson1:30 ~~am~~/p.m. on Thursday, February 28, 19 85 in room 514-S of the Capitol.

All members were present except:

Committee staff present:

Gloria Timmer	-	Legislative Research
Laura Howard	-	Legislative Research
Jim Wilson	-	Office of the Revisor
Sharon Schwartz	-	Administrative Aide
Nadine Young	-	Committee Secretary

Conferees appearing before the committee: (See Attachment I)

Chairman called the meeting to order at 1:30. He called the committee's attention to testimony concerning HB 2102 being distributed to the members (Attachment II).

Chairman turned to consideration of subcommittee reports on HB 2102.

HOMESTEAD PROPERTY TAX REFUNDS-Department of Revenue (Attachment III).
Representative Chronister presented the subcommittee report for FY 85. Chairman Bunten reminded the committee that everyone should recognize there is a 1.4 million dollar supplemental from SGF in this budget. Representative Chronister moved for adoption of the report and Representative Mainey seconded. The motion carried.

Representative Chronister presented the subcommittee report for FY 86 and moved the subcommittee report be adopted. Representative Mainey seconded. Motion carried.

DEPARTMENT ON AGING (Attachment IV)
Representative Ott presented the FY 85 subcommittee report. Subcommittee concurred with Governor's recommendation. Chairman Bunten commended the subcommittee for the excellent job they did in budgeting. Representative Ott moved the subcommittee report be adopted. Representative Duncan seconded. Motion carried.

Representative Duncan presented the FY 86 subcommittee report. Subcommittee made several programmatic recommendations concerning In-home nutrition program, Older Kansans Employment Program and the Job Training Partnership Act. It was noted that this agency's budget was a 3.4% increase in SGF over the previous year. Representative Duncan moved the subcommittee report be adopted and Representative Ott seconded. Motion carried.

SOCIAL AND REHABILITATION SERVICES (Attachment V)
Chair recognized Representative Ed Rolfs, who commended staff person, Ray Hauke, for the good job he did on the report. Representative Rolfs stated they tried to stay within the guidelines of the Resolution that was adopted by the committee. The FY 86 budget is about 3% below the budget that was approved last year and about 3% above the Governor's revised budget for 85. Subcommittee strived towards getting maximum efficiency from the system, and to concentrate on maintaining existing programs.

Representative Wisdom presented the FY 85 report. Subcommittee concurred with Governor's recommendations with several adjustments. Representative Wisdom moved the subcommittee report for FY 85 be adopted. Seconded by Representative Rolfs. Motion carried.

Representatives Fuller and Rolfs reported on the FY 86 subcommittee report. There was questioning relative to the \$655,816 for implementation of automated eligibility determination system. Subcommittee explained that this amount represents funds for purchase of a "package" system that will be taken and modified and that the actual distribution system is several years down the road.

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

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Meansroom 514-S, Statehouse, at 1:30 ~~xx~~ p.m. on Thursday, February 28, 1985

Representative Louis asked about the committee's recommendation from last year to fund the placement of special education students in Kansas City, Missouri facilities. Staff explained that the money is included in the revised FY 85 budget and that actual cost of that program is now running around \$380,000.

Representative Chronister asked for explanation of Item 11/12 concerning 6% increase in cash grants for poverty families. Representative Rolfs replied with the following statement, "The federal government, when they passed the 1981 economic recovery act, stipulates that if a state increases grants they will offset the increase of the reduction in food stamp money. The one exception the feds have to making that counter-balance is if the increase is in utility costs, and so...absent the federal regulation, we looked at all of the cost improvements that were involved in a family's budget and determined that most of them were remaining constant, but in fact utility budgets were increasing dramatically. Therefore, we felt we fit within the criteria. The 6% increase, then is really a utility increase, and not a general overall".

Representative Helgerson question Item 17 relative to the \$300,000 grant for community-based adult services. Representative Rolfs explained that it is the subcommittee's concept to split the money between MR and MH and attempt to release as many individuals as possible from the 10% group from both sides, and make placement in the community. Representative Helgerson expressed concern that we may or may not see this happen without setting certain specifics. Representative Rolfs stated he has no objection to noting some of these things.

Representative Rolfs asked the committee's attention to HB 2077 which would require the use of generic drugs. He estimates that about \$1 million in all funds could be saved by passage of this bill.

Chair recognized Representative Louis who elaborated on his thoughts concerning the grant. He felt that the \$300,000 in the one report, along with the \$200,000 recommendation in Representative Helgerson's Minority Report, together was entirely too much money to consider. He further stated that he did have a commitment from the Division that if we were to go with the \$200,000 they would reduce 10 beds in FY 86 and that in following year would close a ward at each facility. Consequently, Representative Louis made a motion that we go ahead and authorize a grant and include some kind of wording that would direct the agency to go ahead and start reducing, working towards a goal, and have the agency come back next year and take another look. Representative Helgerson seconded.

After considerable discussion on this subject, chair recognized Dr. Robert Harder who made the following statement on behalf of SRS: "We would be willing to accept a goal in terms of the total system. We simply have got to have the flexibility to move the money to where we have a person rate to come out. We would be willing to give you on day certain, July 1, 1985 what the population was on June 30, 1985 and then if the money is agreed to, we will commit ourselves to working towards goals in each instance, not just Mental Health and Mental Retardation. You want to say 20 people on the MH side, and we would also say 20 people on the MR side, with full accountability of how we are working towards that goal in the next legislative session."

Representative Louis agreed that Dr. Harder's statement covers what he wanted in his motion. Chairman asked for a vote on the motion. The motion carried.

Representative Rolfs moved that the FY 86 subcommittee report for Social and Rehabilitation Services be adopted, as amended. Seconded by Representative Fuller. Motion carried.

Meeting adjourned at 3:30 p.m.

Date 2-28-85

Name	Address	Representing
John Grace	Ks Homes For Aging	Topeka
Shirley Wigdon	Arkansas City Ottawa	maas
Pat Goodson		Right To Life
Jill McBride	Topeka	United Way
BRAD MEARS	Topeka	GOVERNOR'S OFFICE
Allan Keating	Topeka	KAHA
Marilyn Braadt	Lawrence	KINH
Nancy Sargent	Topeka	LWUK
Tom Bell	Topeka	KHA
Jean Gales	Wichita	Senior Services, Inc
Anne Hoagland	Great Bend (BCC) Kansas Assoc. Nephews Army	
Alice Knott	610 W. 10th Topeka	KDOA
Sue Lockett	Topeka	Ks Action for Children
Wm Barclay	"	KCSL
Phyllis Whither	Overland Pl. Ks.	Families for Mental ^{Hepp}
Lois Snyder	Prairie Village, Ks	" " " "
Howard Snyder	Prairie Village	" " " "
Robert C. Hardin	St. Off. Bldg.	SRS
Arthur Whipple	S.O.B.	SRS
Charl. Stevenson	Topeka	SRS
Dick Krenth	Topeka	Budget Dinner
Bob Wirth	"	Gas Workers
Paul Johnson	Topeka	PACK

2/28/75

HOUSE BILL 2102

HOUSE WAYS AND MEANS COMMITTEE

FAMILY PLANNING FUNDS - Federal family planning funds contain a prohibition against the use of those funds by an agency that promotes abortion as a means of family planning. The federal government recently withdrew funding of International Planned Parenthood because of this prohibition. We therefore submit that the funding of Planned Parenthood with Federal family planning funds by the state of Kansas could be a violation of Title X restrictions.

Funding of Planned Parenthood by any other fund such as the Maternal and Child Health grant is equally inappropriate.

Family planning programs serve as referral sources for the killing of unborn children. This is an inappropriate activity for the state of Kansas or its agencies or subdivisions. We protest the funding and in particular the increased funding of family planning programs in the Governor's recommendations.

ABORTION FUNDING - While the stated policy of SRS is to fund only life endangering abortions reimbursed by federal funds, we have long suspected that abortion funding was available in some way through SRS.

Within the past two weeks the daughter of one of our Wyandotte County members was aborted without the permission and against the express wishes of her father. This child was fifteen years old. Her child, our members grand child was killed at a Johnson county abortion clinic. IT WAS PAID FOR BY SRS, ACCORDING TO THE FATHER.

Our member is distraught over this tragic injustice. His daughter was pregnant by her stepfather and SRS had taken custody of the girl. Her father attempted to file an injunction to stop the abortion but SRS went ahead.

WE SUBMIT THAT IT IS INCUMBENT ON THIS COMMITTEE TO INVESTIGATE THE CIRCUMSTANCES OF THIS PARTICULAR CASE AS WELL AS THE ISSUE OF ABORTION FUNDING BY SRS WHEN IT HAS BEEN THE UNDERSTANDING OF THE LEGISLATURE THAT ABORTION FUNDING WAS NOT PERMITTED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED ABOVE.

FEBRUARY 28, 1985

RIGHT TO LIFE OF KANSAS

2/28/85

IV

SUBCOMMITTEE REPORT

Agency: Department of Revenue -- Homestead
Property Tax Refunds Bill No. 2154 Bill Sec. 5
 Analyst: Efird Analysis Pg. No. 197 Budget Pg. No. 2-43

<u>Expenditure Summary</u>	<u>Agency Req. FY 85</u>	<u>Governor's Rec. FY 85</u>	<u>Subcommittee Adjustments</u>
Other Assistance:			
All Funds	\$ 8,000,000	\$ 8,500,000	\$ --
State General Fund	7,000,000	7,500,000	--

Agency Request/Governor's Recommendation

The agency's estimate of \$8,000,000 was prepared prior to the November, 1984 meeting of the consensus estimating group. Because of higher average claims and less of a decline in the number of claims filed in CY 1984 than expected, the consensus group adjusted the agency's estimate to \$8,500,000 in FY 1985. The current approved amount is \$7,100,000 to pay claims in FY 1985. The Governor's recommendation of \$8,500,000 is \$1,400,000 more than the approved amount and would be financed by a supplemental State General Fund appropriation.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 1985 estimate of \$8,500,000 as projected by the consensus group, including the \$1,400,000 supplemental appropriation from the State General Fund. The 1984 Legislature appropriated \$6,100,000 from the State General Fund and \$1,000,000 from the Federal Revenue Sharing Fund to pay estimated claims of \$7,100,000 in FY 1985. The revised consensus estimate of \$8,500,000 recommended by the Governor in FY 1985 would be financed by \$1,000,000 from the Federal Revenue Sharing Fund and the remainder from the State General Fund.

Rochelle Chronister
 Representative Rochelle Chronister
 Subcommittee Chairman

Bill Bunten
 Representative Bill Bunten

Lee Hamm
 Representative Lee Hamm

D. Heinemann
 Representative David Heinemann

Don Mainey
 Representative Don Mainey

2/28/85



SUBCOMMITTEE REPORT

Agency: Department of Revenue — Homestead
Property Tax Refunds Bill No. 2102 Bill Sec. 2

Analyst: Efird Analysis Pg. No. 197 Budget Pg. No. 2-43

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
Other Assistance:			
State General Fund	\$ 7,800,000	\$ 8,200,000	\$ --

Agency Request/Governor's Recommendation

The agency's estimate of \$7,800,000 was prepared prior to the November, 1984 meeting of the consensus estimating group. Because of higher average claims and less of a decline in the number of claims filed in CY 1984 than expected, the consensus group adjusted the agency's estimate to \$8,200,000 in FY 1986 and the Governor recommends that amount from the State General Fund.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's estimate of \$8,200,000 as projected by the consensus group. No financing is available from the Federal Revenue Sharing Fund in FY 1986 and all claims will be paid from the State General Fund. The Subcommittee wishes to note the increase in claims filed due to net operating losses which lowered household income to eligible levels. In CY 1982, 107 returns showed household incomes of less than \$1. In CY 1984, 1,579 returns showed household incomes of less than \$1. Payments of \$32,450 in CY 1982 have increased to \$471,816 in CY 1984 as a result of household incomes showing losses and thus eligible for the homestead refunds. The Subcommittee also is concerned about the definition of homestead and the administrative procedure which allows outbuildings to be included for tax purposes. The Subcommittee reviewed this entitlement program and notes that it could become more expensive if all eligible claims were filed. The Subcommittee believes that payments should be monitored over the next several years, and if increases occur, then statutory changes may be necessary.

Rochelle Chronister
 Representative Rochelle Chronister
 Subcommittee Chairman

Bill Bunten
 Representative Bill Bunten

Lee Hamm
 Representative Lee Hamm

David Heinemann
 Representative David Heinemann

Don Mainey
 Representative Don Mainey

SUBCOMMITTEE REPORT

Agency: Department on Aging Bill No. 2154 Bill Sec. --

Analyst: Holt Analysis Pg. No. 236 Budget Pg. No. 2-1

<u>Expenditure Summary</u>	<u>Agency Req. FY 85</u>	<u>Governor's Rec. FY 85</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 952,906	\$ 952,906	\$ 3,680
Other Assistance	10,619,201	10,567,972	--
TOTAL	<u>\$ 11,572,107</u>	<u>\$ 11,520,878</u>	<u>\$ 3,680</u>
State General Fund:			
State Operations	\$ 453,627	\$ 453,627	\$ --
Other Assistance	1,324,841	1,324,841	--
TOTAL	<u>\$ 1,778,468</u>	<u>\$ 1,778,468</u>	<u>\$ --</u>

House Subcommittee Recommendations

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

1. Addition of \$3,680 to the expenditure limitation of the federal Advocacy Grant. The agency's expenditures of \$30,939 from this grant as of February 22, 1985 suggest that such an increase is warranted. The FY 1985 expenditure limitation is \$49,956.
2. The Subcommittee expresses concern over the present method of deducting administrative costs from the federal grants. Currently, area agencies may deduct a disproportionate share of administrative overhead from either the OAA Nutrition Program or general grants. While the Subcommittee makes no adjustments to FY 1985, a change in policy in FY 1986 is recommended.

2/28/85 

SUBCOMMITTEE REPORT

Agency: Department on Aging Bill No. 2102 Bill Sec. 5

Analyst: Holt Analysis Pg. No. 236 Budget Pg. No. 2-1

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,273,080	\$ 1,082,248	\$ (81,956)
Other Assistance	12,969,196	10,836,812	(55,188)
TOTAL	<u>\$ 14,242,276</u>	<u>\$ 11,919,060</u>	<u>\$ (137,144)</u>
State General Fund:			
State Operations	\$ 746,718	\$ 578,329	\$ (81,956)
Other Assistance	3,528,735	1,397,475	(55,188)
TOTAL	<u>\$ 4,275,453</u>	<u>\$ 1,975,804</u>	<u>\$ (137,144)</u>
F.T.E. Positions	36.3	30.8	(2.5)

House Subcommittee Adjustments

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

1. Programmatic Recommendations

The In-Home Nutrition Program, financed entirely from the State General Fund, provides home-delivered meals to Kansans age 60 and over in Kansas City, Wichita, Topeka, Eureka, McPherson, Great Bend, Ottawa, Barton County, Dodge City, and areas in southeast Kansas. Administration of the program was transferred to the Department on Aging from the Department of Social and Rehabilitation Services in FY 1983. The Department on Aging has continued to fund the ten service providers that were operative under this program prior to the transfer. The Subcommittee believes that the quality and effectiveness of this program would be enhanced if competition among grantees and subgrantees were promoted. To that end, the Subcommittee recommends that the Department on Aging develop rules and regulations to be effective for FY 1986. These regulations shall specify the criteria for proposals and the bidding procedures to which applicants for in-home services contracts must adhere. Multiyear contracts between the grant recipient and the agency should be permissible.

2. The Older Americans Act of 1981 stipulates that any service provider which had received funds for the nutrition program governed by the Older Americans Act of 1965, as effective on September 29, 1978, be given preference over other bidders in offering OAA nutrition services, so long as there is no evidence of improved quality of service and cost effectiveness on the part of other providers. The Subcommittee recommends that the agency develop rules and regulations that would define how providers affected by that stipulation could lose their authorization to offer such services. The Subcommittee is further concerned that meals are not

always provided under the OAA Program in the most efficient, cost-effective manner to benefit the most Kansans. Therefore, the Subcommittee recommends that the agency develop rules and regulations to be effective for FY 1986. These rules and regulations shall specify the criteria for proposals and the bidding procedures to which applicants for OAA nutrition services contracts must adhere. Multiyear contracts between the grant recipient and the agency should be permissible.

3. The Subcommittee concurs with the Governor's recommendation for funding the Older Kansans Employment Program (OKEP) (\$100,000 from the State General Fund) and the federally-funded Job Training Partnership Act (JTPA) 3 percent Older Workers Program (\$338,125). However, the Subcommittee recommends six changes with respect to the administration of the programs:

- a. that the agency adopt rules and regulations governing the operations of both programs;
- b. that the designated project sites for each program use program funds to place those individuals seeking permanent employment prior to those seeking temporary employment;
- c. that the administration of the employment programs at the Community Action Program in Girard (Older Kansans Employment Program) and at the Area Agency on Aging in Chanute (JTPA) be consolidated, as the programs are offered in close proximity to each other;
- d. that the agency consider expanding OKEP so that it serves a broader geographic area. Currently, the only project sites are in Manhattan, Girard, and Wichita;
- e. that the agency implement a plan to reduce the costs of placing an individual in a position through the JTPA Program to approximate the cost of placement through the state-funded employment program. It cost an average of \$2,500 during the first three months of FY 1985 to find employment for an enrollee in the JTPA Program, whereas it cost only \$111 to place a participant in OKEP;
- f. that the agency be required to report only the number of persons placed by employment projects under OKEP and the JTPA Program. The agency has in the past reported the number of placements, as opposed to or in addition to the number of individuals placed. The Subcommittee considers the placement reporting procedure to be very misleading.

4. Funding Recommendations

- a. The Subcommittee recommends that administrative expenditures incurred in FY 1986 by area agencies on aging be budgeted for the General Grants and Nutrition Programs proportionate to total federal OAA expenditures recommended for those pro-

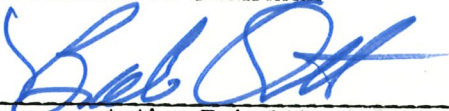
grams. Therefore, the Subcommittee recommends that of the total of \$580,451 set aside for FY 1986 for that purpose, \$223,473 be deducted from General Grants and \$356,978 be deducted from the OAA Nutrition Program.

- b. Reduction of \$61,968 from the State General Fund including fringe benefits for 2.5 F.T.E. positions. The Subcommittee concurs with the Governor on the addition of the Accountant II position.
- c. For FY 1986, the Subcommittee recommends a 4.3 percent increase from the State General Fund above current year authorized expenditures for the In-Home Nutrition Program and transportation services. This would, however, constitute a reduction from the State General Fund of \$76,680 for the In-Home Nutrition Program and \$10,466 for transportation below the amounts recommended for FY 1986 by the Governor. The Subcommittee proposes that the support from the State General Fund for the OAA Nutrition Program be increased by \$31,958 above the recommended amount of \$441,124 for the following reasons:
 - 1) Pursuant to a memorandum (February 20, 1985) sent to the agency, the Subcommittee was informed that USDA reimbursement rates have been reduced below the amounts used by the agency in its FY 1985 and FY 1986 projections. This means that the agency has overstated its federal funding estimate by \$167,836 in FY 1986.
 - 2) In accordance with the Subcommittee's recommendation of assigning administrative expenditures to each program proportionate to total OAA expenditures recommended for each program, \$356,978 has been reduced from the OAA expenditures requested and recommended for nutrition services. The Subcommittee recommends that 3,520,398 meals be served at \$2.76 per meal, the same service level and cost per meal as estimated for FY 1985.
- d. In accordance with the Subcommittee's policy to increase by 4.3 percent from FY 1985 to FY 1986 State General Fund expenditures for certain state operations, a total reduction of \$16,721 from the State General Fund is recommended: \$5,160 for travel and subsistence (Administration); \$3,094 from fees-professional services (Administration); \$840 for postage designated for an increase in the number of copies of the agency's newsletter The Advocate, which was recommended by the Governor but not endorsed by the Subcommittee (Technical Assistance); \$2,322 for travel and subsistence (Technical Assistance); and \$5,305 for printing (Technical Assistance).
- e. A total reduction of \$3,267 from the State General Fund (\$2,259 - Administration and \$1,008 - Technical Assistance) for KANS-A-N

expenditures to reflect an increase of 17.8 percent in KANS-A-N costs, instead of the increase of 31.0 percent, originally projected by the Division of the Budget.



Representative Sandy Duncan
Subcommittee Chairman



Representative Bob Ott



Representative Jack Shriver

SUBCOMMITTEE REPORT

Agency: Social and Rehabilitation Services Bill No. 2154 Bill Sec. 6

Analyst: Hauke Analysis Pg. No. 198 Budget Pg. No. 2-45

<u>Expenditure Summary</u>	<u>Agency Req. FY 85</u>	<u>Governor's Rec. FY 85</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$100,038,628	\$ 99,860,499	\$ (744,626)
Other Assistance	404,408,008	388,519,821	(89,043)
Subtotal - Operating	\$504,446,636	\$488,380,320	\$ (833,669)
Capital Improvements	75,000	106,073	--
TOTAL	\$504,521,636	\$488,486,393	\$ (833,669)
State General Fund:			
State Operations	\$ 42,666,362	\$ 42,547,128	\$ (364,843)
Other Assistance	188,639,041	179,434,106	(76,766)
Subtotal - Operating	\$231,305,403	\$221,981,234	\$ (441,609)
Capital Improvements	--	--	--
TOTAL	\$231,305,403	\$221,981,234	\$ (441,609)
F.T.E. Positions	2,744.6	2,744.6	--

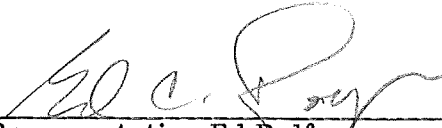
House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. The Subcommittee reviewed salary and wage expenditures through the first seven months of FY 1985. Based upon those expenditures, the Subcommittee recommends reductions to the Governor's revised FY 1985 salary and wage budgets totaling \$744,626, of which \$364,843 is from the State General Fund. Those reductions are as follows:
 - a. The Subcommittee recommends that the budget for Social Services Field Operations be reduced by \$250,828, of which \$113,374 is from the State General Fund. (Note: The expenditures are divided between Youth Services (75 percent) and Adult Services (25 percent) necessitating adjustments to two line items.) The Subcommittee recommends that the General Fund amounts be reappropriated as an offset to FY 1986 appropriations. The Subcommittee recommends that \$137,454 in Social Service Block Grant savings be used to offset State General Fund expenditures in FY 1986.
 - b. The Subcommittee recommends that the budget for Income Maintenance Field Operations be reduced by \$250,935, of which \$147,926 is from the State General Fund. The Subcommittee recommends that the General Fund portion of this reduction be reappropriated as an offset to FY 1986 appropriations.

2/29/85

- c. The Subcommittee learned that four data processing positions have been held vacant, an item discussed in the FY 1986 Subcommittee report, allowing turnover savings in FY 1985. The Subcommittee recommends that the FY 1985 data processing budget be reduced by \$105,661, of which \$62,382 is from the State General Fund.
 - d. The Subcommittee learned that several new child support enforcement positions were vacant for a portion of the year. The Subcommittee recommends that the FY 1985 budget be reduced by \$137,202, of which \$41,161 is from the State General Fund.
2. The Subcommittee reviewed expenditures in the Emergency Assistance program. The Subcommittee recommends that the FY 1985 Emergency Assistance budget be reduced by \$24,555, of which \$12,278 is from the State General Fund.
 3. The Subcommittee reviewed expenditures for educational services to out-of-state foster care placements. The Subcommittee learned that the Governor's revised FY 1985 budget contains \$451,584 for such services. However, revised estimates from the agency indicate that only \$387,096 will be expended. Consequently, the Subcommittee recommends that the budget for those services be reduced by \$64,488, all of which is from the State General Fund.



Representative Ed Rolfs
Subcommittee Chairman



Representative Wanda Fuller



Representative Bill Wisdom

SUBCOMMITTEE REPORT

Agency: Social and Rehabilitation Services Bill No. 2102 Bill Sec. 3

Analyst: Hauke Analysis Pg. No. 198 Budget Pg. No. 2-45

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$113,985,423	\$103,226,067	\$ (361,844)
Other Assistance	<u>443,708,420</u>	<u>399,048,240</u>	<u>2,115,860</u>
Subtotal - Oper- ating	\$557,693,843	\$502,274,307	\$ 1,754,016
Capital Improvements	83,548	149,529	--
TOTAL	<u>\$557,777,391</u>	<u>\$502,423,836</u>	<u>\$ 1,754,016</u>
State General Fund:			
State Operations	\$ 49,496,663	\$ 44,596,009	\$ (406,593)
Other Assistance	<u>218,051,229</u>	<u>184,212,605</u>	<u>87,824</u>
Subtotal - Oper- ating	\$267,547,892	\$228,808,614	\$ (318,769)
Capital Improvements	--	--	--
TOTAL	<u>\$267,547,892</u>	<u>\$228,808,614</u>	<u>\$ (318,769)</u>
F.T.E. Positions	2,915.4	2,784.4	6.0

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. The Subcommittee reviewed agency staff turnover rates. The Subcommittee learned that in two large subprograms (Social Service Field Services and Income Maintenance - Field Services) projected FY 1986 turnover savings are considerably below actual FY 1984 turnover and projected FY 1985 turnover. Therefore, the Subcommittee makes the following recommendations concerning those two subprograms, which result in a total reduction of \$375,688, and a State General Fund reduction of \$446,799.
 - a. The Subcommittee recommends FY 1986 turnover in Social Service Field operations be increased from 3.0 percent to 4.7 percent, which was the actual turnover level in 1984. This adjustment allows a reduction to the FY 1986 budget of \$214,073, all of which is from the State General Fund. (Note this reduction is divided between Youth Services (75 percent) and Adult Services (25 percent).)
 - b. The Subcommittee recommends that FY 1986 turnover in Income Maintenance - Field operations be increased from 4.2 percent to 5.4 percent, which was the actual turnover level in FY 1984. This adjustment allows a reduction to the FY 1986 budget of \$161,615, of which \$95,272 is from the State General Fund.

- c. The Subcommittee recommends that \$137,454 in Social Services Block Grant (SSBG) savings, due to the FY 1985 turnover adjustment, be utilized as an offset to FY 1986 State General Fund costs of Social Service Field operations. This transaction increases SSBG expenditures with a corresponding decrease in General Fund expenditures.
2. The Subcommittee reviewed federal financial participation in the Medical Assistance and Aid to Dependent Children programs. The Subcommittee learned that the federal participation rate in eligible expenditures will decline from 50.67 percent to 50.0 percent beginning October 1, 1985. The Subcommittee learned that the Governor's Medical Assistance recommendations are based upon 50.0 percent federal financial participation for the entire fiscal year. Adjusting for one-quarter at 50.67 federal financial participation allows a total increase in federal Medicaid funding of \$363,065 with an equal decrease in State General Fund expenditures.
3. The Subcommittee reviewed receipt of federal block grant funds for substance abuse programs. Due to underexpenditures in FY 1984 and FY 1985 grant awards slightly higher than anticipated, \$284,785 is available from this source that is not included in the budget. Therefore, the Subcommittee recommends that FY 1986 block grant expenditures for substance abuse programs be increased by \$284,785, with a corresponding reduction in FY 1986 State General Fund appropriations. The Subcommittee notes that the adjustment it is recommending does not expend block grant funds reserved by Congress for special programs serving women substance abusers (approximately \$200,000 during both FY 1985 and FY 1986).
4. The Subcommittee reviewed projected receipts and balances to the SRS Fee Fund. Based upon its review the Subcommittee is recommending an FY 1986 increase in Fee Fund expenditures of \$2,480,186, which reduces State General Fund expenditures for the Medical Assistance Program by an equal amount. The Subcommittee's recommendations are based upon the considerations and assumptions as follows:
 - a. The Subcommittee reviewed FY 1985 receipts to the Fee Fund. The Subcommittee is of the opinion that receipts from: child support enforcement; medical recoveries; and general recoveries will be approximately \$1,615,811 higher than budgeted. That increase is offset by a decrease of \$1,950,000 in anticipated retrospective settlements with the federal government. The Subcommittee considered this \$334,189 deficit in its FY 1986 computations.
 - b. The Subcommittee projected FY 1986 revenues to continue at FY 1985 levels. This increases estimated revenue by a total of \$1,515,811, of which \$1,275,000 is from child support collections, \$98,981 is from medical recoveries, and \$141,830 is from other collections, principally fraud and abuse recoveries. That revenue increase becomes \$1,181,622, when the FY 1985 deficit is considered.

- c. The Subcommittee notes that the Governor's recommendations allow a Fee Fund balance of \$3,298,564 at the end of FY 1986. The Subcommittee notes that an ending balance of approximately \$2.0 million has typically been budgeted. The Subcommittee recommends the balance be reduced by \$1,298,564.
- d. When the Subcommittee's projected revenue increase (\$1,181,622) is combined with a reduction in balance (\$1,298,564), a General Fund reduction of \$2,480,186 results.
5. The Subcommittee believes that the most obnoxious component of the social services programs in the eyes of the public is fraud and abuse. The Subcommittee learned that a substantial recovery is made annually by SRS fraud and abuse investigations. The savings are reflected in both Fee Fund recoveries and reduced assistance expenditures. As noted in item 4b above, the Subcommittee is increasing projected Fee Fund receipts from both medical recoveries and general collections. The Subcommittee endorses the concept of placing fraud and abuse investigators in local SRS offices. The Subcommittee notes that the Governor is recommending seven new positions for this effort and endorses that recommendation. The Subcommittee is recommending that the Governor's recommendations be increased by 3.0 F.T.E. Special Investigators. This recommendation involves FY 1986 expenditure of \$68,076 (of which \$47,592 is from the General Fund). The Subcommittee is of the opinion that this is a cost effective program, in both direct collections and fraud deterrence.
6. The Subcommittee endorses the Governor's recommendations for initiation of an automated eligibility determination system. The Subcommittee concurs with the Governor's FY 1986 recommendation of \$655,816 for contractual services to acquire such a system for use in Kansas. The Subcommittee also notes that such a system could have considerable impact relative to distributed data processing. The Subcommittee notes the Joint DISC Subcommittee is recommending an interagency task force to review issues related to distributed data processing. The Subcommittee directs SRS become actively involved in that task force, that SRS developments on this system be coordinated with the task force, and that a report be presented to the 1986 Legislature on January 13, 1986.
7. The Subcommittee notes that the 1984 Legislature approved four positions in SRS to begin programming an automated eligibility system. Subsequently, the agency decided to pursue obtaining the system through contractual arrangements and modification of systems used in other states. SRS has not filled the four positions approved by the 1984 Legislature, a factor which allows the turnover adjustment included in the FY 1985 Subcommittee report. The Subcommittee recommends that financing of these four positions be deleted from the FY 1986 budget, for a total reduction of \$114,259, of which \$67,413 is from the State General Fund. The four positions are: two - Computer Systems Analysts III; one - Computer Systems Analyst I; and one - Programmer IV. The Subcommittee learned that the agency is of the opinion that these positions should be used to oversee actual programming and phased implementation of the system. The Subcommittee is of the opinion that such programming and implementation is unlikely to occur in FY 1986. Consequently, the Subcommittee

recommends deletion of the funding for these positions but allows the position authority to remain.

8. The Subcommittee learned that two pending bills (S.B. 302 and H.B. 2077) would reduce agency pharmaceutical expenditures, largely through substitution of generic equivalent drugs. In anticipation of passage of such legislation, the Subcommittee recommends that the FY 1986 Medical Assistance budget be reduced by \$1,000,000, of which \$500,000 would be from the State General Fund. The Subcommittee recognizes that this item may require adjustment in the Omnibus bill, if the abovementioned bills are not passed.
9. The Subcommittee recommends restoration of the Transitional General Assistance (TGA) program. This recommendation increases FY 1986 expenditures by \$4,335,860, all of which is from the State General Fund. The Subcommittee's recommendations are summarized in tabular form in a table accompanying this narrative. They generally make the following assumptions:
 - a. Total caseloads are based upon the Governor's original recommendations. However, the Subcommittee's recommendations presume 55 percent of the caseload in the Unrestricted GA program, rather than 60 percent, as contained in the Governor's recommendations. The Subcommittee's recommendations include \$3,127,865 to finance the cash assistance phase of the program.
 - b. The Governor's recommendations include \$2,007,995 in savings due to eliminating the TGA program. However, the Governor's recommendations also include \$800,000 to finance expanded coverage for mentally ill persons in General Assistance. The Subcommittee recommends restoration of the \$2,007,995 but deletes the \$800,000 expansion. The result is a net restoration of \$1,207,995.
10. The Subcommittee reviewed the agency's work programs, now operating in Sedgwick, Shawnee, Wyandotte, and Saline counties. These include Job Clubs, WIN, and Work Experience Programs. The Subcommittee is of the opinion that such programs are the most important factors in permanently removing public assistance clients from the welfare rolls. Jobs Clubs are particularly relevant toward reducing the number of TGA clients. The Subcommittee recommends that three Social Worker I positions be added to increase Jobs Club programming coverage. These positions involve \$60,027 from the State General Fund.
11. The Subcommittee spent considerable time reviewing the cash assistance eligibility standards and the Governor's recommendations for a 6 percent increase in cash grants. The Subcommittee learned that present eligibility standards are based upon financial considerations and incremental adjustments rather than any particular poverty index. Further, poverty indexes of the federal government were specifically rejected as being unrealistically high. The Subcommittee decided to develop its own monthly index of items essential for livelihood and to compare them to the benefits

offered in the assistance program. The Subcommittee forwards the following display for Committee consideration.

Minimum Monthly Needs for Family of Three

Item	Amount
Rent	\$ 200
Utilities	75
Phone	10
Food	270
Transportation	50
Clothing	20
School Supplies, Toiletries, and Miscellaneous	30
TOTAL NEEDS	\$ 655

Estimated Resources to Meet Needs

ADC Grant (including 6% increase)	\$ 368
Food Stamp Benefit	159
Low Income Energy Benefit	15
TOTAL RESOURCES	\$ 542

Percentage of Need Met	83%
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The Subcommittee is of the opinion that Kansas public policy should: (1) assure that only those truly in need are receiving benefits and, (2) strive to meet this minimal level of need for those who are in need. Few could argue that the above items are above minimums necessary for existence. Comparing estimated needs to estimated resources reflects a monthly deficit of \$113, which must be financed from private charity, commodities, or other subsidies.

12. The Subcommittee concurs with computations in the Governor's budget, which finance a 6 percent overall increase in cash grant allowances. The Subcommittee learned that, due to federal law, cash grant and food stamp eligibilities are determined through separate computations. Cash grant increases actually decrease food stamp benefits in most cases. Due to utility costs, federal food stamp policies allow one exclusion to this anomaly. Federal law allows certain grants, that are related to meeting energy costs, to be excluded from food stamp benefit computations. This exclusion contains certain requirements, one of which is legislative enactment. The Subcommittee studied the various cost components for assistance families in depth and came to the strong conclusion that most components of these families budgets have remained fairly constant with

the exception of utilities, which have and will rise dramatically. Therefore, the Subcommittee recommends that all cash grant increase funding, included in the FY 1986 budget, be earmarked for energy assistance. The Subcommittee directs staff to insert a proviso to that effect in H.B. 2102. Further, the Subcommittee recommends that SRS furnish relevant materials to the U.S. Department of Agriculture for purposes of defending the legislative conclusion.

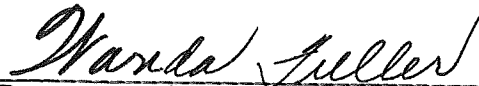
13. The Subcommittee recommends deletion of \$150,000 from the Governor's recommendations for alcohol and drug abuse financing. This deletion is from the State General Fund and was earmarked for development of a program to serve juvenile substance abusers. The Subcommittee is of the opinion that these needs can be met through current programs. The Subcommittee concurs with the Governor's recommendation of \$200,000 to provide an inflationary increase to existing programs.
14. The Subcommittee recommends addition of \$30,000 from the General Fund as seed money to develop programs serving "latch key" children through community social service agencies. Such programs are designed to provide after school care for the children of working parents in low income areas.
15. The Subcommittee reviewed the benefit matrix for low income energy assistance grants. The Subcommittee learned that some states have adopted a benefits plan that considers recipient contributions toward actual utility payments. The Subcommittee recommends that SRS review its benefits program and consider such an approach. The Subcommittee learned that this method may involve additional administrative requirements. Changes in the matrix could be implemented with the automated eligibility program.
16. The Subcommittee reviewed the Governor's recommendations for expenditure of \$1.2 million to increase hospital reimbursements for the first day of hospitalization. The Subcommittee learned that this expenditure would increase first day hospital reimbursements by approximately 10 percent. The Subcommittee recommends reduction of this enhancement by \$300,000, of which \$150,000 would be from the State General Fund. The Subcommittee's recommendations would provide \$900,000 for expanded first day reimbursements, an amount which would allow a 7.5 percent increase.
17. The Subcommittee recommends an increase of \$100,000 from the State General Fund for community-based adult services grants. This amount would supplement \$200,000 recommended by the Governor to expand residential care for the hard to place mentally ill and mentally retarded. The Subcommittee notes that such programs reduce reliance upon institutional programs and complies with legislative direction contained in 1984 S.C.R. 1645 which emphasizes community placements.
18. The Subcommittee reviewed the Governor's \$1.8 million recommendation for providing 24-hour licensed care in adult care facilities. The Subcommittee makes the following recommendations concerning SRS reimbursement for 24-hour care:
 - a. The Subcommittee recommends that 24-hour licensed care be a goal to which the Department would move over a period of time.

The Subcommittee believes strongly that the policy be implemented through financial incentives in the reimbursement system rather than new regulation.

- b. The Subcommittee recommends that SRS reimbursements recognize 24-hour licensed care. The Subcommittee recommends that SRS not mandate 24-hour licensed care.
 - c. The Subcommittee learned that the Governor's recommendations would finance full year costs associated with 24-hour licensed care. Inasmuch as the Subcommittee is recommending a phased approach, the Subcommittee recommends that the Governor's recommendations be reduced by \$900,000, of which \$450,000 is from the State General Fund.
19. The Subcommittee reviewed reimbursements for private psychologists. The Subcommittee learned that psychologists are reimbursed according to a payment schedule that has not been updated for several years. Conversely, psychologist services in community mental health centers are reimbursed according to schedules that have been updated based upon actual costs. Consequently, private psychologists are being paid considerably less. The Subcommittee recommends that SRS prepare a cost estimate for updating psychologist payments, for consideration when this budget is reviewed by the Senate.
20. The subcommittee wishes to highlight S.B. 2, which would preclude virtually all incarceration of juveniles in adult jails. The Subcommittee notes that the FY 1986 fiscal note associated with S.B. 2 is approximately \$772,000 from the State General Fund. The Subcommittee notes that passage of S.B. 2 may require further consideration of this budget as a part of the Omnibus bill.



Representative Ed Rolfs,
Subcommittee Chairman



Representative Wanda Fuller


Representative Bill Wisdom

FY 1986 GAU AND TGA

Computation Based Upon Total Caseload In Governor's Recommendation
(Distributed Between TGA and GAU upon December Case Mix)

Cash Assistance Phase - Total 125,389 case months

GAU

a. Projected FY 1986 caseload (55% of total)	68,964
b. Multiply by \$114.20 (Governor's projected grant)	\$ 114.20
c. Regular GAU costs	<u>\$ 7,875,689</u>

TGA

a. Projected FY 1986 caseload (45% of total)	56,425
b. Multiply by \$93.50 (average grant in FY 1985)	\$ 93.50
c. Estimated TGA costs	<u>\$ 5,275,738</u>

TOTAL GAU and TGA	\$ 13,151,427
Governor's FY 1986 Recommendations	10,023,562
Difference - Cash Assistance	<u><u>\$ 3,127,865</u></u>

Medical Assistance Phase

a. Estimated cost of restoring all TGA persons	\$ 2,007,995
b. Minus enhancement for increased mental health services	(800,000)
Difference - Medical Assistance	<u><u>\$ 1,207,995</u></u>

Combined Cash and Medical Costs	\$ 4,335,860
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