

Approved

Date

Stephen R. Cloud 2-18-86

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Representative Stephen R. Cloud at
Chairperson

9:04 a.m./~~p.m.~~ on Friday, February 7, 1986 in room 522-S of the Capitol.

All members were present except:

Representative Roper - Excused
Representative Ramirez - Excused
Representative Fuller - Excused
Committee staff present:

Avis Swartzman - Revisor
Carolyn Rampey - Legislative Research Dept.
Julian Efird - Legislative Research Dept.

Conferees appearing before the committee:

Trudy Racine - Legislative Post Audit
Larry Wolgast - Secretary, Department of Human Resources

The meeting of the House Governmental Organization Committee was called to order at 9:04 a.m. by Representative Stephen R. Cloud, Chairman. The minutes of the January 23 meeting were approved on a motion by Representative Sutter, with a second by Representative Graeber. January 28 minutes were distributed.

The Chairman had received three requests for legislation to be introduced as committee bills. The Advisory Commission on Mexican-American Affairs wishes to change its name to Advisory Commission on Hispanic Affairs. The second request dealt with requirements that govern engineers and land surveyors. The third request, by Representative Sprague, affects the statutes that govern dog pounds.

Representative Sughrue moved to introduce the three requests as committee bills.
Representative Barr gave a second to the motion. The motion carried.

The Chairman turned the committee's attention to HB 2793 - An Act relating to Veterans.

Avis Swartzman, Revisor, explained the bill would detach the Veterans Commission from the Department of Human Resources and make it an independent state agency.

Julian Efird, Legislative Research Department, gave history and background on the Soldier's Home, stating that it had come full circle, as the Veterans Commission had been combined within the Department of Social Welfare in 1951, become an independent agency in 1953, and came under the Department of Human Resources in 1976, as part of the reorganizational order of that year.

Trudy Racine, Division of Legislative Post Audit, gave an overview of the Performance Audit Report on the Kansas Soldiers Home. She stated the audit addressed three questions; the relationship between the Kansas Soldiers Home, Department of Human Resources and Veterans Commission; levels of staffing and care; and future operations. She described the physical facilities of the Home, staff, and funding of the Home. Several charts and graphs were referred to as each area was clarified and statistical data provided.

Stan Teasley, Executive Director, Kansas Veterans Commission, and Bernard Bruner, Superintendent, Kansas Soldiers Home, added input and answered several questions.

The overview was concluded by Ms. Racine with Post Audit's recommendations for consideration of the options regarding the future of the home, itself, and decisions that will have to be made by the agencies involved. Post Audit recommends moving the Soldiers Home to the Department of Social and Rehabilitation Services.

Larry Wolgast, Secretary, Department of Human Resources, said that the questions the legislature will have to address are, what does it see as the role of the Soldiers Home and what part does this role play in the State of Kansas; what type of care, as well as what level of funding should be provided. A more comprehensive study of what other states are doing would tell us more. A decision will have to be made as to what state agency will administer the Home.

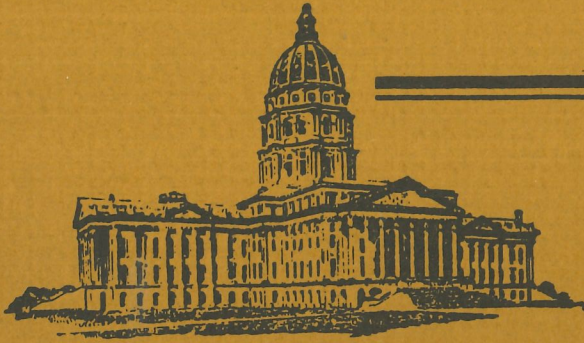
The Chairman thanked all the conferees. He stated that HB 2793 will be heard Tuesday, Feb. 18.

The second annual Governmental dinner date has been tentatively changed from March 20 to March 18. He would like to be informed of the committee's preference as to date. The meeting adjourned at 10:00 a.m.

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.

SAC

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PERFORMANCE AUDIT REPORT

Reorganization of the Division of Environment

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
October 1985**

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$3 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

As a guide to all their work, the auditors use the audit standards set forth by the U.S. General Accounting Office and endorsed by the American Institute of Certified Public Accountants. These standards were also adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee.

Legislators or committees should make their requests for performance audits through the Chairman or any other member of the Committee.

LEGISLATIVE POST AUDIT COMMITTEE

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Chairperson

Representative William W. Bunten

Representative Duane Goossen

Representative Ruth Luzzati

Representative Bill Wisdom

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Vice-Chairperson

Senator Neil H. Arasmith

Senator Norma Daniels

Senator Ben E. Vidricksen

Senator Joe Warren

LEGISLATIVE DIVISION OF POST AUDIT

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Topeka, Kansas 66612-1285
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PERFORMANCE AUDIT REPORT

Reorganization of the Division of Environment

OBTAINING AUDIT INFORMATION

This audit was conducted by Ron Green, Senior Auditor, and Cindy Lash and Curt Winegarner, Auditors, of the Division's staff. If you need any additional information about the audit's findings, please contact Mr. Green at the Division's offices.

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REORGANIZATION OF THE DIVISION OF ENVIRONMENT

Summary of Legislative Post Audit's Findings

The Department of Health and Environment was reorganized in fiscal year 1984 to improve its ability to carry out its statutory responsibilities. This audit examines the effect of the reorganization on the structure, programs, and employees of the Division of Environment, one of the Department's major operating units.

What effect has the reorganization had on the responsibilities and staffing of the Division of Environment? In general, the auditors found that the reorganization had little effect on the overall responsibilities of the Division of Environment. However, it did have a significant effect on the staffing and organization of the bureaus within the Division. Through consolidation of related functions, the number of bureaus in the Division was reduced from eight to four. The deputy director class was eliminated, and the single deputy director position in the Division was abolished. In addition, the functions and staff of the Bureau of Food Service and Lodging were moved from the Division of Environment to the Division of Health. In all, 20 positions in the Division of Environment were transferred to other parts of the Department of Health and Environment.

What effect has reorganization had on individuals' job responsibilities? The auditors identified 27 personnel transactions within the Division of Environment that were directly tied to the reorganization. Most of these transactions involved an increase in the person's job responsibilities and pay. However, eight persons were displaced from their positions and received a reduction in their job responsibilities and pay. The auditors found that for these eight persons, the Department generally took steps to minimize the negative impact of their job changes. Most actions taken by the Department were handled according to applicable personnel requirements, but some problems were noted. These problems included a failure to complete performance evaluations on a timely basis, to keep required records concerning hiring decisions, and to pay a temporary bureau manager at the level required by State regulations.

Has the Department's reorganization produced the expected improvements in the Division of Environment? According to the Secretary of Health and Environment, the purpose of the reorganization was to increase the Department's responsiveness to the Legislature and the citizens of Kansas in carrying out its statutory responsibilities. The Department expected to achieve this purpose by accomplishing four specific goals:

- increased emphasis on environmental issues as they relate to health
- improvement of coordination and communication within the Department
- elimination of unnecessary layers of bureaucracy
- creation of a more manageable span of control.

The auditors found that the Secretary and the chief administrators in the Division of Environment felt these goals had largely been achieved. However, most employees of the Division did not share this perception. A survey of Division employees showed that, of the respondents employed by the Division for at least two years, 82 percent felt the reorganization had not accomplished its stated goals.

REORGANIZATION OF THE DIVISION OF ENVIRONMENT

The Department of Health and Environment was created by a 1974 Executive Reorganization Order, as amended and approved by the Legislature. The Department has broad responsibility for administering laws promoting the public health, ensuring adequate sanitary conditions, and regulating environmental quality.

The Department of Health and Environment is a large agency, with about 600 positions in its five major operating units. Its total budget for fiscal year 1986 is more than \$40 million, with about \$15 million of this coming from the State General Fund. In addition to its central offices in Topeka, the Department has offices in seven cities across the State.

Under the direction of the Secretary of Health and Environment, the Department was reorganized in fiscal year 1984 to improve its ability to carry out its statutory duties. Since the reorganization, legislators have been concerned about the effect of the reorganization on the Department, its programs, and the employees in the Department.

On May 15, 1985, the Legislative Post Audit Committee directed the Legislative Division of Post Audit to conduct a performance audit of the reorganization of the Division of Environment, one of the Department's major operating units. The Committee directed that the audit be focused on the following questions:

1. What effect has reorganization had on the responsibilities and staffing of the Division of Environment?
2. What effect has reorganization had on individuals' job responsibilities?
3. Has the Department's reorganization produced the expected improvements in the Division of Environment?

To answer these questions, the auditors reviewed all documents and memoranda relating to the reorganization, interviewed Department administrators and employees, surveyed all employees of the Division, and reviewed personnel transactions associated with the reorganization.

In general, the auditors found that the reorganization had little effect on the overall responsibilities of the Division of Environment. However, it did have a significant effect on the staffing and organization of the bureaus within the Division. The reorganization resulted in formal personnel transactions to change job responsibilities for 27 Division employees and lesser changes for many others, but no employees were laid off. Although some employees' positions were reallocated to lower salary ranges, no employees had their salaries reduced by more than 7.7 percent. Department administrators indicated that the reorganization has produced many of the expected improvements

in the Division of Environment. However, a survey of Division employees showed a generally negative reaction to the changes. These findings are discussed in the following sections, preceded by a brief overview of the reorganization.

Overview: Reorganization of the Department of Health and Environment

In June 1983, the Secretary of Health and Environment announced a general plan for reorganizing the Department. According to the Secretary, the purpose of the reorganization was to increase the Department's responsiveness to the Legislature and the citizens of Kansas in carrying out its statutory responsibilities. Four goals were identified as the means to achieve this purpose:

- an increased emphasis on environmental issues as they relate to health
- improvement of coordination and communication within the Department
- elimination of unnecessary layers of bureaucracy
- creation of a more manageable span of control

Implementing steps toward these goals required major structural changes in the agency. Prior to the reorganization the Department had five main units that reported to the Secretary: the Division of Health, the Division of Environment, the Office of Laboratory Services, the Office of Health Facilities, and the Administrative Services Unit. The two Divisions were divided into 18 Bureaus--ten in the Division of Health and eight in the Division of Environment. Additionally, legal staff and personnel staff reported directly to the Secretary. Staff at the seven District Offices conducted both health and environmental programs around the State.

The initial, major changes in the Department took place during fiscal year 1984, focusing mainly on policy-making positions and structural changes in the Department. The main structural changes in the agency are shown in the organization charts on page three. [A new Division, Policy and Planning, was created, and the Administrative Services Unit was expanded and elevated to Division status. Within the existing Divisions of Health and Environment, the number of bureaus was reduced from 18 to 8 by consolidating bureaus which had similar or related functions.

As part of the reorganization, public information functions were centralized in the Office of the Secretary. Data processing and word processing were centralized in the Division of Policy and Planning. The Office of Laboratory Services was not affected, except for expanding its name to the Office of Laboratory Services and Research. The following sections of the audit report concentrate on the reorganization's impact on the Division of Environment.

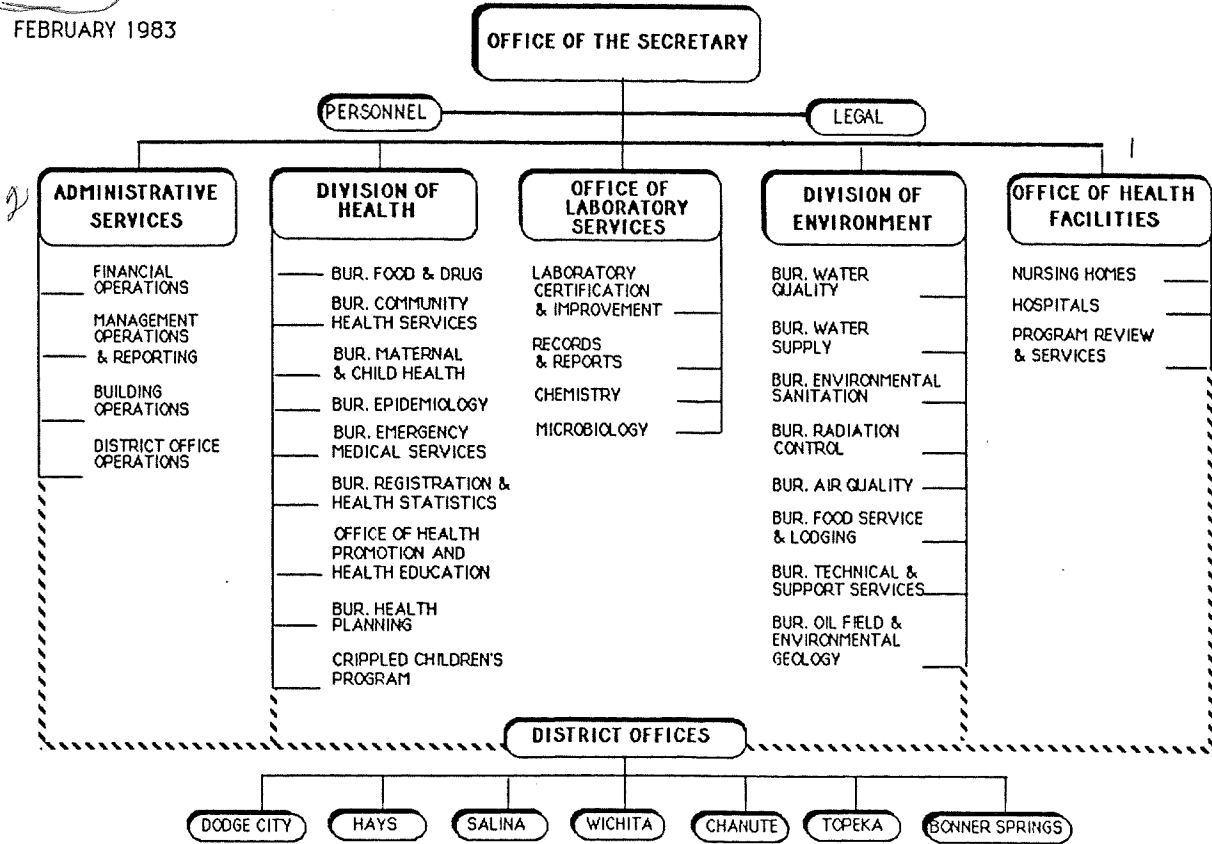
What Effect Has Reorganization Had on the Responsibilities and Staffing of the Division of Environment?

The auditors attempted to determine the extent to which positions below the bureau director level were affected, and whether the reorganization resulted in major changes in bureau functions and responsibilities. To address

ORGANIZATION OF THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

BEFORE THE REORGANIZATION:

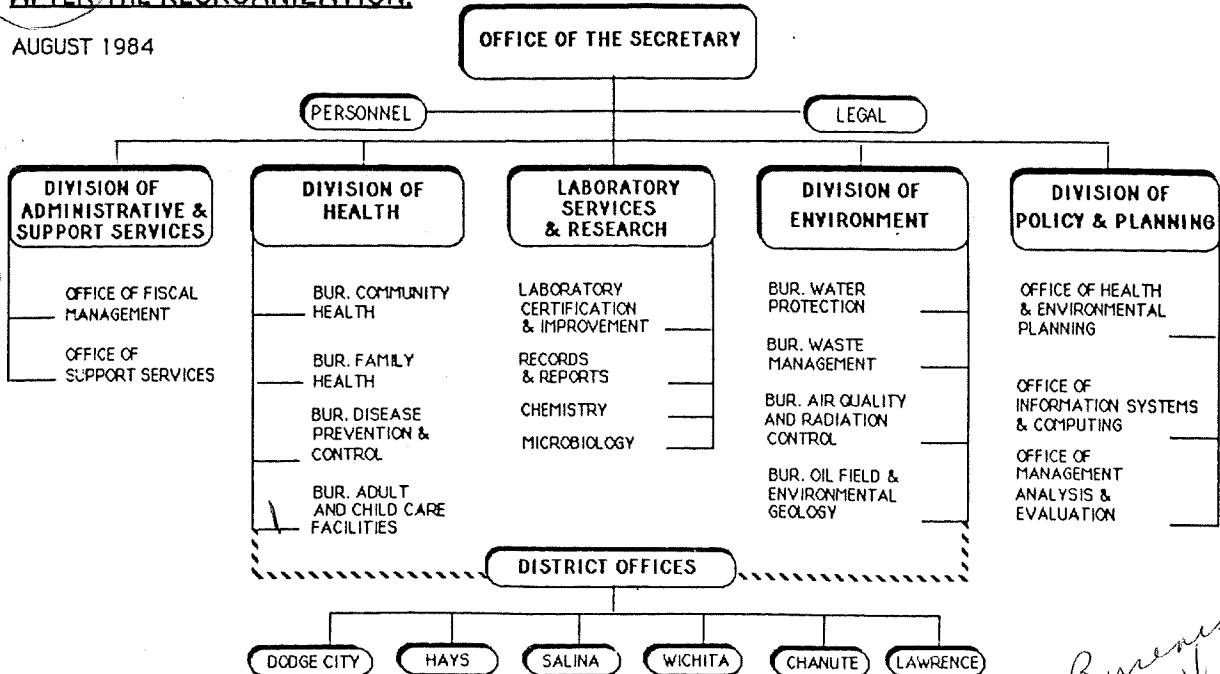
FEBRUARY 1983



AFTER THE REORGANIZATION:

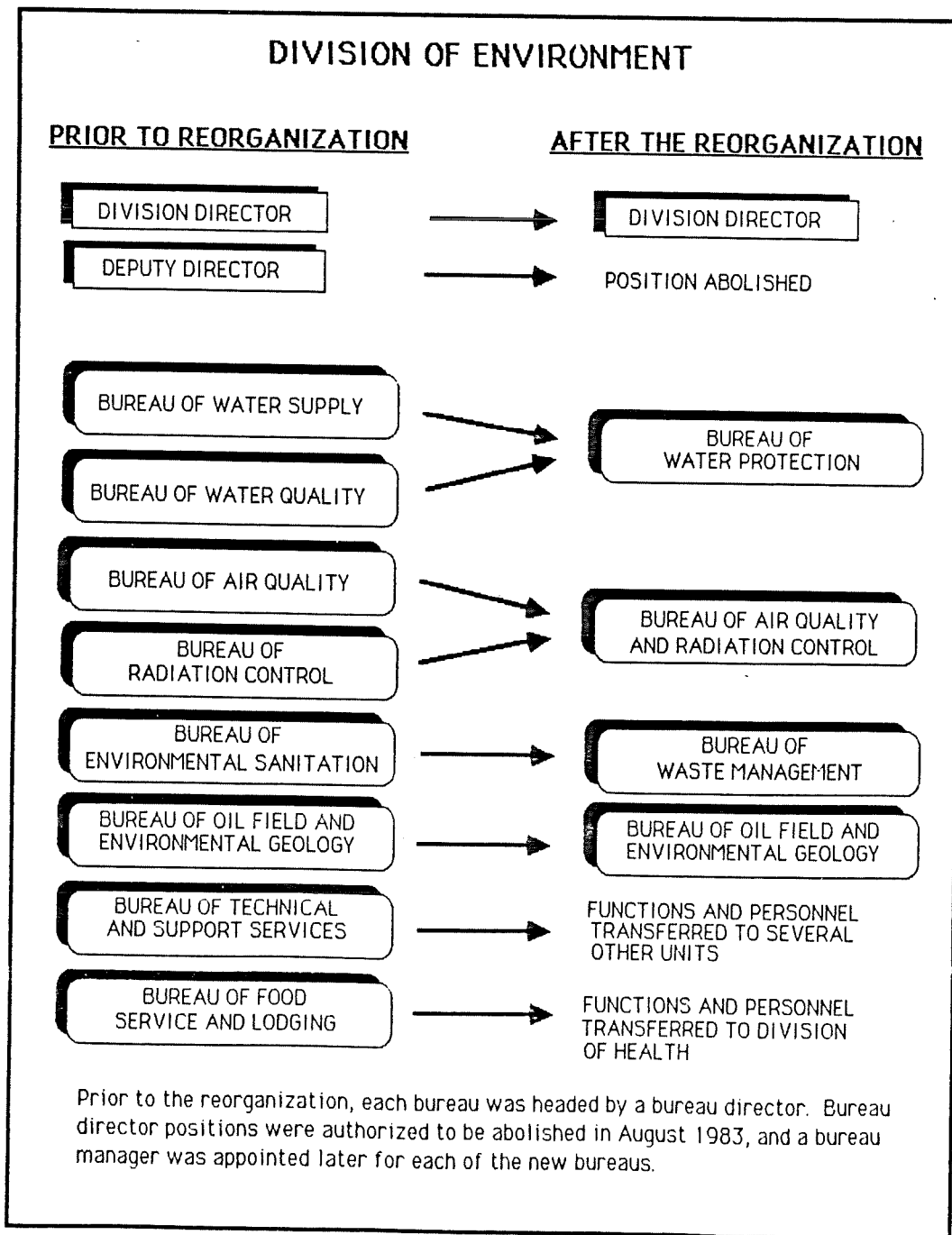
AUGUST 1984

Handwritten note: New division created



Handwritten note: Bureau 8 to 4

these issues, the auditors reviewed the Department's budget requests for fiscal years 1983 through 1985, studied numerous documents issued concerning the reorganization, and interviewed Division administrators. Budgeted positions and the persons in those positions were traced in order to identify any major shifts in staffing composition following the reorganization. The major changes which occurred in each of the bureaus are shown in the chart below, and described in the accompanying paragraphs.



In fiscal year 1983, the last full year prior to the reorganization, the Division had 217 positions and a budget of nearly \$6 million. It was organized under a Division Director, with one Deputy Director and eight bureaus. The Division Director resigned in July 1983 and a new Director was appointed the following September. The auditors noted four major changes in the administration and structure of the Division resulting from the reorganization:

- the number of bureaus was reduced from eight to four
- the Deputy Director position was abolished
- the Bureau of Food Service and Lodging was transferred to the Division of Health
- twenty positions were transferred out of the Division of Environment

Reduction in the Number of Bureaus Did Not Substantially Change the Division's Overall Responsibilities

The structure of the Division of Environment was streamlined by the consolidation of bureaus. However, with one exception, all functions and responsibilities of the original bureaus were retained in the Division. The transfer of the Bureau of Food Service and Lodging to the Division of Health was the only case in which the Division experienced a major program change.

Water-related functions were combined by consolidating two bureaus. The Bureau of Water Supply and the Bureau of Water Quality were merged to create the Bureau of Water Protection. Many people were technically affected (combined bureau headcount was 87.4 in fiscal year 1983 and 82.1 in fiscal year 1984), but the number of people with significant changes in their job duties was more limited. No major functional activity of either bureau was changed by the reorganization. Five persons were directly affected by the reassignment of section chief responsibilities. Two vacant positions were reclassified, with one remaining in the Bureau of Water Protection, and one being transferred to Executive Administration. Also, a hydrologist position was reclassified to management analyst when the individual in the position became an assistant to the Division Director.

In fiscal year 1985, 11 of the 12 district engineer and technician positions which had been jointly funded by the bureaus of Water Supply, Water Quality, and Environmental Sanitation were transferred entirely to the Bureau of Water Protection. The persons in these positions had been dividing their time between programs related to the three bureaus. With the change in funding, these 11 district employees focused all of their efforts on water issues. The twelfth position was transferred entirely to funding by the Bureau of Waste Management.

The Bureau of Air Quality and the Bureau of Radiation Control were joined into one Bureau. These two bureaus were merged to become the Bureau of Air Quality and Radiation Control. Positions and functions below the bureau director level were left unchanged. The combined bureaus experienced a loss of two vacant positions, which reduced the number of positions from 47 in fiscal year 1983 to 45 in fiscal year 1984. At the time of the reorganization, it was stated that some of the toxicology functions of the Bureau of Air Quality would

move to the office of the Director of the Division of Environment; however, this was never implemented.

The Bureau of Environmental Sanitation was renamed to reflect its increased emphasis on hazardous waste. The Bureau of Environmental Sanitation was renamed the Bureau of Waste Management, formalizing a change in focus which had been evolving over several years. The duties of the field inspectors, who were classified as sanitarians, had been shifting away from general sanitation work toward responding to solid and hazardous waste issues. At the end of fiscal year 1984, six field inspector positions, which were Sanitarian I and Environmental Technician III classifications, were upgraded to Environmental Technician IV. The supervisor of the field inspection unit was upgraded from a Health Facility Surveyor to Chief of Field Services. An Environmental Engineer III who was responsible for wastewater sanitation functions was transferred to Water Protection where this function was incorporated. This transfer ended the Bureau of Waste Management's involvement with sanitation efforts. The Bureau also transferred one word processing supervisor position to the Division of Policy and Planning as part of the effort to centralize word processing activities. The number of positions budgeted for the Bureau dropped from 27.6 in fiscal year 1983 to 26 in fiscal year 1984.

The Bureau of Technical and Support Services was discontinued, but its functions and personnel were incorporated into three different units. Prior to the reorganization, the Bureau of Technical and Support Services had a Director and five staff members. Their activities included training and certification of water and wastewater facility operators, environmental planning and grants administration, Division-wide public information and public relations functions, and Department-wide graphics services.

During the reorganization, three staff members were transferred to the Bureau of Water Protection in order to continue the training/certification activities, the environmental planning, and the grants administration functions. One Environmental Engineer who transferred was reclassified downward, reflecting a lower level of supervisory responsibilities. Public information activities were transferred to the Office of the Secretary, with one position being upgraded from an Information Writer II classification to a Public Information Officer shortly after the transfer. The graphic design position was transferred to the Division of Policy and Planning.

Functions and staff of the Bureau of Food Service and Lodging were moved from the Division of Environment to the Division of Health. The Bureau of Food Service and Lodging was merged with the Bureau of Food and Drug in the Division of Health. The new Bureau, called the Bureau of Disease Prevention and Control, was established in the Division of Health. Although the functions of the two bureaus had been distinct, both had conducted inspections of many of the same establishments. Merger of the bureaus was expected to reduce redundancy in inspections and thereby increase efficiency.

All fifteen positions in the former Bureau of Food Service and Lodging were incorporated into the new bureau. The Director of Food Service and Lodging became the new Bureau Manager. Eleven Sanitarian I positions were transferred and upgraded to Food and Drug Inspectors, while a Sanitarian II, a

Secretary II, and a Clerk III were transferred with no classification change to their positions.

The Bureau of Oil Field and Environmental Geology was not affected by the reorganization. During fiscal year 1984, the reorganization caused no structural changes in the Bureau of Oil Field and Environmental Geology. The only position affected by the reorganization was a word processing typist who was transferred to the Division of Policy and Planning as part of the consolidation of the word processing function. The transfer of this position resulted in a decline from 33 positions in fiscal year 1983 to 32 in fiscal year 1984.

The Bureau Director of Oil Field and Environmental Geology had been made an unclassified position by the 1983 Legislature. The effective date of this change was in June 1983. Because this position was unclassified, it was not abolished when the other seven bureau director positions were abolished early in fiscal year 1984. Rather, the incumbent Bureau Director simply became the Bureau Manager of Oil Field and Environmental Geology.

Overall, 20 positions were transferred out of the Division as a result of the reorganization. The number of full-time equivalent positions in the Division of Environment dropped from 217 positions in fiscal year 1983 to 185 positions in fiscal year 1984. Of the 32 positions lost, 20 were related to the reorganization. (According to the Department, the remaining 12 positions were abolished or moved to other Divisions due to non-utilization or lack of funding.) Of the 20 positions involved in the reorganization, fifteen were transferred due to the movement of the Bureau of Food Service and Lodging to the Division of Health. Three positions were transferred to the Division of Policy and Planning, and two were transferred to Executive Administration.

Conclusion

Through consolidation of related functions, the number of bureaus in the Division of Environment was reduced from eight to four. The consolidation did not change the basic responsibilities of the Division, with one exception. The functions and staff of the Bureau of Food Service and Lodging were moved from the Division of Environment to the Division of Health. Through the reorganization process, 20 positions in the Division of Environment were transferred to other parts of the Department of Health and Environment.

What Effect Has Reorganization Had on Individuals' Job Responsibilities?

Because of consolidation of the bureaus, many employees within the Division of Environment underwent a change in their position, their job duties, or their supervisor. In examining the effect of the reorganization on individuals' job responsibilities, the auditors focused their attention on those persons who experienced a change significant enough to generate a formal personnel transaction. Such transactions include reallocations (upgrading or downgrading

positions) as well as new appointments from outside the Department. For each personnel transaction carried out during the reorganization, the auditors examined personnel files and other pertinent records to determine how the person's job responsibilities had been affected, and whether applicable laws, regulations, and policies had been followed by the Department in carrying out the transactions. The results of this review are outlined in the sections that follow.

The Auditors Identified a Total of 27 Personnel Transactions Within the Division of Environment that Were Directly Tied to the Reorganization

The auditors obtained from the Department's personnel office a list of 25 employees within the Division of Environment who received personnel transactions as part of the reorganization. In addition, the auditors added two other persons who were not already employees of the Department, but were hired as a result of the reorganization. The personnel transactions of these 27 persons are summarized in the table below.

Personnel Transactions in the Division of Environment-

<u>Job Class</u>	<u>Number of Persons</u>	<u>Personnel Transaction</u>	<u>Effect on Job Responsibilities</u>
Deputy Director	1	Appointed to unclassified service	Decrease
Bureau Director	5	Reallocated to Env. Engineer IV	Decrease
Bureau Director	2	Appointed Bureau Manager	Increase
Non-employee	2	Appointed Bureau Manager	--
Env. Engineer V	2	Reallocated to Env. Engineer III	Decrease
Env. Engineer III	4	Reallocated to Env. Engineer V	Increase
Sanitarian I	<u>11</u>	Reallocated to Food and Drug Insp.	Increase
Total	27		

As shown in the table, eight persons from within the Department experienced a decrease in the level of their job responsibilities, 17 persons experienced an increase in the level of their job responsibilities, and two persons were hired from outside the Department. The table also shows that the 27 personnel transactions fall roughly into three groups: 10 transactions involving the deputy director, bureau director, and bureau manager classes; six transactions involving the environmental engineer classes; and 11 transactions involving the sanitarian class. These three groups are discussed in greater detail in the following sections.

Ten Personnel Transactions Resulted from Elimination of the Deputy Director and Bureau Director Classes

One deputy director position and seven bureau director positions within the Division of Environment were abolished during the reorganization. Although the Department of Health and Environment was authorized by the Department of Administration to lay off the eight persons occupying abolished positions, no layoffs were carried out because the Department found alternative

placement for these persons. Two of the former bureau directors successfully applied for bureau manager positions (one of which was located within the Division of Health), four became program consultants within the Division, and one became a district engineer (later a district coordinator). Within the Division of Environment, two of the new bureau manager positions were filled by persons hired from outside the Department.

The former Deputy Director was appointed to a special project as a consultant in the unclassified service. This transaction included a 7.7 percent reduction in salary. The former Deputy Director now works in the Kansas Corporation Commission, although his salary is still paid by the Department of Health and Environment.

The Department used a competitive process in hiring new bureau managers for the Division of Environment. One goal of the reorganization was to increase emphasis on managerial skills at the bureau manager level. The elimination of the deputy director and bureau director classes gave the Department an opportunity to pursue this goal by opening the three new bureau manager positions in the Division of Environment for competitive applications.

Hiring New Bureau Managers

According to the personnel office, the Department received and screened more than 700 applications for bureau manager positions. The auditors noted that the former Deputy Director and the seven former bureau directors were among those who applied for bureau manager positions in the Division of Environment. According to the Secretary, these persons were guaranteed the opportunity to interview for any of the vacant positions. Along with other finalists selected in the screening process, they were interviewed by special committees designated by the Secretary. The members of these committees were drawn from universities and from organizations associated with some of the Department's programs, such as the Advisory Commission on Environment, the Kansas Corporation Commission, the Kansas Water Authority, and the Kansas Geological Survey. Those persons recommended by the interview committees were interviewed by the Secretary.

Following the first round of recruiting (July-August 1983), the former Bureau Director of Water Quality was appointed Bureau Manager of Water Protection, but no selections were made for managers of the Bureau of Waste Management and the Bureau of Air Quality and Radiation Control. To fill these positions, a second round of recruiting was initiated in September 1983 by the newly hired Director of the Division of Environment. According to the Director, the screening and interviewing process was the same, except the interview committees and the persons hired were selected by the Division Director rather than by the Secretary. The two persons hired after the second round of recruiting came from sources outside the Department.

The Department appears to have taken steps to minimize the negative impact on the persons displaced from bureau director positions. According to the Secretary, the guiding philosophy of the Department was to minimize the negative impact on persons displaced by the reorganization, while still maintaining an appropriate relationship between their new job duties and their salaries. The Department took several steps to accomplish this. As described in the box on page nine, the seven former bureau directors were guaranteed interviews for the new bureau manager positions. In addition, those ultimately displaced from their jobs were given an opportunity to meet personally with the Secretary and the Director of the Division of Environment to discuss their preferences for alternative placement. Records reviewed by the auditors showed that none of the five displaced bureau directors received more than a 4.4 percent reduction in salary.

Six Personnel Transactions Were Due to Reorganization Within the Bureau of Water Protection

The bureaus in the Division of Environment are generally composed of sections and units. The major administrators within the Department's organizational structure are listed below, along with examples at each level.

- Department Secretary (582 positions in the Department in FY 1985)
- Division Directors (Example--Division of Environment, 194 positions)
- Bureau Managers (Example--Bureau of Water Protection, 90 positions)
- Section Chiefs (Example--Water Quality Assessment Section, 20 positions)
- Unit Chiefs (Example--Biological Surveillance Unit, 9 positions)

During the fiscal year 1984 reorganization, the Bureau of Water Quality, the Bureau of Water Supply, and part of the Bureau of Technical and Support Services were consolidated into the Bureau of Water Protection. As part of the consolidation process, the existing sections and units comprising these three bureaus were broken up and restructured to form five new sections within the Bureau of Water Protection. Four of the five new section chief positions were filled by upgrading unit chiefs within the former Bureau of Water Quality. The remaining position was filled by an existing section chief, also drawn from the Bureau of Water Quality. At the same time, two section chiefs from the former bureaus of Water Supply and Technical and Support Services were downgraded to unit chiefs.

The filling of section chief positions within the Bureau of Water Protection was handled differently than the filling of bureau manager positions. The auditors noted that while the new bureau manager positions created by the reorganization were opened for competition, the new section chief positions created within the Bureau of Water Protection were filled noncompetitively by using position reallocations. The auditors asked officials of the Department why the section chief positions within the bureau were not filled on a competitive basis. The Bureau Manager of Water Protection explained that during the reorganization process, the weaker units and sections among the old bureaus had been absorbed by the stronger units and sections to form the five new sections. Instead of creating position vacancies, the Bureau Manager said he had simply upgraded the chiefs of the stronger units, and downgraded the chiefs of the weaker sections which had been absorbed. Position reallocations

were then carried out to bring existing classifications into line with the new chain of command.

The Director of the Division of Environment told the auditors that he initially had reservations about filling these section chief positions without open competition. However, after consulting with the Department's personnel office, he approved the reallocations as recommended by the Bureau Manager of Water Protection.

The position reallocations within the Bureau of Water Protection appear to have been handled in compliance with applicable requirements. The auditors found that the regulations governing position reallocations give the appointing authority considerable latitude. Under K.A.R. 1-4-7, position reallocations are justified "whenever the organizational structure of an agency or the duties of a position are significantly changed." The regulations do not appear to restrict the appointing authority's ability to make such changes. Furthermore, since the Department of Health and Environment has been granted the authority to classify its own positions, it does not have to obtain approval from the Department of Administration prior to carrying out position reallocations. Records on file in the Department's personnel office documented that the six reallocation transactions were carried out due to significant changes in job responsibilities during the reorganization. Thus, it appears the six position reallocations were handled in compliance with applicable regulations.

Although position reallocations were handled in compliance with civil service regulations, several of the individuals affected felt that their talents were not used productively after their positions were downgraded. In interviews with the auditors, three of seven displaced administrators in the Division indicated that their talents were not fully utilized after the reorganization.

Eleven Personnel Transactions Resulted from the Transfer of the Bureau of Food Service and Lodging to the Division of Health

As part of the reorganization, the Bureau of Food Service and Lodging and the Bureau of Food and Drug were consolidated within the Division of Health. At that time, the Bureau of Food Service and Lodging included 11 sanitarians. The 11 sanitarians were initially transferred to the Division of Health with their classifications unchanged. They were then cross-trained to perform the duties of the food and drug inspectors in the Division of Health. According to records on file in the Department's personnel office, the sanitarians and the food and drug inspectors were assigned roughly the same duties, although the food and drug inspectors were classified at a higher salary range. In order to eliminate this discrepancy, the 11 sanitarians were reclassified as food and drug inspectors several months following the transfer.

Most Department Actions Were Handled According to Applicable Requirements, but Some Compliance Problems Were Noted

The auditors examined the Department's compliance with personnel requirements in several areas. In addition to determining whether the personnel transactions themselves were handled in compliance with applicable require-

ments, the auditors checked to determine whether the persons appointed to positions met the minimum job requirements, whether probation periods and performance evaluations were handled properly, and whether sufficient records were maintained concerning the reasons for all hiring decisions made. The auditors also examined the Department's compliance in specific cases that came to their attention during the course of the audit.

The auditors found no compliance problems with the 27 personnel transactions they reviewed. The elimination of the deputy director and bureau director positions, the reassignment of persons displaced, the hiring process used to fill the new bureau manager positions, and the transfer and reallocation of sanitarians out of the Division of Environment all appeared to comply with civil service laws and regulations. The reallocation of unit and section chiefs within the Bureau of Water Protection, although handled noncompetitively, also appeared to be in compliance with the civil service requirements. The auditors found that in all cases where persons were appointed to positions, those persons met the minimum qualifications specified for the job class. In cases where probationary periods were required, the auditors found that these had been established for the proper duration, according to the type of personnel transaction carried out. However, problems were found in the areas described below.

Performance evaluations were not completed on a timely basis. Under K.A.R. 1-7-3 and K.A.R. 1-7-10, agencies are required to complete a performance evaluation for each employee at least annually, and prior to the end of any probationary period. For each of the 27 persons whose transactions were reviewed, the auditors examined the earliest performance evaluation completed following the transaction, to determine whether the evaluation had been completed prior to the probationary period or within one year from the previous evaluation. The auditors found that one-third of the 27 evaluations had not been completed within the required time limit. The amount of time overdue ranged from three to 13 months, with eight months being the average.

Records concerning hiring decisions were not maintained as required by State affirmative action policies. According to the "Policy on Pre-employment Inquiries" contained in the fiscal year 1984 State Affirmative Action Plan, records concerning employment decisions made by agencies are to be maintained on file for a period of three years. These records are to "indicate specific reasons for which applicants were selected or not selected to fill vacancies." In reviewing the hiring process used to fill the three new bureau manager positions in the Division of Environment, the auditors found that such records had not been maintained. Officials interviewed by the auditors indicated that interview records and other documentation of the employment decisions had been prepared, but the Department was unable to produce this documentation at the time of the auditors' review.

A temporary Bureau Manager was not paid at the level required by State regulations. Under K.A.R. 1-6-29 (as amended in May 1984), a person placed on an acting assignment in a position at a higher salary range must temporarily be paid at a step on the higher range to provide that person an increase in pay. In the course of their work, the auditors found that a section chief within the Division of Environment had served for three months during fiscal year 1985 as

an acting Bureau Manager without receiving an increase in pay. According to payroll records reviewed by the auditors, the employee was entitled to an increase of at least \$51 per month, or a total of \$153 for the full three months he served on the acting assignment. In addition, the auditors found that no documentation of the acting assignment had been placed in the employee's permanent personnel record. This documentation is required under K.A.R. 1-6-29.

Conclusion

The auditors identified 27 personnel transactions within the Division of Environment that were directly tied to the initial phase of the reorganization. The majority of these transactions involved an increase in the person's job responsibilities. For other employees who were displaced from deputy director and bureau manager positions, the Department took steps to minimize the negative impact of their displacement. Most actions taken by the Department were handled according to applicable personnel requirements, but some problems were noted. These problems included a failure to complete performance evaluations on a timely basis, a failure to keep required records concerning hiring decisions, and failure to pay a temporary Bureau Manager at the level required by State regulations.

Recommendations

1. The Department of Health and Environment should ensure that all performance evaluations are completed on a timely basis, according to applicable State regulations.
2. The Department of Health and Environment should maintain records concerning hiring decisions for at least three years, as required by the State Affirmative Action Plan.
3. In the future, the Department of Health and Environment should ensure that any person placed on an acting assignment at a higher salary range is paid at a step on the higher range, as required by K.A.R. 1-6-29.

Has the Department's Reorganization Produced the Expected Improvements in the Division of Environment?

The auditors conducted interviews with Department administrators to determine what the goals of the reorganization were, what specific actions were taken to achieve these goals, and whether the Department viewed these actions as having been successful. In addition, the auditors distributed a survey questionnaire to all persons employed by the Division of Environment in August

1985. The questionnaire asked employees to describe the results of the reorganization, and to indicate their perceptions of whether the goals of the reorganization had been achieved. Finally, the auditors reviewed organization charts, personnel records, and other documents to determine any additional effects the reorganization might have had which were not disclosed by the interviews and survey results.

Employee Perceptions of the Reorganization Differed Substantially From Management Perceptions

According to the Secretary of Health and Environment, the primary goal of the reorganization was to make the Department more responsive to the Legislature and the citizens of Kansas in meeting its statutory responsibilities. A report prepared by the Department following the reorganization stated "there was a need for KDHE to change in order to adequately carry out its constantly evolving responsibilities." The report specifically mentioned the following additional goals which the Department sought to achieve through the reorganization:

- increased emphasis on environmental issues as they relate to health
- improved agency coordination and communication
- elimination of unnecessary layers of bureaucracy
- creation of a more manageable span of control.

Department administrators said the goals of the reorganization had been accomplished. The Secretary said it was still too early to evaluate the long-term results of the reorganization. However, the Secretary indicated that the immediate goals of the reorganization, including the four noted above, had for the most part been achieved. According to the Secretary, the goal demonstrating the least achievement so far has been that of reinforcing the linkage between the health functions and environmental functions of the Department. The Secretary indicated this had been a difficult goal for the Department to achieve, although some improvements had occurred.

The Secretary said the most notable improvements resulting from the reorganization had been in providing increased legal, fiscal, and administrative support to the Department's line units, conducting more effective enforcement activities, and being more responsive to other agencies, the Legislature, and the public. The Secretary also indicated that the reorganization had resulted in increased Secretarial control over the operations of the Department. Some beneficial side-effects noted by the Secretary included greater public exposure for the Department as a result of media attention, and the recruiting and retaining of persons from protected classes (minorities and handicapped) in jobs where they formerly had little representation within the Department. Other Department officials confirmed the Secretary's view that the reorganization had accomplished most of its intended purposes. The Director of the Division of Environment said the reorganization had improved the Division's overall efficiency.

Most employees in the Division of Environment indicated that the goals of the reorganization had not been accomplished. The auditors distributed a survey questionnaire to all employees within the Division of Environment in August

1985. Persons responding to the auditors' survey were asked to indicate whether, overall, they perceived the reorganization as having been successful or unsuccessful in meeting the Department's stated goals. They were also asked to rate on a five-point scale the degree to which the reorganization succeeded in achieving each of the four short-term goals. In addition, space was provided for respondents to make specific comments regarding the effects of the reorganization.

At the time of the survey, the Division had 180 filled positions. Completed surveys were received from 157 employees, a response rate of slightly more than 87 percent. Thirty-seven surveys were completed by persons who had been employed by the Department less than two years, and who therefore had no first-hand knowledge of how the Division operated prior to the reorganization. These 37 surveys were not included in the analysis.

Survey of Division Employees-- Overall Results

Persons responding to the auditors' survey were asked to indicate whether the overall goals of the reorganization had been accomplished. Of the 120 persons employed by the Division for at least two years, 100 persons responded to this particular question. Nine of these 100 indicated that the overall goals had been accomplished, 82 indicated that the overall goals had not been accomplished, and nine others indicated that some goals had been accomplished while others had not.

Persons responding to the survey also made written comments regarding the reorganization. The auditors found that in many cases, these comments gave some indication of the reasons for employees' generally negative perceptions of the reorganization. For example, of the 120 persons employed by the Division for at least two years, 17.5 percent commented that the reorganization had lowered Department morale, 17.5 percent commented that the reorganization had resulted in less emphasis on technical expertise, 14.2 percent indicated that the reorganization had caused an increase in employees' workloads, and 9.2 percent indicated that the reorganization had created more bureaucracy by increasing the levels of review necessary for decision-making and paperwork. While these percentages may not be large, the auditors felt that these concerns merited attention because of the number of employees who mentioned them spontaneously.

The survey results showed that, of the 120 persons employed by the Division for at least two years, 82 believed the goals of the reorganization overall had not been accomplished. In addition, no more than 29 persons indicated there had been improvement in meeting any of the four specific goals. The employees' responses and comments, as well as the views of management regarding each of these goals, are examined in greater detail in the sections that follow.

Goal 1: Increased Emphasis on Environmental Issues as They Relate to Health

Department officials described several specific actions that were taken during the reorganization to increase the emphasis on environmental issues as they relate to health. Most of these actions focused on increasing the role of health expertise in the Department's environmental activities. According to the Secretary, toxicology units in both the Division of Health and the Division of Environment acted to provide better communication links between the two divisions, and steps were taken to establish better coordination between their data bases. In addition, a protocol was established for responding to inquiries from the Legislature, the media, and the general public. This protocol required inquiries and responses to be documented and circulated within the agency for information and feedback. Furthermore, the Secretary said a sign-off procedure had been instituted to validate approvals and document differing points of view before major actions were taken. These procedures were intended to ensure that all sources of expertise within the Department were consulted, and that the Department would "speak with one voice" on environmental issues.

According to the Secretary, steps taken to increase the emphasis on environmental issues as they relate to health have been largely successful. The Secretary said that while the reorganization had not been completely successful in strengthening linkages between the health and environmental functions of the Department, there had been important instances of cooperation between these functions. Some examples noted by the Secretary and other Department officials included the handling of hazardous waste sites, and recent efforts to improve the safety and protection of employees dealing with hazardous materials.

Most employees responding to the auditors' survey indicated there had been no improvement in the Department's emphasis on environmental issues related to health. Division of Environment employees responding to the auditors' survey were asked to indicate on a five-point scale the degree to which the reorganization succeeded in bringing about the desired improvements. The table below presents the results of the questionnaire with respect to the Department's goal of increasing the emphasis on environmental issues as they relate to health.

Survey Responses - Increased Emphasis on Environmental Issues as they Relate to Health

<u>Response</u>	<u>Number of Persons Responding</u>	<u>Percent of Persons Responding</u>
1. Substantial progress in meeting this goal	4	3.5
2. Some progress in meeting this goal	25	21.9
3. About the same	54	47.4
4. Somewhat better prior to reorganization	19	16.7
5. Substantially better prior to reorganization	<u>12</u>	<u>10.5</u>
Total	114	100.0

As the table shows, 72.8 percent of the persons responding to the survey indicated that the emphasis on environmental issues as they relate to health had either stayed the same or improved since the reorganization. The average response on the five-point scale was 3.1, indicating that the respondents as a whole perceived no change in emphasis on environmental issues as they relate to health. Nevertheless, the goal articulated by the Secretary was to increase the emphasis on environmental issues as they relate to health. Only 25.4 percent of the persons responding indicated that there had been any progress in meeting this goal. The box below contains examples of employee comments regarding this goal.

Examples of Employee Comments

Goal 1: Increased Emphasis on Environmental Issues as They Relate to Health

"No new emphasis is being placed that would support the increased emphasis toward this goal. Most programs are the same--just the people and positions are changed."

"Division of Health has been assisting with health-related issues on potential problem site investigations."

"At my level it is hard to tell. A lot of rhetoric on the subject has been spoken--that in itself is I guess 'increased emphasis.' "

"The influx of new managers (at division and bureau level) has resulted in a deterioration of cooperation with the Division of Health. This condition has resulted in an inability of the Division of Environment to obtain timely medical information."

"Agency efforts now appear to be directed at providing responses that will conform to ever-changing public concepts of health problems (as influenced by mass media), rather than health issues recognized by the scientific community."

"Generic managers cannot grasp the overall and long-range view of environmental and health programs, let alone their interrelationships."

Goal 2: Improved Agency Coordination and Communication

According to the Secretary, increased agency coordination and communication referred not only to the Department's internal relationships, but also to the Department's external relationships with the Legislature, the public, and other agencies. Department officials cited a number of steps which were taken to achieve this goal. As described above, formalized procedures were established to ensure adequate internal coordination in responding to inquiries from outside the Department, and in making decisions involving multiple areas of

expertise. A formal procedure was also established to review proposed testimony prior to its presentation before the Legislature. In addition, Department officials indicated that a regular schedule of staff meetings had been established to allow for direct communication between the bureau managers, the Division Director, and the Secretary.

The most significant organizational changes in the area of agency coordination involved the consolidation of related functions into single bureaus, and the consequent reduction in the number of bureaus within each division. Examples of this process within the Division of Environment included the consolidation of water functions into the Bureau of Water Protection and the linking of air quality, radiation control, and toxicology functions within the Bureau of Air Quality and Radiation Control. Another major factor in the effort to improve agency coordination and communication was the elimination of the bureau director class, and the creation of the bureau manager class. While technical skills had been emphasized in the selection of bureau directors, the Secretary said management and administrative skills were emphasized in the selection of new bureau managers.

Department officials said actions taken during the reorganization had improved agency coordination and communication. Department officials interviewed by the auditors indicated that this goal had been achieved. Several noted an improvement in agency coordination resulting from the consolidation of related functions within the same bureaus. In addition, the Secretary said the Department's responsiveness to the Legislature, the public, and other agencies had improved since the reorganization.

Over half of the persons responding to the auditors' survey indicated that agency coordination and communication had been better prior to the reorganization. The table below summarizes the results of the auditors' survey questionnaire with respect to the goal of improved agency coordination and communication.

Survey Responses - Improved Agency Coordination and Communication

<u>Response</u>	<u>Number of Persons Responding</u>	<u>Percent of Persons Responding</u>
1. Substantial progress in meeting this goal	5	4.4
2. Some progress in meeting this goal	16	14.2
3. About the same	28	24.8
4. Somewhat better prior to reorganization	25	22.1
5. Substantially better prior to reorganization	<u>39</u>	<u>34.5</u>
Total	113	100.0

As the table shows, 43.4 percent of the persons responding to the survey indicated that agency coordination and communication had either stayed the same or improved since the reorganization. Nevertheless, only 18.6 percent indicated that progress had been made in meeting the Department's goal. The

average response on the five-point scale was 3.7, indicating that the respondents as a whole tended to think that agency coordination and communication had been better prior to the reorganization.

Examples of Employee Comments

Goal 2: Improved Agency Coordination and Communication

"The influx of so many new people and the inherent mistrust of some of them has resulted in a loss of cooperation between most major sub-groups of the agency. There have been frequent personality conflicts."

"Poor communication is perceived by the employees between the Director and the Secretary, and between the Director and the bureau managers "

"The Secretary, Division Director, and bureau managers are openly hostile to each other. Communication between them is lacking."

"There is no coordination between several of the bureaus. Instead there is bitterness, and the bureau managers are waging wars with each other over power to manage activities and gain prestige."

"There is a definite lack of inter-bureau communication. On numerous occasions this bureau has been called upon to do an investigation, only to be embarrassed to find someone else has been on the same project for many months."

"Weekly and monthly reports to administrators have helped with the flow of information upward. Also, top administrators now meet with bureaus on a regular basis."

Bureau managers appointed during the reorganization did not appear to have greater management experience than former bureau directors. One way the Department expected to improve agency coordination and communication was to emphasize strong managerial and administrative skills when hiring new bureau managers. In order to determine whether this policy resulted in the hiring of persons with different qualifications than the previous bureau directors, the auditors examined the resumes of the three new bureau managers in the Division of Environment, and compared them with the resumes of the five former bureau directors who were displaced. Although the auditors did not attempt to make a determination about the relative management and administrative skills of these persons, they did compare their relative management experience.

The auditors found that at the time of the reorganization, the five former bureau directors each had between six and 20 years of program management experience, while only one of the new bureau managers had more than three years of program management experience. The latter person had nine years of

experience managing municipal water programs and one year of experience as a bureau director for the Department. Another of the new bureau managers had three years of program management experience in the private sector, while the third apparently had no program management experience.

Goal 3: Elimination of Unnecessary Layers of Bureaucracy

According to the Secretary, the elimination of unnecessary layers of bureaucracy referred specifically to the elimination of the Deputy Director position. The Secretary said this position tended to act as a "screen" or "filter" between the Division Director and the bureau directors. Elimination of the position was expected to result in better communication and coordination between these levels of the organization. Layers below the Deputy Director level were not included in the Secretary's definition of unnecessary layers of bureaucracy. However, the Secretary indicated that the Division Director and the bureau managers could have recommended changes in the layers of bureaucracy within the bureaus as well.

Reorganization appeared to have little impact on the number of layers of bureaucracy below the deputy director level. The auditors reviewed organization charts for the Division of Environment and compared the chain of command prior to the reorganization with the chain of command following the reorganization. The auditors found that prior to the reorganization, the layers of bureaucracy within the Division included the Division Director, the Deputy Director, bureau directors, section chiefs, and (in some bureaus) unit chiefs. Following the reorganization, the layers of bureaucracy remained unchanged except for the elimination of the Deputy Director position. Due to consolidation, some persons from bureaus which formerly had no unit chiefs were moved into bureaus which did have unit chiefs. For these persons, the reorganization may have resulted in an added layer of bureaucracy, but for the bureaus as a whole there was no apparent change in the number of layers of bureaucracy.

In the district offices, the chain of command prior to the reorganization consisted of assistant engineers reporting to district engineers, who then reported to the Deputy Director of the Division. The only immediate change resulting from the reorganization was that the district engineers began reporting directly to bureau managers instead of the Deputy Director. In August 1984, the district offices in Topeka and Bonner Springs were consolidated in Lawrence. At a later time (during 1985), district coordinators were appointed for each district office, to supervise administrative functions at the local level.

Department officials said the goal of eliminating unnecessary layers of bureaucracy had been achieved. Because the Secretary referred solely to the deputy director position as the "unnecessary layer of bureaucracy", the elimination of that position, by definition, accomplished the Secretary's purpose. Other officials also indicated that unnecessary layers of bureaucracy had been eliminated by the reorganization. One bureau manager said the elimination of the deputy director position, along with the elimination of some bureaus, "may have helped the Division Director to work directly with the four current bureau managers."

Most persons responding to the auditors' survey indicated that unnecessary layers of bureaucracy were more of a problem after the reorganization. The table on the following page summarizes the results of the auditors' survey questionnaire with respect to the goal of eliminating unnecessary layers of bureaucracy.

Survey Responses - Elimination of Unnecessary Layers of Bureaucracy

<u>Response</u>	<u>Number of Persons Responding</u>	<u>Percent of Persons Responding</u>
1. Substantial progress in meeting this goal	1	0.8
2. Some progress in meeting this goal	9	8.0
3. About the same	28	24.8
4. Somewhat better prior to reorganization	32	28.3
5. Substantially better prior to reorganization	<u>43</u>	<u>38.1</u>
Total	113	100.0

The table shows that one third of the persons responding to the survey (33.6 percent) felt the layers of bureaucracy had remained the same or progress had been made in meeting this goal. However, only 8.8 percent of those responding actually perceived progress in meeting this goal. The average response on the five-point scale was 3.9, strongly indicating that the respondents as a whole perceived the situation as having been better prior to the reorganization.

As illustrated in the box below, some of the employees who felt this goal had not been achieved said layers of bureaucracy had been increased by the reorganization due to added paperwork and increased levels of review. These comments suggest that the differing perceptions of management and staff may have been due in part to different interpretations of the term "unnecessary layers of bureaucracy."

Examples of Employee Comments

Goal 3: Elimination of Unnecessary Layers of Bureaucracy

"The reorganization has done the opposite by requiring that many fairly simple decisions be made at a higher level."

"It seems more layers have been created. No one is allowed to make a decision without having a committee study the issues first."

"Now everything goes through more people (layers) before it can leave the Department."

"Routine correspondence or a simple request for assistance can literally take months to get through the system."

"The creation of Policy and Planning, and the Division Director's policy of keeping a tight control of all projects and activities--big, small, and routine--has created more bureaucracy."

"Within programs layers are the same, but overall Department overhead is way up, i.e. Policy and Planning, Administration, non-program areas."

"There may still be unnecessary layers; however, I think there has been improvement."

Goal 4: Creation of a More Manageable Span of Control

According to the Secretary, creating a "more manageable span of control" meant reducing the number of persons reporting to the Division Director. This was to be accomplished by consolidating bureaus and thereby reducing the number of bureau directors within the Division. The Secretary indicated that by reducing the number of persons reporting directly to the Division Director, the Department expected to increase communication and coordination between the Director and the bureau managers. The Secretary was not directly concerned with changing the span of control for bureau managers and positions below that level.

The consolidation of bureaus reduced the number of persons reporting directly to the Division Director, but increased the number of persons reporting directly to the bureau managers. To determine what overall effect the reorganization had on spans of control within the Division of Environment, the auditors used organization charts to find the number of persons reporting directly to the Division Director and the bureau heads, both before and after the reorganization. The auditors found that as a result of the reorganization, the number of persons reporting directly to the Division Director was reduced from ten to four. However, as a result of consolidating eight bureaus into four bureaus, the number of section chiefs reporting to each bureau manager was increased. Prior to the reorganization, each bureau director had an average of 2.6 section chiefs under his direct supervision; after the reorganization, each bureau manager had an average of 4.0 section chiefs under his direct supervision.

Department officials said a more manageable span of control had been created by the reorganization. Because the Secretary defined "a more manageable span of control" to mean fewer persons reporting directly to the Division Director, this goal was automatically accomplished by eliminating the deputy director position, and reducing the number of bureaus. Although the consolidation of bureaus increased the span of control for bureau managers, officials other than the Secretary also indicated that a more manageable span of control had been created. Most reiterated the Secretary's interpretation that this goal was accomplished by reducing the number of persons reporting to the Division Director.

Most Division employees responding to the auditors' survey indicated that the span of control had either remained the same or had been more manageable prior to the reorganization. The table on the following page presents the results of the auditors' survey questionnaire with respect to the goal of creating a more manageable span of control.

Survey Responses - Creation of a More Manageable Span of Control

<u>Response</u>	<u>Number of Persons Responding</u>	<u>Percent of Persons Responding</u>
1. Substantial progress in meeting this goal	5	4.6
2. Some progress in meeting this goal	12	11.1
3. About the same	43	39.8
4. Somewhat better prior to reorganization	25	23.2
5. Substantially better prior to reorganization	<u>23</u>	<u>21.3</u>
Total	108	100.0

As shown in the table, 55.5 percent of the persons responding to the survey indicated that the span of control had either remained the same or had become more manageable as a result of the reorganization. However, only 15.7 percent of the persons responding actually indicated there had been progress in meeting this goal. The average response on the five-point scale was 3.5. This indicates that the respondents as a whole were divided between a perception that there had been no change since the reorganization, and a perception that there had been a more manageable span of control prior to the reorganization.

Examples of Employee Comments

Goal 4: Creation of a More Manageable Span of Control

"Who knows what this means? Problems in 'span of control' were never really explained to staff."

"Consolidation of the same or more duties in a larger bureau has not resulted in better efficiency."

"More people to deal with creates less control."

"Since Air Quality and Radiation Control have been combined, one bureau manager is doing what two used to. He is bound to be spread thinner and have less control."

"There is a manageable 'span of control' based on organization; commitment from staff at all levels will be needed to make it work to its potential."

"Although the span may be less, the degree of control has been reduced because of the lack of communication and the inexperience of new managers."

"Reorganization resulted in consolidated bureaus and offices and eliminated duplicative functions."

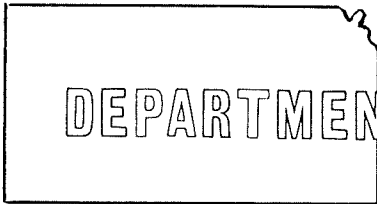
As illustrated by the comments in the box on the previous page, some employees expressed confusion about the meaning of the term "span of control", while others thought the term applied to administrators other than just the Division Director (i.e. bureau managers). This may explain to some extent why employees' perceptions about the accomplishment of this goal differed from the perceptions of the Secretary and other Department officials.

Conclusion

The reorganization of the Department of Health and Environment took place primarily in fiscal year 1984, under the direction of the Secretary of Health and Environment. According to the Secretary and administrators in the Division of Environment, the stated goals of the reorganization have largely been achieved. However, a survey of Division employees clearly showed that they do not share this perception. In fact, of the persons employed by the Division for at least two years, 82 of 100 responding felt that the reorganization had not accomplished its stated goals.

APPENDIX A

Agency Response



State of Kansas . . . John Carlin, Governor

DEPARTMENT OF HEALTH AND ENVIRONMENT

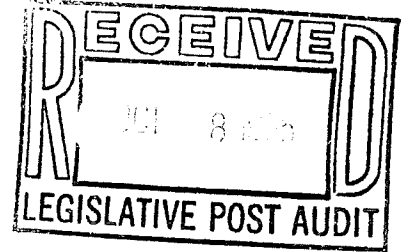
Barbara J. Sabol, Secretary

Forbes Field
Topeka, Kansas 66620
913-862-9360



October 18, 1985

Mr. Meredith Williams
Legislative Post Auditor
Division of Post Audit
109 West 9th - Suite 301
Mills Building
Topeka, KS 66612-1285



Dear Mr. Williams:

I have reviewed the draft copy of the performance audit report: Reorganization of the Division of Environment, which included specific recommendations to improve certain departmental practices. I concur with your recommendations and the following actions have been initiated:

- 1) The director of personnel will review the performance evaluation monitoring and follow-up system as a part of our implementation of the revised performance evaluation system.
- 2) The Department's business office, in coordination with the personnel office, is developing procedures to insure employees placed on an acting assignment are paid at a higher salary range in accordance with K.A.R. 1-6-29.
- 3) The personnel office will review existing files and revise the Department's procedures to insure that hiring records are maintained for three years as prescribed by the State's Affirmative Action plan.

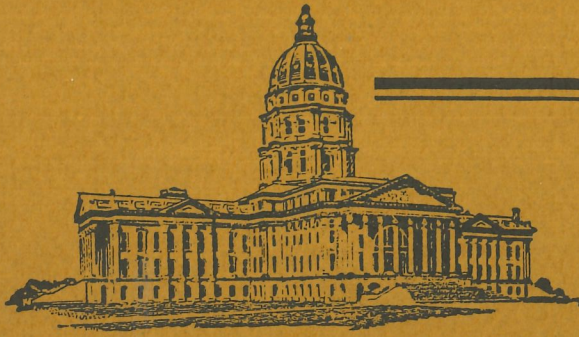
We will build on the improvements that resulted from the reorganization and continue to work toward those goals not yet fully met.

I appreciate the review and the opportunity to respond to the draft report. Please contact me if you have questions.

Sincerely,

Barbara J. Sabol
Secretary

BJS:mac



PERFORMANCE AUDIT REPORT

Kansas Soldiers Home

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

April 1985

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$3 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

As a guide to all their work, the auditors use the audit standards set forth by the U.S. General Accounting Office and endorsed by the American Institute of Certified Public Accountants. These standards were also adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee.

Legislators or committees should make their requests for performance audits through the Chairman or any other member of the Committee.

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LEGISLATIVE DIVISION OF POST AUDIT

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PERFORMANCE AUDIT REPORT

Kansas Soldiers Home

This audit was conducted by three members of the Division's staff: Trudy Racine, senior auditor, and Cindy Denton and Curt Winegarner, auditors. If you need any additional information about the audit findings, please contact Ms. Racine at the Division's offices.

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KANSAS SOLDIERS HOME

Summary of Legislative Post Audit's Findings

This audit was authorized in response to legislative concerns about the management and oversight of the Kansas Soldiers Home, about the levels of staffing and care provided for current residents, and about future needs of the facility.

What is the relationship between the Kansas Soldiers Home, the Department of Human Resources, and the Kansas Veterans Commission? Statutes give both the Secretary of Human Resources and the Veterans Commission direct supervisory authority over the Executive Director of the Veterans Commission and the Superintendent of the Soldiers Home. As a result, their ability to establish policies and exercise oversight appears to be about the same. However, in practice oversight of the Soldiers Home is exercised primarily by the Veterans Commission and its Executive Director. The organizational structure of the Soldiers Home differs significantly from the structure of other similar State institutions, and not all states give their Veterans Commissions as much power as Kansas has.

What levels of staffing and care are provided at the Kansas Soldiers Home, and are they appropriate? The total number of staff and residents has remained constant for the past four years. However, changes have occurred in the placement of residents and in the level of care they require. Some requirements relating to both staffing and other aspects of care are not being fully met, and the requirements for care provided at the Soldiers Home are less stringent than for comparable adult care homes licensed by the State. Actions are needed to help ensure that current residents' needs are met and that the quality of care they receive is consistent with State standards. Possible options in this area include enhancing the level of care and services provided at the Soldiers Home, or moving residents who need additional nursing care to other State-licensed nursing homes.

Can current facilities at the Kansas Soldiers Home adequately house future resident populations, and how will its operations be funded? Although the number of aging veterans is increasing dramatically, the impact of that increase on the Soldiers Home should be quite limited. The additional veterans can be accommodated in existing facilities, but additional improvements may be needed and there will be less room for spouses and dependents. The projected increases in the number and percentage of veteran residents at the Home will mean that resident fees and Veterans Administration reimbursements will pay for even more of the cost of the Home's operation. The State should continue to pay less.

The State has several alternatives to consider regarding the future of the Soldiers Home. These include reviewing the Home's licensure, allowing the facility to operate as it has in the past, or closing all or part of the Home. Whatever long-term choices are made, the Legislature should also consider moving the Soldiers Home to the Department of Social and Rehabilitation Services.

KANSAS SOLDIERS HOME

The Kansas Soldiers Home was established in 1889. It is located in Fort Dodge on an abandoned military reservation, which was donated to the State by Congress for the purpose of establishing such a facility. The institution provides a home for disabled wartime veterans and their dependents who are incapable of self support. Essentially, the Home is a self-sustaining community with its own utilities, streets, and maintenance facilities.

Legislative concerns have been raised about the management and oversight of the home, about the levels of staffing and care for current residents, and about future needs of the facility. This audit was authorized by the Legislative Post Audit Committee on February 25, 1985. The audit addresses three main questions.

1. What is the relationship between the Kansas Soldiers Home, the Department of Human Resources, and the Kansas Veterans Commission?
2. What levels of staffing and care are provided at the Kansas Soldiers Home, and are they appropriate?
3. Can current facilities at the Kansas Soldiers Home adequately house future resident populations, and how will future operations be funded?

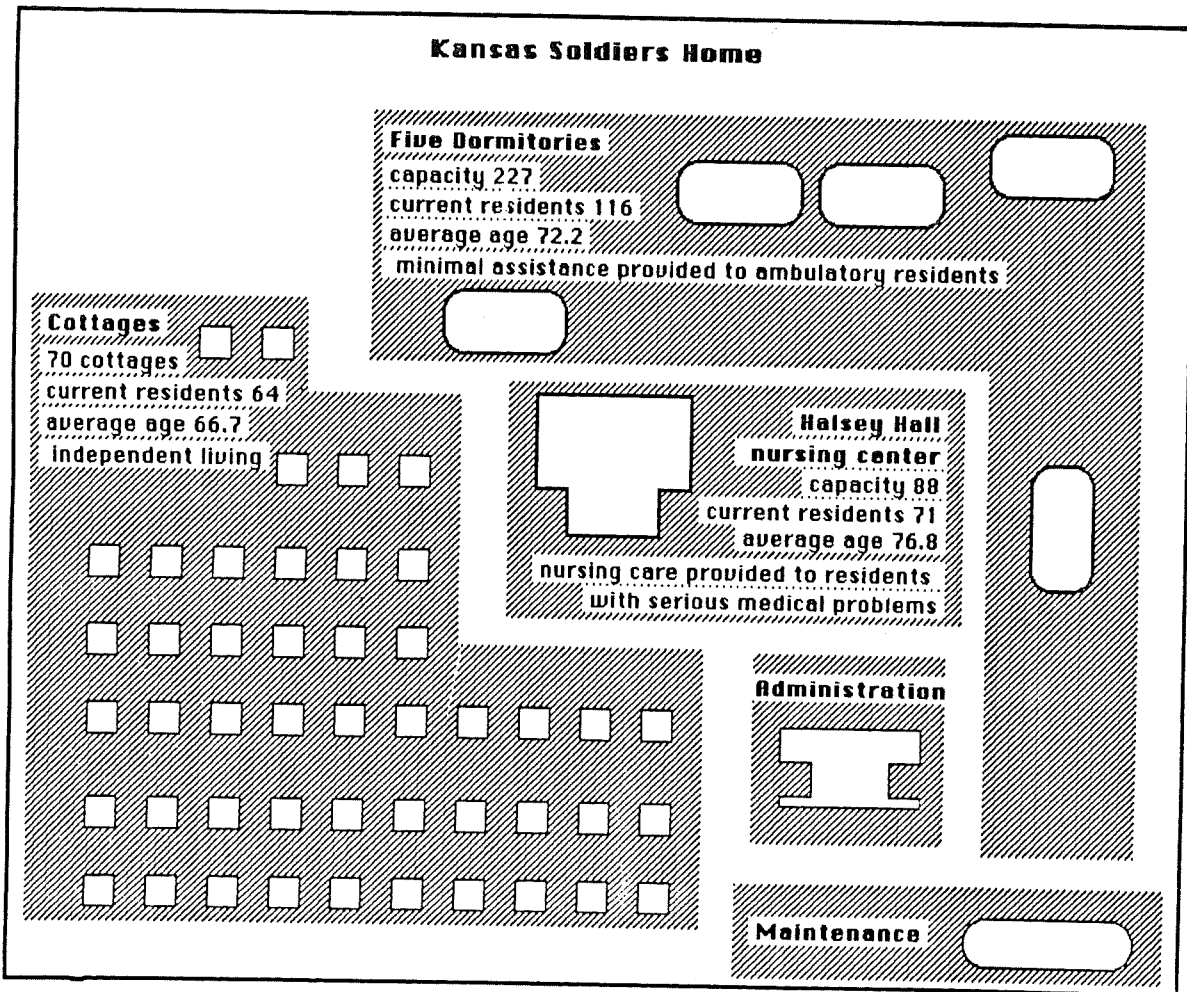
To answer these questions, the auditors interviewed agency officials and reviewed statutes, rules and regulations, budgets, and other pertinent documents. They reviewed resident information and staffing patterns, and compared the care provided at the Soldiers Home to the applicable federal and State requirements and to requirements for similar facilities. They also reviewed and assessed current and projected resident populations and the availability of various funding sources for the Home's operations. Their findings in each of these areas are discussed in this report, together with a brief description of the Home's operations and funding.

A Brief Description of the Soldiers Home

The Kansas Soldiers Home occupies nearly 700 acres of land with 70 cottages, five dormitories, a nursing center, an administration building, and other assorted support facilities. The cottages, dormitories, and nursing center are intended to provide three different levels of care, depending on the needs and abilities of the residents.

For fiscal year 1985, the Home has a staff of 133 and a total capacity of 405 beds. As of March 1985, the population of the Home was 251 residents, 51 percent of whom were veterans and 49 percent of whom were non-veterans.

In all, 235 residents were classified as "members," while 34 were patients who have been transferred to the Home from State mental institutions.



Soldiers Home Residents Must Meet Certain Eligibility Requirements

Veteran residents at the Soldiers Home must be honorably discharged disabled wartime veterans, and must have been residents of Kansas for the preceding two years. Non-veterans may be admitted if they are the spouse, widow, parent, or other dependent of an eligible veteran. In general, applicants for the Soldiers Home must fall within certain income and real property limits established by the Veterans Commission. Their monthly income may not exceed the Home's monthly charge plus \$45-\$50 to cover personal expenses. Applicants may not have real property in excess of \$5,000, or liquid assets in excess of \$10,000.

Patients transferred from State mental institutions may be admitted to the Soldiers Home if they are wartime veterans or are the spouse, parent, or child of a wartime veteran. The income and property requirements established for members do not apply to such persons. However, they may be admitted only

if they are not dangerous to themselves or others, and if their admission does not deny the admission of persons applying as regular members.

The Home's Sources of Funding Have Outpaced Its Expenditures

For fiscal year 1985 the Soldiers Home has a total budget of \$3,124,113. The Home's major sources of funding are State General Funds, Veterans Administration reimbursements, and resident fees. Residents are assessed a monthly fee based on the actual cost of care during the previous year and their income. The maximum charge is currently \$1,070 a month for nursing care and \$732 a month for dormitory care. Cottage residents are charged 20 percent of their net monthly income. The Veterans Administration pays a set daily fee for nursing care and domiciliary care (includes dormitory and cottage residents). The maximum fees are set by Congress, and states are paid the maximum rate or 50 percent of the facility's total daily cost, whichever is less. Kansas now receives the daily maximum rate for each day of veteran care, which is \$17.05 per day for nursing care and \$7.30 per day for domiciliary care.

As shown in the following table, the Home's total sources of funds increased substantially between fiscal years 1980 and 1984. In total, they rose by about 54 percent. Revenue from resident fees increased 67.6 percent, and Veterans Administration reimbursements increased 23.6 percent. The largest increase in sources of funds was to the Home's beginning balances. This appears to be the result of the Home's resources increasing at a faster rate than its expenditures.

Kansas Soldiers Home Sources of Funds

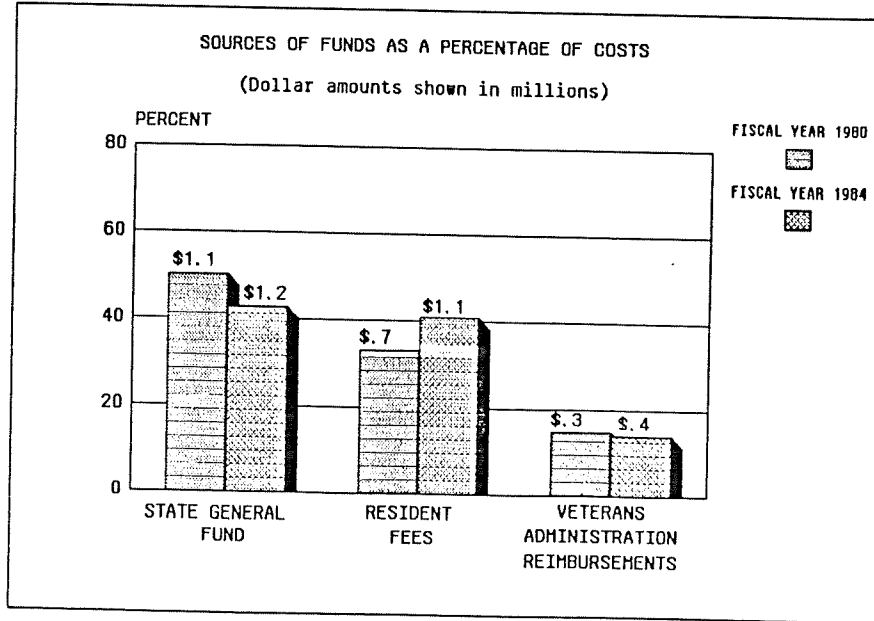
Sources of Funds	Fiscal Year		% Increase	Fiscal Year
	1980	1984		1985 Estimates
Beginning Balance	\$ 204,903	\$ 705,772	244.4%	\$ 719,477
State General Fund	1,057,241	1,214,261	14.9	1,054,270
Special Revenue Funds	43,291	95,450	120.5	135,000
Veterans Administration Reimbursements	310,417	383,648	23.6	500,194
Resident Fees	676,449	1,133,729	67.6	1,128,619
Total Sources of Funds	\$2,292,301	\$3,532,860	54.1%	\$ 3,537,560

As the table at the top of the next page shows, the largest single category of expenditures for the Soldiers Home is salaries and wages. This category accounts for 69 percent of the Home's estimated expenditures for fiscal year 1985. Salaries and wages increased 27.5 percent between fiscal years 1980 and 1984. Expenditures for contractual services (primarily utilities), and capital improvements increased by an even greater percentage, while expenditures for commodities (primarily food and supplies) and capital outlays decreased somewhat.

Soldiers Home Expenditures

Sources of Funds	Fiscal Year		% Change	Fiscal Year 1985 Estimates
	1980	1984		
Salaries & Wages Contractual	\$1,478,052	\$1,884,388	27.5%	\$ 2,156,755
Services	195,446	414,517	112.1	405,588
Commodities	365,471	350,041	(4.2)	407,170
Capital Outlay	31,158	27,972	(10.2)	19,600
Capital Improvements	41,021	68,037	65.9	135,000
Other	65	1,302	1,903.1	-0-
Total	<u>\$2,111,215</u>	<u>\$2,746,258</u>	30.1%	<u>\$ 3,124,113</u>

The State's share of the cost of operating the Soldiers Home has dropped. As the following chart shows, major support for the Home's operations shifted somewhat between fiscal years 1980 and 1984. In fiscal year 1980, General Fund moneys accounted for about 50 percent of the Home's total expenditures; by fiscal year 1984, that share had fallen to about 43 percent. During the same time, resident fees rose from 33 percent to nearly 41 percent of the total. Veterans Administration reimbursements increased during this period, but they remained fairly constant as a percentage of total expenditures.



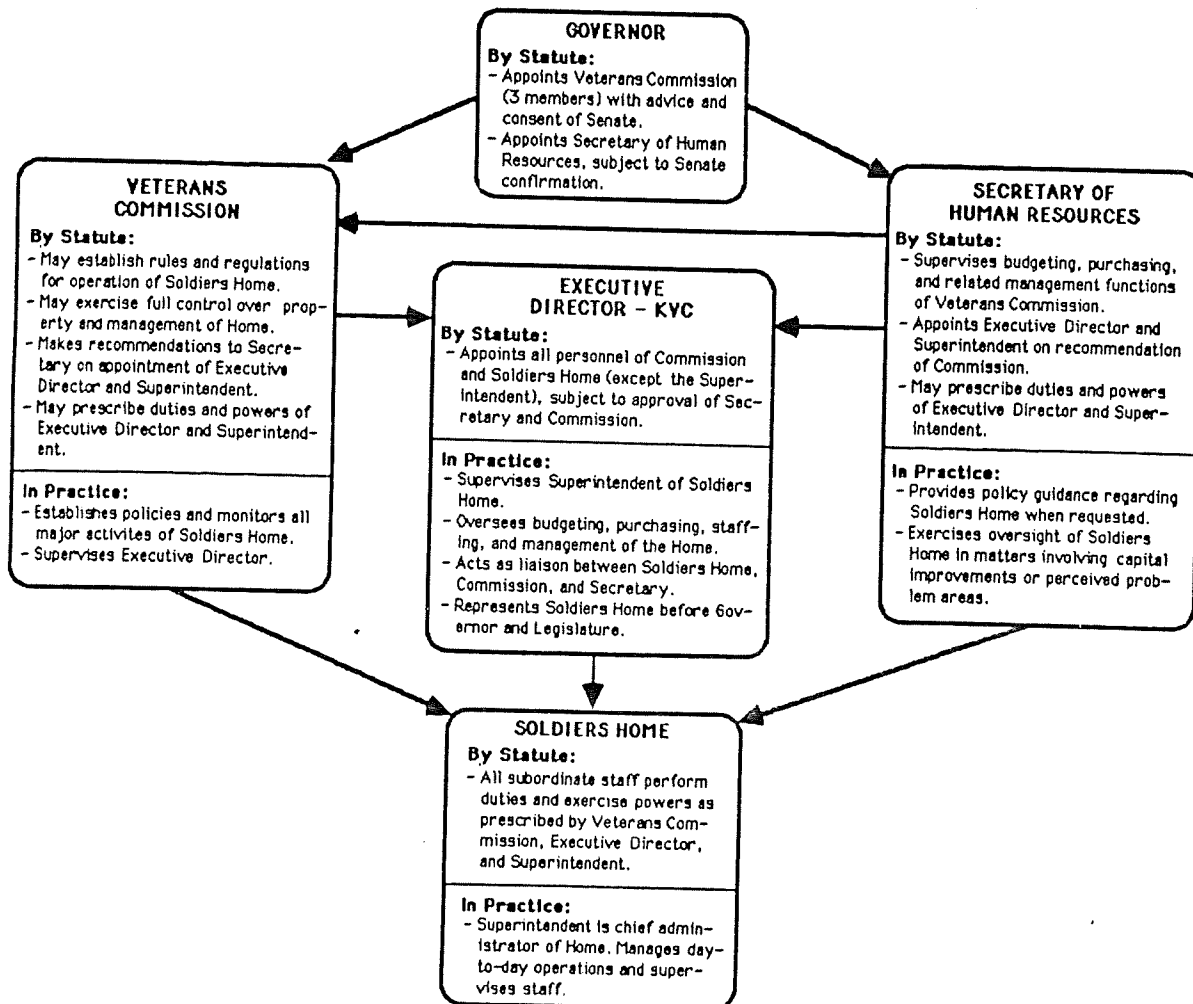
What is the Relationship Between the Kansas Soldiers Home, the Secretary of Human Resources, and the Veterans Commission?

The Legislature assigned responsibility for the Soldiers Home to the Kansas Veterans Commission in July 1953. At that time, the Veterans

Commission had the status of an independent agency. The three commissioners appointed their own administrative officer (the Director of the Veterans Commission) and exercised full control over the Soldiers Home, including the appointment of its Superintendent and the establishment of rules and regulations governing its operations. The Veterans Commission and the Soldiers Home were attached to the Department of Human Resources by Executive Reorganization Order Number 14, which went into effect July 1, 1976.

Under the reorganization order, which is contained within K.S.A. 75-5701 *et seq.*, the Commission was made part of the Department of Human Resources, and its budgeting, purchasing, and related management functions were placed under the supervision of the Secretary. In addition, the authority to appoint an Executive Director for the Veterans Commission and a Superintendent for the Soldiers Home was transferred from the Commission to the Secretary.

The accompanying diagram shows the current relationship between the Soldiers Home, the Veterans Commission, and the Secretary of Human Resources, as set out in the reorganization order and its related statutes. The diagram also shows how the statutory authority of each entity is exercised in practice.



The Veterans Commission and the Secretary Share Joint Authority Over the Soldiers Home

As the diagram indicates, statutes give both the Secretary and the Commission several means of exercising control over the Soldiers Home. The Secretary is given the authority to appoint and dismiss the Executive Director of the Veterans Commission and the Superintendent of the Soldiers Home. The Commission is given the authority to establish rules and regulations governing the Home. Both the Secretary and the Commission are given authority to prescribe the powers and duties of the Executive Director and the Superintendent.

The statutes do not appear to give either the Secretary or the Veterans Commission precedence with regard to oversight of the Soldiers Home. According to K.S.A. 76-1904 the Veterans Commission is given "full control" over the Soldiers Home. But because both the Secretary and the Commission have direct supervisory authority over the Executive Director and the Superintendent, their ability to establish policies and exercise oversight appears to be about the same.

In practice, oversight of the Soldiers Home is exercised primarily by the Veterans Commission and its Executive Director. The diagram also shows that the Executive Director is involved in all aspects of managing the Soldiers Home. The Director reviews and approves all purchase vouchers, oversees the

Veterans Commission

The Commission has three commissioners appointed by the Governor for four-year terms. They are compensated for their expenses on a per-diem basis. State law requires that they be veterans. Currently, each of the commissioners represent one of the three main veterans organizations (American Legion, Veterans of Foreign Wars, and Disabled American Veterans). Besides its responsibility for the Soldiers Home, the Veterans Commission has a field staff of representatives who assist veterans in preparing and processing claims for benefits.

preparation of the budget, and represents the Home before the Governor and the Legislature. In addition, the Executive Director supervises the Superintendent and acts as liaison between the Soldiers Home, the Commission, and the Secretary. The Home's Superintendent manages the day-to-day operations and supervises the Home's staff.

The Veterans Commission establishes the policies of the Soldiers Home and supervises the Executive Director. Through its monthly meetings, the Commission also monitors the operations of the Soldiers Home. Its monitoring activities include reviewing and ap-

proving all purchase vouchers, considering applicants for major job vacancies, reviewing the budget, and receiving monthly status reports from the Executive Director. In addition, the commissioners visit the home twice per year to tour the facilities.

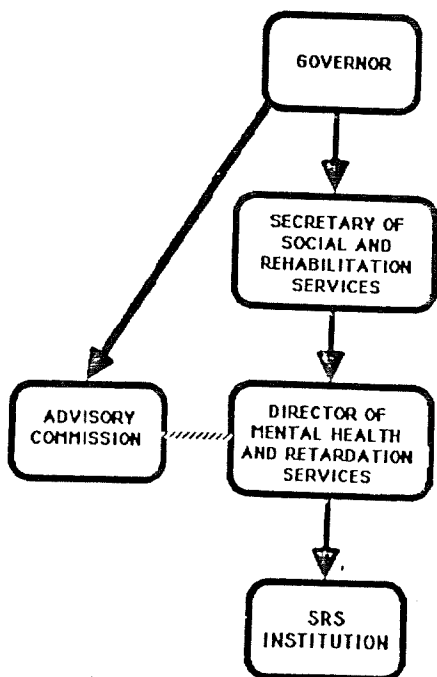
The Secretary of Human Resources is much less involved in overseeing the Soldiers Home. Little routine oversight is exercised by the Secretary or by any unit of the Department of Human Resources other than the Veterans Commis-

sion. Purchase vouchers, personnel transactions, and budgets are not routed through the Department's central management system, as they are for other agencies under the Department. Instead, they flow directly from the Executive Director to the Department of Administration. In addition, the budget allocation of the Soldiers Home is determined by the Division of Budget rather than the Secretary.

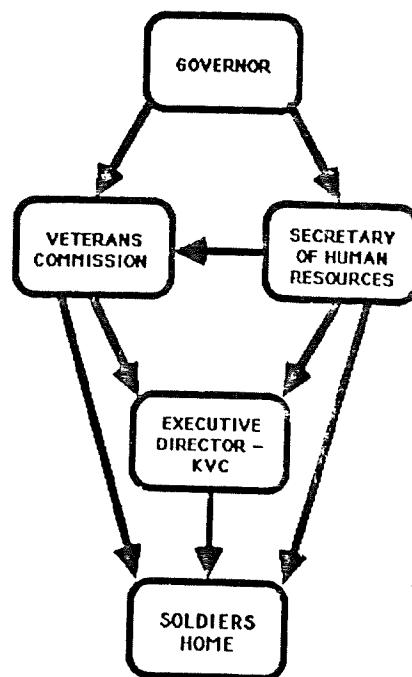
The participation of the Secretary has generally been limited to situations involving capital improvements or perceived problems with the Home's management. In addition, the Secretary may provide policy guidance when consulted by the Executive Director, and may attend legislative meetings involving the Soldiers Home (as the current Secretary regularly does). However, in general the Secretary remains in the background and leaves the principal oversight responsibility to the Veterans Commission.

The organizational structure of the Soldiers Home differs significantly from the structure of other similar State institutions. No other State institutions are exactly comparable to the Kansas Veterans Commission and the role it has over the Soldiers Home. The Commission has both independent administrative and supervisory powers. The closest agency would be the Department of Social and Rehabilitation Services. As the diagram below shows, all levels of management in that Department are expressly subordinate to the Secretary of Social and Rehabilitation Services. The Advisory Commission on Mental Health and Retardation Services provides representation of constituent interests, but it has no administrative or policy-making powers over the institutions. By contrast, the Veterans Commission, which is also essentially a constituent organization, has powers comparable to those of the Secretary. Not all states give their Veterans Commission that much power. For example, the Veterans Commissions in three of the four surrounding states are advisory bodies only.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES ORGANIZATION STRUCTURE



SOLDIERS HOME ORGANIZATION STRUCTURE

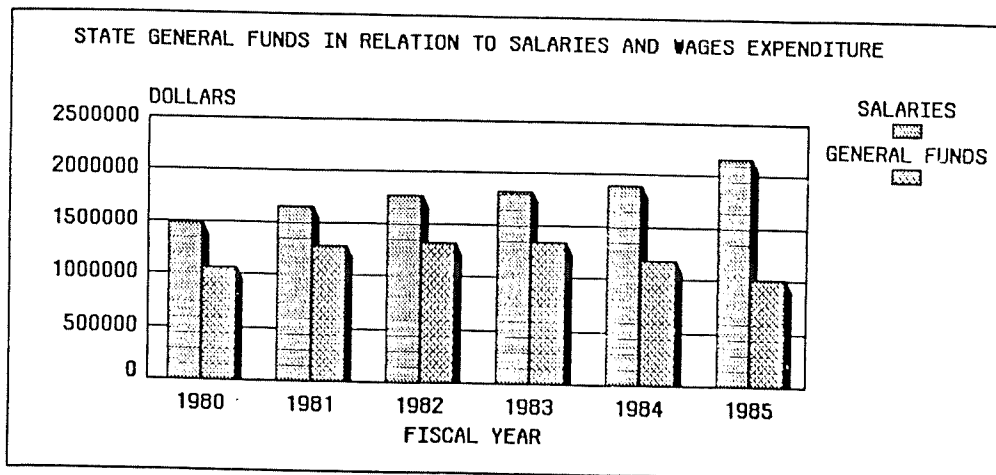


A Review of the Soldiers Home's Central Management Operations Disclosed Few Problems

As described above, the Soldiers Home receives little oversight beyond what it gets from the Veterans Commission and its Executive Director. To determine whether problems with management of the Home might have occurred as a result, the auditors reviewed five areas of the Soldiers Home's central management system. These areas were bookkeeping and accounting procedures, admissions, allocation of State General Funds, collection of accounts receivable, and personnel administration. The auditors found no serious management problems in the first four areas. However, they did note that declining State General Fund moneys are being spent on rising salaries and wages. There were also several deficiencies in the area of personnel administration. In addition, the auditors' review of accounts receivable records showed that between 1967 and 1978 the Soldiers Home had violated State laws limiting the rates charged to patients.

Shrinking State General Fund moneys are being used to pay increasing salaries and wages, which is why those funds are being spent so quickly during the fiscal year. The auditors interviewed the Home's Superintendent and the Commission's Executive Director to determine what method was used to allocate the expenditure of State General Fund moneys during fiscal years 1983-1985. They also attempted to determine why all but about \$43,000 of those funds had been spent within the first six months of fiscal year 1985.

The policy of the Soldiers Home has been to allocate all State General Fund moneys to pay for salaries and wages. Monthly payrolls are paid entirely from the General Fund until the Fund has been depleted. At one time the amount of General Fund moneys the Home received was sufficient to cover about three-fourths of the Home's salary and wage expenditures for an entire fiscal year. However, the percentage of salaries and wages paid for by State General Fund moneys has dropped to less than 47 percent for 1985. As a result, the Home's General Fund allocation is now being depleted well before the end of the fiscal year.



According to the Executive Director and the Home's Superintendent, General Fund dollars are depleted first to conserve the Home's Fee Fund, which contains moneys deposited from resident fees and Veterans Administration reimbursements. Building up a reserve balance in the Fee Fund allows the Soldiers Home to have a greater degree of flexibility with its expenditures, the Executive Director and Superintendent said, which is necessary to deal with contingencies or fluctuations in revenue. As noted earlier, the Home has built-up a substantial carry-over balance, all of which has come from its Fee Fund. For fiscal year 1985, its beginning balance was nearly \$720,000. Also for fiscal year 1985, however, the Home's State General Fund allocation was reduced by nearly \$200,000. This move is apparently part of a trend toward reducing the General Fund allocations of agencies with large fee fund balances.

The auditors found two problems in the area of personnel administration. The auditors interviewed the Home's personnel officer and reviewed a sample of 10 active personnel files to determine whether applicable policies and requirements were being adhered to. Their review identified two areas in which personnel management was deficient: the timely completion of annual position reviews, and adherence to State affirmative action policies.

Annual position reviews are required by State regulations to ensure that position descriptions correctly describe the work performed by the employee. All 10 of the position descriptions in the auditors sample were at least nine months overdue for a review. In addition, none of the 10 had ever been initialed by the employee participating in the review, which is necessary to verify that the employee has been allowed to take part in the review process. According to the personnel officer, all employees are allowed to participate in the reviews, but some do not put their initials on the document. Because of the lack of proper documentation procedures, however, the auditors were unable to verify that the reviews had been conducted properly.

The State's affirmative action policies are set out in the State Affirmative Action Plan prepared annually by the State Equal Employment Opportunity Office. The Plan requires agencies to maintain documentation of all employment interviews and hiring decisions for a period of three years. In addition, it requires agencies to maintain an "affirmative action file" containing documentation of their compliance with certain affirmative action policies. The auditors found that the Soldiers Home was not maintaining these records. The Home's personnel officer had a copy of the State Affirmative Action Plan but was apparently unaware of the policies requiring this documentation.

The auditors found that the Soldiers Home was generally subject to very little oversight in the area of affirmative action. Neither the Veterans Commission nor the Department of Human Resources had ever conducted a review of the Home's affirmative action policies or its maintenance of records. Although the Soldiers Home was initiated into the Department's affirmative action program in October 1981, it has implemented few of the Department's procedures. For example, the Soldiers Home had never adopted the Department's standard applicant interview record, although it had been instructed to do so by the Department's Equal Employment Opportunity Office. The staff of the Department's Equal Employment Opportunity Office were unaware of the Home's failure to comply with this procedure, apparently because no attempt had been made to monitor its implementation.

Recommendations

1. To comply with State regulations regarding employee position reviews, the Soldiers Home should conduct position reviews at least annually and should ensure that all employees signify their participation by initialing the position description.
2. To ensure compliance with State affirmative action policies, the Soldiers Home should establish a closer relationship with the Department of Human Resources' Equal Employment Opportunity Office. In addition, because the Department is responsible to the State Equal Employment Opportunity Office for the Home's implementation of affirmative action policies, the Department's Equal Employment Opportunity Office should take steps to monitor this activity on a more regular basis.

The auditors' review of accounts receivable records revealed large unpaid balances. This review was conducted to determine whether the system used to collect fees was adequate. Although the billing and collection procedures appeared to be adequate, some accounts had accumulated large unpaid balances, due in part to the Home's violation of State laws limiting the rates charged.

Before 1967, State law required the Soldiers Home to charge patients transferred from State mental institutions to the Home the same rate established for patients remaining in those State institutions. That law was amended in 1967 to eliminate this requirement. It allowed the Soldiers Home to continue using this rate only so long as it did not exceed the Home's own per-diem cost of care for the Home's regular residents for the preceding year. Between 1967 and 1978, the Soldiers Home continued to use the State institution rate, which was considerably higher than the per-diem cost of care. For example, in fiscal year 1978 transfer patients were charged \$486 per month, even though the cost of care for regular residents for the preceding year was only \$331 per month. This would translate into an annual figure of approximately \$1,860 per patient in excess of the maximum allowable rate.

Because many patients were unable to pay the full amount of their charges, they began to accumulate large debts. In fiscal year 1978, the Home stopped charging patients the State institution rate and began to charge them according to their ability to pay. However, there are currently 19 transfer patients at the Soldiers Home who have a combined debt of \$258,516 attributable to charges assessed prior to that time. Although the auditors were unable to estimate the total amount these patients were charged in excess of the maximum allowable rate, the figures above for fiscal year 1978 indicate that the amount could be significant. For this reason, the account balances of these 19 patients may not reflect the amount they legally owe.

Recommendation

For each of the 19 transfer patient accounts showing unpaid balances on charges prior to fiscal year 1979, the Soldiers Home should determine what amount was charged in excess of the legal maximum rate, and take steps to adjust the balances accordingly.

What Levels of Staffing and Care Are Provided at the Soldiers Home, and Are They Appropriate?

To answer this question the auditors visited the Soldiers Home, where they collected and analyzed data about the number of staff and residents. This analysis was done for the total population and for the population within each level of care provided by the Home. Based on their review, the auditors found that the numbers of staff and residents had remained constant for the past four years. However, changes have occurred in the placement of residents and in the level of care they require. The auditors also found that some requirements relating to both staffing and other aspects of care were not being met, and that the requirements for care provided at the Soldiers Home are less stringent than for comparable adult care homes licensed by the State. These findings are explained more fully in the following sections.

The Soldiers Home Provides Three Levels of Care For Its Residents' Varying Needs

The Soldiers Homes currently houses 251 residents who are wartime veterans or their spouses or dependents. It offers three different living situations and levels of care for these residents, based on their mental and physical abilities. These levels of care are explained more fully in the accompanying box, and are described briefly below:

- Independent living** is provided in cottages and requires no staffing.
- Five dormitories** house residents who are incapable of living alone but who need only minimal assistance.
- Nursing care** is provided in Halsey Hall for residents who have serious medical problems and need constant supervision and assistance.

An analysis of information available on current residents showed that the majority have primary disabilities that are medical in nature (168 residents, or 67 percent). However, 79 residents (31.4 percent) have mental disorders or are alcoholics. Four individuals have no disabilities; they were admitted as spouses of disabled veterans.

The average age of residents is 71.6 years, but the average age varies substantially by type of residence. For example, in one dormitory the average age of residents is 61, while in another dormitory the average age is almost 85. The average age of the nursing care residents is 77, compared to an average age of 69.6 for the dormitory and cottage residents combined.

Three living arrangements and levels of care are provided at the Kansas Soldiers Home.

Independent living is provided in self-contained cottages. Couples may rent a cottage if they are capable of doing such daily chores associated with independent living as preparing their own meals. These individuals receive limited medical support services, such as medications, but daily nursing care is not provided.

Five dormitories accommodate members who are incapable of living alone but who need only minimal assistance. The level of care provided is similar to a State-licensed personal care home. Residents are expected to keep their rooms neat, but other house-keeping and food services are provided. Medications are furnished and at least one attendant is always on duty in each dormitory.

Nursing care is provided in Halsey Hall. This 88-bed facility has a total-care area on the second floor for residents who need constant supervision and assistance and have serious medical problems. The level of care provided is similar to a State-licensed intermediate care facility. Third floor residents are given constant supervision but less assistance than second floor residents. Nursing, medical, and house-keeping support services are provided on each floor. At least one registered nurse is on duty in Halsey Hall 24 hours a day.

With the three levels of care, the Soldiers Home provides a continuum of care so that residents who become more disabled after admission do not have to leave the facility. Instead, they can be moved temporarily or permanently to an increased level of care. The auditors' review of other states' facilities showed that not all states provide three levels of care. Some provide only one or two levels of care. When fewer care levels are provided, the lower levels are generally the ones eliminated. A brief summary of care levels provided by veterans' facilities in surrounding states is presented in the box on the next page.

Over the Past Four Years, Staffing and Resident Levels Have Remained Unchanged as a Whole

To determine how the ratio of staff to residents has changed over time, the auditors reviewed resident population and staffing figures for the four-year period from 1981 through 1984. Because population numbers shown in the Home's budget appeared to be inconsistent, the auditors used only the staffing figures from the budgets. They computed average yearly resident population figures from the Home's quarterly reports to the Veterans Administration.

**Total Resident Population and Staff at the Soldiers Home
Calendar Years 1981-1984**

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Staff	132.8	132.8	132.8	132.8
Residents	255	252	247	255

As the table shows, the number of staff has not changed throughout the period. Resident populations dipped slightly in 1982 and 1983, but returned to the 1981 level of 255 residents in 1984.

**Internally, Resident Populations Have Shifted Somewhat
From the Cottages to the Dormitories**

The following table shows the population and nursing staff at the Soldiers Home by the three levels of care. As the table shows, there has been an internal shift of residents from cottage-level living to the dormitories. Popula

<p>Veterans homes in the states surrounding Kansas are similar in the type of care provided but diverse in the number of facilities.</p> <p>The auditors reviewed material from the National Association of State Veterans Homes pertaining to Colorado, Oklahoma, Missouri, and Nebraska. They found that nursing and domiciliary dormitory-level care is provided in each of these four states, but that variations exist in the intensity of care and number of facilities. Veterans homes are structured in each state as follows:</p> <p>Colorado (two facilities) --one provides skilled nursing care</p>	<p>--another provides domiciliary and nursing care</p> <p>Oklahoma (five facilities) --four provide both domiciliary and nursing care --one of the four provided dialysis --one provides only nursing care</p> <p>Missouri (two facilities) --both provide nursing care --one also provides domiciliary care</p> <p>Nebraska (four facilities) --three provide domiciliary and nursing care --one is a residential care facility</p>
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tion in the cottages dropped from 85 in 1981 to 61 in 1984, but increased in the dormitories from 95 to 119. There was no change in the nursing facility population.

Population and Direct-Care Nursing Staff by Care Level

	<u>1981</u>	<u>1984</u>	<u>% Change</u>
Cottages			
Residents	85	61	(28%)
Nursing Staff (a)	0	0	0
Dormitories			
Residents	95	119	25%
Nursing Staff	38	38	0
Residents per Staff	2.6	3.13	
Halsey-Nursing Care			
Residents	75	75	0
Nursing Staff (b)	29	29	0
Residents per Staff	2.59	2.59	

(a) No assigned staff.

(b) Excludes the Director of Nursing, who provides no direct care.

Officials at the Soldiers Home report that residents are increasingly disabled. They said the population shift between the cottages and the dormitories was the result of both current residents and incoming residents being older and in poorer health. In addition, studies of the aging population in general show that people are living longer and have more money. Communities have greater resources, such as visiting nurses, community meal programs, and senior centers. These factors allow individuals to remain in their homes longer, and may mean that they need more care when they enter institutions.

Because staffing in the dormitories has remained constant, there are now more residents per staff member in the dormitories. The table also shows that no nursing staff changes have been made at any of the three levels of care since 1981. As a result, in the dormitories the number of residents per nursing staff rose from 2.6 in 1981 to 3.13 in 1984. There are no staffing standards for the Soldiers Home based on staff-resident ratios, and the only other standards are direct-care nursing hours provided per resident per day for the nursing facility, not the dormitories.

**The Soldiers Home Generally Meets Applicable Requirements
Relating to Staffing Levels, But Some Residents' Needs
May Nonetheless Not Be Adequately Met**

The Soldiers Home is regulated at both the federal and State level. At the federal level, Veterans Administration regulations cover most aspects of the Home's operations, including nursing services, administration, and dietetics. Its direct staffing requirements relate only to the nursing facility at Halsey Hall. Veterans Administration guidelines recommend that the nursing facility staff provide 2.0 hours of direct care per resident per day. It also requires that at least one registered nurse be on duty 24 hours a day.

At the State level, the Soldiers Home's nursing facility is licensed by the Department of Health and Environment as a recuperative center, the only one in the State. This licensure identifies Halsey Hall as a permanent facility with organized medical staff and services, where treatment is provided for individuals who require inpatient care but who are not acutely ill. The direct staffing requirements for a recuperative center are similar to those of the Veterans Administration. The State requires that the nursing facility have a registered nurse on duty 24 hours a day. It has no direct staffing requirements for the dormitories because they are not licensed.

To assess the levels of staffing care provided by the Soldiers Home, the auditors computed the available care hours per resident per day for each dormitory and for the nursing facility in Halsey Hall. They performed this computation for a sample week. Adjustments were made to reflect differences in staff duties. Resident care nursing staff are on duty in both the dormitories and Halsey Hall, but they have different responsibilities. The dormitories are staffed by hospital attendants who have cleaning duties as well as resident care duties. Residents also depend on these attendants for such things as assistance with bathing or dispensing of medication. Halsey Hall employs hospital attendants who do not do housekeeping, in addition to a staff of nine registered nurses and one practical nurse who devote themselves strictly to patient care. The results of the auditors' computations are summarized in the table on the next page.

As the table shows, the nursing facility's staffing care level of 2.35 hours per resident exceeds the 2.0 hours recommended by the Veterans Administration. (It also exceeds the State's requirements of 1.75 hours per resident per day for adult care homes licensed as intermediate care facilities and 2.0 hours for homes licensed as skilled nursing facilities.) Although the care hours provided at the nursing facility exceed requirements, they may not be more than is needed. According to Soldiers Home staff and the auditors' observa-

tions, the facility is not designed for efficient staffing. Among other limitations, each floor of 44 beds must be staffed separately, and resident rooms are not visible from the nurses' stations.

Nursing Staff Direct-Care Hours Provided Per Resident Per Day
at the Soldiers Home

	Nursing Facility at Halsey Hall	Dormitories (a)					Dorm. Avg./Tot.
		Lincoln	Grant	Nimitz	Pershing	Walt	
Avg. Direct-Care Hours Provided (b)	2.35	1.40	1.31	.97	.91	.81	1.08
Avg. Resident Age	76	85	72	71½	61	75½	72
Current Resident Population	69	17	24	24	21	22	108
% of Residents With These Disabilities:							
Medical	68%	85%	17%	75%	38%	73%	56%
Mental	23	15	83	17	50	18	38
Alcoholism	9	0	0	8	12	4.5	.5
None	0	0	0	0	0	4.5	1

(a) Excludes the estimated 40 percent of staff time spent on housekeeping.

(b) Excludes the Director of Nursing at Halsey Hall, who provides no direct care.

The table also shows that less care time is provided in the dormitories than in the nursing facility. This was not unexpected, because residents in the dormitories supposedly need only minimal care. On the average, dormitory residents receive 1.08 hours of direct care per day. However, those hours vary considerably by dormitory. The auditors were unable to determine whether the levels of care being provided are adequate because the Soldiers Home does not assess residents' needs and ability to function in different settings. However, it did appear that some residents' needs were not being fully met. These findings are explained more fully in the sections that follow.

The amount of direct-care time dormitory residents receive varies considerably by dormitory, but there seems to be little relationship between the care hours provided and the residents' age or disability. As the table above shows, direct-care hours provided to dormitory residents range from 1.4 hours per resident per day in Lincoln Hall to .81 hours in Walt Hall. The highest number of care hours were provided to dormitory residents at Lincoln Hall (who are oldest on average and 85 percent of whom have medical disabilities) and Grant Hall (who are considerably younger than Lincoln Hall residents but 83 percent of whom have mental problems). Beyond these first two groups, there appeared to be few patterns that might explain the variances in the care hours provided. For example, residents at Walt Hall received the least amount of care hours per day, but their average age was the second oldest of all the dormitories.

Staffing levels in the dormitories are not based on the assessed needs of residents and may not be adequate. Because of increases in the dormitory populations, apparent increases in the age and needs of those residents, and the

absence of established requirements for staffing levels in the dormitories, the use of a resident needs assessment system at the Soldiers Home would appear to be essential. Many licensed adult care homes use such a system as a supplement to State and federal standards to help them determine their actual staffing needs based on residents' level of functioning. A needs assessment system was instituted at the Soldiers Home in 1984, but the auditors found that it has not been consistently maintained and that the information is not used for management purposes.

To determine what resident care needs had been identified for dormitory residents, the auditors reviewed the one complete assessment summary completed for the Home in January 1984. The summary showed that dormitory residents included individuals who were incontinent, who were confused or wandered, and who were receiving special skin care for decubitous ulcers (bed sores). These are conditions one would more typically expect to find in residents of a nursing home, not a self-care facility.

It would appear that some of these dormitory residents may need a greater level of care than they are being provided in a dormitory setting. The most obvious solution might be to place some or all of those dormitory residents into the nursing facility at Halsey Hall. However, the makeup of the population in that facility is restricted by Veterans Administration requirements. In 1982, the Veterans Administration began requiring 75 percent veterans occupancy in the nursing facility. Given the nursing facility's capacity, only 22 non-veterans can be allowed in the nursing facility at a time. And when occupancy rates are down, the number drops even lower. This has meant that non-veteran residents in the dormitories and cottages cannot always be transferred to the nursing facility in Halsey Hall when they need greater levels of care.

There may be other ways to provide for those residents' increased care needs. The auditors explored two alternatives: consolidating into one dormitory those dormitory residents who need greater levels of care and increasing the staffing and care level provided, and transferring non-veteran dormitory residents who need nursing care but who cannot be accommodated in the existing nursing facility at Halsey Hall to a currently licensed adult care home.

One option for dealing with dormitory residents who need nursing care is to group them into one dormitory and increase the level of staffing and care provided. The Soldiers Home apparently considered this or a similar option in its 1986 budget request. It asked for five additional hospital attendants to increase staffing in one of the dormitories, so that residents who need more care could be accommodated there. Although the Governor did not recommend these additional positions, approximately \$100,000 was requested for this purpose.

This additional staffing would have increased the cost of operation for that dormitory by about \$8 a day for residents' care, to about \$36. The State would bear the brunt of this cost increase unless, in conjunction with a decision to consolidate needier residents into a single dormitory, the dormitory were also licensed as an intermediate care facility or a Title XIX (Medicaid) facility. For the former, Veterans Administration reimbursements would be increased by about \$10 per veteran resident in that dormitory per day. However, the State

would have to bear the additional expense of renovating and improving the dormitory to meet licensure requirements. To obtain certification for the dormitory as a Medicaid facility as well, other aspects of the Home's operations might have to be altered or amended. But under Medicaid certification, the federal government would pay 50 percent of the eligible costs not covered by residents or the Veterans Administration. (A more detailed explanation of funding ramifications under this option is presented in Appendix A.)

Another option for dealing with dormitory residents who need nursing care that the Soldiers Home cannot provide is to transfer them to other State-licensed nursing homes. If residents were moved to existing intermediate care facilities, Veterans Administration reimbursement for their care would no longer be available. However, residents would pay slightly more for their own care because of differences in the treatment of income, and the State's share would be reduced because of federal financial participation. If 35 residents were moved to existing intermediate care facilities, the State would pay a daily average of \$10 for their care, compared to the current average of \$17.25 for dormitory residents.

The auditors were not able to fully evaluate the appropriateness of each of these alternatives during the course of this audit. To complete that evaluation would require that residents' needs for care and eligibility for alternative sources of care be fully assessed, on an individual basis. In addition, the availability of the most appropriate alternatives would need to be determined. For example, if many of the residents who need increased levels of care are mentally ill, ineligible for alternative services, or have been at the Soldiers Home for many years, moving them to intermediate care facilities may not be feasible or appropriate.

The Soldiers Home Is Out of Compliance With Veterans Administration Requirements in Several Other Areas Related to Resident Care

Besides staffing requirements for the Home's nursing facility, Veterans Administration regulations cover such aspects of the Home's operations as therapeutic and rehabilitation services, dietetics, and life safety requirement. To assess the Home's compliance with those other requirements, the auditors reviewed the Veterans Administration's annual inspection reports from 1978 on.

The Home has had considerable difficulty meeting Veterans Administration requirements in the past. Although inspection reports show that the basic nursing care provided by the Home has generally been viewed as adequate, the Home has been cited for deficiencies relating to such matters as life safety requirements, dietary practices, and an absence of ancillary services. Policies, procedures, and documentation have also frequently been cited as deficient. In March 1981, the Soldiers Home was threatened with the loss of Veterans Administration reimbursement as a result of its continued deficiencies. The level of compliance with those requirements has improved substantially since then. At present, there appear to be only three remaining deficiencies from the Veterans Administration's 1984 inspection report. These are:

- Rehabilitation services needed by patients should be provided to improve and maintain their maximum functioning.

- The Home should correct remaining life safety deficiencies in the dormitories.
- The dietary department should provide a nutritional care plan for each resident.

Although all of these remaining deficiencies should be corrected, the Home's lack of rehabilitative services appears to have the greatest impact on resident care.

Services are lacking or are only marginally sufficient in a number of areas relating to resident care. The Veterans Administration requires the Home to provide specialized rehabilitation services (including physical therapy, occupational therapy, and psychotherapy) to restore patients to their maximum level of functioning in each level of care. It continues to cite the Home for a lack of those services. The Soldiers Home's response has been that residents who need rehabilitative services are transferred to other facilities. However, some residents at the Home might benefit from rehabilitative services. For example, there are 66 residents whose primary disability is mental illness, but the Home provides no psychotherapy and has no psychiatric consultant to review their progress or make sure their medications are appropriately adjusted. Thirteen residents' primary disability is alcoholism, but no counseling or therapy is provided to them by the Home. Physical therapy, speech therapy, and occupational therapy are also not provided, although those services can significantly improve an individual's level of functioning.

The Veterans Administration also requires the Soldiers Home to provide essential services related to the psychological, economic, spiritual, and recreational aspects of care to all residents. However, the services provided in these areas are marginal. The Home has one recreational therapy aide and one chaplain, who serve all the residents. This translates into about 10 minutes of service from each of those staff members per resident per week. The Home also employs a social worker two days a month to prepare social histories, identify residents' needs, and prepare a plan for care. The Veterans Administration found the level of service provided under this arrangement to be "marginally sufficient," but noted that social histories were done only for recent admissions, and that there were no sound plans for care.

In these areas, the Veterans Administration requirements are similar to the requirements for licensed adult care homes, particularly those for intermediate care facilities. The Veterans Administration has apparently tolerated a lack of compliance with those requirements for a number of years. Intermediate care facilities do not always fully provide for their residents' rehabilitation and psychosocial needs, either. But they are subject to additional monitoring and enforcement sanctions, particularly if they accept Medicaid residents.

The Department of Health and Environment Licenses the Nursing Facility, But Provides No Routine Oversight Over Any of the Home's Operations

The Home's nursing facility is the only licensed recuperation center in the State. This licensure identifies it as a permanent facility with organized

medical staff and services, where treatment is provided for individuals who require inpatient care but who are not acutely ill. The Home's previous nursing facility was licensed as a hospital, as was Halsey Hall when it was built in 1970. However, in 1973 the statutes were amended to provide for recuperation centers. At that time, staff of the Department of Health and Environment indicated that licensure as a recuperative center was more reflective of the type of care given at Halsey Hall than licensure as a hospital. It was also noted that the facility might be licensed as a skilled nursing home, but standards it would have to have met would have been more restrictive and demanding.

Although the State relicenses the nursing facility at Halsey Hall annually, the process is done by mail. Actual inspections take place only when complaints are received, and the last time an on-site inspection was conducted was in 1981. The dormitories and cottages are not licensed by the State, and the Department of Health and Environment provides no oversight of the care provided there.

The appropriateness of licensure as a recuperative center seems questionable in light of the fact that the Home provides no restorative or therapeutic services. Correspondence the auditors reviewed indicated that the Home's licensure status has been reviewed several times. Licensure as a recuperative center appears to have been maintained primarily out of concern that the Home would not meet the other relevant standards.

Care-Related Requirements for the Soldiers Home are Less Stringent Than For Other State-Subsidized Facilities Providing Comparable Levels of Care

Because the Soldiers Home's facilities are either not licensed or their licensure does not require routine State oversight, the requirements related to the care it provides are established and enforced almost exclusively by the Veterans Administration. To determine how this affects the care that is provided, the auditors compared Veterans Administration requirements to those for other licensed facilities which the State does oversee.

They found that, in general, the Soldiers Home is comparable to State-regulated adult care homes in the type of residents served and the level of care provided. The nursing center in Halsey Hall is similar to an intermediate care facility because it accommodates individuals who are not acutely ill but who require nursing care. (Although the overall level of staffing in Halsey Hall more closely reflects the provision of skilled nursing care, the Home does not provide the additional services required in skilled facilities.) The dormitories are comparable to personal care facilities in that their residents require simple nursing care.

Veterans Administration staffing requirements for the nursing facility at Halsey Hall are more stringent than the State's requirements for intermediate care facilities. They require a registered nurse to be on duty 24 hours a day, while the State requires a licensed nurse on the day shift, a nurse on call at other times, and 1.75 care hours.

In other areas, however, State requirements are more stringent. For example, the State has guidelines defining who may pass medications in an intermediate care facility. It requires that there be a periodic interdisciplinary

assessment of residents' needs, and that an outline of infection control procedures be prepared.

For the level of care given in the dormitories, guidelines are more general at both the federal and State level. However, the State's licensure of personal care homes is still more explicit in its requirements related to such matters as nutrition and meal planning. In addition, the administration of medication is regulated, and inservice staff development programs are required in State-licensed personal care homes.

Actions Are Needed To Help Ensure That Current Resident Needs Are Met And That the Quality of Care Is Consistent With State Standards

As discussed in this section of the report, staffing levels in the dormitories have remained constant despite an increase in dormitory resident populations, and direct-care hours vary significantly by dormitory. Staffing levels are not based on residents' needs because the Soldiers Home has not assessed all residents' needs and level of functioning. By licensing the Soldiers Home as a recuperative center without annual inspections for relicensure, the State has essentially delegated oversight of the Soldiers Home's operations and care levels to the Veterans Administration. The Home meets most of the staffing requirements of the Veterans Administration, but only marginally meets a number of other care-related requirements or does not meet them at all. It is also subject to less stringent requirements than other comparable State-licensed facilities.

The auditors' findings in these areas raise serious questions. What are the needs of the residents at the Soldiers Home, and how can their unmet needs be provided? Should the Soldiers Home be licensed to fit the level of care required by the Veterans Administration, or to fit the level of care residents need? Should residents in the Home's nursing facility and dormitories receive less care and fewer services than their counterparts in State-licensed adult care homes and personal care homes? What would it cost the State if the Soldiers Home were subjected to the same standards required of other comparable State-licensed facilities?

These questions are raised not because the level of care provided by the Soldiers Home has deteriorated over the years, but because it has stayed the same. Throughout the 1970s, the approaches toward institutional and long-term care for the aged and disabled changed from custodial care to therapeutic and restorative care, with attention to patients' psychosocial needs as well as their medical needs. The Soldiers Home in most ways has continued to be a custodial-care facility for its residents.

Obviously, many of these questions will have to be answered after considerable discussion and in a forum outside this audit report. It is possible here, however, to present recommended actions that can serve as a major step in improving the level of care currently being provided for Soldiers Home residents. Recommended actions fall into two broad categories: fully assessing residents' needs and the Home's ability to provide for them, and determining the appropriate level of licensure for the Home's facilities.

Recommendations

1. The Soldiers Home should secure advice and consultation from appropriate staff of the Department of Social and Rehabilitation Services to assist the Home in fully assessing the needs of its current residents and the Home's ability to provide for those needs. That review and discussion should include consideration of reallocating existing staff resources among the nursing home and dormitories on the basis of residents' assessed level of need, requesting additional staff to more fully meet residents' actual needs, and providing additional ancillary services, such as physical therapy, recreational, and social work services.

2. The Soldiers Home should work with staff of the Departments of Health and Environment and Social and Rehabilitation Services and should solicit legislative advice to help determine the most appropriate level of licensure for each of the Home's levels of care. Specifically, consideration should be given to licensing the nursing facility at Halsey Hall as an intermediate care facility and the dormitories as personal care homes. If there is insufficient space in the Home's nursing facility for dormitory residents who may need a greater level of care, the Soldiers Home, in conjunction with these agencies, should consider the following:
 - consolidating into one dormitory those dormitory residents who need nursing care and increasing staffing levels as appropriate. As part of this option, consideration should be given to obtaining licensure for this consolidated dormitory as an intermediate care facility and certification as a Title XIX (Medicaid) facility.

 - Transferring dormitory residents whose needs the Home is not able to meet in its nursing facility at Halsey Hall to a currently licensed adult care home.

Can Current Facilities at the Kansas Soldiers Home Adequately House Future Resident Populations, And How Will Its Operations Be Funded?

To answer this question, the auditors evaluated information from the Soldiers Home about current residents' characteristics and sources of support. They obtained information from the Veterans Administration and other sources about projected future needs for veterans' nursing home and domiciliary care, and compared those needs to existing available space. In addition, they analyzed the current funding of each level of care at the Soldiers Home to assess the possible impact of changes in the population on that funding. They found that, although the number of aging veterans is increasing dramatically, the impact of that increase on the Soldiers Home should be quite limited. The additional veterans can be accommodated in existing facilities, but additional

improvements may be needed, and there will be less room for spouses and dependents. They also found that the projected increases in the number and percentage of veteran residents at the Home will mean that resident fees and Veterans Administration reimbursements will pay for even more of the cost of the Home's operation. The State should continue to pay less.

The Number of Aging Veterans Is Increasing Dramatically, But the Impact Of That Increase on the Soldiers Home Should Be Limited

The veteran population tends to cluster in age groups related to service in major conflicts. Currently, the number of World War I veterans is declining, but large numbers of veterans representing World War II and the Korean War are moving into the age groups that are known to have the greatest need for health care and other benefits. They will be moving through those ages for the next 20 years.

Because World War II and Korean War veterans are so numerous, their aging will increase the average age of the entire veteran population and swell the ranks of veterans aged 65 and over. As a result, veterans over 65 will represent a growing proportion of all males over 65 during the next two decades. In 1980, about 27 percent of all American males over 65 were veterans. In 2000, that proportion will reach 63 percent.

A dramatic increase in Veterans Administration-subsidized nursing home care is expected before the year 2000. The Congressional Budget Office projects that, if average hospital stays remain the same in 1990 as in 1982, veterans' demand for nursing home care will increase about 40 percent by 1990. By the year 2000, the demand for nursing home care would be more than double that of 1982. That dramatic increase would be caused mainly by the large increase in the number of veterans in the high-use category for nursing home services--age 85 and older.

Nationwide, increases in domiciliary care are also expected. This is the Veterans Administration's term for the level of care provided in the dormitories and cottages at the Soldiers Home. However, because the percentage of veterans who use this service has been declining in recent years, the total need for additional domiciliary beds should be far less.

If projections are accurate, the Soldiers Home will need to accommodate only a slightly higher number of veterans in the nursing home facility by 1990. The Veterans Administration has developed projections of veterans' nursing home use for future years. Those projections are based on the assumption that veterans of specific ages will use nursing care facilities in the same proportion as non-veterans, and that the Veterans Administration will assume responsibility for supporting a specific market share of veterans' use of those facilities. The following table shows the projected number of veterans the Veterans Administration expects to support in Kansas facilities in fiscal year 1990, in comparison to actual figures for fiscal year 1982, the base year used for the projections.

**Veterans Administration-Supported or Subsidized
Nursing Home Residents in Kansas**

	<u>Actual 1982</u>	<u>Projected 1990</u>	<u>Projected Increase</u>
Community Nursing Home Care	195	510	56.4%
Kansas Soldiers Home	51	63	7.0
Veterans Administration-owned facilities	<u>117</u>	<u>332</u>	<u>36.6</u>
Totals	<u>363</u>	<u>905</u>	<u>100.0%</u>

As the table shows, by 1990 the Soldiers Home is expected to provide only 12 of the 542 additional nursing home beds the Veterans Administration planned to add in Kansas over 1982 levels.

The Veterans Administration expects to serve most of the additional veterans in other types of facilities. Those facilities are described in the box on this page. The auditors spoke with the analyst who prepared the projections to determine why the projected increase for the use of the Soldiers Home nursing care beds was so slight. They were told that the Veterans Administration did not think it could assume the State of Kansas would provide additional beds. The projections also assume that additional community nursing home beds will be available, based on historical occupancy rates. Increased reliance on community nursing home beds is seen as a more cost-effective alternative than adding additional beds to the Veterans Administration system, which might go unused as the aging veteran population declines after the year 2015. The analyst also noted that these projections are probably moderate. However, actual increases to date appear to reflect the projected trend. The Kansas Soldiers Home currently has 55 veterans assigned to the nursing home.

The Veterans Administration expects to provide less domiciliary care in its own facilities, but to support additional veterans in the cottages and dormitories at the Soldiers Home. In Kansas, the Veterans Administration plans to reduce its number of domiciliary beds from the current 700 to 600 by 1995. This shift

Veterans Administration owned and operated nursing homes. These facilities provide convalescent and nursing care services to veterans on a priority basis, depending on whether their disability and treatment condition are service-related or not. Most of these facilities have waiting lists. There are 185 nursing home beds in the three Veterans Administration facilities in Kansas, located at Wichita, Topeka, and Leavenworth. All of these are full.

Community nursing homes. Care in community nursing homes at Veterans Administration expense is generally limited to six months' duration, and is provided to non-service-disabled veterans only after they have been hospitalized in a Veterans' Administration hospital for the maximum benefit period available to them. The Veterans Administration currently contracts for 190 community nursing home beds in Kansas.

State veterans' homes. Two federal programs support the care of veterans in State veterans' homes. One is a per diem program whereby the Veterans Administration assists the State in providing hospital, nursing home, or domiciliary care to veterans. Under this program, in which Kansas currently participates, the Veterans Administration financing is limited to 50 percent of the total cost of care. Care can be provided as long as necessary, at the State's discretion. Most states, like Kansas, require a period of state residency for eligibility. Many states, also like Kansas, require the veterans to have served on active duty in war periods. Unlike Kansas, some states do not grant eligibility for care to spouses or dependents. The second program for supporting State facilities is a grant program. Under this program the Veterans Administration participates in up to 65 percent of the construction cost of new facilities for nursing home and domiciliary care, provided at least 75 percent of the beds constructed are used for veterans. Kansas participated in this program for the construction of Halsey Hall, the nursing care facility at the Kansas Soldiers Home.

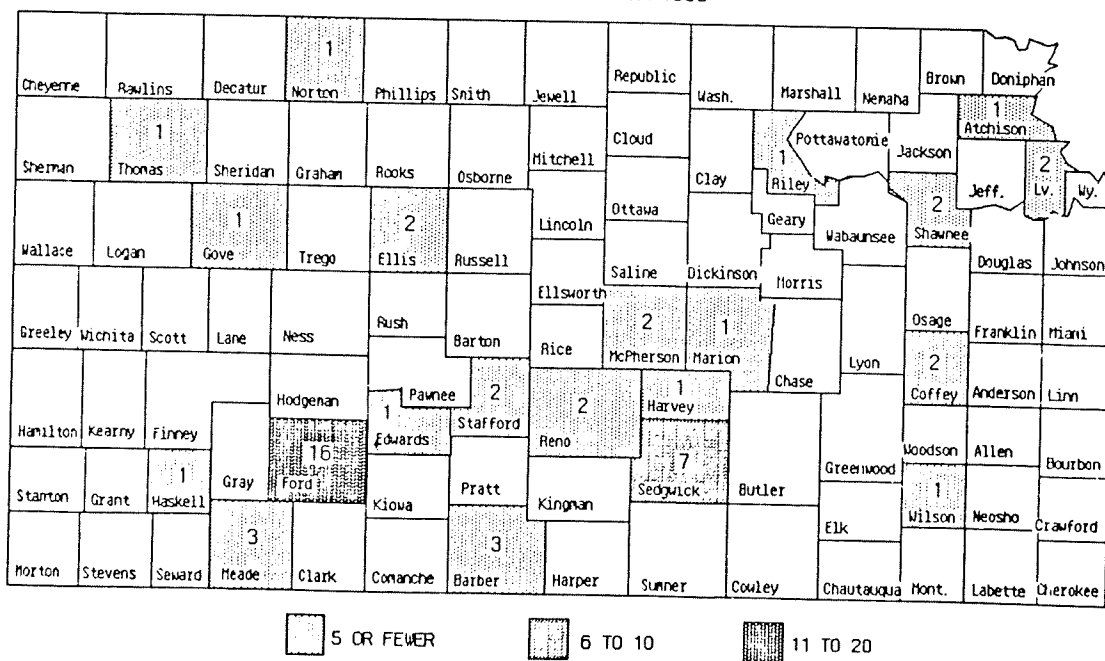
apparently reflects a changing use of those beds (concentrating on short-term stays and rehabilitative services), a need to renovate many of the existing domiciliary beds, and a desire to reduce the portion of domiciliary care for which the Veterans Administration is responsible. In turn, the Veterans Administration anticipates subsidizing the care of 131 domiciliary beds at the Soldiers Home in 1995, up from 53 in fiscal year 1983 and an increase of 58 over the 73 veterans who were receiving domiciliary care in March 1985. The Home should be able to accommodate such an increase, because 137 beds that are currently available in the cottages and dormitories are not filled.

Several factors tend to limit the impact of increased numbers of veterans on the Soldiers Home. Nationwide, the use of domiciliary facilities has been declining, both in Veterans Administration facilities and in other states' soldiers homes. Individuals the auditors spoke to indicated they felt that veterans were becoming more financially able to remain independent longer, and that some were using community-based services to enable them to remain in their own homes longer. This trend has been identified in Kansas as well.

The auditors' review of available research also showed that most veterans do not rely on the Veterans Administration for their health care needs. Although all veterans aged 65 and older are eligible to use at least some Veterans Administration-supported health care, only about 10 to 15 percent of them use that system in any given year. In 1982-83, the Veterans Administration was supporting or subsidizing about 7.5 percent of the estimated 4,800 veterans in Kansas nursing homes. With an average of 58 veterans living in the Soldiers Home's nursing facility in 1983, the Home obviously is serving a very small portion of the veteran population.

The auditors' review of admission records for the 53 new members who were admitted since March 1984 showed that the Home seems to be primarily serving a regional population. As the map shows, 72 percent of the residents

COUNTIES OF RESIDENCE AT ADMISSION
MARCH 1984-MARCH 1985



admitted since March 1984 came from the southwest portion of the State. Sixteen individuals (30 percent of the admissions) came from Ford County, where the Soldiers Home is located. An additional nine percent of the admissions came from the northwest part of the State. Only 19 percent of the year's admissions (10 individuals) came from the more heavily populated eastern portion of the State.

The auditors did find that recent admissions have contributed to a slight increase in the overall percentage of veterans in the facility, as shown below:

Admissions to the Soldiers Home Since March 1984

Number of Veterans	40	75.5%
Wives/Widows	10	18.9%
Other Dependents	<u>3</u>	<u>5.6%</u>
	<u>53</u>	<u>100.0%</u>

In addition, the admissions are beginning to include more World War II and Korean War veterans. Of the 40 veterans admitted to the Home since March 1984, only five were World War I veterans, 10 were Korean veterans, and 25, or nearly two-thirds, were veterans of World War II.

The Projected Increases in Both Nursing Care and Domiciliary Veteran Residents At the Soldiers Home Could Be Accommodated in Existing Bed Space, But Additional Improvements May Be Needed

As the following table shows, the number of beds currently available at the Soldiers Home is adequate to accommodate the projected increase in veterans in the nursing care facility by 1990. The number of available beds is more than adequate to provide space for the projected additional veterans in domiciliary beds by 1995.

	<u>Current Capacity</u>	<u>Number of Residents</u>	<u>Available Beds</u>	<u>Projected Increase in No. of Veterans</u>
Nursing Care Beds	88	71	17	8 ¹
Dormitory Beds	227	116	111	58 ²
Cottages	<u>90</u> ³	<u>64</u>	<u>26</u>	
Total	<u>405</u>	<u>251</u>	<u>154</u>	<u>66</u>

- 1 From 55 in March 1985 to 63 in 1990.
- 2 From 73 in March 1985 to 131 in 1995. Domiciliary beds include dormitories and cottages.
- 3 The Soldiers Home has a total of 70 cottages that generally accommodate two persons each, but 25 of them are either being used for other purposes, need remodeling, or are scheduled for demolition.

If spouses and other non-veteran dependents continue to accompany incoming veteran residents in the same proportions as they currently do, it could become difficult to admit all of them at some future time. The Soldiers Home has already established a policy of not admitting spouses and dependents

directly to the nursing facility, in order to maintain the required 75 percent veterans occupancy there. However, the proportion of veterans required for the Home as a whole is only 51 percent. If needed, a priority system for admission to the facility as a whole could be established as well. Existing statutes and regulations for the Home would need to be reviewed at that time to determine whether changes would be required for such a system.

Many of the buildings currently in use at the Soldiers Home are quite old. They include some of the original structures built at Fort Dodge around 1867, and some capital improvements are planned. The auditors reviewed the Soldiers Home's five-year capital improvement plan to determine what changes or improvements might be needed to correct existing deficiencies or keep the buildings in serviceable condition. That review showed that the Soldiers Home plans to make about \$500,000 in capital improvements by fiscal year 1990. The major planned expenditures for capital improvements are \$214,000 for a wastewater treatment plant and \$112,000 to add a recreation and physical therapy area to Halsey Hall. These improvements are planned for fiscal year 1986. Repairs for the four years after that are primarily maintenance-oriented.

Veterans homes in states surrounding Kansas accommodate a large number of residents and are planning continued expansion.

Kansas has one veterans home with 405 beds and 251 residents. To determine how Kansas compares with neighboring states, the auditors reviewed data about veterans homes and spoke with administrators in the four surrounding states of Colorado, Oklahoma, Missouri and Nebraska. It was found that these states' homes have a large number of residents and are continuing to grow, as the table below indicates. However, that growth appears to be stimulated by factors which are not generally applicable to Kansas.

Several states cite their provision of skilled nursing care, which is not readily available in the private sector, as a major factor contributing to planned growth. New facilities are also being placed in areas of several states which do not currently have enough nursing home beds.

The higher cost of care in a private facility is also cited as an important factor influencing demand. The charge for care in all four states is based upon ability to pay, but three of the four states reviewed have no financial eligibility requirements for admission. As a result, their Veterans' homes provide an available alternative for individuals who would otherwise pay a higher cost for private care.

Available Beds and Planned Growth in States Surrounding Kansas

State	Number of Facilities	Number of Beds	Planned Increase in Beds
Colorado	2	280	100
Oklahoma	5	1,072	350
Missouri	2	363	150
Nebraska	4	922	50

Buildings are well maintained, but are not in full compliance with State fire safety requirements. During their visit to Fort Dodge, the auditors noted that the buildings were generally clean and well-maintained, despite their age. They also spoke with staff of the State Fire Marshal's Office and reviewed recent inspection reports to determine whether the Soldiers Home was in compliance with requirements enforced by that Office. Their review showed that all patient residences other than the cottages had deficiencies in one or more areas in 1981, and most of those deficiencies have not been corrected. For example, sprinkler systems and solid-core doors were needed in the nursing facility and three of the five dormitories.

According to the 1981 inspection report, these deficiencies were not critical in nature. It was recommended that they be corrected as funds became available. The auditors' review of the 1984 inspection report showed that smoke detectors have been installed as recommended. Additional improvements have been made which conform to the life safety requirements for Veterans Administration facilities, but they do not meet State requirements.

In sum, the auditors found that major expenditures are not anticipated in order to maintain Soldiers Home facilities in their present condition. However, those facilities do not fully meet State fire safety standards. In addition, as mentioned in the preceding section of this report, a review of the licensure of the Soldiers Home facilities is needed. It is probable that changes in the physical plant would be required in order to obtain any additional levels of licensure, and it is possible that some of those changes would be substantial and, therefore, costly.

A Higher Percentage of Veteran Residents, Combined With Higher Occupancy Rates, Would Have a Favorable Effect on the State's Costs

To determine how the projected increase in the number of veterans at the Soldiers Home might be funded, the auditors reviewed the current sources of revenue for the Home's operation. Funds for its operation primarily come from resident fees, Veterans Administration reimbursements, and State General Fund allocations.

All three sources of funds should continue to be available in the future. Assessments of resident fees and appropriations of State General Funds are controlled by the State. In addition, the Veterans Administration is expected to continue its program of subsidizing State veterans' homes because that program is far less costly than the available alternatives for providing long-term care.

To analyze the potential funding impact of the projected changes in the Home's population, the auditors examined trends in expenditures and fee fund revenues over the past five years. They also compared the current costs and sources of funding for domiciliary and nursing care. That comparison is shown in Appendix B.

Their analysis indicated that veterans generally have higher incomes and pay higher fees than their spouses and dependents. These resident fees, combined with Veterans Administration reimbursements for an increasing percentage of the Home's residents, can significantly reduce the State's cost per day of care provided. As a result, State General Fund expenditures to support the Home will probably not need to increase in direct proportion to the number of residents, if the same level of services is maintained. However, as noted in earlier sections of this report, the Home's dormitory residents are getting older and their needs for care are increasing. Some of them may not be receiving the level of care they currently need, and the trend toward increased care needs in this group seems likely to continue into the future. If changes are made in the Home's operation to increase the level of care and services provided, they will also increase the State's cost.

The State Has Several Alternatives to Consider Regarding the Future of the Soldiers Home

To provide greater assurances that residents' needs are fully met, both now and in the future, changes in policies relating to the Home and the type of care it provides have to be considered. As discussed in an earlier section of this report, this could include having the Departments of Health and Environment and Social and Rehabilitation Services review the current operation of the

facility, its staffing, and the needs of residents, and recommend appropriate levels of licensure or placement of residents. Meeting different licensure requirements could mean increasing State expenditures to renovate facilities. Some savings could be incurred through out-placement of residents to Medicaid facilities.

A second alternative is to allow the Soldiers Home to continue to operate as it has in the past. Increased numbers of veterans can apparently be accommodated in the existing facilities, although less room may be available for spouses and dependents at some point in the future. Residents whose needs cannot be met within existing available resources would need to be placed elsewhere. The resulting changes in the resident population would probably have a favorable effect on the State's cost per day of care.

A third alternative is to close part or all of the facility. The Soldiers Home is primarily serving a regional population. The nursing facility has never been full, and it serves only a small percentage of Kansas veterans who are in nursing homes. Most Kansas veterans clearly prefer to obtain nursing care in community nursing homes. In addition, the dormitory and cottage populations are changing or decreasing. More community-based alternatives are available to meet their needs. And making increased use of community-based alternatives may be less costly than increasing the levels of licensure, staffing, and care provided at the Soldiers Home.

Whatever long-term choices are made, the Legislature should consider moving the Soldiers Home to the Department of Social and Rehabilitation Services. The Soldiers Home is the only State-subsidized nursing and domiciliary-care facility outside the supervision of the Department of Social and Rehabilitation Services. It is essentially a social service agency for disabled wartime veterans which provides institutional and residential long-term care services that are otherwise provided to needy Kansans through that Department.

Moving the Soldiers Home to the Department of Social and Rehabilitation Services would appear to have several advantages. That Department has staff expertise in the types of care provided at the Soldiers Home, and it has knowledge of alternative resources. In addition, it has an established structure for institutional management.

To provide the Secretary of Social and Rehabilitation Services with increased authority for management and oversight of the Home's operations, statutes could be revised to make the Veterans Commission subordinate to the Secretary, or to make it an advisory body similar to the existing Advisory Commission on Mental Health and Retardation Services. The Veterans Commission could retain its authority over the Executive Director and the operations of its field staff, and those entities could either remain in the Department of Human Resources or be moved as well.

Recommendations

1. The Legislature should consider the available options regarding the future of the Soldiers Home and the type and level of care it should be providing. Although other options are possible, those discussed in this report include the following:
 - directing the Departments of Health and Environment and Social and Rehabilitation Services to review the operations of the Soldiers Home and the needs of its residents and to recommend the appropriate level of licensure
 - allowing the Soldiers Home to continue to operate as it has in the past. The Home should consider moving residents whose needs it cannot meet to other State-licensed facilities.
 - closing all or part of the Soldiers Home. Current residents who need care would be transferred to other State-licensed facilities.
2. Whatever long-term choices are made, the Legislature should consider moving the Soldiers Home to the Department of Social and Rehabilitation Services.

APPENDIX A

Funding Considerations For Accommodating Unmet or Increasing Care Needs of Soldiers Home Residents

Dormitory residents at the Soldiers Home are getting older and need increased levels of care. Some of them may not be receiving the level of care they currently need, and the trend toward increased care needs in this group seems likely to continue into the future. This report explores several ways to provide for those increased care needs:

- The Soldiers Home could consolidate into one dormitory those residents who need more care, and provide increased staffing levels.
- If such a consolidation takes place, the Soldiers Home could make the necessary renovations and improvements to have that dormitory licensed as an intermediate care facility and certified as a Title XIX (Medicaid) facility.
- Non-veteran dormitory residents who need nursing care and cannot be accommodated in the existing nursing facility at Halsey Hall could be transferred to a currently licensed adult care home.

Consolidating residents into one dormitory and increasing staffing levels. In the Soldiers Home's budget requested for fiscal year 1986, five additional hospital attendants were requested. The purpose of the request was to increase staffing levels in Walt Hall, a dormitory with a capacity of 35 residents that was the Home's original hospital building, so that residents who need more care could be accommodated there. Approximately \$100,000 was requested for this purpose. If the facility were kept full, the additional staff would increase the cost of operation by almost \$8 per day for care, or to about \$36.

The State would bear the full cost of this additional staffing initially. Since resident charges are based on daily costs for the prior year of operation, those charges would increase during the second year of operation for residents with high enough incomes to accommodate an increase. However, since the average income per resident in the dormitories is under \$400, increased revenues from this source could be minor.

Consolidating residents and obtaining increased licensure and Medicaid certification. Increasing staffing alone at one of the Home's dormitories for needier residents could put the State in the position of operating an unlicensed intermediate care facility. Additionally, having the dormitory licensed would have the advantage of increasing the reimbursement received for Veterans Administration-reimbursed residents in that dormitory from \$7.30, the rate paid for domiciliary care, to \$17.05, the rate for nursing care. Increased Veterans Administration reimbursements for 36 percent of the residents (the current average in the domiciliaries), could be as much as \$45,000 if the intermediate care facility remained full. This would offset much of the State's additional cost for care. However, the State would bear the expense of making the renovations and improvements that would be required to obtain licensure. Veterans Administration grants would not be a viable source of funds because of

the low percentage of veterans who need to be accommodated. Additionally, other increases in staffing and services could be required in order to obtain licensure. Those additions would further increase the cost per day of care, but they would not affect Veterans Administration reimbursements, and would probably have an insignificant effect on resident charges.

If a dormitory is licensed as an intermediate care facility, the State may want to consider having it certified for Medicaid eligibility as well. This would have the advantage of obtaining federal financial participation in 50 percent of the eligible costs not covered by residents or the Veterans Administration. Although the requirements for Medicaid certification are not terribly different from the State's licensure requirements, obtaining that certification could present additional problems. The State's Medicaid plan would have to be amended, the Soldier's Home accounting system would need to be modified, and the treatment of resident income and resources would probably have to be changed. However, if Medicaid eligibility were secured, the Home's rate were established at \$36 per day, and other sources of revenue remained as shown above, the State would receive about \$27,000 from this source.

Moving residents to existing intermediate care facilities. The Soldiers Home's daily care cost of \$28 in the dormitories is low in comparison to the cost in the Halsey Hall nursing facility. However, it is only slightly less than the average State rate of about \$29 that is currently paid to intermediate care facilities for the care of Title XIX (Medicaid) residents. If residents were moved to existing intermediate care facilities, Veterans Administration reimbursement for their care would no longer be available. However, residents would pay slightly more for their own care because of differences in the treatment of income, and the State's share would be reduced because of federal financial participation. If 35 residents--the maximum number that could be served in Walt Hall--were moved to existing intermediate care facilities instead, the State would pay a daily average of \$10 for their care, compared to the current average of \$17.25 for dormitory residents. An annual savings of approximately \$90,000 would result.

APPENDIX B

Comparison of Costs and Funding for Nursing and Domiciliary Care

To determine how costs and funding sources differ between the Home's nursing care and domiciliary facilities, the auditors used information from the Home's most recent quarterly report to the Veterans Administration and collected additional information from the Home on resident fees charged for March 1985. They combined those pieces of information to prepare the comparison of costs, sources of funding, and costs per patient day for the composite 92-day quarter shown below.

Comparison of Costs Per Day of Care Composite Quarter

<u>Costs</u>	<u>Domiciliary Care(1)</u>	<u>Nursing Care</u>	<u>Total</u>
Salaries and Wages	\$ 298,864.31	\$ 211,953.65	\$ 510,817.96
General Operating Expenses	153,337.33	82,566.25	235,903.58
Total	<u>\$ 452,201.64</u>	<u>\$ 294,519.90</u>	<u>\$ 746,721.54</u>
 <u>Fee Fund Charges</u>			
Residents	\$ 131,302.20	\$ 158,398.77	\$ 289,700.97
Veterans Administration	42,267.00	81,874.10	124,141.10
Total	<u>\$ 173,569.20</u>	<u>\$ 240,272.87</u>	<u>\$ 413,842.07</u>
 <u>Difference Between Charges and Costs(2)</u>			
	\$ 278,632.44	\$ 54,247.03	\$ 332,879.47
 <u>Days of Care</u>			
	16,148.00	6,568.00	22,716.00
 <u>Cost Per Day of Care</u>			
To Residents	\$ 8.13	\$ 24.11	\$ 12.76
To Veterans Admin.(3)	2.62	12.47	5.46
To State	17.25	8.26	14.65
Total	<u>\$ 28.00</u>	<u>\$ 44.84</u>	<u>\$ 32.87</u>
 <u>Percentage Veteran Days of Care</u>			
	36%	73%	47%
 <u>Average Resident Income</u>			
	\$ 396.00	\$ 840.00	\$ 521.00

- (1) Includes dormitories and cottages.
- (2) Over time, this difference will be covered by State General Funds.
- (3) Spreads reimbursement of \$7.30 a day for 63 domiciliary residents and \$17.05 a day for 52 nursing care residents over all residents.

As the table shows, the cost per patient day in the nursing facility is substantially higher than in the dormitories and cottages. That occurs primarily because 41.5 percent of the Home's total salaries and wages and 35 percent of its total operating costs are allocated to the nursing facility, which had only about 29 percent of the resident days.

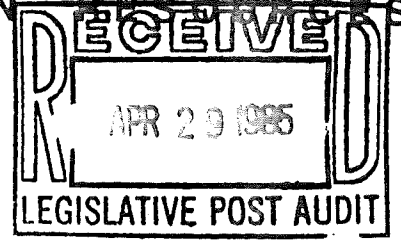
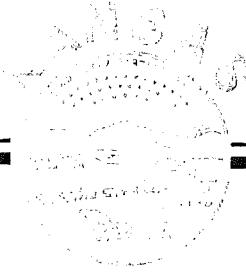
Despite the overall higher daily cost of the nursing facility, the daily cost of its operation to the State is less than for the dormitories and cottages. This occurs for three reasons. First, the average income of nursing facility residents is higher, so they pay a larger portion of their cost of care. Second, a higher percentage of nursing facility patient days are reimbursed by the Veterans Administration--73 percent, compared to 36 percent for the dormitories and cottages. Third, the Veterans Administration pays at a higher rate for nursing care than for domiciliary care--\$17.05 a day, compared to \$7.30 a day.

As the table shows, when resident income and charges are higher and increased reimbursements are available from the Veterans Administration, the State's costs per day of care are lower. This has direct implications for the future funding of the Soldiers Home. It means that if residents' incomes increase faster than the costs of operating the Soldiers Home, the State will pay less. If they do not, the State's cost per day of care will rise. The same is true for resident reimbursements from the Veterans Administration. However, the State's costs per day of care will also decrease as the percentage of veterans in the facility increases, particularly if those veterans are receiving nursing care.

APPENDIX C

Agency Responses

DEPARTMENT OF HUMAN RESOURCES



OFFICE OF THE SECRETARY
401 Topeka Ave.
Topeka, Kansas 66603
(913) 296-7474

April 29, 1985

Meredith Williams
Legislative Post Auditor
Legislative Division of Post Audit
109 West 9th, Suite 301
Mills Building
Topeka, Kansas 66612

Dear Auditor Williams:

Thank you for the opportunity to review the performance audit on the Kansas Soldiers Home. After reviewing the document, it is my conclusion that the manner in which the Department of Human Resources responds to this audit will have a significant impact on the future relations with the Soldiers Home and will significantly determine the future direction of the home itself.

Therefore, I feel it is essential a response to this report be coordinated with the Governors' office and the Kansas Veterans Commission. I look forward to thoroughly reviewing the recommendations of the audit and responding to them.

I do not find any comments or statements within the document that I believe are incorrect or inaccurate. I will be looking forward to participating in the presentation to the Legislative Post Audit Committee.

Sincerely,
Larry E. Wolgast
Larry E. Wolgast, Ed.D.
Secretary of Human Resources

LEW:rk

cc: Governor John Carlin
Jerry Abbott
Stan Teasley



STATE OF KANSAS

JOHN CARLIN, GOVERNOR

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

April 24, 1985

ROBERT C. HARDER, SECRETARY

STATE OFFICE BUILDING
TOPEKA, KANSAS 66612

Meredith Williams
Legislative Post Auditor
Legislative Division of Post Audit
Mills Building
Topeka, Kansas 66612



Dear Meredith:


This letter is in response to the draft audit of the Kansas Soldiers Home.

In relation to the recommendations on Page 21, as we have the resources to do so, SRS would make staff available in trying to upgrade the services provided at the Soldiers Home. If there is a move in this direction, we suggest a Central Office meeting to get all of the pieces put together before making any kind of approach to the Soldiers Home. We need to sort out the various pieces of the job in the interest of making the best possible use of the staff.

If a study is done leading toward the possibility of transferring the Soldiers Home to SRS, we would be interested in being involved in the study. We can see the advisability of making such a move. We are not looking for additional work to do at the present time. However, in that we are the state agency involved in institutional programs, it would appear that there is a certain appropriateness about shifting the total operation to SRS.

We are available to explore any additional options as appropriate.

Sincerely yours,


Robert C. Harder
Secretary

mo

cc: Barb Hinton
Trudy Racine

4941E