

SUBCOMMITTEE REPORT

Agency: Department of Social and  
Rehabilitation Services

Bill No. 571

Bill Sec. 7

Analyst: Hunn

Analysis Pg. No. 662

Budget Pg. No. 2-35

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$145,762,348	\$145,668,348	\$ (6,537,235)
Local Aid	18,561,366	18,571,729	(55,000)
Other Assistance	<u>486,107,873</u>	<u>486,781,176</u>	<u>(3,438,629)</u>
Subtotal - Operating	\$650,431,587	\$651,021,253	\$ (10,030,864)
Capital Improvements	<u>1,393,663</u>	<u>2,247,541</u>	<u>0</u>
Total	<u>\$651,825,250</u>	<u>\$653,268,794</u>	<u>\$ (10,030,864)</u>
State General Fund:			
State Operations	\$ 56,782,327	\$ 56,758,052	\$ (75,046)
Local Aid	15,791,657	15,791,657	(55,000)
Other Assistance	<u>215,326,516</u>	<u>215,512,351</u>	<u>(2,807,480)</u>
Subtotal - Operating	\$287,900,500	\$288,062,060	\$ (2,937,526)
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$287,900,500</u>	<u>\$288,062,060</u>	<u>\$ (2,937,526)</u>
FTE Positions	2,865.4	2,865.4	--

Agency Estimate/Governor's Recommendation

The FY 1988 revised operating budget of \$650,431,587 is \$27,497,054 above the approved budget. SRS requests \$14,243,755 in supplemental funding from the State General Fund. The Governor recommends an operating budget of \$651,021,253 in FY 1988, an increase of \$28,940,598 to the approved budget. The Governor recommends supplemental funding from the State General Fund totaling \$15,027,054. The majority of the Governor's recommendation for supplemental funding is for the medical assistance program and the Home Care program, however, the Governor also recommends \$281,362 for Kansas Industries for the Blind, \$96,117 for administration, and \$302,166 to fund two new regional centers for alcohol and drug abuse prevention (five new centers were already funded for FY 1988). The two new centers will be located in Junction City and northwest Kansas.

The approved FY 1988 budget included \$9 million (\$2.6 million State General Fund) to purchase an automated eligibility and child support computer system. SRS received Finance Council approval in October, 1987 to finance this purchase through a certificate of participation due to a number of problems in availability and timing of federal funds. It now appears that this system will cost considerably more in state funding than originally anticipated. The Governor's recommendations do not reflect the change to certificate of participation financing for this computer system in FY 1988.

Senate Subcommittee Recommendations

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

1. The Subcommittee reviewed the AFDC cash assistance program and found that there are major savings in this program in FY 1988. The approved FY 1988 budget had included a 3 percent caseload increase in AFDC and the Governor recommended a 3.8 percent caseload increase. Based on caseloads through March, the Subcommittee now projects that there will be an overall decline in AFDC caseloads in FY 1988 of 1.9 percent from the FY 1987 level. The lower caseload growth results in savings of \$5,342,031 in FY 1988, of which \$2,369,322 is from the State General Fund. The Subcommittee notes that these savings can be used to reduce the SRS State General Fund supplemental appropriation in FY 1988.
2. The Subcommittee reviewed the SRS automated eligibility and child support enforcement computer system that was purchased with certificate of participation financing in October, 1987. The Governor's FY 1988 recommendation for this system includes \$9 million, of which \$2.6 million is from the State General Fund. The Subcommittee notes that since the federal share of the system was financed through the certificate of participation, there should be an adjustment made in the expenditure limitation for state operations in SRS to reflect only the certificate payment, not the full \$6.4 million in federal matching funds. The certificate payment is estimated to be \$40,265 in FY 1988 and \$1,412,998 in FY 1989. The Subcommittee therefore recommends a reduction of \$6,354,235 million in the agency's state operations expenditure limitation for FY 1988. It is possible that SRS may receive a waiver from the federal government to allow additional "up-front" financing of parts of the computer system. The Subcommittee calls this possibility of a waiver to the attention of the House and recommends that any necessary adjustments be made in the expenditure limitation as a result of any waivers. The Subcommittee wishes to express general concern and frustration that SRS has purchased a computer system that is anticipated to cost far more than was indicated to the 1987 Legislature when the system was approved. The Subcommittee requests a cost/benefit analysis of the computer system.
3. The Subcommittee found that federal WIN (Work Incentive) funds are anticipated to be \$122,046 greater than recommended by the Governor. The Subcommittee also found that the Governor's recommendations do not provide the required 10 percent State General Fund transfer to the Department of Human Resources for the WIN program in FY 1988 (\$47,000). The Subcommittee recommends that adjustments be made in funding for the WIN program to provide funding for the DHR transfer and utilize additional federal funds. This recommendation results in net State General Fund savings of \$75,046.

4. The Subcommittee reviewed shortfalls in programs financed by the federal LIEAP block grant. The shortfalls are due to reductions in the block grant in December, 1987. The Subcommittee notes that the Legislature already added \$2.1 million in oil overcharge funds in FY 1988 to maintain the LIEAP winter heating program at an average benefit level of \$217.

There is also a shortfall in the Homemaker program of \$435,880 in FY 1988 due to LIEAP funding cuts. The Subcommittee reviewed expenditures so far this year in the Home Care program and found that it appears that this program is currently projected to be approximately \$230,000 less than budgeted. The Subcommittee therefore notes that the shortfall in funding for this program will be only approximately \$200,000.

There is a shortfall projected in the Weatherization program of \$522,951 in FY 1988. The Subcommittee recommends that SRS review the Weatherization program to determine if the program could be made more cost-effective. Currently, an average of \$1,437 is spent on each home that is weatherized. A Legislative Post Audit study on the Weatherization program found that SRS was providing weatherization improvements that had relatively long pay-back periods. The Subcommittee also recommends that SRS investigate the possibility of setting up revolving loan funds for landlords utilizing the weatherization program to allow the funds to be stretched to serve more households. The Subcommittee notes that many of the houses weatherized by SRS are rental units and believes that improvements of an average of \$1,437 are a significant benefit to a landlord. The Subcommittee recommends that SRS report to the Legislature on options for the Weatherization program prior to the Omnibus session.

There is also a shortfall projected in administrative costs financed by the LIEAP block grant. The Subcommittee notes that in recent years SRS has routinely over-budgeted the LIEAP funds that can be used for administration. The budget has not been adjusted by the Governor or the Legislature in past years to correct this practice. The Subcommittee expresses concern that this sort of financing generates future financial liabilities.

5. The Subcommittee reviewed expenditures in the foster care program in FY 1988 and found that based on expenditures through January it appears that the foster care budget does not need adjustments at this time. The Subcommittee recommends that the House also review expenditures in the foster care program in FY 1988. The Subcommittee also reviewed the foster care allocation formula that was changed in July, 1987. It appears that initial problems in the allocation formula have been resolved.
6. The Subcommittee reviewed expenditures in the daycare program in FY 1988. The 1987 Legislature added approximately \$2.7 million to the daycare program for FY 1988 to reduce barriers to

employment for AFDC clients and for other low-income families and it appears that these funds will all be utilized in FY 1988.

7. The Subcommittee found that SRS anticipates receipt of \$1,365,000 in new federal funds for alcohol and drug abuse services. These new federal funds are not included in the Governor's recommendations and SRS did not present any specific proposal for spending these funds. The Subcommittee notes that there may be a Governor's budget amendment on these new funds and requests that the House review any proposal developed for these funds.
8. The Subcommittee reviewed the Medical Assistance budget for FY 1988 and concurs with the Governor's recommendation. The Subcommittee notes that the Medical Assistance budget is typically reviewed again during the Omnibus session when additional months of data are available.
9. The Subcommittee found that the repayment of federal funds for Intermediate Care Facilities for the Mentally Ill was \$192,990 less than the amount included in the Governor's recommendations. The Subcommittee recommends that this savings be used to reduce the State General Fund supplemental appropriation for FY 1988.
10. The Subcommittee found that the grant to Faith Village for group homes will total only \$65,000 in FY 1988 instead of \$120,000. The Subcommittee recommends that \$55,000 in State General Fund savings be used to reduce the State General Fund supplemental appropriation for FY 1988.
11. The Subcommittee reviewed the Emergency Assistance program which has run out of funds in April or May in recent years. This program has simply been discontinued when funds have all been spent. The Subcommittee notes that the Governor's recommendation for FY 1989 increases funding for the Emergency Assistance program which may allow the program to operate the full year. The Subcommittee recommends that the House review the Emergency Assistance program when additional data is available to determine if additional funding is needed for this program in FY 1988.
12. The Subcommittee also reviewed the Refugee Assistance program and notes the Governor's recommendations for this program are significantly more than FY 1987 expenditures and projected expenditures for FY 1988. This program is 100 percent federally-funded, so the Subcommittee makes no adjustment in the budget for this program at this time.
13. The Subcommittee reviewed a possible federal disallowance of approximately \$4 million in Medicaid funds for the state mental retardation institutions. SRS plans to appeal this disallowance and is hopeful these funds will be returned to the state. The Subcommittee recommends the House also monitor this situation

and notes that cashflow problems could develop in the institutional Medicaid fund if this issue is not resolved in FY 1988.

14. The Subcommittee reviewed the General Assistance program and found that the state is reimbursed for General Assistance payments made on behalf of clients who later are found to be eligible for federal assistance such as Supplemental Security Income (SSI) or Social Security Disability Income (SSDI). SRS did not include expenditures from this reimbursement fund when they developed their FY 1988 and FY 1989 budget, and the Governor's recommendations also do not include expenditures from this reimbursement fund. These reimbursement funds totaled \$782,203 in FY 1987 and for the first seven months of FY 1988 have totaled \$501,120. Although the Governor's budget does not include expenditures from this fund in FY 1988, SRS has already spent \$245,168 from this fund for the General Assistance program. The Subcommittee notes that the State General Fund expenditures for the General Assistance program will therefore be \$245,168 lower than in the Governor's recommendations. The Subcommittee recommends that these savings be utilized to reduce the State General Fund supplemental appropriation for FY 1988 by \$245,168. The Subcommittee recommends that no additional expenditures be made from this fund in FY 1988. Recommendations for expenditures from this fund are discussed in the FY 1989 recommendations for SRS.

#### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee recommendations.

#### Senate Committee of the Whole Recommendations

The Senate concurs with the Committee recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 88</u>	<u>Senate Rec. FY 88</u>	<u>House Sub. Adjustments</u>
All Funds:			
State Operations	\$ (6,537,235)	\$ 139,131,113	\$ (321,507)
Local Aid	(55,000)	18,516,729	--
Other Assistance	<u>(3,438,629)</u>	<u>483,342,547</u>	<u>547,030</u>
Subtotal - Operating	\$ (10,030,864)	\$ 640,990,389	\$ 225,523
Capital Improvements	0	2,247,541	0
Total	<u>\$ (10,030,864)</u>	<u>\$ 643,237,930</u>	<u>\$ 225,523</u>
State General Fund:			
State Operations	\$ (75,046)	\$ 56,683,006	\$ 28,548
Local Aid	(55,000)	15,736,657	--
Other Assistance	<u>(2,807,480)</u>	<u>212,704,871</u>	<u>(461,392)</u>
Subtotal - Operating	\$ (2,937,526)	\$ 285,124,534	\$ (432,844)
Capital Improvements	--	--	--
Total	<u>\$ (2,937,526)</u>	<u>\$ 285,124,534</u>	<u>\$ (432,844)</u>
FTE Positions	--	2,865.4	1.0

House Subcommittee Recommendations

1. The Subcommittee believes there will be AFDC and General Assistance caseload savings in FY 1988 totaling \$2,837,160 from the State General Fund (\$467,838 more savings than the Senate, based on April data). The Senate lapsed the caseload savings in FY 1988. The Subcommittee is cognizant of the Governor's extreme concern regarding AFDC caseload levels and the need to ensure adequate funding for those caseloads, and therefore recommends that \$2,500,000 of the estimated caseload savings be reappropriated rather than lapsed. This will ensure that SRS has sufficient funds for the AFDC and General Assistance program. The Subcommittee recommends a proviso to ensure that these funds will be available for public assistance in FY 1988 and FY 1989. The Subcommittee recommends that the remaining \$337,160 in savings in FY 1988 be used for KanWork startup costs. (KanWork recommendations are further explained in the FY 1989 report.)
2. The Subcommittee recommends that \$378,602 in federal funds be shifted from FY 1988 to FY 1989 due to timing changes in the purchase of a computer for Vocational Rehabilitation Services.
3. The Subcommittee was upset to learn that SRS has not done anything with the \$85,000 approved for FY 1988 to provide alcohol counseling services to the youth center clients. The Subcommittee recommends that SRS immediately develop a plan for the youth centers and report to the Legislature during the Omnibus session on this matter.

4. The Subcommittee learned that SRS reduced the daycare budget in FY 1988 by \$88,758, resulting in a reduced number of daycare slots. The Subcommittee notes that the Legislature provided major new funding for daycare last session and is disappointed that the agency's response to this new funding was to reduce the budget for this high priority area.
5. The Subcommittee recommends the addition of \$654,000 in new federal alcohol and drug funds and the deletion of a supplemental appropriation of \$302,166 from the State General Fund for alcohol and drug services. This recommendation is further detailed in the FY 1989 recommendations.
6. The Subcommittee notes there may be a funding shortfall in the medical budget and the foster care budget and recommends this area be reviewed in the Omnibus Session.

House Committee Recommendation

The Committee concurs with the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs.

## SUBCOMMITTEE REPORT

Agency: Department of Social and  
Rehabilitation Services

Bill No. 572

Bill Sec. 3

Analyst: Hunn

Analysis Pg. No. 662

Budget Pg. No. 2-35

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$149,856,241	\$140,919,732	\$ 864,890
Local Aid	27,186,186	20,269,373	1,606,107
Other Assistance	<u>570,214,641</u>	<u>514,429,263</u>	<u>1,185,929</u>
Subtotal - Operating	\$747,257,068	\$675,618,368	\$ 3,656,926
Capital Improvements	<u>11,128,211</u>	<u>0</u>	<u>1,130,000</u>
Total	<u>\$758,385,279</u>	<u>\$675,618,368</u>	<u>\$ 4,786,926</u>
<b>State General Fund:</b>			
State Operations	\$ 64,908,950	\$ 59,523,065	\$ (827,022)
Local Aid	24,547,982	17,513,812	1,606,107
Other Assistance	<u>259,293,005</u>	<u>227,892,855</u>	<u>1,918,913</u>
Subtotal - Operating	\$348,749,937	\$304,929,732	\$ 2,697,998
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$348,749,937</u>	<u>\$304,929,732</u>	<u>\$ 2,697,998</u>
<b>FTE Positions</b>	3,192.4	2,979.9	12.0

### Agency Estimate/Governor's Recommendation

The FY 1989 operating budget request is \$747,257,068, an increase of \$96,825,481 or 14.9 percent over the revised FY 1988 estimate. Of the total requested increase, \$60,954,971 is from the State General Fund. The FY 1989 request is based on an increase of 10.3 percent in state operations, including 327 new positions, an increase of 46.7 percent in aid to local units, and an increase of 15.0 percent in assistance, grants, and benefits.

The Governor recommends a total operating budget of \$675,618,368 in FY 1989, an increase of \$24,597,115 over the FY 1988 recommendation, of which \$16,868,672 is from state funds. Excluding the \$3.5 million recommended for salary increases in FY 1989 and the \$9.9 million for the nursing home lawsuit settlement in FY 1988, the FY 1989 state operations recommendation is an increase of 1 percent over FY 1988. The Governor's recommendation in FY 1989 includes 88.5 new positions for child support enforcement and 20 support positions for that new initiative. The Governor also recommends that funding for Kansas Industries for the Blind be discontinued in FY 1989 and that the program be turned over to the private sector. The Governor's recommendation includes approximately \$7.3 million (about \$2.2 million SGF) for additional costs related to the automated eligibility system. The Governor's recommendations also include \$400,000 for a pilot welfare reform project in Barton County.

The Governor recommends \$20,269,373 in FY 1989 for local aid. No increase is provided for formula state aid to mental health and mental retardation centers. The Governor recommends funding to move 100 clients out of state



mental retardation institutions and serve 100 additional clients from community waiting lists.

The Governor recommends \$514,429,263 for other assistance in FY 1989, including the following major items: (1) an 8.2 percent caseload increase for the AFDC cash assistance program, but no grant increase; (2) continuation of the General Assistance cash and medical program; (3) a 2 percent rate increase for nursing homes; (4) a 1 percent rate increase for hospitals; (5) a 2 percent Medicaid increase for community mental health centers; (6) a 10 percent increase in drug acquisition costs; (7) dental services for adults through the medical assistance budget; (8) \$1,275,000 for the Division of Assets and Income proposal; (9) no increase in daycare funding; (10) a 3.4 percent increase in the foster care budget; (11) \$220,000 for additional youth alcohol and drug treatment facilities; (12) rate increases for several types of medical providers to increase access to services for Medicaid clients; (13) \$3,051,882 in oil overcharge funds for the LIEAP program; and (14) \$646,858 in oil overcharge funds for the weatherization program.

The Governor's recommendations provide no funding for capital improvements for SRS in FY 1989.

#### Senate Subcommittee Recommendations

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

1. The Subcommittee recalculated the AFDC cash assistance budget for FY 1989, taking into account the lower "base" for FY 1988. The Governor's budget for AFDC cash grants in FY 1989, taking into account the more recent projections of the FY 1988 base, provide for a caseload growth of over 14 percent. The Subcommittee notes that a caseload growth of that magnitude would be higher than in any year in the past decade. The Subcommittee recommends that rather than budgeting artificially high caseload levels that funds should be used for providing AFDC cash grant increases with more realistic caseload levels. (The Governor recommends no increase in AFDC grants in FY 1989.) The Subcommittee therefore recommends a 5 percent cash grant increase for AFDC and General Assistance and also budgets a 4 percent growth in caseloads. This recommendation allows savings of \$4,274,173 of which \$1,714,389 is from the State General Fund.
2. The Subcommittee reviewed the Governor's recommendation of \$400,000 for a pilot welfare reform project in Barton County. The Subcommittee is concerned that Barton County is not the best location for a pilot program and recommends that the House review this proposal in conjunction with the KanWork program. The Subcommittee notes that the KanWork program provides for AFDC clients to be employed in state and local government and the establishment of state daycare centers and that a pilot program with these elements may be more feasible in an area with significant state employment and facilities.

3. The Subcommittee recommends no change to the Governor's recommendations for the daycare program in FY 1989. The Subcommittee recommends that SRS review daycare rates and determine if the concept of different rates for various geographic regions of the state has merit and that SRS should report to the House on this issue. The Subcommittee also recommends that the House review the daycare program in conjunction with welfare reform. The Subcommittee also notes that although 50 percent federal matching funds are available for daycare assistance for AFDC clients in job programs, SRS may not be able to expand this program without additional staff to develop job programs and assess and place clients.
4. The Subcommittee reviewed the Governor's recommendations for the foster care program in FY 1989. The Governor does not provide any rate increase for foster care providers but includes a 2.5 percent increase for growth in the program. The Subcommittee notes that caseloads in the foster care program appear to be relatively stable and therefore recommends that a 2 percent rate increase be provided, still leaving some flexibility in the budget for growth in the program. The Subcommittee recommends the 2 percent rate increase for both residential and family foster care providers.
5. The Subcommittee reviewed the LIEAP utility assistance program for FY 1989 and found that due to cutbacks in federal funds, there is now a projected shortfall in financing the Governor's recommendations for LIEAP of \$2.8 million. This projected shortfall does not take into consideration any future federal cutbacks that may be made in the LIEAP program. The Subcommittee reviewed various options for reducing the LIEAP program and recommends that the summer cooling program be eliminated in FY 1989. Elimination of this program should allow the winter heating program to be maintained at the current levels.
6. The Subcommittee makes no change to the Governor's recommendation on special mental retardation grants pending additional study of that issue. (See Systemwide Subcommittee report on mental retardation institutions.)
7. The Subcommittee recommends \$1,606,107 from the State General Fund to provide a minimum amount of state per capita aid to community mental health centers of \$3.27, as proposed in S.B. 465. The Subcommittee reviewed the Governor's recommendation of \$375,720 for special mental health grants that are targeted for certain services to reduce the number of clients served at the state institutions and recommends no change in those grants. The Subcommittee also reviewed the program for court-ordered mental health evaluations for competency to stand trial. The Subcommittee notes that although this program has been very successful at the community level, it appears that some evaluations are still being done in the state institutions at significantly higher cost. The Subcommittee recommends that SRS evaluate methods to reduce the number of evaluations done at state institutions and

increase use of the community mental health centers for this function. SRS is requested to report to the Legislature prior to the Omnibus session on this issue.

8. The Subcommittee learned that the most recent fiscal note on the Division of Assets legislation is \$6.1 million for FY 1989, which exceeds the Governor's recommendation by \$4,826,000, of which an estimated \$2,413,000 is from the State General Fund. The Subcommittee recommends that funding be added for this program and anticipates a Governor's budget amendment on this item.
9. The Subcommittee learned that in the past pathologists have not been separately reimbursed through the Medical Assistance program. The Governor's budget provides \$482,214 for pathology services in FY 1989 to address this problem.
10. The Subcommittee reviewed the nursing home budget and recommends no change to the Governor's recommendations for a 2 percent increase in rates. The Subcommittee also found that the elimination of the fifth cost center in nursing home rates is anticipated to cost \$3.9 million in FY 1989, rather than the \$4.8 million estimated during the 1987 session.
11. The Governor's recommendations include a 1 percent increase for hospital reimbursement rates in FY 1989. The Subcommittee notes that when hospital rate increases are not properly budgeted, many hospitals appeal their rates and the state ends up paying more in hospital rate appeal adjustments than if the rates had been budgeted more appropriately to begin with. The Subcommittee also notes that significant SRS staff time and hospital staff time is consumed through the rate appeal process. Hospital rate appeals for the past few years have been as follows:

	<u>Appeal Settlements</u>	<u>Budgeted Rate Increase</u>
FY 1986	\$ 740,761	7.0%
FY 1987	1,017,374	3.0
FY 1988	1,280,578	1.25 (9 months)

The Subcommittee therefore recommends the addition of \$1,313,602 of which \$656,802 is from the State General Fund to provide a total rate increase of 3 percent for hospitals in FY 1989.

12. The Subcommittee recommends the addition of \$161,500 from the State General Fund program in FY 1989 for the Kansas Guardianship Program to allow for projected increases in this program. The Subcommittee also recommends that the line item in the bill for this program be changed to reflect the organization's current title.

13. The Subcommittee reviewed the shared living penalty that results when two AFDC clients live together. The 1987 Legislature provided funding to reduce that penalty for AFDC clients who lived together, if one of the clients was involved in a work program or was employed. The federal government did not approve this change because it could not be applied uniformly to all AFDC recipients. The Subcommittee recommends that the House further explore options for elimination of the shared living penalty.
14. The Subcommittee reviewed the child support enforcement program and found that SRS had requested 167 new positions to expand this program and estimated that SRS Fee Fund receipts of \$9,000,000 could be generated from child support collections from this additional staff. The Governor recommended 88.5 new child support enforcement positions but increased the projected SRS Fee Fund collections from child support to \$9,250,000. SRS estimates that \$8.2 million in child support collections can be generated with only 88.5 new positions. The SRS Fee Fund is used interchangeably with the State General Fund and so the Governor's recommendations result in a shortfall of \$1,050,000. The Subcommittee found, however, that SRS may be able to generate an additional \$1 million in federal foster care administrative funds in FY 1989 to offset this shortfall. In addition, H.B. 2763 that is now in the Senate would allow fees charged to homecare clients to be deposited in the SRS Fee Fund and SRS estimates this will result in additional receipts to the Fee Fund of \$200,000 to \$300,000 in FY 1989. Given these two estimates, the Subcommittee believes that the SRS Fee Fund shortfall may be more than offset.
15. The Subcommittee reviewed a potential shortfall in the Home Care program in FY 1989 of \$137,243 due to LIEAP funding cuts. The Subcommittee notes that the Governor's recommended turnover rate for the Home care program in FY 1989 is 2 percent and the actual turnover for the program in FY 1987 was 3.1 percent. Adjusting for the funding shortfall in FY 1989 would produce a budgeted turnover rate of 3.7 percent.
16. The Subcommittee reviewed the Kansas Industries for the Blind program with the Secretary of SRS. The Secretary described a plan to turn the program into a training facility, thereby accessing 80 percent federal matching funds. The Secretary has appointed an internal working group on Kansas Industries for the Blind and anticipates providing a plan to the Governor by March 10, 1988. The Subcommittee recommends no adjustments to the Governor's budget for this program at this time, pending the Secretary's recommendation on this program. The Subcommittee recommends that the House review this report in March.
17. The Subcommittee recommends \$864,890 of which 20 percent, or \$172,978 is from the State General Fund, to correct a technical error in the Vocational Rehabilitation Services program.

18. The Subcommittee reviewed the Alcohol and Drug Abuse programs in the SRS budget for the Department of Corrections. Currently, there are alcohol and drug funds for the Department of Corrections in both the SRS budget and the Department of Corrections budgets. The Subcommittee recommends that these funds be consolidated within one agency and therefore recommends that \$648,000 from the State General Fund be deleted from the SRS budget in FY 1989 and instead placed in the Department of Corrections budget. The SRS Department of Corrections grant is currently funded from both state and federal funds, but SRS has flexibility in financing of their various alcohol and drug grants and the Subcommittee recommends the DOC grant be financed all from the State General Fund to avoid complexities of transferring federal funds between one state agency and another. The Subcommittee also reviewed the ability of SRS to monitor and evaluate personnel employed at local alcohol and drug abuse programs. The Subcommittee recommends that SRS report to the Legislature prior to the omnibus session on what performance standards are used in awarding and continuing grants to local agencies and how those standards could be used in reviewing the quality of staffing of local alcohol and drug agencies.
19. The Subcommittee recommends that the position limitation for SRS be increased by 12 FTE to change special project workers in the Vocational Rehabilitation program to regular positions. These positions provide counseling services to clients who are transitioning from special education programs as authorized by 1986 H.B. 2300.
20. The Subcommittee recommends \$50,000 from the State General Fund for a grant to the Crippled Children's Nursery School in Kansas City, Missouri for services to Kansas children in the Kansas City area. A \$25,000 grant was provided to this facility in FY 1987 and FY 1988. The Subcommittee also recommends that SRS investigate whether there may be federal matching funds available for services provided through this grant and that SRS should report on this matter prior to the Omnibus session.
21. The Subcommittee reviewed recommendations of the Joint Committee on State Building Construction to provide \$1,130,000 for SRS major maintenance and roofing projects in FY 1989. This amount is to be generated for the SIBF by (1) shifting approximately \$650,000 from the amount authorized for the new treatment facility at Larned from FY 1989 to FY 1990, (2) shifting \$550,000 from the KSP electrical improvements project from FY 1989 to FY 1990, and (3) adjusting the mill levy for the CIBF to 3/16 and the levy for the SIBF to 5/16 in FY 1989. The Subcommittee concurs with the recommendations of the Building Committee.
22. As noted in the FY 1988 recommendations, the Subcommittee found that federal funds for General Assistance payment reimbursements are not budgeted in FY 1988 and FY 1989 in the

Governor's budget. The Subcommittee found that \$782,203 was received in FY 1987 from this reimbursement and projects that approximately \$750,000 will be received in both FY 1988 and FY 1989. The Subcommittee also received information indicating that Kansas Legal Services has been very successful in assisting General Assistance clients in getting onto federal assistance programs, and thus saving the state significant State General Fund costs for General Assistance clients in both the cash assistance and medical assistance programs. SRS has provided a \$25,000 grant to Kansas Legal Services for this service in the past two years. The Subcommittee believes that many more General Assistance clients could be shifted to federal assistance programs (which have significantly higher benefits) if those clients had assistance in applying for that federal assistance. The Subcommittee therefore recommends that \$100,000 of the GA federal reimbursement funds be used by SRS to aggressively pursue federal assistance on behalf of General Assistance clients. The funds could be used for additional SRS staff for outreach, or for grants to other advocacy agencies.

The Subcommittee recommends that the remaining \$1.1 million projected to be available from these reimbursement funds be used to expand Medicaid eligibility for pregnant women and children whose incomes are up to 75 percent of the federal poverty level. This new Medicaid expansion option has been allowed since April, 1987 and many states have taken advantage of this option. The Subcommittee heard from many conferees on this option and believes that it has significant merit. Providing Medicaid coverage to these clients should result in better prenatal care which has been proven to be cost-effective in avoiding neonatal intensive care expenses. Under this option, the regular federal match rate of 55 percent is provided. The Subcommittee also notes that H.B. 2889 would require SRS to implement this program for pregnant women and children with incomes up to 100 percent of the federal poverty level, at an estimated cost of \$1.7 million from the State General Fund. The Subcommittee also reviewed the prenatal care programs in the Department of Health and Environment and recommends that SRS and KDHE work together to avoid duplication in these programs.

23. The Subcommittee reviewed the problems of providing mental health services to the hearing impaired. H.B. 2262 would require SRS to establish inpatient programs for the Hearing Impaired at Topeka State Hospital and also set up regional community mental health services for the hearing impaired. During the 1987 Session, SRS estimated the fiscal note for H.B. 2262 to be \$558,694, not including any necessary capital improvement costs to set up such a unit. The Subcommittee recommends that the House review this proposal.
24. The Subcommittee found that the Governor's budget in FY 1989 does not include any funding for the certificate of participation payment on the computer system. The Subcommittee anticipates that there will be a Governor's budget amendment on this item.

25. The Subcommittee notes that the recommendations for FY 1988 and FY 1989 result in an overall net increase to the Governor's recommendations of \$408,472 from the State General Fund.

### Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee recommendations with the following adjustments:

1. The Committee adds \$2.8 million from oil overcharge funds to maintain the summer and winter LIEAP utility assistance program in FY 1989. The Committee also found that utility companies are now maintaining usage data for LIEAP households and recommends that SRS should obtain this data and use it when setting priorities in the weatherization program. The Committee believes there should be greater coordination between the LIEAP and weatherization program to ensure that households with the higher LIEAP utilization may take advantage of the weatherization program to provide maximum effectiveness in both programs. The Committee requests that SRS report on the status of this coordination prior to the Omnibus session.
2. The Committee adds \$722,700, of which \$577,500 is from the State General Fund to provide an increase of 4 percent in foster care rates in FY 1989 and to allow growth of 1.8 percent in the foster care program.

The Committee also notes that significant problems developed in certain areas of the state in early FY 1988 due to problems in the allocation of foster care funds. The Committee believes that foster care services should be provided on the basis of professional opinions, not on the basis of funding. SRS should not impose artificial time constraints on foster care placements simply to stay within the foster care budget.

3. The Committee recommends that a Legislative Post Audit study be requested to review the methodology for setting hospital reimbursement rates through the Medical Assistance program. That study should also include a review of the hospital rate appeal procedure.
4. The Committee recommends that a Legislative Post Audit study be requested to review the Community Action Programs throughout the state that receive funding from the Community Services Block grant.
5. The Committee recommends that liver transplants be a covered service in the Medical Assistance Program.

Senate Committee of the Whole Recommendations

The Senate concurs with the Committee recommendations.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 89</u>	<u>Senate Rec. FY 89</u>	<u>House Sub. Adjustments</u>
All Funds:			
State Operations	\$ 864,890	\$ 141,784,622	\$ 596,111
Local Aid	1,606,107	21,875,480	9,358,050
Other Assistance	<u>4,708,629</u>	<u>519,137,892</u>	<u>(7,190,998)</u>
Subtotal - Operating	\$ 7,179,626	\$ 682,797,994	\$ 2,763,163
Capital Improvements	<u>1,130,000</u>	<u>1,130,000</u>	<u>--</u>
Total	<u>\$ 8,309,626</u>	<u>\$ 683,927,994</u>	<u>\$ 2,763,163</u>
State General Fund:			
State Operations	\$ (827,022)	\$ 58,696,043	\$ 335,609
Local Aid	1,606,107	19,119,919	1,767,040
Other Assistance	<u>2,496,413</u>	<u>230,389,268</u>	<u>(449,436)</u>
Subtotal - Operating	\$ 3,275,498	\$ 308,205,230	\$ 1,653,213
Capital Improvements	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 3,275,498</u>	<u>\$ 308,205,230</u>	<u>\$ 1,653,213</u>
FTE Positions	12	2,991.9	145.0

House Subcommittee Recommendations

The Subcommittee concurs with the Senate with the following adjustments:

1. The Subcommittee reviewed the SRS proposal for Kansas Industries for the Blind. The proposal would establish a new vocational evaluation and training program in Topeka, expand job placement services for the blind to place clients in competitive employment and retain a small sheltered workshop in Topeka. Under the SRS plan, the Kansas City Workshop would be closed entirely. The SRS proposal would utilize the \$250,000 from the State General Fund that is included in the Governor's recommendation, and also access approximately \$389,609 in federal vocational rehabilitation funds. The proposal would also require 16 positions. (The Governor's recommendation deleted 14 positions related to KIB in FY 1989.)

The Subcommittee concurs with the SRS plan for Topeka. The Subcommittee recommends that the SRS proposal be adopted but that only 14 positions be added for that proposal since there are already 2 vacant vocational rehabilitation counselor positions that could be utilized for this program. The Subcommittee also recommends the addition of \$250,000 from the State General Fund



to turn the Kansas City workshop over to private operation if the agency determines that there is a creditable contracts for this workshop. The Subcommittee further recommends that Kansas Industries for the Blind in Topeka be financed through a separate fee fund, rather than through the SRS Fee Fund, so that in the future the financing of those workshops will be more clearly defined. The Subcommittee's recommendations provide a subsidy of \$150,000 in FY 1989 for the Topeka workshop and \$250,000 for the Kansas City Workshop.

2. The Subcommittee recommends the addition of \$700,840 from the State General Fund and \$1,578,200 from federal Medicaid funds to expand Medicaid eligibility for pregnant women and children up to age 5 to 100 percent of the federal poverty level. The Senate's recommendation funded this program up to 75 percent of the federal poverty level. The Subcommittee also recommends technical funding shifts to clarify financing for this program.
3. The Subcommittee wishes to express extreme frustration with the SRS automated eligibility computer system. This system is costing far more than the level described to the Subcommittee last year and it appears that there may be no end to the escalation of costs related to this system. The Subcommittee learned that SRS plans to have an on-line terminal in every county and that the DISC charges associated with this plan are estimated at \$3,100,852 in FY 1989. The Subcommittee believes that this level of expense is outrageous and notes that the BLACK HOLE strikes again. Also budgeted is \$659,356 for travel related to the system and \$647,709 for electrical upgrades of offices. The Subcommittee believes that there must be some way to control these costs and therefore recommends that SRS place an on-line terminal only in offices with an average of at least 500 unduplicated total cases. In conjunction with this recommendation, the Subcommittee deletes one-third of the amount budgeted for DISC charges, electrical upgrades, and travel. This results in savings of \$436,383 from the State General Fund and \$1,454,613 in all funds.
4. The Subcommittee also notes that SRS may obtain a federal waiver to allow receipt of federal matching funds for the hardware of this system on an up-front basis rather than over a five year period. The Subcommittee recommends that adjustments be made in the Omnibus session if necessary to allow early retirement of all or a portion of the certificates of participation used to finance this system.
5. The Subcommittee recommends the deletion of \$268,607 from the State General Fund and \$1,222,287 from all funds for part-time data entry staff for the computer system. The Subcommittee heard testimony from SRS indicating that KanWork participants could do this data entry.

6. The Subcommittee recommends the deletion of \$192,533 from the State General Fund and \$216,329 from all funds to increase turnover for the social services field staff from 2 percent to 3.3 percent, which is the same rate budgeted for income maintenance field staff.
7. The Subcommittee recommends the addition of 42 positions for the child support enforcement program and the deletion of 1.5 secretary positions recommended by the Governor for a net increase of 40.5 positions for this program. The agency had requested a total of 167 new child support enforcement positions to be able to meet federal mandates and increase revenues to the state and to single parents. The Governor recommended only 88.5 of these new positions. The Subcommittee believes that it is important to adequately staff this program to avoid the loss of significant federal funds and to reduce the dependency of AFDC clients on the state for support. These positions are financed through 68 percent federal matching funds and the state match is provided through revenues generated by the program, so no new funds from the State General Fund are required.

The Subcommittee recommends that the 1.5 Secretary II positions be deleted to provide more appropriate support staffing levels (.5 Secretary deleted from the Pittsburg office and 1 Secretary deleted from the Wichita office). The Subcommittee notes that SRS may need time to phase in this major expansion of the program and therefore recommends that the 42 additional positions be added for only six months, beginning in January. Specifically, the Subcommittee recommends the addition of 3 attorneys, 14 technicians, and 3 specialists for the regular child support program and 7 specialists and 15 technicians for medical and foster care support orders. The total amount added for the net increase of 40.5 positions is \$407,658, of which \$130,451 is from the SRS Fee Fund and the remainder is from federal funds.

The Subcommittee estimates that this recommendation will result in additional revenue to the SRS Fee Fund in FY 1989 of \$200,000 over the Governor's recommendation and that additional revenue to the Fee Fund will be significantly increased in FY 1990 once the additional staff are phased in. This recommendation should also assist in increasing income to AFDC clients, since each client may keep the first \$50 each month of any support collections.

8. The Subcommittee recommends the deletion of 5 Office Assistant II positions from the Administrative Services staff in the field offices. The Governor had recommended an increase of 20 new clerical positions. This adjustment results in savings of \$84,219, of which \$53,900 is from the State General Fund.
9. The Subcommittee concurs with the Senate recommendations to maintain benefits for the summer and winter LIEAP program by utilizing Oil Overcharge funds. The Subcommittee notes,

however, that it appears that the federal government will continue to cut the LIEAP block grant and that the state must plan for future additional reductions in these funds. The Subcommittee therefore recommends that SRS reduce the eligibility criteria for the LIEAP program on a phased basis over the next several years. The current eligibility criteria is 60 percent of the state's median income, which is the highest possible eligibility threshold allowed by the federal government. The criteria may be reduced to 110 percent of the federal poverty level. The Subcommittee notes that the AFDC program provides benefits at only about 48 percent of the federal poverty level. Under the current LIEAP criteria, a family of 4 could have income of \$18,668 per year and still qualify. The Subcommittee recommends the eligibility criteria be reduced on the following schedule. This recommendation will ensure that the most needy citizens will continue to receive benefits.

<u>Year</u>	<u>Percent of the Federal Poverty Level</u>
FY 1989	150%
FY 1990	140%
FY 1991	130%
FY 1992	120%
FY 1993	110%

10. The Subcommittee concurs with the Senate recommendation that SRS should review ways to improve the Weatherization program so that more houses can be weatherized at a lower cost. The Subcommittee also recommends that SRS utilize KanWork clients in the Weatherization program. SRS should report to the 1989 Legislature on recommendations for the Weatherization program.
11. The Subcommittee recommends a proviso in the bill to authorize an unclassified pharmacist position for SRS. Currently SRS has a classified pharmacist position which they cannot fill because of the salary level. The base salary for a Pharmacist II is \$28,320. The Subcommittee recommends that a base salary of \$35,000 be provided for an unclassified pharmacist. This recommendation results in the addition of \$6,066, of which \$3,033 is from the State General Fund.
12. The Subcommittee also learned of problems in the new bidding procedure that SRS is using in the pharmacy program. The Subcommittee does not recommend that this procedure be stopped, but that if SRS does choose to continue with bidding that they must report to the 1989 Legislature on how such a system is cost-effective. If the system is not cost-effective, the Subcommittee recommends that SRS pursue other cost containment methods for the pharmaceutical budget. Whatever method is used to contain costs, the Subcommittee believes that it is imperative

that physicians be allowed to prescribe the exact drug that the client needs.

13. The SRS medical budget is the agency's largest and most complex program. SRS has experienced significant turnover in this section of the agency, in part due to the heavy demands placed on this staff. The Subcommittee therefore recommends the addition of an Administrative Officer I, as requested by the agency to handle complaints, respond to inquiries from clients and providers, and staff. The amount of this adjustment is \$25,483, of which \$12,742 is from the State General Fund.
14. The Subcommittee recommends the addition of \$14,165, of which \$7,083 is from the State General Fund for microcomputers for the SRS nursing home reimbursement staff. The Subcommittee notes that nursing homes are the largest single expense in the medical budget and believes that SRS staff should be provided the equipment to allow improved monitoring of the nursing home budget.
15. The Subcommittee recommends the addition of \$153,000 from the State General Fund to allow the state to maximize the receipt of federal Vocational Rehabilitation funds which are provided on an 80 percent matching basis. Future federal funding for this program is dependent on the level of funding used in FY 1989. An additional \$612,868 in federal funds will be generated by this adjustment, for a total increase in the Vocational Rehabilitation program of \$765,868.
16. The Subcommittee recommends that \$378,602 in federal funds be shifted from FY 1988 to FY 1989 to allow for timing changes in the purchase of a Vocational Rehabilitation computer.
17. The Subcommittee recommends the addition of \$88,120 of which \$44,060 is from the State General Fund for the Emergency Assistance program to provide a total of \$500,000 for this program in FY 1989. This program has been underfunded in the past and the Senate had requested the House to review this problem. This program is financed with 50 percent federal funds and provides assistance to families for catastrophes or eviction.
18. The Subcommittee learned that the federal government now requires a new formula for determining payments to hospitals which serve a disproportionate share of Medicaid patients. SRS is still reviewing this formula, but estimates that it may cost approximately \$2.2 million (50% SGF) to fully finance the new formula. SRS plans to phase in this formula over a three-year period, with first year costs estimated at \$800,000. The Subcommittee therefore recommends the addition of \$400,000 from the State General Fund for this new provision for hospital reimbursement. The Subcommittee also recommends that the 3 percent rate increase recommended by the Senate for hospitals be reduced to a 2 percent increase. This results in a net

increase over the Senate of \$143,198, of which \$71,599 is from the State General Fund, for hospital reimbursement.

19. The Subcommittee concurs with the Governor and the Senate to provide a 2 percent rate increase to nursing homes in FY 1989. The Subcommittee also recommends that the nursing home budget be reflected in a separate line item to allow better monitoring of the entire SRS medical assistance budget.
20. The Subcommittee recommends that the Department of Health and Environment request a change in their rules and regulation which allows nursing homes to alter their licensed capacity simply to avoid reductions in reimbursement through the Medicaid program since facilities are reimbursed based on 85 percent occupancy rates.
21. The Subcommittee also heard from SRS on a possible new reimbursement system for nursing homes which would utilize only 2 cost centers instead of the 4 cost centers now used. SRS testified that it appears that some homes are now able to manipulate the reimbursement system by shifting costs between the various cost centers. The Subcommittee recommends that SRS report to the 1989 Legislature with specific budgetary recommendations using this 2 cost center system.
22. The Subcommittee heard from a conferee expressing concern over the programs for the head injured. The Subcommittee learned from SRS that there is not a problem in the budget for services for the head injured in FY 1989 and that in addition to the \$2.1 million provided for long term care for the head injured, the Home and Community Based Services program also can provide services to the head injured in their own homes.
23. The Subcommittee reviewed the Senate recommendation to provide a 4 percent increase in foster care rates and also allow for a 1.8 percent increase for caseload growth in the foster care program. The Subcommittee recommends that a 2.5 percent increase in foster care rates be provided and concurs with the 1.8 percent caseload growth budgeted. This recommendation results in a reduction of \$328,500, of which \$262,500 is from the State General Fund.
24. The Subcommittee learned of increased caseloads in the area of child abuse and neglect and that these cases are demanding increasing proportions of SRS staff time in the area offices. The Subcommittee therefore recommends the addition of \$648,040, of which \$413,815 is from the State General Fund and \$235,025 is from federal IVB funds for 30 Social Worker I positions for child abuse and neglect.
25. The Senate added \$161,500 from the State General Fund for additional support for the Kansas Guardianship Grant program. The Subcommittee reviewed the number of cases currently funded and believes that it is unlikely that the level of growth requested

for this program will occur in the next year and therefore deletes \$61,500 from the State General Fund to allow an increase of \$100,000 over the Governor's recommendation for this program.

26. The Subcommittee recommends the addition of \$50,000 from the State General Fund for mental health services for the hearing impaired in Johnson County. The Senate had asked the House to review this area and noted that there were problems in the amount availability of mental health services for the hearing impaired. The Subcommittee recommends this funding for Johnson County to coordinate services with the Kansas School for the Deaf.
27. The Subcommittee recommends the deletion of \$715,961, of which \$357,981 is from the State General Fund for dental services for adults in the medical budget. This service was eliminated as part of the lapse bill last year and the Subcommittee does not believe this service should be restored. Dental services for children are still covered through the medical budget.
28. The Subcommittee recommends the deletion of 11 positions in SRS that have been vacant for at least 4 months. Positions deleted include 2 positions for Blind Services, 2 positions for Disability Determination Services, 3 Income Maintenance workers, 3 Adult Services social workers, and 1 volunteer services coordinator. This adjustment results in savings of \$184,696, of which \$66,965 is from the State General Fund. The Subcommittee notes that several other vacant positions have been reallocated to set up a 6 person budget staff to assist the Commissioner of Administrative Services.
29. The Subcommittee recommends a 15 percent increase in the Family Support Program in FY 1989, rather than the 36.3 percent increase recommended by the Governor. This recommendation results in a reduction of \$313,366, of which \$78,341 is from the State General Fund and \$235,025 is from federal IV-B funds.
30. The Subcommittee learned that SRS will receive additional federal alcohol and drug funds of \$654,000 in FY 1988 and \$861,000 in FY 1989. The Subcommittee recommends that \$302,166 of these new funds in FY 1988 be used to finance treatment grants, thereby eliminating the need for a supplemental appropriation for alcohol and drug abuse services in FY 1988. The Subcommittee further recommends that the remaining \$344,000 in new funds in FY 1988 be used as proposed by the agency as follows: \$130,000 for residential treatment services for indigent adults, \$70,000 for intervention specialists in two new regional centers, \$70,000 to upgrade existing training programs for substance abuse professionals and volunteers, \$20,000 to contract for treatment services for hearing impaired clients, and \$54,000 to offset a decrease in the federal alcohol and drug block grant.

In FY 1989, the Subcommittee recommends that \$344,000 be used to continue the above grants and that the remaining \$388,834 be

used to provide alcohol and drug treatment services for inmates and parolees to help with the state's prison problems.

The Senate deleted all DOC alcohol and drug abuse funding from the SRS budget. The Subcommittee does not concur with the Senate and restores \$648,000 from the State General Fund to the SRS budget.

31. The Subcommittee reviewed information from Hoisington on a proposal to develop an alcohol treatment program in vacant space in the Hoisington hospital. The Subcommittee believes this idea has merit and recommends that SRS give serious consideration to this proposal.
32. The Subcommittee deletes \$400,000, of which \$200,000 is from the State General Fund for a pilot welfare reform program recommended by the Governor for Barton County.
33. The Subcommittee recommends no increase in AFDC caseloads in FY 1989. The Subcommittee notes that AFDC caseloads have decreased about 2 percent in FY 1988, and believes that implementation of the KanWork program in a substantial number of counties will result in stabilized or decreasing caseloads. SRS provided information indicating that 40 percent of KanWork clients will be job-ready and the Subcommittee believes that the major barrier to work for many of these clients is the absence of daycare, medical, and transportation assistance. With these support services in place, the Subcommittee believes that a number of clients will transition off of AFDC.

The Subcommittee recommends a 2 percent increase in AFDC and General Assistance cash grants in FY 1989. The Subcommittee also notes that food stamp benefits increase each year. Food stamp benefit increases were 6.5 percent in FY 1987 for a family of 3 and the increase for the time period FY 1981-FY 1987 has averaged 4 percent per year. The Subcommittee also notes that increased child support collections from additional staffing should increase income for some AFDC clients.

The Subcommittee recommends a 1.1 percent increase in General Assistance caseloads, as recommended by SRS. The Subcommittee does not recommend that General Assistance clients be targeted for the KanWork program at this time, since the existing SRS jobs programs target these clients.

The above recommendations result in savings of \$7,585,832 of which \$3,790,871 is from the State General Fund.

34. The Subcommittee also deletes \$3,587,029, of which \$1,614,163 is from the State General Fund for AFDC caseload increases that were built into the Governor's recommendations for the medical budget. The Subcommittee highlights the fact that the supplemental appropriation for the medical assistance budget in FY

1988 was not due to AFDC caseload increases, since AFDC case-loads have declined by about 2 percent.

35. The Subcommittee recommends the addition of \$1,636,848, of which \$901,022 is from the State General Fund to provide more equity in the shelter standards used in determining cash grants for AFDC and General Assistance clients. The Subcommittee recommends a \$12 per month increase in the shelter standard for Shelter Groups I, II, and III for both AFDC and General Assistance clients and also a \$12 increase for General Assistance clients in Group IV. The Subcommittee also recommends shifting of 6 counties to different shelter groups to provide increased equity. These shelter standards have not been increased since the early 1970s and the different groups reflect the standards used under the old county welfare system. The grant increase in shelter groups I, II, and III as a result of this recommendation averages over 5 percent. Attachment 1 provides additional detail on this recommendation.
36. The Subcommittee recommends \$11,718,955, of which \$6,365,296 is from the State General Fund to implement the KanWork program in 10 counties in FY 1989. Attachment 2 details these recommendations. The 10 counties selected represent about 60 percent of the AFDC population. The Subcommittee recommends the 10 counties be phased in over the fiscal year, as some counties are more prepared than others to immediately begin the program. SRS staff in several areas of the state are very excited about the KanWork program and are anxious to get started. The Subcommittee acknowledges that the costs of the program will be higher in FY 1990 when all counties are funded for an entire year, but also notes that there is \$3.5 million from the State General Fund in the medical assistance program in FY 1989 for a repayment of federal funds that will not recur in FY 1990.

Generally, the detailed budget recommendations for KanWork are based on the Division of the Budget's fiscal note on KanWork. There are some exceptions.

The Subcommittee recommends a total of 75.5 positions for the program, including 62 social workers, 6.5 clerical positions, 6 volunteer coordinators. In addition to the new positions, the Subcommittee recommends that 22 existing job program staff be reallocated to the KanWork program. The staffing recommendations provide 1 professional position for every 75 cases, 1 clerical position for every 6 professionals, and one volunteer coordinator for each area office in the program. The professional staffing level recommended by the Subcommittee is higher than the 1 per 115 cases used in the Division of Budget's fiscal note. The Subcommittee notes that staffing levels of 1 to 50 are used in the Department of Human Resources work programs.

The Subcommittee also recommends a proviso in the bill to create an unclassified Deputy Secretary of SRS to administer the KanWork program. The Subcommittee believes that the KanWork



program is a major change in the way welfare programs are operated. KanWork's goal is to get people off welfare compared to the current system which makes welfare more attractive than work in many cases. There must be a high level position for KanWork to change the agency's focus and ensure this program's success and to ensure the cooperation and coordination of all areas of the agency. The other seven commissioners of SRS programs and the SRS area managers should report to the Deputy Secretary on all matters related to KanWork and the Deputy Secretary should have broad authority throughout the agency. All job program staff should be a part of the Office of the Deputy Secretary to ensure accountability and coordination among the various job programs. Currently, the job program staff are located in the Adult Services division which has many responsibilities and job programs are not given the highest priority. The Deputy Secretary should be directly responsible to the Secretary of SRS. The Subcommittee recommends a base salary for this position of \$50,000.

The Subcommittee's recommendations for daycare for KanWork are based on 80 percent of the rate used in the Division of Budget's fiscal note, as that fiscal note did not take into account the concept of state-operated day care centers, which should result in reduced daycare costs. The Subcommittee also notes that there are already daycare funds budgeted for these areas of the state and that KanWork funds are in addition to the current daycare budgets.

The Subcommittee assumes that a federal waiver will be obtained to allow the state to receive federal matching funds for transitional medical assistance. Other states have received such a waiver. No federal matching funds are assumed for transitional daycare and transportation costs, although it is possible that a waiver might allow such matching funds. The Subcommittee recommends that SRS seek a waiver to allow federal matching funds for all transitional services.

The Subcommittee also learned that a portion of the new stripper well settlements for Kansas must be targeted for low-income populations and recommends that SRS investigate whether such funds could be used to finance the transportation assistance components of KanWork. SRS should report to the Legislature during the Omnibus session on this matter.

For the education and training component of KanWork, the Subcommittee provides a higher level of funding for GED services than included in the Division of Budget's fiscal note to ensure that clients will have access to that program as necessary. The Subcommittee also assumes that any vocational training for KanWork clients will be provided through the Department of Human Resources. The Subcommittee learned that new federal JTPA performance standards now include additional standards to target services to the AFDC population. These standards can be incorporated into the JTPA state plan to allow the state more

control in targeting JTPA funds to KanWork clients. Some JTPA funds may also be used for client services and could be used to help pay day care transportation costs. The Subcommittee recommends that the Department of Human Resources report during the Omnibus session on this matter.

37. The Subcommittee reviewed S.B. 465 and the Senate recommendations to add \$1,606,107 for community mental health centers. The Subcommittee learned that approximately \$2 million is provided to mental health centers through the Mental Health Block Grant, in addition to the state formula aid of \$8,013,630, for a total of \$10,399,207 that is currently provided to the centers. The Senate's recommendations do not take into account the \$2 million block grant to determine a state aid amount of \$3.27 per capita. By taking into account both funding sources, the adjustment necessary to fund a base minimum per capita grant of \$3.27 is \$559,657. The Subcommittee therefore deletes \$1,046,450 from the State General Fund. See Attachment 3 for additional information.
38. The Subcommittee recommends the addition of \$550,000 from the State General Fund for special purpose mental health grants to be allocated through a request for proposals process for programs determined to be a priority by the Secretary of SRS as established through rules and regulations. These special grants would only be provided if a center provides matching funds through additional local support.
39. The Subcommittee deletes \$337,008 from the State General Fund that had been budgeted for an increase in Adult Services Grants. The Subcommittee also recommends that the mental health and mental retardation grants in this program be budgeted through the Division of Mental Health and Retardation Services rather than Adult Services to ensure that the mental health and mental retardation programs in SRS are reviewed in a more comprehensive way and to improve the agency's budgeting process.
40. The Subcommittee recommends the addition of \$250,580 for special purpose mental retardation grants to serve an additional 25-30 clients from community waiting lists. The Subcommittee notes that the Governor's recommendations serve 100 additional clients from community waiting lists in FY 1989, so the additional \$250,000 would provide for a total of 125-130 new waiting list clients served. This recommendation provides for a total of \$1,040,236 in new state funds for waiting list clients in FY 1989 over the FY 1988 level.
41. The Subcommittee reviewed the Senate recommendation that liver transplants be a covered service under the medical budget. The Subcommittee found that no funding was added for this item and believes that it is inappropriate to recommend a new service and not include the necessary funding. The Subcommittee therefore does not concur with the Senate on this item.

42. The Subcommittee concurs with the Senate recommendations on the Division of Assets. The Subcommittee notes that funding for the Division of Assets results in an increase of \$2,413,000 from the State General Fund over the Governor's recommendation.
43. The Subcommittee notes that their recommendations provide for a State General Fund appropriation in FY 1989 that is \$2,428,711 over the Governor's recommendation.
44. The Subcommittee notes that their recommendations provide for State General Fund expenditures for FY 1988 and FY 1989 totaling \$1,558,341 over the Governor's recommendations.

House Committee Recommendation

The House Committee concurs with the Subcommittee.

House Committee of the Whole Recommendation

The Committee of the Whole adds \$525,541 from the State General Fund to provide a 10 percent increase in formula aid to community mental retardation centers.

SHELTER STANDARDS

GROUP I CURRENT COUNTIES	GROUP I PROPOSED COUNTIES
ALLEN	ALLEN
BARBER	BARBER
BOURBON	BOURBON
CHASE	CHASE
CHAUTAUGUA	CHAUTAUGUA
CHEROKEE	CHEROKEE
COMANCHE	COMANCHE
COMLEY	COMLEY
CRAWFORD	CRAWFORD
EDWARDS	EDWARDS
ELK	ELK
FINNEY	FINNEY—MOVE TO GROUP IV
GREENWOOD	GREENWOOD
HARPER	HARPER
LABETTE	LABETTE
MARTIN	MARTIN
MEADE	MEADE
MONTGOMERY	MONTGOMERY
NEOSHO	NEOSHO
PRAATT	PRAATT
RENO	RENO
STAFFORD	STAFFORD
STANTON	STANTON
SUMNER	SUMNER
WILSON	WILSON
WOODSON	WOODSON

ATTACHMENT 1

GROUP II                      GROUP II  
 CURRENT COUNTIES            PROPOSED COUNTIES

ANDERSON	ANDERSON
ATCHISON	ATCHISON
BARTON	BARTON
BROWN	BROWN
CHEYENNE	CHEYENNE
CLARK	CLARK
CLAY	CLAY
CLOUD	CLOUD
COFFEY	COFFEY
DECATUR	DECATUR
DICKINSON	DICKINSON
DONIPHAN	DONIPHAN
ELLIS	ELLIS
ELLSWORTH	ELLSWORTH
FARM	FARM--MOVE TO GROUP IV
GEARY	GEARY
GOVE	GOVE
GRAHAM	GRAHAM
GRANT	GRANT
GREELEY	GREELEY
HAMILTON	HAMILTON
HASKELL	HASKELL
HOBOKEN	HOBOKEN
JACKSON	JACKSON
JEWELL	JEWELL
KEARNY	KEARNY
KINGMAN	KINGMAN
LANE	LANE
LINCOLN	LINCOLN
LINN	LINN
LOGAN	LOGAN
LYON	LYON
MARSHALL	MARSHALL
MCPHERSON	MCPHERSON
MIAMI	MIAMI
MITCHELL	MITCHELL
MORRIS	MORRIS
NEOHA	NEOHA
NESS	NESS
OSBORNE	OSBORNE
OTTAWA	OTTAWA
PHILLIPS	PHILLIPS
POTTAWATOMIE	POTTAWATOMIE
RAALING	RAALING
REPUBLIC	REPUBLIC
RICE	RICE
ROCKS	ROCKS
RUSH	RUSH
RUSSELL	RUSSELL
SALINE	SALINE
SCOTT	SCOTT
SHERIDAN	SHERIDAN
SMITH	SMITH
STEVENS	STEVENS
THOMAS	THOMAS
TREBO	TREBO
WABALUSSEE	WABALUSSEE
WALLACE	WALLACE
WASHINGTON	WASHINGTON
WICHITA	WICHITA

ATTACHMENT 1

GROUP III CURRENT COUNTIES	GROUP III PROPOSED COUNTIES
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FRANKLIN	FRANKLIN
GRAY	GRAY
KIOWA	KIOWA
MORTON	MORTON

PAINEE  
SEWARD  
SHERMAN

PAINEE  
SEWARD—MOVE TO GROUP IV  
SHERMAN

ADD: JEFFERSON  
OSAGE  
RILEY

ATTACHMENT 1

GROUP IV CURRENT COUNTIES	GROUP IV PROPOSED COUNTIES
BUTLER	BUTLER
DOUGLAS	DOUGLAS
JEFFERSON	JEFFERSON—MOVE TO GROUP III
LEAVENWORTH	LEAVENWORTH
OSAGE	OSAGE—MOVE TO GROUP III
RILEY	RILEY—MOVE TO GROUP III
SEDGWICK	SEDGWICK
SHAMREE	SHAMREE
WYANDOTTE	WYANDOTTE
	FINNEY—MOVE FROM GROUP I
	FORD—MOVE FROM GROUP II
	SEWARD—MOVE FROM GROUP III

ATTACHMENT 1

GROUP V CURRENT COUNTIES	GROUP V PROPOSED COUNTIES
JOHNSON	JOHNSON
HARVEY	HARVEY



SUM WORK-FULL YEAR COSTS-SELECTED COUNTIES

Attachment 2

	SGF	FEDERAL FUNDS	TOTAL
STAFF AND OOE	\$966,011	\$966,010	\$1,932,021
EDUCATION	\$458,753	\$458,754	\$917,507
DAYCARE	\$2,757,307	\$2,757,308	\$5,514,615
TRANSPORTATION	\$641,115	\$641,115	\$1,282,230
TRANST. DAYCARE	\$1,647,763	\$0	\$1,647,763
TRANST. MEDICAL	\$984,684	\$1,203,502	\$2,188,186
TRANST. TRANSP.	\$454,784	\$0	\$454,784
MONITORING	\$17,500	\$17,500	\$35,000
<b>TOTAL</b>	<b>\$7,327,917</b>	<b>\$6,044,189</b>	<b>\$13,372,106</b>

STAFF

SOCIAL WORKERS	62.0
CLERICAL	6.5
VOLUNTEER COORD	6.0
DEPUTY SECRETAR	1.0
<b>TOTAL HEADCOUNT</b>	<b>75.5</b>

COUNTY	EST. FULL YEAR COST PER COUNTY
SHAWNEE	\$1,952,284
DOUGLAS	\$516,586
FINNEY	\$330,652
FORD	\$289,870
SEWARD	\$294,827
JOHNSON	\$734,193
WYANDOTTE	\$3,572,332
LEAVENWORTH	\$484,788
SEDGWICK	\$5,194,616
BUTLER	\$509,785
	<b>\$13,879,933</b>

ADD: MONITORING \$35,000  
 DEP. SEC. \$57,173

**\$13,972,106**

	SGF	FEDERAL FUNDS	TOTAL
TF AND OGE	\$775,165	\$775,165	\$1,550,330
EDUCATION	\$368,135	\$368,134	\$736,269
DAYCARE	\$2,212,649	\$2,212,648	\$4,425,297
TRANSPORTATION	\$514,474	\$514,474	\$1,028,948
TRANST. DAYCARE	\$1,322,276	\$0	\$1,322,276
TRANST. MEDICAL	\$798,148	\$965,738	\$1,755,886
TRANST. TRANSP.	\$364,949	\$0	\$364,949
MONITORING	\$17,500	\$17,500	\$35,000
<b>TOTAL</b>	<b>\$6,365,296</b>	<b>\$4,853,659</b>	<b>\$11,218,955</b>

STAFF

SOCIAL WORKERS	62.0
CLERICAL	6.5
TEER COORD	6.0
SECRETAR	1.0
<b>TOTAL HEADCOUNT</b>	<b>75.5</b>

SCHEDULE FOR PHASE-IN

COUNTY	NO. OF MONTHS	ESTIMATED PHASED COST
SHAWNEE	12	\$1,952,284
DOUGLAS	9	\$387,170
FINNEY	12	\$330,652
FORD	12	\$289,870
SEWARD	12	\$294,827
JOHNSON	9	\$550,645
WYANDOTTE	9	\$2,679,249
LEAVENWORTH	9	\$363,591
SEDGWICK	9	\$3,895,962
BUTLER	9	\$382,339
		<b>\$11,126,588</b>
ADD: MONITORING		\$35,000
DEP. SECRETARY		\$57,895
		<b>\$11,218,955</b>

MENTAL HEALTH CENTERS

CENTER	POPULATION	FY 1989 GOV. REC.		TOTAL	PER CAPITA-FORMULA AID ONLY	PER CAPITA-TOTAL	GRANT IF MINIMUM OF \$3.27	INCR-FSE
		FORMULA FUNDING	SPECIAL MH GRANTS					
AREA	95,936	0421,835	099,827	0521,662	04.40	05.44	0521,662	
R WASH	71,316	0202,951	0320,449	0523,400	02.05	07.34	0523,400	
CTR FOR C & C	50,150	0240,376	033,947	0273,947	04.13	04.71	0273,947	
CENTRAL KS	06,071	0170,763	07,661	0178,424	01.90	02.07	0201,452	0103,00
CHEROKEE	22,200	020,173	050,279	006,452	01.26	03.00	006,452	
COMLEY	37,263	055,402	023,660	079,142	01.49	02.12	0121,050	042,71
CRAWFORD	37,700	061,031	040,000	0101,031	01.62	02.67	0123,541	022,55
FOUR CO.	61,743	0120,207	05,436	0133,643	02.00	02.16	0201,900	060,20
FARMILIN	22,147	040,602	00	040,602	02.20	02.20	072,421	023,70
HIGH PLAINS	126,340	0692,160	075,165	0767,325	05.40	06.07	0767,325	
HORIZONS	99,907	0503,301	027,047	0531,140	05.04	05.32	0531,140	
INDIAN	13,261	077,426	00	077,426	05.04	05.04	077,426	
JOHNSON	306,076	0626,136	0312,322	0930,450	02.04	03.06	01,003,405	065,00
KANZA	43,099	094,345	060,074	0155,219	02.19	03.60	0155,219	
LABETTE	25,660	049,425	041,000	090,425	01.93	03.52	090,425	
MHC OF EC KS	06,146	0215,332	015,236	0230,560	02.50	02.60	0201,697	051,10
MIAAMI	22,471	039,474	053,093	092,567	01.76	04.12	092,567	
MO	73,092	0131,540	096,075	0220,423	01.41	02.45	0304,411	075,90
OSAGE	172,709	0439,043	075,703	0515,626	02.55	02.90	0565,020	049,30
PRAIRIE VIEW	71,629	0752,154	066,227	0010,301	010.50	011.43	0010,301	
SEDMICK	307,036	01,311,006	0190,232	01,502,110	03.30	03.07	01,502,110	
SHAWNEE	159,009	0917,500	0399,517	01,317,025	05.77	00.20	01,317,025	
S CENTRAL	47,596	0153,600	020,546	0102,146	03.23	03.03	0102,146	
S EAST	72,270	0161,045	037,393	0199,230	02.24	02.76	0236,349	037,10
S WEST	32,006	092,020	02,610	095,430	02.09	02.97	0104,921	09,40
SUMNER	25,163	060,060	02,139	070,999	02.74	02.02	002,203	011,20
WYANDOT	172,390	0320,459	0311,035	0640,294	01.91	03.71	0640,294	
	2,450,410	00,013,630	02,305,577	010,399,207	03.27	04.24	010,950,064	0559,60

Attachment 3