

Approved February 1, 1990  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at  
Chairperson

~~11:10~~ a.m./p.m. on JANUARY 17, 1990 in room 123-S of the Capitol.

All members were present except:

Senator Harder, who was excused

Committee staff present:

Research Department: Diane Duffy, Leah Robinson

Revisor: Norm Furse, Gordon Self

Committee Staff: Judy Bromich, Administrative Assistant

Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Tom Severn, Kansas Legislative Research Department

Laura Howard, Kansas Legislative Research Department

Mr. Alfred James

Dr. Donald Brada, Director of Psychiatric Services, St. Francis Regional  
Medical Center, Wichita

Phil Kolodziej, Director, United Methodist Youthville, Newton

Sarah Robinson, Booth Memorial, Wichita

Paul Klotz, Executive Director, Association of Community Mental Health  
Centers

Tom Severn appeared before the Committee to review Attachment 1, an updated report of preliminary 1989 property tax data.

Senator Winter read a letter from James Cobler, Director of Accounts and Reports, to inform the Committee that a record of claim payments has been compiled and is on file in Senator Bogina's office.

Senator Bogina asked Legislative fiscal staff analyst, Laura Howard, to review recommended budget cuts within the Department of Social and Rehabilitation Services (SRS). Ms. Howard reviewed Attachment 2, a summary of measures proposed by the agencies to address project funding shortfalls. She noted that the reductions in AFDC benefits and General Assistance have gone into effect. Because of the court order halting the elimination of the Medikan program and the possibility of a restraining order on General Assistance, the agencies will continue to incur the costs of those programs.

Ms. Howard reviewed a summary of the Governor's recommendations for FY 1990, Attachment 3. She stated that in addition to the SRS budget adjustments contained in Attachment 3, the Governor primarily adopts all the cost containment measures proposed by the agency. She noted that the Governor's budget did make the assumption that those would have gone into effect January 1 or February 1 of 1990, so the agency is incurring expenditures beyond what is currently found in the Governor's budget information.

In answer to a question regarding the appropriation for the Social Services block intended to provide a 5% increase for the purpose of reducing the MR waiting list, Ms. Howard said that Attachment 3 would not reflect that this money had not been restored.

Ms. Howard noted for the Committee that cancellation of the Foster Care increase frees up some funds to pay for the increased Foster Care caseload, and stated that the Governor has included an additional \$2.9 million for Foster Care caseloads in the current fiscal year.

Ms. Howard noted that the discrepancy between figures contained in

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

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,  
 123-S 11:10 XX JANUARY 17 90  
 room \_\_\_\_\_, Statehouse, at \_\_\_\_\_ a.m./p.m. on \_\_\_\_\_, 19\_\_.

Attachments 2 and 3 are between what the agency estimates to be savings and the adjustments the Governor made in his budget.

In answer to a question, Ms. Howard said that agency notifications regarding the Medikan and General Assistance cuts have not been mailed, and that January 18 is the deadline for that mailing.

Discussion was held regarding the Legislature's role in an appropriation act. It was stated by the Revisor of Statutes that the Legislature authorizes expenditures for certain purposes, but as far as the appropriation is concerned, it is not a mandate, and the Governor has the right to override the decision.

Ms. Howard told the Committee that she has a list of the reduced categories of drugs, but noted that diabetes medications, syringes and some arthritic medications will continue to be covered by the agency.

Mr. Alfred James III distributed and reviewed copies of Attachment 4.

Dr. Donald Brada, Director of Psychiatric Services, St. Francis Regional Medical Center, Wichita, appeared before the Committee in support of SB 413 and reviewed Attachment 5. It was noted that approximately 5% of the clients are transients, but Dr. Brada did not feel that these clients came to Kansas because the services were better. He said that St. Francis projects a loss of \$1.5 million for all services due to the loss of Medikan and said that Wichita writes off hundreds of millions of dollars annually. He noted that if hospitals have to continue to absorb losses, services will have to be limited.

It was noted that Medikan was developed upon the elimination of the Transitional General Assistance program.

Phil Kolodziej, Director, United Methodist Youthville, Newton, appeared before the Committee in opposition to the cancellation of the 10% foster care increase scheduled for January 1, 1990. He said that the budget for United Methodist Youthville was based upon the 10% increase. Mr. Kolodziej stated that state institutions receive 100% funding for SRS clients, but institutions such as Northville receive only 80%, so 20% of the funds needed to pay for SRS clients come from donations. He noted that the 5% increase projected through the year would cut foster care 17-22%. In answer to a question, Mr. Kolodziej stated that there are not beds in Kansas at Level 5 care for 5-8 year olds, so Kansas contracts with Missouri for this service. He told the Committee that because children are having children, because of physical and sexual abuse, and because of substance abuse, the number of children in need is rising. He said that the average length of stay for a child is 11.5 months, the occupancy rate is at 100%, and approximately 60% of the referrals are turned away. Mr. Kolodziej said that total budget costs for his facility went up 11% last year.

Sarah Robinson, Director of the Wichita Childrens' Home (a temporary emergency shelter), appeared before the Committee to discuss restoring foster care cuts. She said that the 10% is needed because the number of children who are brought in by law enforcement and who are being referred by the District Attorney is growing. Ms. Robinson stated that 500 children were sent to detention and 100 children were sent to foster homes last year because temporary shelters were filled. She noted that the 10% cut equates to a \$95,000 deficit for the Wichita Childrens' Home which would have been used to raise employee starting salary from \$3.85 to \$4.85 per hour.

Paul Klotz, Executive Director of the Association of Community Mental Health Centers of Kansas, reviewed Attachment 6.

The meeting adjourned at 12:35 P.M.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: 1-17-90

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
MARY ELLA SIMON	TOPEKA	KG. of WOMEN VOTERS
Mary Ellen Onlee	Wichita	ST. Francis Reg. Med. Center
DONALD R. BRADA	WICHITA	ST. FRANCIS MED CENTER
Paul M. Klotz	TOPEKA	ASSOC. OF CMHC'S, Inc
GARRY RUTE	Topoka	Kansas Legal Services
Tom Bell	"	Ks. Hosp. Assn
ALFRED JAMES	WICHITA	Breakthrough Club
J Mills		Godoff.
Ron P. [unclear]	Atas	Fort [unclear] [unclear]
Maas [unclear]	Topoka	ASR
Loren O. Budahl	Topoka	Ks State Assoc. of Foster Parents
GARY W. DUNCAN	Topoka	The Villages
PHILLIP J. KOLDZIEJ	NEWTON	YOUTHVILLE
Wesley V Young	Newton	Youthville
Chas Starfield	TOPEKA	SRS
John Schneider	TOPEKA	SRS
Cindy Gilpin	TOPEKA	DOB
Tim Hoyt	Lawrence	Journal-Examiner
Douglas E Johnston	Lawrence	inter
Chip Wheeler	Topoka	Ks Medical Soc.
M. Hoover	"	Capital-Journal
Bruce Linker	Lawrence	KALPCCA
Melissa Ness	Topoka	Ks CSL/Children's Coalition
George Digger	Topoka	Ks Dept. on Aging
Paul Gallens	" "	SRS
Karen Dextrom	Topoka	SRS
Wanda Burt	"	SRS
Thomas C Owens	"	SRS

**KANSAS LEGISLATIVE RESEARCH DEPARTMENT**

**ROOM 545-N - Statehouse**

**Phone 296-3181**

January 16, 1990

TO: Senator Gus Bogina

Office No: 120-S

RE: Updated Report of Preliminary 1989 Property Tax Data

Attached are preliminary 1989 property tax data, by county, as updated through January 12, 1990, by the Division of Property Valuation (PVD) of the Department of Revenue. Initially, these data were provided to PVD in a preliminary report by county clerks. For 81 counties, the data have been reviewed and changed where necessary by PVD based on a preliminary version of the November 1 abstract. Changes from the January 8 compilation of these data are minor.

Data shown for each county are 1988 and 1989 assessed valuations, total property taxes levied, and the countywide average mill levies, along with the percent increases for each. Also shown is the dollar amount of increase in property taxes levied in each county in 1989.

Each table shows the same data sorted in different ways. The first is alphabetical. Subsequent tables are sorted by 1989 assessed value, percent increase in assessed value, 1989 property taxes, the dollar increase in property taxes, the percent increase in property taxes levied, the 1989 countywide average mill levy, and the percent increase in the countywide average mill levy, as indicated at the top of the table and by the shaded column.

For each table after the first, the median, or middle, county is indicated by the box in the middle of the table. The median county would be the 53rd county when they are arranged in order, for instance, by assessed value.

Thomas A. Severn  
Principal Analyst

Attachments

SWAM  
Jan. 17, 1990  
Attachment 1

Table with columns: COUNTY NAME, 1988 ASSESSED VALUE, 1989 ASSESSED VALUE, PERCENT INCREASE, 1988 TAXES, 1989 TAXES, AMOUNT OF INCREASE, PERCENT INCREASE, COUNTYWIDE 1988 AVG MILL LEVY, COUNTYWIDE 1989 AVG MILL LEVY, PERCENT INCREASE. Lists counties from ALLEN to WYANDOTTE with their respective tax data.

SOURCE: PVD AND DEPT OF REVENUE

















**SRS FY 1990 COST CONTAINMENT MEASURES**

	FY 1990	
	SGF	All Funds
<u>Proposed Regulatory Changes (1/1/90):</u>		
\$9.00 per person decrease in monthly AFDC benefits	\$ 1,691,000	\$ 3,822,000
\$9.00 per person decrease in General Assistance	50,000	50,000
Elimination of MediKan Program*	4,703,000	4,703,000
Eliminate Attendant Care for Independent Living (ACIL)	504,000	1,139,000
Reduce protected income level for persons in independent living and HCBS due to public assistance reductions	120,800	273,180
<u>Proposed Regulatory Changes (2/1/90):</u>		
Elimination of General Assistance	4,753,000	5,013,000
<u>Other Initiatives Not Implemented:</u>		
Study of Children's Services	225,000	225,000
Cancellation of 10 percent foster care increase scheduled for 1/1/90	908,000	1,112,000
Delay in KanWork Expansion to April, 1990	558,000	1,185,000
<u>Other Cost Savings Measures</u>		
Reduce Several Categories of Drugs	396,000	900,000
Reduce Income Eligible Home Care	300,000	300,000
Internal Administrative Reductions	100,000	200,000
Travel Reductions	220,000	580,000
Partial Hiring Freeze	300,000	1,000,000
<b>TOTAL SAVINGS</b>	<b>\$ 14,828,800</b>	<b>\$ 20,502,180</b>

\* A temporary restraining order was issued December 29, 1989 halting the elimination of the MediKan program. A second hearing is scheduled for January 19, 1990 concerning the lifting of the restraining order. Elimination of the program effective February 1, 1990 would result in FY 1990 savings of approximately \$3.1 million.

SWAM  
January 17, 1990  
Attachment 2

# MEMORANDUM

## Kansas Legislative Research Department

Room 545-N -- Statehouse  
Topeka, Kansas 66612-1586  
(913) 296-3181

January 9, 1990

Re: SRS FY 1990 Governor's Recommendations

	<u>FY 1990</u> <u>Approved</u>	<u>FY 1990</u> <u>Gov. Rec.</u>	<u>Difference</u>
<u>All Funds</u>			
Salaries and Wages	\$ 104,908,869	\$ 103,307,800	\$ (1,601,069)
Other Operating Expenditures	<u>52,476,382</u>	<u>50,470,909</u>	<u>(2,005,473)</u>
State Operating	\$ 157,385,251	\$ 153,778,709	\$ (3,606,542)
Aid to Local Units	\$ 30,014,037	\$ 33,027,020	\$ 3,012,983
Other Assistance	<u>593,075,718</u>	<u>612,163,445</u>	<u>19,087,727</u>
Subtotal -- Operating	\$ 780,475,006	\$ 798,969,174	\$ 18,494,168
Capital Improvements	<u>\$ 4,149,063</u>	<u>\$ 4,096,558</u>	<u>\$ (52,505)</u>
Total	<u>\$ 784,624,069*</u>	<u>\$ 803,065,732*</u>	<u>\$ 18,441,663*</u>
<u>State General Fund</u>			
Salaries and Wages	\$ 46,767,079	\$ 46,183,204	\$ (583,875)
Other Operating Expenditures	<u>19,629,570</u>	<u>18,690,315</u>	<u>(939,255)</u>
State Operating	\$ 66,396,649	\$ 64,873,519	\$ (1,523,130)
Aid to Local Units	\$ 27,164,705	\$ 28,135,882	\$ 971,177
Other Assistance	<u>271,634,398</u>	<u>275,056,176</u>	<u>3,421,778</u>
Subtotal -- Operating	\$ 365,195,752	\$ 368,065,577	\$ 2,869,825
Capital Improvements	<u>\$ 437,540</u>	<u>\$ 372,540</u>	<u>\$ (65,000)</u>
Total	<u>\$ 365,633,292</u>	<u>\$ 368,438,117</u>	<u>\$ 2,804,825</u>

The Governor's FY 1990 recommendation for the Department of Social and Rehabilitation Services is an increase of \$18.4 million from the amount approved by the 1989 Legislature. The recommendation includes a net increase of \$2.8 million from the State General Fund, \$7.8 million from the SRS fee fund, and \$7.8 million from other funds. Thus, the \$18.4 million includes \$10.6 million from state funds (SGF and SRS fee fund) and \$7.8 million from all other funds. The recommended supplemental from the State General Fund is for foster care to provide for anticipated caseload growth. The attached sheet summarizes the Governor's adjustments to the FY 1990 approved budget.

*SWAM*  
*January 17, 1990*  
*Attachment 3*

SUMMARY OF GOVERNOR'S RECOMMENDED FY 1990  
SRS BUDGET ADJUSTMENTS

Item	SGF	All Funds
Salaries and Wages	\$ (583,875)	\$ (1,601,069)
Miscellaneous Operating Expenses	(1,186,339)	(6,958,212)
AFDC Grant Reductions (\$9/mo.)	(2,200,846)	(5,009,892)
AFDC Caseload Increase	3,240,247	8,028,378
General Assistance Grant Redn.	(560,190)	(560,190)
General Assistance Elimination	(2,288,548)	(2,288,548)
Foster Care Caseloads	4,290,562	5,597,243
Cancellation of 10% Foster Care Rate	(1,107,803)	(1,350,983)
Medical Assistance Caseloads	7,196,981	10,423,763
Other Medical Assistance Adjustments	(33,813)	(1,651,954)
Fee Fund Shortfall	2,120,012	0
FY 1989 Pended Claims	1,731,000	3,206,436
Hospital Rate Settlements	1,264,512	1,264,512
Long Term Care	69,053	21,745,375
Medicaid - Pregnant Women and Children	(730,178)	(1,494,500)
Drug Formulary Restrictions	(921,249)	(2,083,333)
Elimination of MediKan	(4,702,997)	(4,702,997)
Independent Living Center Redn.	(75,000)	(75,000)
Child Support Enf. Contract	43,046	205,665
KDHE Contracts	42,084	140,279
Capital Outlay Reduction	(63,241)	(149,188)
Travel Reduction	(154,681)	(364,900)
YCAT Fence Savings	(65,000)	(65,000)
KanWork Delay to 4/1/90	(1,252,853)	(2,548,163)
Community MR Center Placements	(1,266,059)	(1,266,059)
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 2,804,825</b>	<b>\$ 18,441,663</b>

# Alfred James III

PETROLEUM GEOLOGIST

1000 Bitting Bldg.  
Wichita, Kansas 67202

S.I.P.E.S.  
#1111

area code 316  
267-7592

Comments on SB 413: Restoring GA and MediKan budget 1/17/90

Distinguished members of the Kansas Legislature:

My name is Alfred James; I am an independent petroleum geologist residing in Wichita, and am also a volunteer worker in Breakthrough Club in Wichita, which is a private sector support group for the longterm mentally ill.

My involvement in Breakthrough Club began over three years ago and I have made many valuable friends among the members. Breakthrough is a very effective program, providing a social and vocational clubhouse for its more than 200 members all of whom are longterm mentally ill persons. The members have a place to develop friendships and to progress toward becoming productive citizens. About fifteen percent of our members have jobs in the community.. Only five percent are rehospitalized, a much smaller proportion than the general longterm mentally ill public. The program works! Just before Christmas, I attended a graduation ceremony at a local business college; one of our young members, who two years ago was living on the streets, now will become a working citizen. People like this young man are dependent upon GA for support between hospitalization and qualification for federal support.

Virtually all of Breakthrough Club members are dependent upon continuing medication and outpatient therapy for effective management of their condition. Psychotherapists tell us it is often hard to impress on these people the necessity for this maintenance, and I have had the experience more than once of visiting a member in the Emergency Room and later in the hospital because he or she stopped taking their medicine. At this point it is like going back to square one again. For many of our people, GA and MediKan are vital for medical maintenance and minimal living conditions. Without it, they will quickly be back in the hospital.

For twenty five years, I have been an independent businessman in the Kansas petroleum industry. My continued existence in this now distressed industry is the result of two things mainly: some past good luck in finding oil, and some knowledge of money management. When the price of crude oil collapsed four years ago, financial planning became the key to survival. I suggest to you that the State of Kansas is at such a point. Critical to this process is cash forecasting and identification of those budget items which seem to offer an immediate savings if eliminated, but which a closer look and forecast will show are budget killers in the near future. The proposed cuts in GA and MediKan fit this description. The Wichita Area SRS Social Service Advisory Council has stated that "The proposed reductions...appear to save funds, but increase long term costs."

Without the support of GA and MediKan, those people who depend upon it will be back in the hospital quickly, and without this support, will have to remain in the state hospital system. In October 1988, Governor Hayden

SWAM  
January 17, 1990  
Attachment 4



wrote me "It is against the policy of the Mental Health and Retardation Services, Department of Social and Rehabilitation Services, to allow residents to be discharged from state hospitals without community and medical resources to receive them." The local Mental Health Centers do not now provide medication and there is no budget for it. And, private sector programs such as Breakthrough Club are financially stretched to the limit.

The Sedgwick County Mental Health Association and Dr. Donald Brada, Medical Director of Psychiatry at St. Francis Hospital in Wichita, have both told me that 80 to 90 percent of persons now dependent upon MediKan and GA for support and medication will end up in state hospitals very soon after support is no longer available. Very soon means about two weeks on an average. They will make the trip to the local hospital ER, and be admitted for short term care whether or not money is available. Very soon, however, they must be transferred to a state hospital for longterm care...a state hospital system already at capacity. The crisis situation will be evident in a short time after support is lost.

With all this in mind, we will prepare a cash forecast. The state's General Fund now pays 76 percent of costs for the four institutions for the mentally ill. Taking a conservative figure of \$150 per patient per day in the state hospital system, times this 76 percent, times the at least 80 percent of the longterm mentally ill now dependent on GA and MediKan who will need to be rehospitalized because of loss of this support gives us a net cost to the state of Kansas of \$91.20 per patient per day. The state budget shows the present average cost of GA and MediKan support for these people to be \$18/person/day. The state will be paying FIVE TIMES the present cost very shortly, and this says nothing about the consequences of overloading an already strained hospital system. One state hospital is already in danger of decertification and loss of federal support. The cost of additional facilities will be far greater than the above figures.

Finally, I am told that the Kansas Constitution requires that counties provide for those citizens not able to provide for themselves, and that SRS is the designated agent for this obligation. I also understand that the statutes require SRS to make an impact survey before cutting any program, and have been told this is not done as regards the subject cuts. And I note that the Attorney General has vigorously opposed these cuts.

Please allow me to candidly state in closing that if I as a businessman had not done my economic homework on a regular basis, and worse, ignored advice of legal counsel, I am certain I would not be a survivor today.

Thank you for this opportunity to speak to you.

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TESTIMONY PRESENTED TO THE SENATE WAYS AND MEANS COMMITTEE

BY

DONALD R. BRADA, M.D.

JANUARY 17, 1990

- Here to speak in favor of S.B. 413 pertaining to the continuation of the Medikan program.
- Here to speak on behalf of the 6500 individuals who are citizens of the State of Kansas and who are recipients of Medikan benefits and are patients of mine and my fellow physicians throughout the state.
- Also speaking on behalf of their many thousands of relatives, friends and associates who would be indirectly affected.
- The Medikan Program was designed to provide medical care in acute situations and during catastrophic illness.
- Most of the 6500 Medikan recipients are individuals who have been carefully screened and determined to be:
  - a. Physically incapacitated for at least 30 days to the extent that employment is precluded
  - b. Mentally retarded
  - c. Mentally ill to the extent that employment is precluded
  - d. Being treated and living in alcohol and drug abuse facilities

SWAM  
January 17, 1990  
Attachment 5

- These are individuals for whom no other resources are immediately available.
- How would these individuals be affected by the loss of Medikan benefits?
  - a. Longer Hospital Stays - those individuals currently in hospitals would have to stay longer.
  - b. Increased Hospitalizations - those individuals currently receiving outpatient treatment would decompensate without it and most would require hospitalization.
  - c. Delays in Receiving Necessary Treatment - those individuals who had not yet been involved in treatment but who were in need would find that treatment was delayed or unavailable until their symptoms had progressed to the point of crisis
  - d. Increased Drug and Alcohol Abuse - attempt to self-medicate
  - e. Increased Domestic Violence
  - f. Increase in crime and incarceration
  - g. Increase in Homelessness
  - h. Increase incidence of suicide
  - i. "Ripple" effect on families, friends, neighbors and communities



# Association of Community

## Mental Health Centers of Kansas

835 S.W. Topeka Ave., Suite B/Topeka, Kansas 66612/913 234-4773

Paul M. Klotz, Executive Director

December 6, 1989

-MEMORANDUM-

TO: Winston Barton, Secretary of SRS  
FR: Association of CMHCs of Kansas, Inc.  
Paul M. Klotz, Executive Director  
RE: Certain Proposed Cuts in SRS Budget

This Association is alarmed by certain reductions proposed by your department for this fiscal year. The Association takes this opportunity to inform you of the result if these proposed measures are put into practice.

The greatest impact on mental health centers and subsequently the state is the proposed elimination of the Medikan Program.

General Assistance/Medikan represents the only means of supporting chronically mentally ill adults living in the community who are unable to qualify for SSI/SSDI, or who are not able to maintain employment. Without this source of support, return to a hospital or ICF-MH care is the most likely alternative available. On a statewide basis we can assume that between 250-300 chronically mentally ill adults in active treatment with Kansas mental health centers depend on Medikan to pay for both supportive and medical services.

In FY 1989, \$1,595,488, was billed to Medikan from the centers, primarily for this state priority population.

The elimination of services funded through Medikan will result in

-over-

Kermit George  
President

John Randolph  
President Elect

Steve Solomon  
Vice President

Dwight Young  
Past President

Jim Sunderland  
Treasurer

Eunice Ruttinger  
Secretary

Pam Bachman SWAM  
Bd. Memb. at Large Jan 17, 1990  
Attachment 6

Winston Barton  
December 6, 1989  
Page 2

returning the people to already overcrowded state or to community hospitals to say nothing of the added cost to an already overburdened state budget. The placing of such persons back in a state hospital would have an average cost to the state of about \$16,000 per year per client. Therefore, the state could save \$1.5 million and at the same time experience a new cost of between \$4 and \$5 million. Of course, we believe that treatment is not only less expensive in the community but far more effective.

Kansas is at the beginning of "Mental Health Reform". This reduction flies in the face of such reform and puts in jeopardy all of our mutual efforts in the last two years to incrementally implement these much needed changes to move citizens to the community.

We respectfully, but strongly urge you to rethink your decision to not seek a supplemental appropriation early in the 1990 Session of the Legislature. We also stand ready to help think through alternatives toward cost effective and cost saving mental health reform. Please call on us!

Thank you.

cc: Dave Seaton, Chair, Governor's Mental Health Planning Council