

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 10:05 a.m. on February 9, 1996 in Room 514-S of the Capitol.

All members were present except: Representative Gross, excused

Committee staff present: Alan Conroy, Russell Mills, Susan Wieggers, Legislative Research Department
Jim Wilson, Revisor of Statutes; Mike Corrigan, Revisor
Tim Kukula, Appropriations Secretary; Todd Fertig, Administrative Aide

Others attending: See attached list

Chairman Jennison opened the meeting and recognized Representatives Edmonds and Wilk to give the subcommittee report on the Department of Education. Representative Edmonds stated that the subcommittee report for FY 1996 concurs with the Governor's recommendation with several changes. Representative Wilk stated that the subcommittee report for FY 1997 concurs with the Governor's report with 9 changes (Attachment 1).

A motion was made by Representative Helgerson, seconded by Representative Hochhauser, to add \$500,000 into special education for FY 1997. The motion failed with a division of 5 to 11.

A motion was made by Representative Lowther, seconded by Representative Reinhardt, to transfer \$1.3 million from the FY 1997 budget to the FY 1996 budget to cover carry over time between the final FY 1996 appropriation disbursement and the first FY 1997 appropriation disbursement to ensure proper cash flow. The money coming in as the final disbursement for FY 1996 will then remain in the budget for FY 1997. The motion carried. Representative Edmonds voted no.

A motion was made by Representative Wilk, seconded by Representative Farmer, to adopt the subcommittee report on the Department of Education as amended. The motion carried.

Chairman Jennison recognized Representative Carmody to give the subcommittee report on Mental Health and Developmental Disability Services. Representative Carmody stated that the subcommittee report concurs with the Governor's FY 1996 and FY 1997 recommendations with modifications and comments (Attachment 2).

Chairman Jennison then recognized Representative Nichols to give the Minority report on MHDDS. Representative Nichols' report suggested 3 specific amendments to the Majority report (Attachment 2-7).

A motion was made by Representative Nichols, seconded by Representative Dean, to add a proviso to the single line-item for MH/MR funding requiring that the final payment of mental health reform (\$891,297) be made from those funds. Representative Carmody state that he felt that this amendment and the two to follow, would delay hospital closure by at least one year. The motion failed with a division of 7 to 12.

Representative Nichols then made a motion, seconded by Representative Dean, to add \$891,297 for MH/MR. This motion is the same as the last motion without the addition of a proviso. The motion failed with a division of 6 to 11.

A motion was made by Representative Nichols, seconded by Representative Dean, to add to the Majority report a proviso requiring that the \$100,000 be made from the single MH/DD line item for Parents' Assistance Network (PAN). The motion failed with division of 7 to 10.

A motion was made by Representative Nichols, seconded by Representative Helgerson, to add a proviso to the bill requiring that the \$3 million be restored to State Aide to CDDOs from e existing resources in the single line-item. The motion failed 6 to 11.

A motion was made by Representative Carmody, seconded by Representative Gatlin, to adopt the subcommittee report. The motion carried.

The meeting adjourned at 12:35 p.m.

The next meeting is scheduled for February 12, 1996.

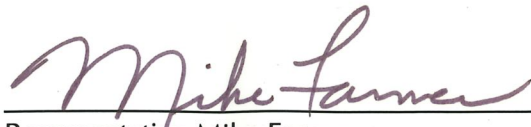
LEGISLATIVE BUDGET COMMITTEE

DATE 2-9-96

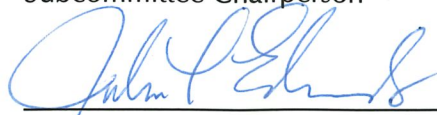
NAME	ADDRESS	REPRESENTING
W. Howard E. Leaf	3400 Van Buren	Racing Commission
Frances Snell	✓	✓
Kenneth G. HARRIS	✓	"
DON POUND	DSOB	SRS
Dale Dennis	Education	—
RON NITCHEZ	✓	—
Doug Bowman	CCFOS-Topoka	
ARIKA ALDRICH	OSAGE CITY	THE RESOURCE CENTER FOR INDEPENDENT LIVING
Sheryl C. Diehl	Topoka	KS Advocacy, Protective Services
Jane Days	Topoka	KS Council on Dev Disabilities
Therese Jones	Topoka	SILCK
Josie Torres	Topoka	Families Together, Inc.
Jacque Oakes	Ipawa	SQE
Paul M. Klotz	Topoka, KS.	ASSOC. OF CMHC'S KS, INC.
Ellen Beck Blumery	Topoka	Assoc. of Cities
Mike Huttles	Topoka	SRS
Janet Schlanitz	Topoka	SRS
Rochelle Chronister	Topoka	SRS
John	Topoka	SRS
John Garlinger	Topoka	SRS
Merle Free	"	FACC
Alan Holmes	"	DOB
GARY SAVILLE	"	KANSAS LOTTERY
Bernie Koch	Wichita	WICHITA AREA CHAMBER OF COMMERCE

FY 1996 AND FY 1997
House Subcommittee Report for:

STATE DEPARTMENT OF EDUCATION



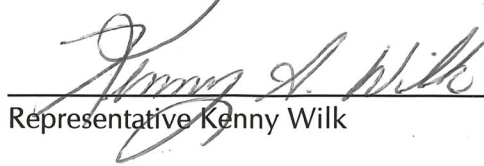
Representative Mike Farmer
Subcommittee Chairperson



Representative John Edmonds

Representative Henry Helgerson

Representative Richard Reinhardt



Representative Kenny Wilk

2-9-96

House Appropriations

Attachment

1

STATE DEPARTMENT OF EDUCATION

Subcommittee Report

The State Board of Education is a ten-member elected board established by the Kansas Constitution. It is responsible for the general supervision of public schools and all other educational interests of the state that are not under the jurisdiction of the Kansas Board of Regents. Its duties include accrediting elementary and secondary schools; establishing standard courses of study in the public schools; certifying teachers and administrators; approving public and private teacher education programs; administering a variety of state and federal aid programs; licensing proprietary schools; and supervising area vocational schools, technical colleges, and community colleges.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
State Operations	\$ 16,174,995	\$ 17,477,085	\$ 17,284,328	\$ 17,678,888	\$ 16,976,864
Aid to Local Units	1,859,653,516	1,952,547,519	1,937,191,777	2,208,586,717	1,934,767,702
Other Assistance	35,093,558	35,012,086	35,012,086	34,939,891	34,945,385
TOTAL	\$ 1,910,922,069	\$ 2,005,036,690	\$ 1,989,488,191	\$ 2,261,205,496	\$ 1,986,689,951
State General Fund:					
State Operations	\$ 7,516,805	\$ 8,162,151	\$ 8,033,766	\$ 8,584,267	\$ 7,974,747
Aid to Local Units	1,663,923,133	1,747,939,720	1,732,583,978	2,006,467,295	1,733,527,029
Other Assistance	180,343	174,280	174,280	193,786	244,280
TOTAL	\$ 1,671,620,281	\$ 1,756,276,151	\$ 1,740,792,024	\$ 2,015,245,348	\$ 1,741,746,056
Percentage Change:					
Operating Expenditures:					
All Funds	8.0%	4.9%	4.1%	12.8%	(0.1)%
State General Fund	8.3	5.1	4.1	14.7	0.1
FTE Positions					
FTE Positions	207.0	207.0	207.0	209.0	205.0
Unclassified Temp. Positions	45.5	43.5	42.5	37.5	39.5
TOTAL	252.5	250.5	249.5	246.5	244.5

HIGHLIGHTS OF THIS BUDGET

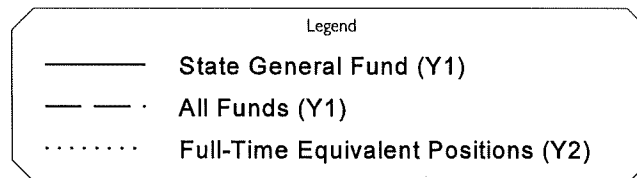
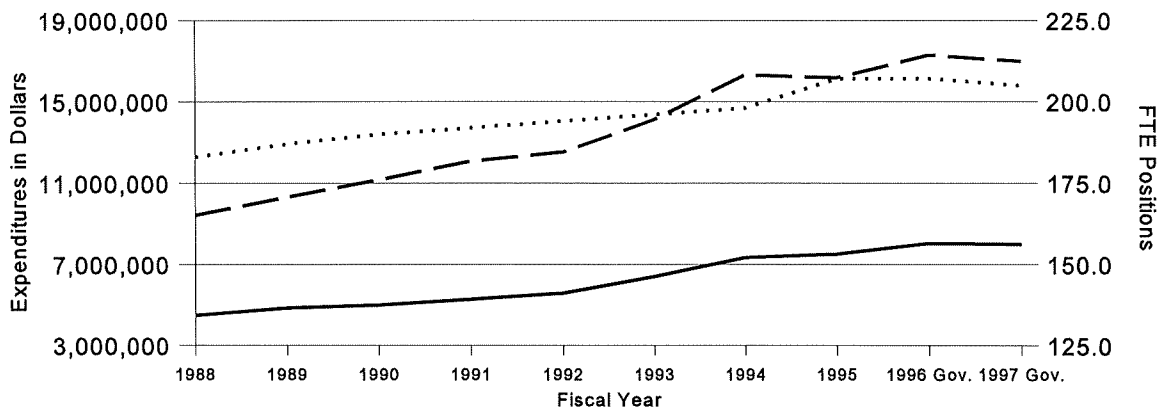
- ▶ **RESPA Regulations.** The State Department is requesting a supplemental appropriation of \$3,368,114 for general state aid to schools as the consequence of rules and regulations adopted by the U.S. Department of Housing and Urban Development that were effective May, 1995, which affect the distribution of property taxes. The Governor recommends a supplemental appropriation of \$2,069,114 for general state aid. That amount is \$1,299,000 less than the amount estimated by the State Department of Education, the Division of the Budget, and the Legislative Research Department to fund fully the formula.
- ▶ **KPERS-School.** For FY 1996, the State Department is requesting a supplemental appropriation of \$3,283,381 for the employer's contribution for school members of the Kansas Public Employees Retirement System, for a total of \$63,177,381. **The Governor recommends** the supplemental appropriation of \$3,283,381 for KPERS-School, as requested.

- ▶ **Student Assessments.** For FY 1997, the State Board estimates expenditures of \$842,000 to give tests in the areas of mathematics, reading, science, and social studies. **The Governor includes** \$842,000 in his FY 1997 budget for the state assessments, as requested.
- ▶ **General and Supplemental General State Aid.** The State Board is requesting \$1,536,004,600 for general state aid and \$70,485,000 for supplemental general state aid, for a total of \$1,606,489,600. The total is an increase of \$223.4 million over the revised estimate for the current year. The increase is accounted for primarily by the State Board's recommendation that base state aid per pupil be increased from \$3,626 to \$4,000 (at a cost of approximately \$203,044,300) and that four-year-old at risk children be counted as a 0.5 FTE pupil (at a cost of an estimated \$7.2 million). **The Governor recommends** \$1,320,078,000 for general state aid and \$48,672,000 for supplemental general state aid, for a total of \$1,368,750,000. That amount would fund fully the program under current law (base state aid per pupil at \$3,626), including the correlation weighting step scheduled for implementation in FY 1997. The Governor's recommendation does not include funding to add four-year-old at risk children to the formula.
- ▶ **Special Education.** The State Board requests \$211,475,353 for special education in FY 1997, which is estimated to fund 90 percent of excess costs. (The appropriation of \$185,816,131 in the current year is estimated to fund 83.2 percent.) **The Governor recommends** \$190,515,583 for special education, an increase of \$4,699,452 over the current year. The recommended amount would fund an estimated 81.1 percent of excess costs.
- ▶ **Community Colleges.** The State Board requests a total of \$63,002,494 for the three community college state aid programs, an increase of \$9.4 million over the current year. **The Governor recommends** a total of \$54,161,798 for community college aid, an increase of \$536,255 (1.0 percent) over the current year.
- ▶ **Inservice Education.** The State Board is requesting \$6,187,500 for inservice education, which would fund the state's portion (50.0 percent) of local programs for inservice education of certificated employees. **The Governor recommends** \$4.0 million for inservice education aid. The amount is a reduction of \$1.4 million from the current year and would fund an estimated 32.0 percent of local program costs.
- ▶ **KPERS-School.** The State Department is requesting \$69,723,333 to pay the employer's contribution for school members (elementary and secondary, area vocational, and community college employees) in the Kansas Public Employees Retirement System. The Governor recommends \$69,723,333 for KPERS-School, which is the estimated amount of the entitlement for FY 1997.
- ▶ **Postsecondary Area Vocational School Aid.** The State Board requests a total of \$24,617,168 for postsecondary aid for area vocational schools and technical colleges. **The Governor recommends** \$24,155,656.
- ▶ **Parent Education.** The State Board requests \$3.0 million for parent education programs, an increase of \$250,000 over the current year. The Governor recommends \$2,750,000.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State Operations						
Salaries	\$ 0	\$ (62,196)	\$ 258,969,197	\$ 954,032	14.7%	0.1%
OOE	9,000	(12,350)	(2,800,391)	(3,752,272)	(1.1)	(1.5)
RESPA	3,368,114	2,069,114				
KPERS-School	3,283,381	3,283,381				
TOTAL	<u>\$ 6,660,495</u>	<u>\$ 5,277,949</u>	<u>\$ 256,168,806</u>	<u>\$ (2,798,240)</u>	<u>12.8%</u>	<u>(0.1)%</u>
FTE Positions	0.0	0.0	2.0	(2.0)		

BUDGET TRENDS

STATE OPERATIONS FY 1988-FY 1997



BUDGET DETAIL

A. SUMMARY OF PROGRAMS AND EXPENDITURES FROM SELECTED FUNDS

Program	Actual FY 95	Rev. Agency Est. FY 96	Gov. Rec. FY 96	Rev. Agency Req. FY 97	Gov. Rec. FY 97
SGF					
Agency Operations	\$ 7,523,324	\$ 8,162,151	\$ 8,033,766	\$ 8,584,267	\$ 7,974,747
Gen. State Aid	1,297,193,581	1,341,475,000	1,340,178,000	1,320,078,000 ^a	1,320,078,000
Supp. Gen. State Aid	40,004,533	41,600,000	41,600,000	48,672,000 ^a	48,672,000
School Dist. Cap. Improv.	10,986,035	16,000,000	16,500,000	20,500,000	20,500,000
Special Education	177,289,077	185,816,131	185,816,131	211,475,353	190,515,583
School Food Assist.	2,510,483	2,510,486	2,510,486	2,510,486	2,510,486
Inservice Ed.	5,399,067	5,400,000	5,400,000	6,187,500	4,000,000
Educable Deaf/Blind	100,000	110,000	110,000	110,000	110,000
Adult Basic Ed.	780,892	784,161	800,000 ^b	1,180,000	800,000 ^b
Parent Ed.	2,479,114	2,722,500	2,750,000 ^b	2,970,000	2,750,000 ^b
Postsecondary AVTS Aid	17,414,808	17,850,163	17,850,163	18,385,668	17,439,555
Comm. College Credit Hr.	36,029,808	38,756,775	38,756,775	46,096,079	39,293,030
Comm. College Out-Dist.	11,874,431	12,225,973	12,225,973	14,263,620	12,225,973
Comm. College General	2,640,011	2,642,795	2,642,795	2,642,795	2,642,795
KPERS-School	58,208,329	63,177,381	63,177,381	69,723,333	69,723,333
Juvenile Detention Facilities	1,186,788	2,440,554	2,440,554	2,752,000	2,440,554
Ks. Cultural Heritage Center	-	-	-	-	20,000
Ag. in the Classroom	-	-	-	-	25,000
Environmental Ed.	-	-	-	-	25,000
TOTAL - SGF	\$ 1,671,620,281	\$ 1,741,674,070	\$ 1,740,792,024	\$ 1,776,131,101	\$ 1,741,746,056
SSDF	\$ 35,421,781	\$ 33,211,000	\$ 3,510,000	\$ 34,510,000	\$ 34,510,000
EDIF					
Ed. Excellence Grants	\$ 1,485,000	\$ 1,485,000	\$ 1,485,000	\$ 2,000,000	\$ 1,485,000
Postsecondary AVTS Aid	5,700,000	6,050,000	6,050,000	6,231,500	6,716,110
Voc. Ed. Cap. Outlay Aid	1,500,000	1,650,000	1,650,000	2,000,000	1,650,000
Technology Innovation	485,427	500,000	500,000	500,000	-
Ks. Cultural Heritage Center	25,000	20,000	20,000	20,000	-
Ag. in the Classroom	25,000	25,000	25,000	25,000	-
TOTAL - EDIF	\$ 9,220,427	\$ 9,730,000	\$ 9,730,000	\$ 10,776,500	\$ 9,851,110
GRAND TOTAL - SGF, SSDF, EDIF					
	\$ 1,716,262,489	\$ 1,784,715,070	\$ 1,785,032,024	\$ 1,821,417,601	\$ 1,786,107,166

a) Based on current law. The State Board's request, which would require a change in the law, is \$1,536,004,600 for general state aid and \$70,485,000 for supplemental general state aid.

b) Includes funds that the State Department had intended to use for agency operating expenditures.

House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor, with the following exceptions:

1. Concur with the Governor's revision to his budget, which increases expenditures from the State School District Finance Fund by \$1,910,000 in both FY 1996 and FY 1997 (from \$32,600,000 to \$34,510,000). The revised figure is the Governor's estimate of expenditures from the fund that consists primarily of local effort recapture money.
2. Amend the proviso to the grants to school districts for services provided juvenile detention facilities and the Flint Hills Job Corps Center. The change, for both FY 1996 and FY 1997, would be to add two additional dates (November 20 and April 20) to the existing September 20 date on which a count is made of the number of pupils residing at the Flint Hills Job Corps Center or confined in a juvenile detention facility. A district providing services to the pupils could use the higher of the three counts. (K.S.A. 1995 Supp. 72-8187 restricts the amount that districts can receive to the lesser of the actual cost of services provided or what they would get if each pupil were counted as two pupils under the School District Finance and Quality Performance Act.) The reason for the Subcommittee's amendment is that new juvenile detention facilities are added annually and, unless the facility is added by September 20, the school district that provides the service does not get to count the pupils. In addition, the number of students being served by a school district can fluctuate from the September 20 count, resulting in services being provided for which no reimbursement is received.
3. Make a technical amendment to H.B. 2726, which concerns appropriations for FY 1996. The Governor recommends a new fund beginning in FY 1996 for fees and expenditures connected with giving qualifying examinations to interpreters for the deaf who work in an educational setting. In the FY 1997 appropriations bill, the fund has a proviso that authorizes the State Department of Education to fix, charge, and collect fees charged applicants to take the examination and to spend money from the fund for the program. However, that proviso inadvertently was left out of the FY 1996 bill.

FY 1997. The House Subcommittee concurs with the Governor, with the following exceptions and comments:

1. Concur with the Governor's revision to his budget to increase expenditures from the State School District finance Fund by \$1,910,000 (from \$32,600,000 to \$34,510,000). (This is the same revision that was made for FY 1996.)
2. Reduce the "other grants" line item in H.B. 2724 from \$75,000 to \$70,000 in order to accurately reflect the Governor's recommended total. The programs and the amounts recommended by the Governor from the State General Fund are (1) the Kansas Cultural Heritage Center—\$20,000; (2) the Kansas Foundation for Agriculture—\$25,000; and (3) Environmental Education—\$25,000.
3. In order to accurately reflect the Governor's recommendation, increase the amount of the quarterly transfer from the State Highway Fund for the school bus safety program from \$40,025 to \$42,428. (The total transfer recommended by the Governor for FY 1997 is \$169,712.)
4. Reduce estimated expenditures from the School District Capital Improvements Fund from \$16.5 million to \$16.0 million. (The estimate of the amount of state aid that would be needed to pay the state's share of school district bond and interest payments was revised

downward by the State Department of Education after the Governor made his recommendations.)

5. Amend the proviso to the appropriation for operating expenses to provide for an unlimited reappropriation of State General Fund money from FY 1996 to FY 1997. The effect of the Subcommittee's recommendation would be to make it possible for the State Department to make whatever reductions in expenditures it can in the current year in order to reallocate savings to FY 1997.
6. Amend the proviso to the grants to school districts for services provided juvenile detention facilities and the Flint Hills Job Corps Center to add two additional dates (November 20 and April 20) to the existing September 20 date on which a count is made of the number of students residing at the Flint Hills Job Corps Center or confined in a juvenile detention facility. (This is the same amendment that was recommended for FY 1996.)
7. The Subcommittee calls attention to the uncertainty surrounding the status of federal funding for the State Department of Education. Proposals currently under consideration by the Congress could result in a decrease in funding from FY 1996 to FY 1997 ranging from \$5.0 million to more than \$20.0 million. Possible cuts include almost \$10.0 million in programs for disadvantaged students, \$6.1 million in nutrition services, and almost \$2.0 million in vocational education. In addition to reductions in programs that provide direct aid to schools, there are possible reductions in federal funding that the State Department uses for salaries and other operating expenses. Although the magnitude of the cuts will not be known until Congress takes final action, the Subcommittee believes the Legislature should be made aware of the revenue shortfall the State Department may experience in FY 1997.
8. In its review of performance indicators for the State Department of Education, the Subcommittee came upon a situation that could result in misunderstandings regarding the state's mandated assessment effort. The School District Finance and Quality Performance Act specifically charges the State Board of Education with developing an accreditation system based on improvement in performance that reflects *high* academic standards. Further, the law requires that, by January 1, 1997, the State Board must prepare a public education performance report card that uses aggregated data to show, over multiple years, how Kansas students are performing on statewide assessments and other performance indicators used as part of the accreditation system. (The State Board also must prepare a report card for each school building that shows the statewide data and the data for that school building.)

The Subcommittee's concern is that the State Board set standards that, in some cases, exceed the performance of a majority of Kansas students. It is the State Board's intention that the standards are goals toward which schools will strive and progress be measured over a period of years. As a result, it is quite likely that the first report card issued by the State Board will contain performance data showing, for example, that at some grade levels fewer than half of the students are able to answer questions correctly on the mathematics assessment. According to members of the State Board, a low performance level is to be expected and most certainly will improve as schools realign their curricula and more fully implement the school performance accreditation system. Nevertheless, the Subcommittee believes it is important for parents, school officials, and others to understand that low performance indicators that may be reported for Kansas schools are based on standards that far exceed those that measure merely adequate performance. These are standards that have been developed specifically for Kansas by Kansas educators and represent their collective judgement as to the educational goals toward which schools should aim.

The Subcommittee's concern that the first report card may be misunderstood by the public underscores its belief that all involved parties--the Legislature, the Governor, the State Board, as well as parents and educators--must reach agreement on the level of performance that is expected of Kansas students and how it best can be measured. It is the Subcommittee's hope that school officials, members of school site councils, and others make every effort to understand the indicators that are being reported and regard them as the first step in a process that will show continued improvement over the years.

9. The Subcommittee calls attention to the impact that will be felt by school districts as the result of the closure of state mental health and mental retardation institutions and the general process of deinstitutionalization that is taking place. The impact most likely will be felt disproportionately by the school districts, with the possibility that districts near state institutions that are closed or downsized will receive most of the students who currently are institutionalized.

The Subcommittee is concerned that the education of these students will prove costly to the receiving districts. It may be desirable that certain funds presently appropriated to the state institutions for educational services provided to residents be made available to the school district in which the pupil is enrolled. The Subcommittee advises the Legislature to consider this policy in recognition of the cost of educational services required by this group of students and the potential financial impact on school districts.

MHDDS

Subcommittee Report

1996 H.B. 2724 §32



Rep. Tim Carmody,
Chairman



Rep. Jim Lowther



Rep. Fred Gatlin

Rep. Rocky Nichols

DIVISION OF MHDDS (SRS)

Subcommittee Report

The Division of Mental Health and Developmental Disabilities Services (MHDDS) is responsible for administering the systemwide issues that concern the state's four mental health hospitals and three mental retardation institutions. In addition, it provides aid for Community Mental Health Centers (CMHCs) and Community Developmental Disabilities Organizations (CDDOs), and administers the ICF-MR and NF-MH programs.

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
All Funds:					
Operating Expenditures	\$ 70,364,906	\$ 79,027,365	\$ 77,536,357	\$ 81,933,655	\$ 78,225,955
Capital Improvements	0	0	0	0	0
Total	\$ 70,364,906	\$ 79,027,365	\$ 77,536,357	\$ 81,933,655	\$ 78,225,955
State General Fund:					
Operating Expenditures	\$ 55,030,722	\$ 58,812,471	\$ 57,333,283	\$ 61,808,792	\$ 58,141,653
Capital Improvements	0	0	0	0	0
Total	\$ 55,030,722	\$ 58,812,471	\$ 57,333,283	\$ 61,808,792	\$ 58,141,653
Percentage Change:					
Operating Expenditures:					
All Funds	4.8%	12.3%	10.2%	3.7%	0.9%
State General Fund	10.1	6.9	4.2	5.1	1.4
FTE Positions					
FTE Positions	55.6	65.6	65.6	69.6	65.6
Unclassified Temp. Positions	0.0	0.0	0.0	0.0	0.0
Total	55.6	65.6	65.6	69.6	65.6

HIGHLIGHTS OF THIS BUDGET

The agency requests \$81,933,655 in FY 1997; the Governor recommends \$78,225,955.

- ▶ **Mental Health Services.** Within Mental Health Services, the agency proposes to begin the implementation of a mental health quality assurance program. The program, when fully implemented, would provide 12 regional quality assurance staff to work with community mental health centers in establishing and maintaining quality programs. The agency proposes to implement the program over three years' time. Funding for four FTE positions (\$122, 016) and for necessary OOE (\$36,692) is requested in FY 1997. **The Governor does not recommend the positions requested by the agency.**
- ▶ The Governor, in his Budget Speech to the Legislature, said ". . . my budget fully funds the mental health reform plans approved by this legislature." At Volume 1, page 61 of the *Governor's Budget Report*, it reads: "The Governor recommends \$17.8 million from the State General Fund for funding of mental health reform. The recommendation fully funds the expansion of funding to community mental health centers for screening and

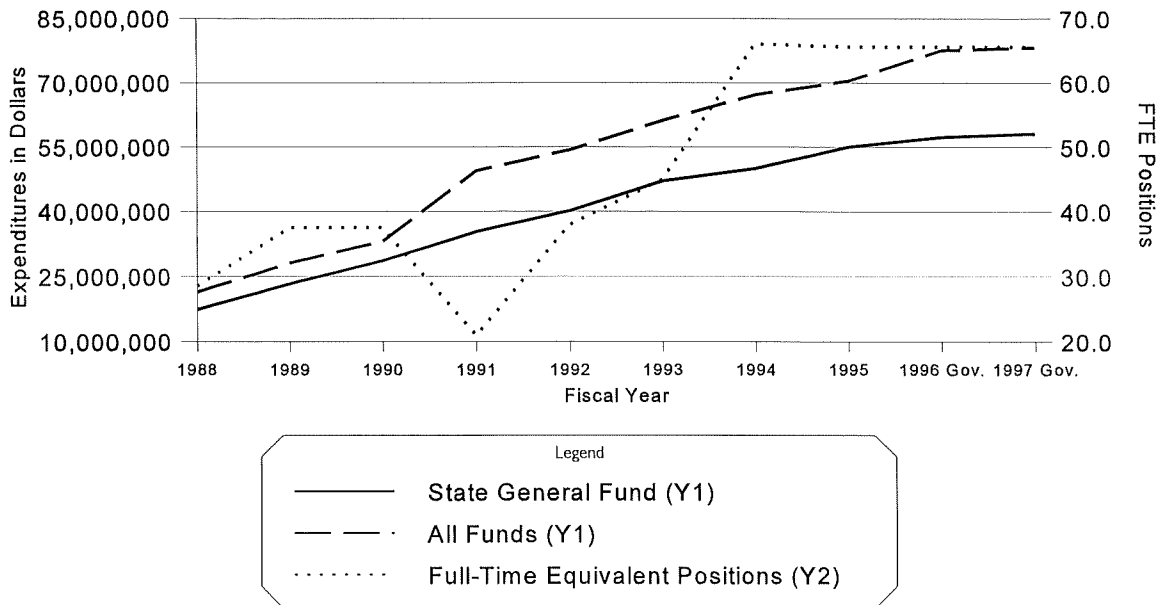
treatment services." The 1990 finance plan for Mental Health Reform indicates that full funding for Mental Health Reform in FY 1997 would be \$18.7 million.

- ▶ The Governor's budget calls for the closure of 20 substance-abuse beds at Larned State Hospital (resulting in a savings of \$437,017 SGF/\$645,173 All Funds), and 45 substance-abuse beds at Osawatomie State Hospital (\$686,963 SGF/\$1,037,608 All Funds). The Governor does propose giving Alcohol and Drug Abuse Services at SRS \$500,000 in order to finance community services that will be needed as a result of the closure of those beds.
- ▶ The Governor proposes to close 30 adult beds at Topeka State Hospital, Larned State Hospital and Osawatomie State Hospital. This will result in a reduction of an average of 26 FTE positions and \$800,000 at each state mental health hospital. These reductions are over and above the reductions called for by Mental Health Reform.
- ▶ State aid to Community Mental Health Centers is budgeted at \$10,032,644 in FY 1995, FY 1996 and FY 1997.
- ▶ **Developmental Disabilities Services.** The agency proposes a status-quo budget for adult services. The agency proposes a \$400,000 increase for family support programs (\$200,000 for the family subsidy, and \$200,000 for family support grants to Community Developmental Disabilities Organizations). The increased funding would permit the number of families receiving assistance through each of these programs to be increased by 83. **The Governor does not recommend the additional funding for family support programs, and eliminates the state subsidy of \$100,000 SGF to the Parent Assistance Network.**
- ▶ The agency's FY 1997 budget request was submitted before the Governor's Commission on Hospital Closure voted to recommend the closure of Winfield State Hospital and Topeka State Hospital. Possible scenarios for closing those two hospitals, and those scenarios' fiscal consequences, are not addressed in the budget as submitted by MHDDS. The Governor recommends \$1,000,000 for unspecified closure purposes. Other financial ramifications of closure will likely be addressed in budget amendments from the Governor.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$ (1,934,224)	\$ (3,413,412)	\$ 2,996,321	\$ 808,370	5.1%	1.4%
All Other Funds	4,136,657	4,124,837	(90,031)	(118,772)	(0.4)	(0.6)
TOTAL	\$ 2,202,433	\$ 711,425	\$ 2,906,290	\$ 689,598	3.7%	0.9%
FTE Positions	0.0	0.0	4.0	0.0		

BUDGET TRENDS

OPERATING EXPENDITURES FY 1988-FY 1997



LEGISLATIVE CONSIDERATION

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation, with the following modifications and comments:

1. Concur with GBA No. 2, which adds \$4.26 million (\$1.26 million SGF) to the MHDD budget for the use of the Secretary of Social and Rehabilitation Services in closing Topeka and Winfield State Hospitals. \$4 million of the added funding is from federal disproportionate share funds, which the agency will be able to use for community mental health services if and when Community Mental Health Centers agree to participate in affiliate agreements with the state mental health hospitals. The \$1.26 million from the State General Fund is from savings that were achieved when persons receiving mental retardation services from state special purpose grants were switched to the HCBS-MR waiver. This action allows the services to be financed by 60% federal funds, and 40% state funds, thereby achieving the aforementioned savings. The Governor's Budget Amendment also gives the Division an unlimited reappropriation in its State General Fund line item. This Governor's budget amendment should give the Secretary of SRS the needed flexibility in funding to implement the recommendations of the Governor's Commission on Hospital Closure.
2. In view of the fact that additional resources have become available through economies in the MHDD system since the budget was submitted, and that further economies may be effected within the global MH/MR system, the Subcommittee directs the agency to consider increased support for the following mental health and developmental disabilities services.

Mental Health Services

Mental Health Reform. Documentation from staff and testimony from many conferees indicates that the final payment for Mental Health Reform of \$891,297 was not included in the Governor's budget recommendations. The agency has indicated that it is studying this issue, and it should report back to the Committee by Omnibus on its interpretation of "full funding" for Mental Health Reform. The Subcommittee encourages the agency to fully fund Mental Health Reform, and will review the agency's actions in this regard later in the Session.

Children's Mental Health Services. The Subcommittee is concerned that not enough attention has been paid over the course of the last several years to the funding and provision of services to children with severe emotional disturbances (the original focus of Mental Health Reform was services for adults; children with severe emotional disturbances were rather a last-minute addition to Mental Health Reform). The Subcommittee directs the agency to consider directing additional resources to this area, and encourages SRS to show how services in this area will be improved in its finance plans for the closure process.

\$800,000 Pass-Through Cut to CMHC's. The 1994 Legislature reduced the budget of SRS in anticipation of the advent of managed care for persons with mental illness. The agency passed the cut on to Community Mental Health Centers. This pass-through cut was restored by the 1995 Legislature for FY 1996, but is not included in the Governor's FY 1997 recommendations. The agency should report back to the Subcommittee by Omnibus time on the effects that this is having on the centers and the people whom they serve.

C-STAR and CROs. Community advocates asked for expansion of the current \$310,000 provided to consumer-run organizations, and for the implementation of a consumer-run program of quality control and technical assistance (C-STAR). These items are not included in the Governor's recommendations. The Subcommittee is impressed with CROs, and with the concept of C-STAR. CROs have proved to be an important part of the support system for persons receiving community mental health services. The Subcommittee is concerned that the programs are not funded to the appropriate level, and would encour-

Developmental Disabilities Services

Children's Mental Retardation Services. The Subcommittee is concerned that not enough attention has been paid over the course of the last several years to the funding and provision of services to children with mental retardation. The Subcommittee directs the agency to consider directing additional resources to this area, and encourages SRS to show how services in this area will be improved in its finance plans for the closure process.

Parent Assistance Network. The agency requested \$100,000 from the State General Fund for the PAN, a non-profit group that provides peer support and education on resources available to families of children with developmental disabilities. This is the level of funding that was provided by the 1995 Legislature. The funding was not recommended by the Governor. The Subcommittee has heard of many instances in which the PAN has provided invaluable assistance to parents and families, and believes that the agency should consider further funding for this program in light of recently-expanded funding.

\$3,000,000 Reduction in State Aid. State Aid to Community Developmental Disability Organizations and in special purpose grants for services to persons with mental retardation were reduced by \$3,000,000 from the agency's request in FY 1997. Concurrently, there was a \$2.6 million expansion in funding for the HCBS-MR waiver, which allows the state to leverage federal money for services to people with developmental disabilities. This was being done in order to eliminate the waiting list for community services. The switch to the waiver included a rise in the tiered rate paid to centers. However, some services cannot be financed out of the HCBS-MR waiver. The agency should monitor the impact of this refinancing on the provision of services to persons with developmental disabilities, and report on this to the Subcommittee by Omnibus time.

Family Subsidy and Family Support. The Subcommittee encourages the agency to review the level of funding provided for the family subsidy and family support, which provide funding and services to families with children who have developmental disabilities. Funding for these programs are held to the status quo in the Governor's recommendations (\$1.3 million for the family subsidy; \$1.58 million for family support). These are very popular and very effective programs for families, and the Subcommittee believes that they merit consideration for increased funding.

age the agency to reexamine the level of funding for these programs is additional resources should become available through economies and other savings.

3. The Subcommittee was unable to identify the level of funding for vocational rehabilitation services for persons with mental retardation, as well as for supported-employment and supported-living funding for persons who can no longer be served by these grants (VR grants are time-limited). The Subcommittee notes that this issue involves both this Subcommittee and the Subcommittee responsible for the remainder of the SRS budget. It is an issue about which the Subcommittee would like to know more, and may be appropriate for study by the Subcommittee during the second half of the Session.
4. The Subcommittee notes that stabilization environments are important in both the mental health and mental retardation service systems. Places where persons with developmental disabilities and/or with mental illness who live in the community can be stabilized in case of crisis seemed to be a prime concern of community providers, and probably led to the Governor's decision to revoke the closure of 90 mental hospital beds, which he recommended in his original budget. The Subcommittee is very concerned that appropriate stabilization environments be in place before the closure of Topeka and Winfield State Hospitals are closed.
5. The Subcommittee was presented with a proposal from the Statewide Independent Living Council of Kansas that would have shifted some funding from the MHDD budget to support independent living centers, which provide services to persons with disabilities of all kinds, including mental retardation and mental illness. The proposal would have provided a cost-of-living increase to the current 12 centers, and would have allowed for the opening of two additional centers, which currently receive Title VII funding, along with state matching funds, from Kansas Rehabilitation Services. The Subcommittee urges the Governor to consider providing funding for these centers through the MHDD budget, and also hopes that this question will be looked at by the Senate Subcommittee. In view of the state's movement to community services for persons with all types of disabilities, the Subcommittee is convinced that funding ought to be provided for this type of service, and that Community Mental Health Centers and Community Developmental Disability Organizations ought, in appropriate cases, to make referrals to centers for independent living.
6. The Subcommittee believes that it would be prudent for this Committee to review funding for services and for the closure process once a closure plan (and the mental health and mental retardation strategic plans) are in place. The Subcommittee urges the Department to work with all deliberate speed to ensure that a closure plan be presented to this Legislature before its final adjournment.

MHDDS

Minority Report

1996 H.B. 2724 §32

Rep. Tim Carmody,
Chairman

Rep. Jim Lowther

Rep. Fred Gatlin



Rep. Rocky Nichols

Minority Report

I disagree with the Majority Subcommittee report, and would make the following changes:

1. Throughout the subcommittee report, several funding deficiencies are listed and "flagged" for the attention of the full committee. However, the language used by the subcommittee report is very meticulous to not specifically fund these deficiencies at any particular level. I believe this is a mistake. The Governor has put forth a GBA with \$5.26 million dollars of new money (\$1.26 million SGF) for unspecified "closure costs." Rather than saying the Administration should "consider funding" certain services, I believe that it is incumbent upon our committee to lay-out the priorities for community services and fund them. If we fail to act in a positive manner to make certain that these changes are made and the money is specifically earmarked for "X" (insert your favorite MH/DD community program here) we will have no guarantee that the funding will be used for that program. With the other budgets that we work in this committee we specifically call for prioritizing the different programs at various different funding levels. We should do the same with this budget, particularly in light of hospital closure. The clients of these state hospitals are looking to us to put in the proper funding levels, and we should respond.
2. Therefore, I would submit the following changes to the FY 1997 report:
 - A. **Mental Health Reform-** The final payment of Mental Health Reform (\$891,297) is not funded under the Governor's budget. Documentation from the original SRS Mental Health Reform Financing Plan and past Subcommittee reports (including last years Senate Subcommittee report) clearly show that in FY 97 that mental health reform was to be funded at \$18,717,250. However under the Governor's Budget it is funded in FY 97 at only \$17,825,953 (a difference of \$891,297). It just makes sense that before we start a new mental health initiative that we finish paying for the last initiative. Therefore, I would change the report to add a proviso to the single line-item for Mental Health and Mental Retardation funding requiring that the final payment of mental health reform (\$891,297) be made from those funds. This proviso would not add any additional money to the Governor's Budget. It would use the existing resources, Governors GBA, and "efficiencies" made by SRS to pay for the final payment.
 - B. **Parent Assistance Network-** The Governor cut the full \$100,000 for PAN (known by many on the Committee as Families Together). Without specifically calling for the funding of this needed service we will lose all control over its fate, and this important service will be lost. I would also add a proviso requiring that the \$100,000 be made from the single MH/DD line-item for PAN. This \$100,000 is needed whether we close a state hospital or not. This money is providing support to families with children who happen to have some form of mental retardation or developmental disability who are currently in the community.
 - C. **\$3 Million cut to CDDOs' State Aid -** As part of the refinancing of Home and Community Based Service (HCBS) Waiver program, the state was able to increase the amount of federal HCBS dollars that flow into Kansas. \$3 million of the dollars put forth was unmatched and has been claimed by SRS and the Administration as "savings". Here is how the HCBS refinancing occurred. The Community Developmental Disability

Organizations (CDDOs) putting forth \$13.2 million (which was less restricted than the HCBS funds the CDDOs got out of the refinancing) of their own money in order to match it with federal HCBS-MR dollars. This has resulted in new dollars to help serve HCBS eligible patients on the community waiting list. Unfortunately, a corresponding \$3 million was cut out of the CDDOs state aide and community support grants. Therefore, the CDDOs now have less money available to serve non-HCBS eligible clients, while at the same time they are under a mandate of the Developmental Disabilities Reform Act to provide services to all MR/DD clients in the community.

I believe that it is a mistake to cut these needed funds at the same time we are talking about closure. Therefore, I would add a proviso to the bill requiring that the \$3 million be restored to State Aide to CDDOs from the existing resources in the single line-item. Again, this will not increase our expenditures to the Governor's Budget.

It should be noted that of the \$5.26 million in new monies in the Governor's Budget Amendment for closure, the Administration found \$1.26 million from "savings" due to the refinancing of the HCBS-MR waiver. Under the GBA, this \$1.26 million is for unspecified "closure costs", for the closure of both a Mental Health and Mental Retardation hospital. This \$1.26 million came directly from "savings" in the refinancing of HCBS waivers and cuts to the CDDOs state aide. If we pass this budget without changing it, we will be taking "savings"/cuts from one community-based services budget and given it to closure costs associated with both a mental health and a mental retardation institution.