

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 20, 1996 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department  
Laura Howard, Legislative Research Department  
Paul West, Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

The Chairman requested the introduction of 5 RS 2520 which incorporates the Governor's recommendations regarding salaries, compensation and longevity for state employees. It was moved by Senator Burke and seconded by Senator Lawrence that the draft be introduced. The motion carried on a voice vote. The Chairman noted that this proposal would be the subject of a hearing on Friday, March 22, 1996.

**SB 713:** Appropriations for FY 97, department of social and rehabilitation services, state mental health and mental retardation institutions and Kansas guardianship program

The Chairman noted that the purpose of today's meeting would be to complete the review of the remaining subcommittee reports within **SB 713**.

**Kansas Guardianship Program**

Chairman Kerr reviewed the FY 96 and FY 97 subcommittee reports (Attachment 1). It was moved by Senator Salisbury and seconded by Senator Rock that the subcommittee reports be adopted. The motion carried on a voice vote.

**Department of Social and Rehabilitation Services**

Chairman Kerr reviewed the FY 96 and FY 97 subcommittee reports (Attachment 2). Senator Karr expressed his opinion that it would be critical to include performance measures for this agency to evaluate current and planned programs, especially in light of privatization. The Chairman noted that the agency has assured the subcommittee that performance measures are written into every contract. There was lengthy discussion about which performance measures should be included in the report.

Senator Karr inquired about the status of the Welfare Reform Act that was implemented two or three years ago. The Secretary of SRS reviewed the difficulties that the agency encountered in trying to obtain the waivers. She added that with the waivers that were denied and all the requirements that the agency had to fulfill, it wasn't fiscally neutral. She said that the agency is in the process of rewriting the waivers which will be resubmitted this spring.

In response to a request, Secretary Chronister reviewed the areas within SRS which may be privatized. Those included Family Preservation, adoption and foster care in the Children & Families area, collections within Child Support Enforcement, foster care collections, food services within correctional institutions, Kansas Industries for the Blind, and qualification of interpreters. She added that the agency will evaluate a wide variety of areas in the future for cost savings and to see if the agency can move into providing front end kinds of services (such as in longterm care).

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 20, 1996.

There was lengthy discussion of the potential impact that downsizing of the state workforce through closure and privatization would have on the KPERS unfunded liability. Senator Brady stated that he believed it was important to begin the process of gathering information related to KPERS so that agencies can factor costs associated with KPERS into their assessment of costs savings. Senator Petty stated she believed that it was important to consider transition funding and support to assure that privatized ventures do not fail. It was noted that there are many existing contracts and there will be a lot of work involved if it is to be determined that all the contracts have been properly handled.

It was moved by Senator Karr and seconded by Senator Petty that the FY 97 subcommittee report be amended by the inclusion of an additional item which would provide a tentative schedule of areas which the Department is considering for privatization (including the collection of child support, Family Preservation, adoption, foster care, food services, Kansas Industries for the Blind, qualification of interpreters and longterm care), the amount of money that is currently being expended on these programs, the number of employees and clients that might be impacted by privatization, the impact of privatization within this agency on the KPERS unfunded liability if those numbers can be calculated, and consideration of transitional funding for newly privatized services during Omnibus if necessary. The motion carried on a voice vote.

Senator Petty explained that she did not sign the subcommittee report because she believes that costs are understated and the language is not strong enough.

It was moved by Senator Salisbury and seconded by Senator Rock that the FY 96 subcommittee report and the FY 97 subcommittee report as amended be adopted. The motion carried on a voice vote.

Senator Burke moved, Senator Salisbury seconded, that SB 713 be amended by inclusion of a proviso authorizing Osawatomie State Hospital to establish a fee for the receipt and expenditure of fees and that SB 713 as amended be recommended favorably for passage. The motion carried on a roll call vote.

The Chairman noted that passage of this bill completes the second half bills and the review of the FY 96 supplemental appropriations bill. It was moved by Senator Vancrum and seconded by Senator Morris that SB 715 as amended be recommended favorably for passage. The motion carried on a roll call vote.

It was moved by Senator Moran and seconded by Senator Burke that the minutes of March 15 and 18 be approved. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:30 P.M. The next meeting is scheduled for March 21, 1996.



**SUBCOMMITTEE REPORT**

**Agency:** Kansas Guardianship Program

**Bill No.** 428

**Bill Sec.** 41

**Analyst:** West

**Analysis Pg. No.** 961

**Budget Page No.** 219

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
Guardianship Prog. Oper.	\$ 1,227,166	\$ 1,131,747	\$ --
Aid to Local Units	0	0	--
Other Assistance	0	0	--
Subtotal - Operating	\$ 1,227,166	\$ 1,131,747	\$ --
Capital Improvements	0	0	--
<b>TOTAL</b>	<b>\$ 1,227,166</b>	<b>\$ 1,131,747</b>	<b>\$ --</b>
<b>State General Fund:</b>			
Guardianship Prog. Oper.	\$ 1,227,166	\$ 1,131,747	\$ --
Aid to Local Units	0	0	--
Other Assistance	0	0	--
Subtotal - Operating	\$ 1,227,166	\$ 1,131,747	\$ --
Capital Improvements	0	0	--
<b>TOTAL</b>	<b>\$ 1,227,166</b>	<b>\$ 1,131,747</b>	<b>\$ --</b>
 Employee Positions	 12.0	 12.0	 0.0

**Agency Estimate/Governor's Recommendation**

The agency estimates FY 1996 program expenditures in the amount of \$1,227,166, which is a reduction of \$12,396 from the amount appropriated by the 1995 Legislature. The reduction is a result of the 1.5 percent cut ordered by the Governor, and will come entirely out of planned expenditures for contractual services. The estimated funding will provide for guardianship services for approximately 1,950 adults found by the court to need guardianship or conservatorship, or both.

The Governor recommends \$1,131,747 in FY 1996, which is \$95,419 less than estimated by the agency. The bulk of the reduction (\$67,007) is achieved by reducing the number of guardians that the agency will be able to utilize (estimated at 1,750 in FY 1996). There are also technical adjustments for salaries (\$12,125) and a cut to OOE (\$10,000). The Governor puts the amount of the 1.5 percent rescission at \$18,593.

*Senate Ways & Means  
March 20, 1996  
Attachment 1*

**Senate Subcommittee Recommendation**


The Senate Subcommittee concurs with the recommendations of the Governor.



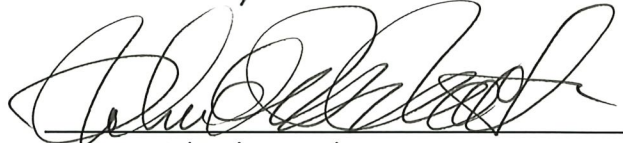
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Senator Dave Kerr, Subcommittee Chair



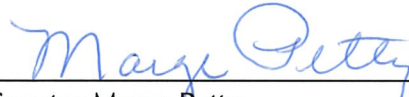
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Senator Alicia L. Salisbury



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Senator Robert Vancrum



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Senator Richard R. Rock



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Senator Marge Petty

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Guardianship Program

**Bill No.** 713

**Bill Sec.** 3

**Analyst:** West

**Analysis Pg. No.** 961

**Budget Page No.** 219

<u>Expenditure Summary</u>	<u>Agency Request FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
Guardianship Prog. Oper.	\$ 1,214,771	\$ 1,106,910	\$ --
Aid to Local Units	0	0	--
Other Assistance	0	0	--
Subtotal - Operating	<u>\$ 1,214,771</u>	<u>\$ 1,106,910</u>	<u>\$ --</u>
Capital Improvements	0	0	--
<b>TOTAL</b>	<u><u>\$ 1,214,771</u></u>	<u><u>\$ 1,106,910</u></u>	<u><u>\$ --</u></u>
<b>State General Fund:</b>			
Guardianship Prog. Oper.	\$ 1,214,771	\$ 1,106,910	\$ --
Aid to Local Units	0	0	--
Other Assistance	0	0	--
Subtotal - Operating	<u>\$ 1,214,771</u>	<u>\$ 1,106,910</u>	<u>\$ --</u>
Capital Improvements	0	0	--
<b>TOTAL</b>	<u><u>\$ 1,214,771</u></u>	<u><u>\$ 1,106,910</u></u>	<u><u>\$ --</u></u>
 Employee Positions	 14.0	 12.0	 0.0

**Agency Request/Governor's Recommendation**

KGP's FY 1997 budget request totals \$1,214,771. This is \$12,395 less than the amount estimated by the agency for the current fiscal year, and is due to certain one-time expenditures incurred in FY 1996 as a result of the Guardianship Program's separation from KAPS.

The Governor recommends \$1,106,910 in FY 1997, or \$107,861 less than requested by the agency. The Governor does not recommend funding for the two new staff positions requested by the agency. The Governor recommends no salary increases for the agency's existing employees. The Governor also reduces expenditures for contractual services by decreasing the projected number of Guardians to 1,920 (who are projected to serve 2,100 clients in FY 1997.)

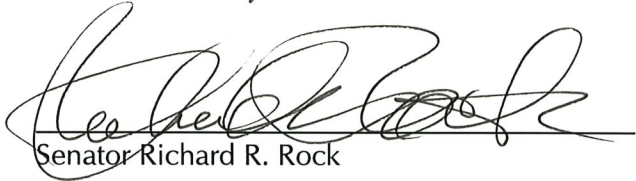
**Senate Subcommittee Recommendation**


The Senate Subcommittee concurs with the recommendation of the Governor.

  
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Senator Dave Kerr, Subcommittee Chair

  
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Senator Alicia L. Salisbury

  
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Senator Robert Vancrum

  
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Senator Richard R. Rock

  
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Senator Marge Petty

**SUBCOMMITTEE REPORT**

**Agency:** Department of Social and Rehabilitation Services

**Bill No.** 428, 715

**Bill Sec.** 47, 8

**Analyst:** West

**Analysis Pg. No.** 1112

**Budget Page No.** 465

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 280,378,411	\$ 256,929,360	\$ 0
Aid to Local Units	90,931,528	89,598,360	0
Other Assistance	<u>1,059,714,880</u>	<u>1,060,605,855</u>	<u>0</u>
Subtotal - Operating	\$ 1,431,024,819	\$ 1,407,133,575	\$ 0
Capital Improvements	<u>5,045,919</u>	<u>6,062,569</u>	<u>0</u>
<b>TOTAL</b>	<b><u><u>\$ 1,436,070,738</u></u></b>	<b><u><u>\$ 1,413,196,144</u></u></b>	<b><u><u>\$ 0</u></u></b>
<b>State General Fund:</b>			
State Operations	\$ 105,262,263	\$ 97,849,789	\$ 0
Aid to Local Units	57,151,526	55,818,358	0
Other Assistance	<u>383,950,281</u>	<u>383,745,107</u>	<u>0</u>
Subtotal - Operating	\$ 546,364,070	\$ 537,413,254	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b><u><u>\$ 546,364,070</u></u></b>	<b><u><u>\$ 537,413,254</u></u></b>	<b><u><u>\$ 0</u></u></b>
<b>Other Funds:</b>			
State Operations	\$ 175,116,148	\$ 159,079,571	\$ 0
Aid to Local Units	33,780,002	33,780,002	0
Other Assistance	<u>675,764,599</u>	<u>676,860,748</u>	<u>0</u>
Subtotal - Operating	\$ 884,660,749	\$ 869,720,321	\$ 0
Capital Improvements	<u>5,045,919</u>	<u>6,062,569</u>	<u>0</u>
<b>TOTAL</b>	<b><u><u>\$ 889,706,668</u></u></b>	<b><u><u>\$ 875,782,890</u></u></b>	<b><u><u>\$ 0</u></u></b>
SRS Fee Fund*	\$ 70,648,001	\$ 70,635,604	\$ 0
FTE Positions	4,715.7	4,706.7	0.0
Unclassified Temp. Positions	<u>153.5</u>	<u>127.3</u>	<u>0.0</u>
<b>TOTAL</b>	<b><u><u>4,869.2</u></u></b>	<b><u><u>4,834.0</u></u></b>	<b><u><u>0.0</u></u></b>

\* Included in Other Funds Above.

*Senate Ways & Means  
March 20, 1996  
Attachment 2*



**Agency Est./Governor's Recommendation**

The agency's current year estimate of operating expenditures is a reduction of \$10.9 million from the approved FY 1996 budget. Major changes from the approved budget include increased expenditures for the development of the new Medicaid Management Information System (MMIS) (\$2.4 million) and other computer systems (\$2.9 million), a \$4.5 million increase in long-term care expenditures, and decreased expenditures of \$12.7 million in regular medical assistance and \$4.2 million in cash assistance.

The Governor's current year recommendation is a decrease of \$34.8 million from the approved budget and a decrease of \$23.9 million from the agency's estimate. The following summarizes the adjustments to the agency's estimate which are recommended by the Governor.

<b>Governor's Recommended Adjustments to the SRS FY 1996 Estimate</b>		
Item	SGF	All Funds
Cancel KSSIS Development	\$ (4,399,890)	\$ (17,599,559)
Cash Assistance Caseloads	(2,392,916)	(5,836,380)
General Assistance Caseloads	(838,864)	(838,864)
Maintain Approved Med. Asst. Policies	4,659,118	10,638,809
Long Term Care Caseloads	(1,044,763)	(2,449,120)
Community Facilities for DD	(1,333,168)	(1,333,168)
State Match Adjustments	(197,987)	(50,000)
Do Not Implement KANLEARN	(184,280)	(384,184)
Food Stamp Administration	(107,000)	(50,000)
Foster Care Level 6 Reduction	(231,350)	(553,990)
CARE Program	0	239,375
Federal & Private Grants - MHDD	0	232,061
Children and Families Staff Reduction	(120,945)	(247,735)
Retirement Reductions	(329,953)	(657,957)
Increase Shrinkage Savings	(361,656)	(835,911)
Other Salary Adjustments	(552,897)	(1,251,208)
Other Adjustments	(1,515,265)	(2,913,413)
<b>TOTAL</b>	<b>\$ (8,951,816)</b>	<b>\$ (23,891,244)</b>
FTE Positions – (9.0)		
Unclassified Temp. Positions – (26.0)		

**FY 1996 Salaries.** The Governor's recommendation for the current year reflects savings from decreased health insurance rates, increased shrinkage savings, and position elimination. A total of 9.0 FTE positions in the Children and Families Field Services program are deleted. Funding for an additional 19.0 FTE are eliminated through the retirement reduction program, with the actual reduction of FTE being recorded in FY 1997. An additional 26.0 Unclassified Temporary (UT) positions are removed from

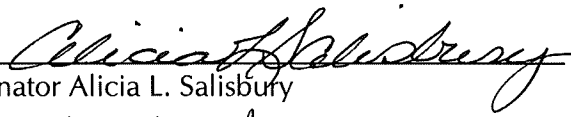
the agency's estimate with the cancellation of the Kansas Social Services Information System (KSSIS) (12.0) and KANLEARN (10.0), as well as reductions in Administrative Services (4.0).

**Senate Subcommittee Recommendation**

1. The Subcommittee notes that the Governor's current year recommendation eliminates funding for the Kansas Social Service Information System (KSSIS). The Subcommittee has been informed that this decision should not lead to liability to the federal government for the monies which have already been spent on KSSIS since the development to date can be utilized to enhance existing agency systems. The Subcommittee notes, however, that one element of KSSIS was to develop a means of tracking those in need of state assistance through their interactions with the broad range of state and local programs designed to meet their needs. The Subcommittee recommends that the agency report to the Legislative Budget Committee on the progress which has been made in developing meaningful, accessible data collection.



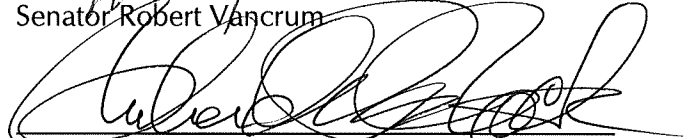
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Senator Dave Kerr, Subcommittee Chair



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Senator Alicia L. Salisbury



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Senator Robert Vancrum



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Senator Richard R. Rock

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Senator Marge Petty

**SUBCOMMITTEE REPORT**

**Agency:** Department of Social and Rehabilitation Services

**Bill No.** 713

**Bill Sec.** 2

**Analyst:** West

**Analysis Pg. No.** 1112

**Budget Page No.** 465

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97**</u>	<u>Senate Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 256,239,650	\$ 244,411,749	\$ (3,280,855)
Aid to Local Units	90,525,279	90,943,002	--
Other Assistance	1,112,542,860	1,088,670,480	(2,339,024)
Subtotal - Operating	\$ 1,459,307,789	\$ 1,424,025,231	\$ (5,619,879)
Capital Improvements	12,185,500	5,359,028	--
<b>TOTAL</b>	<b>\$ 1,471,493,289</b>	<b>\$ 1,429,384,259</b>	<b>\$ (5,619,879)</b>
<b>State General Fund:</b>			
State Operations	\$ 105,640,652	\$ 98,538,940	\$ (1,448,771)
Aid to Local Units	59,470,026	55,887,749	--
Other Assistance	433,598,976	420,878,231	(900,000)
Subtotal - Operating	\$ 598,709,654	\$ 575,304,920	\$ (2,348,771)
Capital Improvements	1,560,272	0	--
<b>TOTAL</b>	<b>\$ 600,269,926</b>	<b>\$ 575,304,920</b>	<b>\$ (2,348,771)</b>
<b>Other Funds:</b>			
State Operations	\$ 150,598,998	\$ 145,872,809	\$ (1,832,084)
Aid to Local Units	31,055,253	35,055,253	--
Other Assistance	678,943,884	667,792,249	(1,439,024)
Subtotal - Operating	\$ 860,598,135	\$ 848,720,311	\$ (3,271,108)
Capital Improvements	10,625,228	5,359,028	--
<b>TOTAL</b>	<b>\$ 871,223,363</b>	<b>\$ 854,079,339</b>	<b>\$ (3,271,108)</b>
SRS Fee Fund*	\$ 41,119,207	\$ 41,070,590	\$ --
FTE Positions	4,699.9	4,680.7	--
Unclassified Temp. Positions	137.3	117.9	--
<b>TOTAL</b>	<b>4,837.2</b>	<b>4,798.6</b>	<b>--</b>

\* Included in Other Funds Above.

\*\* Includes GBA No. 2.

## Agency Req./Governor's Recommendation

**Federal Change Efforts.** As efforts by the U.S. Congress to modify the terms of its contract with the state on federal financial participation for assistance to its citizens continue to remain unresolved, the agency's request and the Governor's recommendation for both fiscal years are based on current law. Modifications to the Cash Assistance programs enacted by the 1994 Legislature (welfare reform) which required a federal waiver remain unimplemented as federal officials have disallowed several cost savings proposals which could result in the state having to spend more state resources than under current law.

**SRS Fee Fund.** More properly known as the Social Welfare Fund, the SRS Fee Fund has formerly provided a more significant portion of the agency's budget than is proposed in FY 1997. In addition to receipts from child support recoveries and drug rebates, the fund has previously received significant resources from federal disproportionate share payments. SRS has been claiming disproportionate share payments through the Medicaid program on behalf of services provided for the care of low-income persons in state mental health hospitals who have no health coverage.

Action by Congress in the Omnibus Budget Reconciliation Act of 1993 limits disproportionate share claims to the **actual costs incurred** during the year for furnishing hospital services. This effectively eliminates the use of a multiplier previously used to pull down additional federal funds. These actions have resulted in a dramatic drop in the level of expenditures from the fund and the fund's balances and an offsetting shift of expenditures to the SGF. This shift is associated with \$29.6 million (78.0 percent) of the \$37.9 million SGF increase recommended by the Governor in FY 1997. FY 1997, however, should be the last year for such dramatic expenditure shifts as SRS Fee Fund balances, receipts, and expenditures stabilize.

**FY 1997 Salaries.** The agency's FY 1997 salary and wage request reflects the elimination of 20.8 FTE and 16.0 UT positions from the current year and a request for 5.0 FTE new positions (\$189,380, including benefits). The request also includes \$3.5 million for classified step movement, \$130,017 for unclassified merit, and \$1.7 million for longevity pay (all including benefits).

As with the current year, the **Governor's** FY 1997 recommendation reflects savings from revised health insurance rates. Classified step movement is included for eligible employees. An unclassified merit pool of \$50,999 would provide for average pay increases of 2.5 percent for six months of the fiscal year. Recommended longevity pay of \$258,906 would restrict that program to two groups of employees: (1) those at the last step of their pay grade and who would otherwise not receive a pay increase; and (2) those who would receive less pay than in the current year if they only received pay grade step movement. The Governor also recommends the elimination of an additional 7.0 FTE and 9.4 UT positions beyond those eliminated in the current year.

**Shrinkage.** In an attempt to reduce the forcing of artificial savings through salary shrinkage rates, the 1995 Legislature eliminated 100.0 FTE positions from the Governor's initial FY 1996 budget in an attempt to reduce the shrinkage rate to 4.1 percent of salaries. Reportedly due to fiscal constraints, the agency utilizes shrinkage rates of 7.3 percent for the current year and 5.4 percent for FY 1997. The Governor's recommendations reflect shrinkage averaging 6.4 percent in the current year and 5.3 percent in FY 1997.

**Privatization.** As encouraged by previous Legislatures, the agency is aggressively exploring privatization options. Areas currently being examined for privatization options include, but are not

limited to, child support enforcement, family foster care, and administration of some of the programs provided through Services for the Blind.

**Long-Term Care.** The agency's FY 1997 request for Long-Term Care reflects a realignment away from adult care homes to community based services. As requested, the agency's FY 1997 budget reflects a 23 percent decrease in expenditures for adult care homes. The Governor concurs with the agency's proposal but believes the agency's request may be too ambitious. While estimating a 5.0 percent decrease in adult care home expenditures, the Governor's recommendation notes that adult care homes and community based services are paid from the same line item so that the agency has flexibility should further savings in adult care home expenditures occur.

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the FY 1997 recommendations of the Governor, with the following adjustments:

1. Delete \$3,280,855, including \$1,448,771 from the State General Fund based on the recommendation to delete funding for the six month 2.5 percent unclassified merit pool (\$50,995); classified step movement (\$2,970,954); and the longevity bonus (\$258,906) from individual agency budgets.
2. The Subcommittee has been informed that AFDC caseloads are continuing to drop below the levels assumed under the Governor's recommendation. In anticipation of the results of the consensus caseload meeting scheduled for early April, the Subcommittee recommends a reduction of \$2.4 million (\$1.0 million SGF) from the FY 1997 AFDC budget.
3. The Subcommittee notes that the agency is considering increased use of private sector contracts for Child Support Enforcement activities. The Subcommittee supports any steps which result in improved collection of child support, including the proposed privatization efforts. The Subcommittee expects that the privatization efforts do not disrupt the collaborative efforts with the Office of Judicial Administration in those court districts where those collaborative efforts currently work well.
4. The Subcommittee notes that the Governor's FY 1997 recommendation for Burial Assistance reduces funding by \$230,000 from the current year recommendation of \$730,000. The recommendation is designed to allow the agency to phase out the program sometime in FY 1997. The Subcommittee also received a proposal from the Kansas Funeral Directors and Embalmers Association which would continue the program within the recommended level of funding. The concept, which is incorporated in H.B. 3051, would make the burial assistance program mandatory for the agency instead of discretionary, limits state participation to \$550 per person, and allows for private funds to provide additional services and cemetery expenses.

The Subcommittee also has been informed that the Association and SRS are working together in order to determine which elements of H.B. 3051 could be

implemented through rules and regulations. The Subcommittee recommends that the agency take no action which would make burial assistance an entitlement.

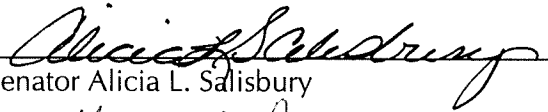
5. The Subcommittee notes that the Governor's recommended budget does not include funding for the acquisition of assistive technology for disabled Kansans. The Subcommittee recommends the addition of \$100,000 SGF for such grants (the same amount as the current year) with a matching requirements of a \$1 of nonstate resources for every \$2 in state expenditures.
6. The Subcommittee notes that the agency and advocates for the physically disabled are working together to improve the access of the physically disabled to home and community-based services. It is anticipated that these collaborative efforts will result in the physically disabled being able to access community-based services for up to 90 percent of the cost of institutional-based services (presently approximately \$1,620) instead of the previous limits which were based on the care of the elderly.
7. The Subcommittee has learned that the agency has begun the use of assessment centers to prescreen substance abuse clients. This diverts people from the front door of the substance abuse system and reduces the demand for inpatient treatment. This change in treatment philosophy, along with the \$500,000 increase in treatment funding recommended by the Governor, should be sufficient to absorb the impact of the closure of substance abuse beds at the state hospitals. The Subcommittee supports the concepts contained in H.B. 3048 which would allow a court to provide for the involuntary commitment of a person for the treatment of substance abuse to community programs in lieu of commitment to a state hospital. Passage of this legislation should further enhance the efficiencies in the state's substance abuse treatment network. The Subcommittee also notes that the agency has contracted for an assessment of the impact of the prescreen centers as well as the success of substance abuse programs. The Subcommittee recommends that the results of this study be presented to the appropriate subcommittees next session.
8. The Subcommittee notes that the agency's request and the Governor's recommendation both assume the implementation of long-term care reform which provides for increased access to state supported assisted living and community-based services. The LIFE proposal assumes that 1,675 nursing facility residents will qualify for assisted living arrangements at an average cost of \$669 per month and an additional 400 nursing facility residents will be able to move back to the community and be able to afford community-based services without state assistance. While the Subcommittee notes that this plan seems very aggressive and budget enhancements may be required from the 1997 Legislature, the Subcommittee has little choice but to accept the agency's assumption or add an unknown amount of money. The Subcommittee does recommend that the State General Fund appropriations for adult care homes and community-based services be separated into two line items.

9. The Subcommittee notes that the increased use of "Miller" trusts, the fiscal note on elimination of the 300 percent of SSI cap for nursing home eligibility is far smaller than in previous years. The Subcommittee also received testimony that the agency could absorb the impact of eliminating the 300 percent cap within the existing budget. The Subcommittee recommends a proviso which eliminates the 300 percent cap.
10. While reviewing information on the numerous small support groups which receive financial support from the agency, the Subcommittee notes that funding for the Kansas Association of Foster Parents is currently on hold due to disputes within that organization. The Subcommittee recommends the agency reallocate the funding targeted for that organization to other support group organization the agency funds.
11. The Subcommittee notes that the agency and supporters of the Centers for Independent Living (CIL) have come to an agreement which will enable an additional two centers to open. The agreement will provide \$395,000 in existing Vocational Rehabilitation Funding to support two additional centers and the flexibility to provide supported employment/supported living services to agency clients.
12. The Subcommittee notes that even with all the work which has gone into reordering incentives to get off public assistance, disincentives to work still exist in the system. The Subcommittee recommends that the agency review every program to ensure maximization of the incentives to work while minimizing the disincentives. The Subcommittee supports the agency in its efforts to advance meaningful welfare reform without flexibility at the federal level and encourages the agency to continue in the task of seeking the necessary federal waivers to implement 1994 H.B. 2929. The Subcommittee also recommends that the agency expand the availability of child care services by utilizing public assistance recipients, with training and under supervision, for the provision of child care.
13. The Subcommittee notes that the agency is evaluating the potential for privatizing several of the agency's programs. While the Subcommittee has high expectations in the agency's efforts, the Subcommittee makes the following observations:
  - The reality is that several social services have been privatized for some time now. The fear some have is that a successful for profit bidder will let the profit motive get in the way of excellence. In balancing cost savings verses quality services, the goal must always remain one of quality service delivery.
  - The Subcommittee anticipates that privatization performance measures and the means of measuring performance will be designed prior to implementing privatized services.

- SRS has natural partners in the effort to perform services for Kansas citizens. The Subcommittee expects the agency to utilize these natural partners in all phases of planning, development and delivering services.
  - Finally, the Subcommittee notes that the transition period to privatization is inherently one of high risk for SRS clients. The Subcommittee charges the agency to especially pay attention to the quality of services delivered during any such transition period.
14. The Subcommittee recognizes that the budget as presented presents risks to be faced over the next year. The plans set before us so far may not in every case meet the needs of all clients. There are a number of things which could go wrong over the next year which could have a negative impact on the budget, such as federal program changes, delayed or denied waivers, implementation of the plans to close two state hospitals, or a downturn in the economy in general.



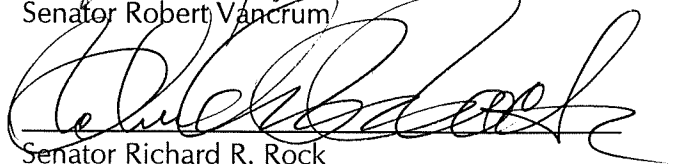
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Senator Dave Kerr, Subcommittee Chair



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Senator Alicia L. Salisbury



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Senator Robert Vancrum



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Senator Richard R. Rock

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Senator Marge Petty