

Approved: 2-19-97
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 8:07 a.m. on February 14, 1997 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Susan Kannarr, Stuart Little, Legislative Research Department;
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;
Marcia Ayres, Appropriations Secretary; Helen Abramson, Administrative Aide

Conferees appearing before the committee:

Others attending: See attached list

The minutes of the February 12 meeting were distributed for members to review. A revised report of the FY 1998 Economic Development Initiatives Fund was distributed to the members. (copies available in Research Department)

Representative Pottorff presented the subcommittee report for the Mental Health portion of the SRS budget. She reviewed the subcommittee report for the SRS Mental Health and Development Disabilities Services Summary for FY 97 and FY 98. The subcommittee concurred with the Governor's recommendations with adjustments which were explained in the separate reports for those services. The subcommittee concurred with FY 97 recommendations for Community Mental Health Services. They addressed the closure of Topeka State Hospital in the Community Mental Health Services' report for FY 98 and expressed an exception and comments to the Governor's recommendation. The subcommittee concurred with the Governor's recommendation for the Mental Health Institutions for FY 97 and FY 98. (Attachment 1)

Considerable discussion followed concerning the closure of Topeka State Hospital, the Children's Initiative, and funding issues.

A motion was made by Representative Helgerson, seconded by Representative Nichols, to amend the subcommittee report concerning Community Mental Health Services by placing \$1,000,000 in a separate line item for children's services with a proviso that it is not to be used for inpatient hospital beds for children. Discussion followed. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative O'Connor, to amend the subcommittee report by providing that no expenditures for children's private hospitalization for mental health reimbursements shall exceed the lowest paid rate. Discussion followed. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative Toplikar, to amend the subcommittee report on Community Mental Health Services by removing the \$50,000 added to the Governor's recommendation for FY 98. Discussion followed. A substitute motion was made by Representative Helgerson, seconded by Representative Dean, that the \$50,000 come out of the State General Fund aid and assistance line recommended by the Governor for the agency to be used for consumer services provided it is on a grant basis with specific performance measures developed by the agency. Discussion followed. The substitute motion carried.

A motion was made by Representative Pottorff, seconded by Representative Dean, to adopt the subcommittee report for the FY 97 and FY 98 mental health portion of the SRS budget as amended. The motion carried.

Representative Nichols presented the subcommittee report for SRS Community Developmental Disabilities Services. The subcommittee concurred with the Governor's recommendation for FY 97 and with the recommendation for FY 98 with adjustments and comments. (Attachment 2) Discussion followed.

A motion was made by Representative Farmer, seconded by Representative Toplikar, to amend the

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 8:07 A.M. on February 14, 1997.

subcommittee report for FY 98 by directing SRS to increase funding of \$100,000 to the Parent Assistance Network out of the institution portion of the budget. The motion carried.

A motion was made by Representative Nichols, seconded by Representative Dean, to adopt the subcommittee report for FY 97 and FY 98 for SRS Community Developmental Disabilities Services as amended. The motion carried.

Representative Helgerson requested that Legislative Research keep a running line item of all the expenditures above and below the Governor's recommendation and that it be attributed to the various subcommittees.

Representative Nichols reported that the subcommittee concurred with the Governor's recommendations for FY 97 and FY 98 for SRS Mental Retardation Institutions. (Attachment 3) Discussion followed.

A motion was made by Representative Nichols, seconded by Representative Pottorff, to adopt the subcommittee report for SRS Mental Retardation Institutions. The motion carried.

It was moved and seconded to approve the minutes of February 12. The motion carried.

A motion was made by Representative Nichols, seconded by Representative Helgerson, to introduce three bills: a bill allowing for two district magistrate judges in Shawnee County, a bill concerning technical cleanups with regard to school districts in the Neighborhood Revitalization Act passed by this legislature, and a bill concerning employee choice of medical treatment related to workers compensation. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative Helgerson, to introduce a bill correcting a conflict in the provisions regarding the transfer of long-term care from SRS to Aging. The motion carried.

A motion was made by Representative Packer, seconded by Representative Helgerson, to introduce a bill regulating smoke detectors in homes. The motion carried.

The meeting adjourned at 10:00 a.m.

The next meeting is scheduled for February 17, 1997.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: February 14, 1997

NAME	REPRESENTING
John ...	SRS - M HAD
Don POUND	SRS - M ...
Jessie Torres	SRS EXEC.
Tom Fain	Families Together, Inc.
Mike ...	InterHab
E. Rick ...	SRS
Michelle Peterson	Assoc. of CMHCs
Doug Bowman	Peterson Public Affairs
Teri Goodrich	CCECDS
Betty M. Vines	Families Together, Inc.
Helen M. ...	KAPE
Norine ...	STATE OF KS
	STATE OF KS

FY 1997-1998

HOUSE SUBCOMMITTEE REPORTS

PARSONS STATE HOSPITAL AND TRAINING CENTER
WINFIELD STATE HOSPITAL AND TRAINING CENTER
KANSAS NEUROLOGICAL INSTITUTE
LARNED STATE HOSPITAL
OSAWATOMIE STATE HOSPITAL
RAINBOW MENTAL HEALTH FACILITY
TOPEKA STATE HOSPITAL
DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES



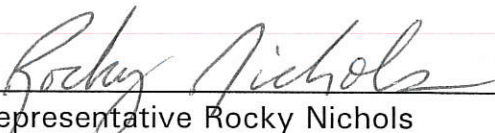
Representative Jo Ann Pottorff
Subcommittee Chair



Representative George Dean



Representative Phil Kline



Representative Rocky Nichols

Appropriations
2-14-97
Attachment 1

SUBCOMMITTEE REPORT

Agency: SRS-Mental Health and Development
Disabilities Services Summary

Bill No. 2272

Bill Sec. 23

Analyst: Kannarr

Analysis Pg. No. 769

Budget Page No. 432

<u>Expenditure Summary</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,730,969	\$ 7,410,969	\$ 0
Aid to Local Units	73,092,057	73,092,057	0
Other Assistance	138,889,175	135,743,896	0
Subtotal Oper. Expend.	\$ 218,712,201	\$ 216,246,922	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 218,712,201	\$ 216,246,922	\$ 0
State General Fund:			
State Operations	\$ 3,398,156	\$ 4,078,156	\$ 0
Aid to Local Units	53,888,862	53,888,862	0
Other Assistance	57,030,224	57,328,260	0
Subtotal Oper. Expend.	\$ 114,317,242	\$ 115,295,278	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 114,317,242	\$ 115,295,278	\$ 0
Other Funds:			
State Operations	\$ 3,332,813	\$ 3,332,813	\$ 0
Aid to Local Units	19,203,195	19,203,195	0
Other Assistance	81,858,951	78,415,636	0
Subtotal Oper. Expend.	\$ 104,394,959	\$ 100,951,644	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 104,394,959	\$ 100,951,644	\$ 0
FTE Positions	61.0	64.0	0.0
Unclass. Temp. Positions	26.0	27.0	0.0
TOTAL	87.0	91.0	0.0

Agency Est./Governor's Recommendation

The agency estimate of \$218,712,201 in operating expenditures for FY 1997 is \$127,953,080, or 141.0 percent, above the budget of \$90,759,121 approved by the 1996 Legislature as adjusted by the Secretary of Social and Rehabilitation Services. The original approved budget for the Division was \$76,244,428 but subsequently the Secretary of Social and Rehabilitation Services (SRS) shifted State General Fund resources within the mental health and developmental disability system. The beginning State General Fund appropriation was \$52,160,126 and the revised appropriation is \$66,674,819, an increase of \$14,514,693. **(Staff Note:** Beginning with the 1996 Legislature, all State General Fund monies for mental retardation institutions, mental health institutions, and all community service grants were placed into one line item instead of being separately appropriated. The Secretary of Social and Rehabilitation Services (SRS) was given the authority to shift money from this line item between hospitals and between hospitals and community services at her discretion as long as the total appropriation is not exceeded. No individual State General Fund appropriations were set by the Legislature for the institutions. In addition, the Secretary also has the discretion granted by the Legislature to transfer FTE positions between the hospitals.)

The following chart shows a comparison between the agency estimate and the Governor's recommendation for FY 1997.

	FY 1997 Agency Est.	FY 1997 Gov. Rec.	Difference
BY PROGRAM			
Administration	\$ 1,660,384	\$ 2,340,384	\$ 680,000
Mental Health Services	52,642,858	52,642,858	0
Developmental Disabilities Services	163,481,178	160,335,899	(3,145,279)
Special Education	845,603	845,603	0
Hospital Special Projects	82,178	82,178	0
TOTAL	\$ 218,712,201	\$ 216,246,922	\$ (2,465,279)
BY OBJECT OF EXPENDITURE			
Salaries and Wages	\$ 3,373,637	\$ 3,373,637	\$ 0
Other State Operations	3,357,332	4,037,332	680,000
Aid to Local Units	73,092,057	73,092,057	0
Other Assistance	138,889,175	135,743,896	(4,059,551)
TOTAL	\$ 218,712,201	\$ 216,246,922	\$ (2,465,279)
BY FUNDING SOURCE			
State General Fund			
State Operations	\$ 3,255,356	\$ 3,255,356	\$ 0
Aid and Assistance	110,988,702	111,286,738	298,036
State Hospital Closure Fund*	73,184	73,184	0
Atypical Antipsychotic Medications	0	680,000	680,000
Total State General Fund	\$ 114,317,242	\$ 115,295,278	\$ 978,036
All Other Funds	104,394,959	100,951,644	(3,443,315)
TOTAL	\$ 218,712,201	\$ 216,246,922	\$ (2,465,279)

* The 1996 Legislature originally appropriated \$1,000,000 for closure expenditures to MH&DD. Subsequently, MH&DD transferred \$926,816 of those funds to the Topeka State Hospital budget.

The increase in expenditures over the approved amount is contained almost solely in the Other Assistance portion of the budget. The increase is the culmination of several factors: (1) The transfer of funding for the Intermediate Care Facilities for Mentally Retarded (ICF-MR) funding from the Adult and Medical Services - Long Term Care budget to MH&DD. Estimated expenditures for this budget in FY 1997 are \$36,371,820 of which \$14,912,446 is State General Fund and \$21,459,374 is Medical Assistance-Federal Fund; and (2) The transfer of the Home and Community Based Services-Mentally Retarded (HCBS-MR) waiver financing from the Adult and Medical Services - Long Term Care budget to MH&DD. Estimated expenditures for FY 1997 are \$101,217,355 including \$40,817,778 in State General Fund and \$60,399,577 in Medical Assistance-Federal Fund.

The Governor recommends operating expenditures of \$216,246,922 in FY 1997, a decrease of \$2,465,279, or 1.1 percent, below the agency estimate. The decrease is largely accounted for in the other assistance portion of the Developmental Disabilities Services' budget. The FY 1997 recommendation is an increase of \$42.2 million (\$21.8 million State General Fund) over the FY 1996 actual expenditures. This is largely due to the refinancing of the Home and Community Bases Services (HCBS/MR) waiver which increased revenues from this Medicaid source significantly. Expenditures in the waiver program increased from \$71.8 million in FY 1996 to \$101.2 million in FY 1997, an increase of \$29.5 million. The other source of the increase was in Mental Health Grants where expenditures increased by \$14.3 million between FY 1996 and FY 1997.

Closure of Topeka State Hospital

Topeka State Hospital is currently scheduled for closure on June 30, 1997. In order to accommodate closure, resources within the mental health and developmental disabilities system are being reallocated to assure adequate backup capacity in the remaining three mental health institutions (Larned State Hospital, Osawatomie State Hospital, and Rainbow Mental Health Facility). In addition, efforts are being made to expand the availability of community based services to assure the successful closure of the hospital.

MH&DD has allocated \$4.7 million in FY 1997 and \$5.3 million in FY 1998 in additional State General Fund aid to local units to assist with the closure. (**Staff Note:** The agency estimate and request were prepared before the plan for the closure of Topeka State Hospital was completed. The amounts allocated represent the agency's estimates of the costs at the time of budget preparation.)

The following is contained in the *Governor's Budget Report, Vol. 1*: "A plan for developing community services at community mental health centers to allow for the elimination of approximately 231 beds in the state mental health hospitals has been developed by an advisory committee to allow for the closure of Topeka State Hospital. This committee was appointed by the Commissioner of Mental Health and Developmental Disabilities and includes SRS staff, community mental health executives, and advocates. The plan requires \$2.4 million in start-up costs and \$4,602,500 in operations costs for FY 1997. In addition, the Department has identified additional start-up costs of \$1,313,579 for closure that are not in the community mental health center's plan.

The annual cost of the plan will be \$7,890,000, beginning in FY 1998. Funding for community programs will be used to expand services in mental health hospital catchment areas. The plan will shut off admissions to Topeka State Hospital by March 1, 1997, and transfer patients at (the hospital) to the remaining hospitals or community services by the end of FY 1997."

The Governor concurs with the agency request for the Mental Health Services program in FY 1997. No changes are made to the agency program or strategic plan. For FY 1998, the Governor adds \$2.5 million SGF in aid to local units to fully fund the closure plan.

The Governor recommends an additional \$680,000 State General Fund in the MHDD Administration program for atypical antipsychotic medications. The money will be used by the state hospitals to assist patients in leaving the hospital. In addition, these funds can be used to acquire medication for those in community programs that would have access to the medications because of the lack of insurance or other resources.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation. Comments regarding individual issues are contained in the Subcommittee reports for Mental Health Services and Development Disabilities Services which follow this report.

SUBCOMMITTEE REPORT

Agency: SRS-Mental Health and Development
Disabilities Services

Bill No. 2160

Bill Sec. 61

Analyst: Kannarr

Analysis Pg. No. 769

Budget Page No. 432

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 7,420,175	\$ 6,820,218	\$ 0
Aid to Local Units	70,442,514	73,134,062	50,000
Other Assistance	158,587,694	148,765,790	9,383,968*
Subtotal Oper. Expend.	<u>\$ 236,450,383</u>	<u>\$ 228,720,070</u>	<u>\$ 9,433,968</u>
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 236,450,383</u></u>	<u><u>\$ 228,720,070</u></u>	<u><u>\$ 9,433,968</u></u>
State General Fund:			
State Operations	\$ 3,906,844	\$ 3,487,507	\$ 0
Aid to Local Units	54,542,174	57,233,722	50,000
Other Assistance	69,070,934	61,079,636	7,870,744*
Subtotal Oper. Expend.	<u>\$ 127,519,952</u>	<u>\$ 121,800,865</u>	<u>\$ 7,920,744</u>
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 127,519,952</u></u>	<u><u>\$ 121,800,865</u></u>	<u><u>\$ 7,920,744</u></u>
Other Funds:			
State Operations	\$ 3,513,331	\$ 3,332,711	\$ 0
Aid to Local Units	15,900,340	15,900,340	0
Other Assistance	89,516,760	87,686,154	1,513,224*
Subtotal Oper. Expend.	<u>\$ 108,930,431</u>	<u>\$ 106,919,205</u>	<u>\$ 1,513,224</u>
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 108,930,431</u></u>	<u><u>\$ 106,919,205</u></u>	<u><u>\$ 1,513,224</u></u>
FTE Positions	<u>73.0</u>	<u>64.0</u>	<u>0.0</u>
Unclass. Temp. Positions	<u>26.0</u>	<u>27.0</u>	<u>0.0</u>
TOTAL	<u><u>99.0</u></u>	<u><u>91.0</u></u>	<u><u>0.0</u></u>

* These figures include funding for the Nursing Facilities for Mental Health program recommended to be transferred from SRS Adult and Medical Services—Long-Term Care.

Agency Req./Governor's Recommendation

The agency requests FY 1998 operating expenditures of \$236,450,383, an increase of \$17,738,182, or 8.1 percent, over the FY 1997 estimate of \$218,712,201. Of the request, \$1.7 million is for MH&DD Administration, \$61.0 million is for Mental Health Services, \$172.8 million is for Developmental Disabilities Services, \$855,289 is for Special Education Services, and \$84,079 is for Hospital Special Projects. Included in the request is \$3,869,779 for salaries and wages; \$2,884,224 for contractual services; \$77,674 for commodities; and \$80,016 for capital outlay.

The Governor recommends operating expenditures of \$228,720,070 for FY 1998, a decrease of \$7,730,313 (3.3 percent) below the agency request.

The reason for the decrease of \$7.7 million between the agency request and the Governor's recommendation is the absence of the Nursing Facilities - Mental Health (NF-MH) program in the Governor's recommendation for MH&DD. This program totals \$9,283,968 (\$7,770,744 State General Fund) in FY 1998 in the other assistance portion of the budget. (**Staff Note:** The agency request to transfer the NF-MH program from SRS Long Term Care to MH&DD was included in a revised budget submission by the agency. Due to the timing of the submission, this request was not included in the Governor's analysis of the budget.) If the absence of the NF-MH program is excluded, the recommendation is an increase of \$1,553,655 (0.7 percent) above the agency request (including enhancements of \$1,534,564).

For FY 1998, the agency requests \$3,869,779 for salaries and wages including \$424,488 for 12.0 new FTE positions. Included in the request is \$48,089 for classified step movement, \$7,234 for unclassified merit increases, and \$21,960 for longevity bonus payments.

The Governor recommends \$3,423,051 for salaries and wages in FY 1998. The recommendation includes a 1.0 percent classified base salary adjustment and a 3.5 percent unclassified merit pool. Salaries and wages are also adjusted to reflect retirements and to correct a miscalculation of fringe benefits. **The Governor** does not recommend the \$424,488 and 12.0 FTE positions requested by the agency as part of an enhancement package to establish a system of regional coordinators.

Mental Health Issues

◆ Nursing Facilities for Mental Health (NF-MH)

For FY 1998, the agency requests the Nursing Facilities for Mental Health (NF-MH) program be moved from the Adult and Medical Services - Long Term Care budget to the MH&DD budget. MH&DD has been administering the program but the funding was not counted in its budget. FY 1998 requested funding for this subprogram is \$9,283,968 of which \$7,770,744 is State General Fund and \$1,513,224 is Medical Assistance - Federal Fund (federal Medicaid match).

The Governor makes no recommendation regarding the transfer of the NF-MH program to MH&DD from Long Term Care.

◆ **Children's Mental Health Services**

The agency requests a \$1,000,000 State General Fund (SGF) enhancement package in FY 1998 to address identified gaps in services for children and adolescents with severe emotional disturbances, and their families. The Children's Initiative will be similar to the Mental Health Reform for adults with severe and persistent mental illness (SPMI). The Initiative will be directed at strengthening the natural supports available through functional families and their communities, and may include: case management, crisis stabilization, attendant care, wrap around services, flexible funding, respite care, school-based programs, and residential crisis stabilization.

The Governor concurs with the agency request of \$1,000,000 State General Fund for the Children's Initiative in the Mental Health Services program.

◆ **Regional Coordinators**

The agency requests an enhancement package of \$534,564 (\$386,218 State General Fund and \$148,346 Other Federal State Operations) and 12.0 FTE positions to establish a system of regional quality assurance staff to monitor mental health services provided. These 12.0 positions would be located in SRS area offices across the state. According to the agency, consumers and families have identified the need for MH&DD Central Office representation to respond to local concerns at the most immediate level. The agency states that current mental health staffing precludes being able to adequately generate comprehensive information for legislative review, provide technical assistance and monitor community service provision, grants and contracts with service providers.

The Governor does not recommend the 12.0 new FTE positions or the \$534,564 requested in the Mental Health Services program for the regional quality assurance program.

Developmental Disabilities Issues

◆ **Closure of Winfield State Hospital and Training Center**

Winfield State Hospital and Training Center (WSH&TC) is scheduled for closure on or before December 31, 1997. The Community Integration Project (CIP) which has been used since 1991 to move persons out of the state hospitals and into the community will be used to downsize the population at WSH&TC and other state hospitals. The decision as to whether clients at WSH&TC will move to another state hospital (Kansas Neurological Institute or Parsons State Hospital and Training Center) or to some type of community services is left to the parent or guardian and the client (to the extent possible). The placement process from all of the state hospitals will be accelerated to provide adequate capacity for clients from WSH&TC who will be transferred to one of the other hospitals.

The Governor does not make any adjustments to the agency's plans for closure. The only adjustments made to the Developmental Disabilities Services program in FY

1998 are to the HCBS/MR waiver (consensus caseload estimates) and the addition of funds to support schools receiving children from Winfield.

◆ **Developmental Disabilities Support Grants**

The Governor adds \$150,000 from the State General Fund to the Developmental Disabilities Services program in Aid to Local Units for equipment for school districts that will provide education services to children leaving Winfield State Hospital. The funds will allow up to \$5,000 to be used to acquire specialized equipment at schools for 30 children.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with adjustments to the Mental Health Services program and the Developmental Disabilities Services program explained in the separate reports for those services.

SUBCOMMITTEE REPORT

Agency: SRS—Community Mental Health Services

Bill No. 2272

Bill Sec. 23

Analyst: Kannarr

Analysis Pg. No. 769

Budget Page No. 434

<u>Expenditure Summary</u>	<u>Agency Estimate FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,585,465	\$ 2,585,465	\$ 0
Aid to Local Units	50,057,393	50,057,393	0
Other Assistance	0	0	0
TOTAL	<u>\$ 52,642,858</u>	<u>\$ 52,642,858</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 1,385,716	\$ 1,385,716	\$ 0
Aid to Local Units	38,339,549	38,339,549	0
Other Assistance	0	0	0
TOTAL	<u>\$ 39,725,265</u>	<u>\$ 39,725,265</u>	<u>\$ 0</u>
Other Funds:			
State Operations	\$ 1,199,749	\$ 1,199,749	\$ 0
Aid to Local Units	11,717,844	11,717,844	0
Other Assistance	0	0	0
TOTAL	<u>\$ 12,917,593</u>	<u>\$ 12,917,593</u>	<u>\$ 0</u>
FTE Positions	15.0	15.0	-
Unclassified Temp. Positions	24.0	24.0	-
TOTAL	<u>39.0</u>	<u>39.0</u>	<u>-</u>

Agency Estimate/Governor's Recommendation

For FY 1997, the agency estimates operating expenditures of \$52.6 million (\$39.7 million State General Fund) for Mental Health Services in FY 1997. The estimate includes \$657,869 for Administration; \$10,032,644 for State Aid; \$17,825,952 for Mental Health Reform; \$23,201,232 for Mental Health Grants; and \$925,161 for the Sexual Predator Treatment Program. The estimate is an increase of \$12.3 million (\$6.4 million State General Fund) or 30.4 percent above FY 1996 actual expenditures.

The Governor concurs with the agency estimate for FY 1997 for Mental Health Services.

Closure of Topeka State Hospital

Topeka State Hospital is currently scheduled for closure on June 30, 1997. In order to accommodate closure, resources within the mental health and developmental disabilities system are being reallocated to assure adequate backup capacity in the remaining three mental health institutions (Larned State Hospital, Osawatomie State Hospital, and Rainbow Mental Health Facility). In addition, efforts are being made to expand the availability of community based services to assure the successful closure of the hospital.

MH&DD has allocated \$4.7 million in FY 1997 and \$5.3 million in FY 1998 in additional State General Fund aid to local units to assist with the closure. (**Staff Note:** The agency estimate and request were prepared before the plan for the closure of Topeka State Hospital was completed. The amounts allocated represent the agency's estimates of the costs at the time of budget preparation.)

The following is contained in the *Governor's Budget Report, Vol. 1*: "A plan for developing community services at community mental health centers to allow for the elimination of approximately 231 beds in the state mental health hospitals has been developed by an advisory committee to allow for the closure of Topeka State Hospital. This committee was appointed by the Commissioner of Mental Health and Developmental Disabilities and includes SRS staff, community mental health executives, and advocates. The plan requires \$2.4 million in start-up costs and \$4,602,500 in operations costs for FY 1997. In addition, the Department has identified additional start-up costs of \$1,313,579 for closure that are not in the community mental health center's plan.

The annual cost of the plan will be \$7,890,000, beginning in FY 1998. Funding for community programs will be used to expand services in mental health hospital catchment areas. The plan will shut off admissions to Topeka State Hospital by March 1, 1997, and transfer patients at (the hospital) to the remaining hospitals or community services by the end of FY 1997."

The Governor concurs with the agency request for the Mental Health Services program in FY 1997. No changes are made to the agency program or strategic plan. For FY 1998, the Governor adds \$2.5 million SGF in aid to local units to fully fund the closure plan.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation. The Subcommittee addresses the closure of Topeka State Hospital in the report for FY 1998.

SUBCOMMITTEE REPORT

Agency: SRS—Community Mental Health Services

Bill No. 2160

Bill Sec. 61

Analyst: Kannarr

Analysis Pg. No. 769

Budget Page No. 434

Expenditure Summary	Agency Request FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,191,335	\$ 2,661,250	\$ 0
Aid to Local Units	48,536,562	51,078,110	50,000
Other Assistance	9,283,968	0	9,283,968 *
TOTAL	\$ 61,011,865	\$ 53,739,360	\$ 9,333,968
State General Fund:			
State Operations	\$ 1,827,507	\$ 1,445,768	\$ 0
Aid to Local Units	40,372,790	42,914,338	50,000
Other Assistance	7,770,744	0	7,770,774 *
TOTAL	\$ 49,971,041	\$ 44,360,106	\$ 7,820,774
Other Funds:			
State Operations	\$ 1,363,828	\$ 1,215,482	\$ 0
Aid to Local Units	8,163,772	8,163,772	0
Other Assistance	1,513,224	0	1,513,224 *
TOTAL	\$ 11,040,824	\$ 9,379,254	\$ 1,513,224
FTE Positions	27.0	15.0	-
Unclassified Temp. Positions	24.0	24.0	-
TOTAL	51.0	39.0	-

* These figures represent the transfer of the Nursing Facilities for Mental Health (NF-MH) program from the Adult and Medical Services—Long-Term Care portion of the SRS budget to the MHDD commission. A corresponding amount is decreased from the budget for Long-Term Care. No new funds are included in this amount.

Agency Request/Governor's Recommendation

For FY 1998, the agency requests \$61.0 million (\$50.0 million State General Fund) in operating expenditures for Mental Health Services. The requested amount is an increase of \$8.4 million (\$10.2 million State General Fund) or 15.9 percent, above the FY 1997 estimate. The transfer of the Nursing

Facilities for Mental Health (NF-MH) program from the Adult and Medical Services - Long Term Care budget accounts for most of the increase. In addition, two enhancement packages totaling \$1,534,564, including 12.0 new FTE positions, are requested. These increases are partially offset by a decrease of \$1.52 million in miscellaneous mental health grants.

The Governor recommends \$53.7 million (\$44.4 million State General Fund) in operating expenditures for Mental Health Services. The recommendation is a decrease of \$7.3 million all funds (\$5.6 million State General Fund). The decrease is largely due to the absence of the NF-MH program which was omitted from the Governor's budget recommendations. The decrease is partially offset by an increase in mental health grants and a 1.0 percent base salary adjustment. Exclusive of the NF-MH program, the Governor's recommendation is an all funds increase of \$2.0 million above the agency request and a State General fund increase of \$9.9 million. The Governor concurs with the agency's enhancement request of \$1,000,000 State General Fund to implement a children's mental health services initiative.

Closure of Topeka State Hospital

Topeka State Hospital is currently scheduled for closure on June 30, 1997. In order to accommodate closure, resources within the mental health and developmental disabilities system are being reallocated to assure adequate backup capacity in the remaining three mental health institutions (Larned State Hospital, Osawatomie State Hospital, and Rainbow Mental Health Facility). In addition, efforts are being made to expand the availability of community based services to assure the successful closure of the hospital.

MH&DD has allocated \$4.7 million in FY 1997 and \$5.3 million in FY 1998 in additional State General Fund aid to local units to assist with the closure. (**Staff Note:** The agency estimate and request were prepared before the plan for the closure of Topeka State Hospital was completed. The amounts allocated represent the agency's estimates of the costs at the time of budget preparation.)

The following is contained in the *Governor's Budget Report, Vol. 1*: "A plan for developing community services at community mental health centers to allow for the elimination of approximately 231 beds in the state mental health hospitals has been developed by an advisory committee to allow for the closure of Topeka State Hospital. This committee was appointed by the Commissioner of Mental Health and Developmental Disabilities and includes SRS staff, community mental health executives, and advocates. The plan requires \$2.4 million in start-up costs and \$4,602,500 in operations costs for FY 1997. In addition, the Department has identified additional start-up costs of \$1,313,579 for closure that are not in the community mental health center's plan.

The annual cost of the plan will be \$7,890,000, beginning in FY 1998. Funding for community programs will be used to expand services in mental health hospital catchment areas. The plan will shut off admissions to Topeka State Hospital by March 1, 1997, and transfer patients at (the hospital) to the remaining hospitals or community services by the end of FY 1997."

The Governor concurs with the agency request for the Mental Health Services program in FY 1997. No changes are made to the agency program or strategic plan. For FY 1998, the Governor adds \$2.5 million SGF in aid to local units to fully fund the closure plan.

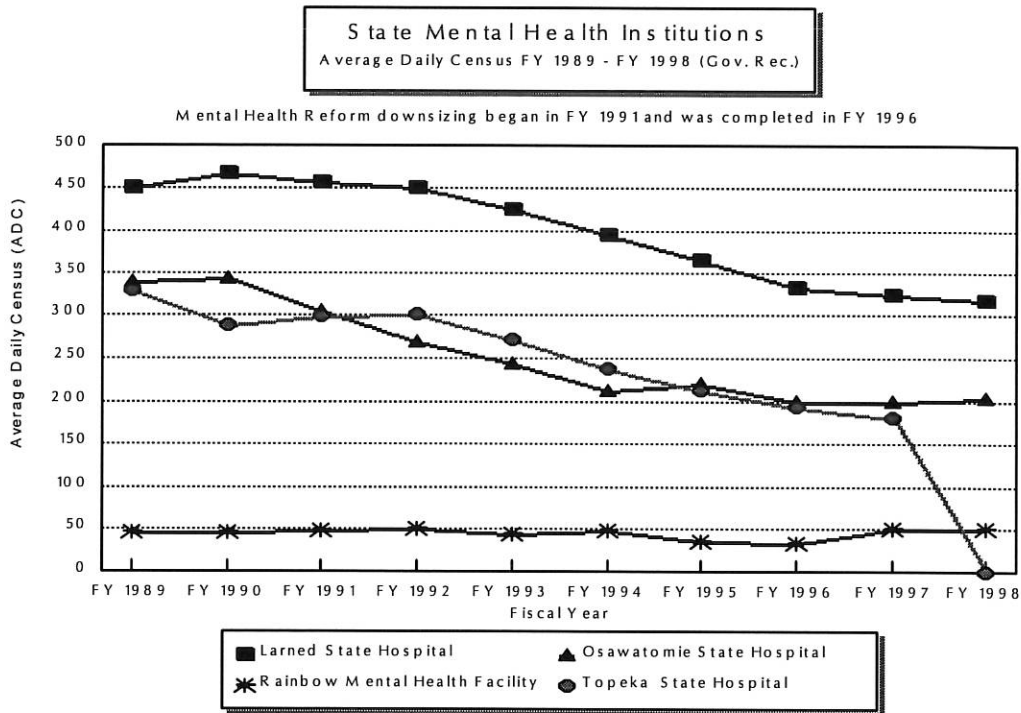
House Subcommittee Recommendation

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

1. Add \$50,000 State General Fund to the Aid and Assistance account to increase funding to the Kansas Alliance for the Mentally Ill (KsAMI) (\$25,000) and the Kansas Mental Illness Awareness Council (KMIAC) (\$25,000). Funding for these organizations should be \$100,000 State General Fund each to KsAMI and KMIAC in FY 1998. Because we are closing a hospital there will be a greater need for these advocacy and support organizations and this is why funding is increased. The Subcommittee notes that funding has remained stagnant for these organizations for many years.
2. The Subcommittee recommends a proviso be added to the appropriations bill which dictates that any funds appropriated to Topeka State Hospital in FY 1998 that are not used by the hospital be used for one-time grants to community mental health centers (CMHC's).
3. The Subcommittee acknowledges that there are additional needs within the mental health system which were expressed during the public testimony. The subcommittee recommends revisiting these requests during the Omnibus session.
4. Shift \$9,283,968 (\$7,770,744 State General Fund) for the financing of the Nursing Facilities - Mental Health (NF-MH) program from the Adult and Medical Services - Long Term Care program to the MH&DD budget as requested by the agency. This program is currently administered by MH&DD but the funding is reflected in the Long Term Care budget. The transfer of this program was omitted from the Governor's recommendation due to the timing of the request. The Subcommittee urges the Subcommittee reviewing the SRS-Long Term Care budget to delete this funding from that budget.
5. The Subcommittee notes the significance of the closure of Topeka State Hospital at the end of FY 1997 as it illustrates the state's progress in providing quality mental health services in the community. The Subcommittee notes the following information regarding Mental Health Reform and downsizing at the state hospitals since FY 1989:

The Kansas Legislature passed the Mental Health Reform Act in 1990. This Act established the framework of the community mental health system which continues today. The Act was phased in over a period of six years beginning in the Osawatomie State Hospital catchment area in FY 1991. The second catchment area (Topeka State Hospital) began downsizing in FY 1993. The final round of Mental Health Reform downsizing was completed in the Larned State Hospital catchment area in FY 1996. Rainbow Mental Health Facility in Kansas City, Kansas was not

included in Mental Health Reform downsizing due to its small size (60 beds). Each catchment area was required to close 20 to 30 beds each fiscal year for a period of three years. As a result of Mental Health Reform, approximately 270 beds were closed at the state mental health institutions. Before beds were closed, money was distributed to the community mental health centers (CMHC's) in the catchment area in order to build up community services. CMHC's were established as the "gatekeepers" to the state institutions. After the implementation of the Act, every person admitted to a state institution is first screened by a CMHC to see if the person could be served adequately in the community. The following chart shows the average daily census at the state mental health institutions from FY 1989 before Mental Health Reform downsizing began to the Governor's recommendation for FY 1998:

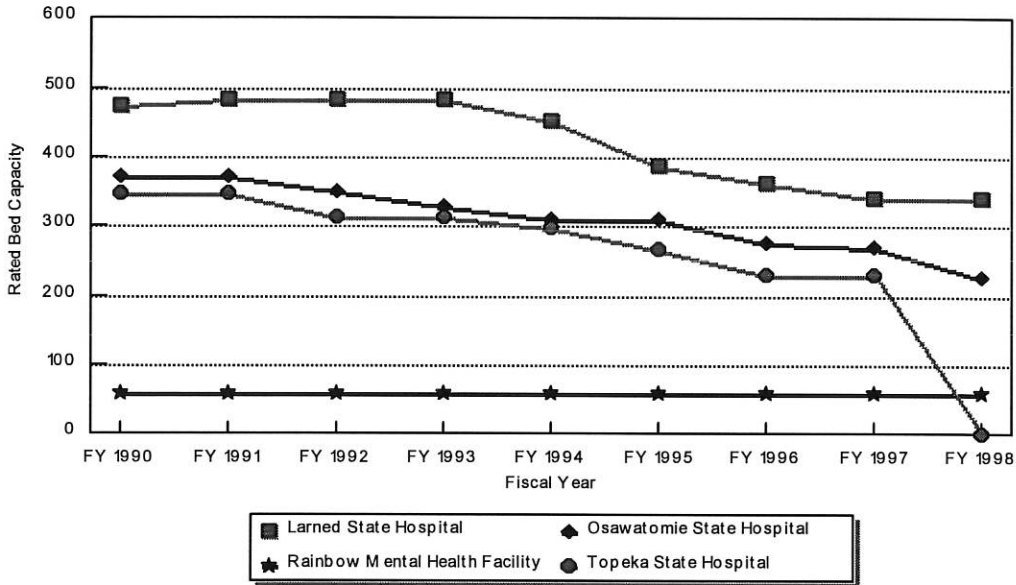


Total average daily census at the four institutions was 1,164 in FY 1989 and is estimated to be 757 in FY 1996 after the final required downsizing was completed at Larned. In addition to Mental Health Reform downsizing, additional beds were closed at the State Security Hospital at Larned (34 beds) due to low census and the Chemical Dependency units at Larned and Osawatomie were closed in the first quarter of FY 1997 (65 beds). Also, one additional ward was closed at Osawatomie due to low census in FY 1995 (30 beds).

The total bed capacity at the four institutions decreased from 1,254 in FY 1990 to 628 in FY 1998. The following chart shows the rated bed capacity at the individual institutions from FY 1990 to FY 1998 (Governor's recommendation):

State Mental Health Institutions

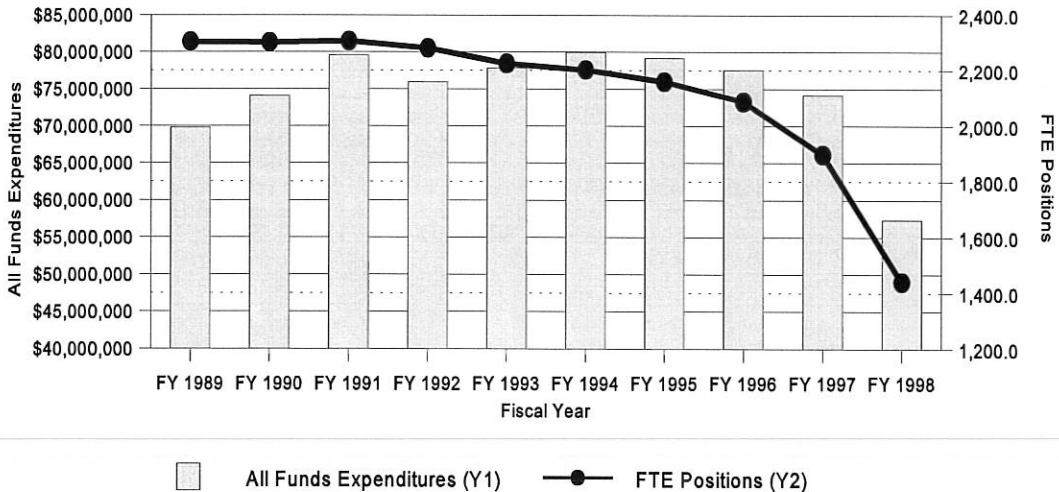
Rated Bed Capacity FY 1990 - FY 1998 (Gov. Rec.)



As the bed capacity and average daily census have been downsized, the money and FTE positions needed to support the institutions has also decreased. The following chart illustrates the aggregate all funds expenditures and FTE positions for the state mental health institutions:

State Mental Health Institutions

All Funds Expenditures and FTE Positions FY 1989 - FY 1998 (Gov. Rec.)



6. The Subcommittee commends the Social and Rehabilitation Services (SRS) Division of Mental Health and Developmental Disabilities Services (MHDDS) for working with all of the mental health stakeholders including consumers, providers, and

advocates in coming forward with funding and a plan to build community mental health resources in order to begin serving the former clients of TSH.

7. **Children's Initiative:** The Subcommittee commends SRS and MHDDS for recognizing the need for children's mental health services in the community and for the creation of the Children's Initiative to address those needs. The Subcommittee requests that the agency focus the \$1,000,000 State General Fund (SGF) and any federal funds generated with those funds at direct services for children. The Subcommittee heard testimony from the agency that a Medicaid waiver application to support community based mental health services for children is being prepared at this time. The \$1,000,000 SGF recommended by the Governor would be used to draw down an additional \$7 to \$8 million in federal Medicaid money. The Subcommittee requests that this issue be revisited in Omnibus and that the agency report back to them at that time regarding the status of the waiver. Finally, the subcommittee acknowledges that the initial funding for the children's initiative is a good step forward in improving services for children.
8. The Subcommittee heard much testimony in support of the children's initiative. In addition, the Subcommittee recognizes the need for expanding community mental health services for children. The Subcommittee notes that the Kansas legislature demonstrated bold foresight 10 years ago when it began the process of Mental Health Reform. The many benefits of the community-based services for adults that resulted has been demonstrated in hundreds of ways. Additionally, our State has much to be proud of as we look around at what has been accomplished. The Subcommittee believes it is time for those same benefits to be made available to the children of Kansas, and to their families.
9. The Subcommittee heard testimony from advocates and consumers that the plans and funds targeted at the successful closure of Topeka State Hospital do not address existing needs. While a plan costing \$7.89 million was agreed upon which closes 231 state hospital beds (equivalent to the number of beds currently at Topeka State Hospital), the Subcommittee acknowledges that this does not address current service gaps for adults and children including but not limited to intensive case management, ongoing attendant care, respite care, adequate medical services, housing and other support services. The Subcommittee supports the development of an actual needs-based plan for children and adults with a cost estimate by the Governor's mental Health Services Planning Council and SRS.
10. The Subcommittee encourages the inclusion of all stakeholders including providers, advocates and consumers and their families in policy planning and implementation of new and existing mental health services. Recognizing that the mutual goal of all mental health system stakeholders is to provide the best services possible in a cost-efficient manner to adult and children with sever mental illnesses and emotional disorders, the Subcommittee reaffirms the principles set forth by Mental Health Reform that consumers and families, as well as the state and service providers, are equal participants in developing and implementing mental health system policy. There are two compelling reasons for consumer and family inclusion: (1) better public policies, and (2) ownership in those policies.

SUBCOMMITTEE REPORT

Agency: Mental Health Institutions

Bill No. --

Bill Sec. --

Analyst: Kannarr

Analysis Pg. Nos. 792,
798, 817, 833, 843

Budget Page Nos. 346,
364, 374, 452

<u>Expenditure Summary</u>	<u>Agency Estimate FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 74,393,777	\$ 74,130,941	\$ 0
Aid to Local Units	0	0	0
Other Assistance	32,000	32,000	0
Subtotal - Operating	\$ 74,425,777	\$ 74,162,941	\$ 0
Capital Improvements	104,287	104,287	0
TOTAL	\$ 74,530,064	\$ 74,267,228	\$ 0
State General Fund:			
State Operations	\$ 28,947,431	\$ 28,845,765	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	2,500	0
Subtotal - Operating	\$ 28,947,431	\$ 28,848,265	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 28,947,431	\$ 28,848,265	\$ 0
Other Funds:			
State Operations	\$ 45,446,346	\$ 45,285,176	\$ 0
Aid to Local Units	0	0	0
Other Assistance	32,000	29,500	0
Subtotal - Operating	\$ 45,478,346	\$ 45,314,676	\$ 0
Capital Improvements	104,287	104,287	0
TOTAL	\$ 45,582,633	\$ 45,418,963	\$ 0
FTE Positions	2,031.0	1,896.3	--
Unclassified Temp. Positions	0.0	0.0	--
TOTAL	2,031.0	1,896.3	--

Agency Estimate/Governor's Recommendation

Estimates for operating expenditures at the state mental health institutions total \$74,425,777 in FY 1997, an aggregate decrease of \$3,149,782 or 4.1 percent below FY 1996 actual expenditures. State General Fund expenditures total \$28,947,431 in FY 1997, a decrease of \$1,049,448 or 3.5 percent. The decrease from FY 1996 expenditures is largely due to downsizing at Topeka State Hospital (TSH) in preparation for closure. Most of the funds removed from the TSH budget are being used to fund community services or reinforce the remaining institutions. The mental health institutions request a total of 2,031.0 FTE positions in FY 1997, a decrease of 56.2 FTE from the actual number of positions in FY 1996.

The hospitals also estimate capital improvements expenditures of \$104,287 in FY 1997 for rehabilitation and repair projects. This amount is a decrease of \$22,356 below the amount approved for capital improvements. Some projects were completed in FY 1996 and carryover funds will be lapsed in FY 1997.

Beginning with the 1996 Legislature, State General Fund (SGF) appropriations for all of the state institutions' (mental health and mental retardation) operating expenditures and central office aid and assistance grants were placed in a single line item. The Secretary of Social and Rehabilitation Services was given the authority to move SGF funds among hospitals and between hospitals and community services at the Secretary's discretion. The Secretary also has the discretion to transfer FTE positions among hospitals.

The Governor recommends operating expenditures of \$74,162,941 for the state mental health institutions, a decrease of \$262,836, or 0.4 percent below the agencies' estimates. State General Fund expenditures of \$28,848,265 are recommended for FY 1997, a decrease of \$99,166, or 0.3 percent, below the agencies' estimates. Included in the recommendation is funding for 1,896.3 FTE positions, a decrease of 134.7 FTE positions below the estimates. The reduction is due to the Governor's decision to reduce FTE's to reflect positions that have left Topeka State Hospital that are not being replaced with FTE positions. Some of these positions are being filled with temporary employees. System wide salaries and wages were also adjusted to reflect retirements. **The Governor concurs** with the estimates for capital improvements expenditures.

The following table shows the estimates for the individual institutions and the Governor's recommendations:

Institution	Agency Estimate FY 1997	Gov. Rec. FY 1997
Larned State Hospital		
State General Fund	\$ 15,577,696	\$ 15,507,305
All Other Funds	13,194,556	13,143,015
Total	<u>\$ 28,772,252</u>	<u>\$ 28,650,320</u>
Osawatomie State Hospital		
State General Fund	7,085,040	7,070,906
All Other Funds	13,686,031	13,671,897
Total	<u>\$ 20,771,071</u>	<u>\$ 20,742,803</u>
Rainbow Mental Health Facility		
State General Fund	\$ 2,993,337	\$ 2,993,337
All Other Funds	2,957,417	2,957,417
Total	<u>\$ 5,950,754</u>	<u>\$ 5,950,754</u>
Topeka State Hospital		
State General Fund	\$ 3,291,358	\$ 3,276,717
All Other Funds	15,640,342	15,542,347
Total	<u>\$ 18,931,700</u>	<u>\$ 18,819,064</u>
 TOTAL	 <u><u>\$ 74,425,777</u></u>	 <u><u>\$ 74,162,941</u></u>
 FTE Positions:		
Larned State Hospital	790.8	782.8
Osawatomie State Hospital	573.7	572.7
Rainbow Mental Health Facility	136.4	136.4
Topeka State Hospital	530.1	404.4
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>2,031.0</u></u>	<u><u>1,896.3</u></u>
 Capital Improvements:		
Larned State Hospital	\$ 98,061	\$ 98,061
Osawatomie State Hospital	6,226	6,226
Rainbow Mental Health Facility	0	0
Topeka State Hospital	0	0
TOTAL	<u><u>\$ 104,287</u></u>	<u><u>\$ 104,287</u></u>

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

SUBCOMMITTEE REPORT

Agency: Mental Health Institutions

Bill No. 2160

Bill Sec. 61

Analyst: Kannarr

Analysis Pg. Nos. 792,
798, 817, 833, 843

Budget Page Nos. 346,
364, 374, 452

<u>Expenditure Summary</u>	<u>Agency Request FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 57,183,189	\$ 57,344,095	\$ 0
Aid to Local Units	0	0	0
Other Assistance	10,500	10,500	0
Subtotal - Operating	<u>\$ 57,193,689</u>	<u>\$ 57,354,595</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 57,193,689</u></u>	<u><u>\$ 57,354,595</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 23,448,585	\$ 23,436,068	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 23,448,585</u>	<u>\$ 23,436,068</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 23,448,585</u></u>	<u><u>\$ 23,436,068</u></u>	<u><u>\$ 0</u></u>
Other Funds:			
State Operations	\$ 33,734,604	\$ 33,908,027	\$ 0
Aid to Local Units	0	0	0
Other Assistance	10,500	10,500	0
Subtotal - Operating	<u>\$ 33,745,104</u>	<u>\$ 33,918,527</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 33,745,104</u></u>	<u><u>\$ 33,918,527</u></u>	<u><u>\$ 0</u></u>
FTE Positions	1,444.2	1,440.2	--
Unclassified Temp. Positions	0.0	0.0	--
TOTAL	<u><u>1,444.2</u></u>	<u><u>1,440.2</u></u>	<u><u>--</u></u>

Agency Request/Governor's Recommendation

The mental health institutions request a total of \$57,193,689 for operating expenditures in FY 1998, a decrease of \$17,232,088, or 23.2 percent below the FY 1997 estimate. State General Fund requests total \$23,448,585, a decrease of \$5,498,846, or 19.0 percent, below the FY 1997 estimate. The requests include funding for 1,444.2 FTE positions, a decrease of 586.8 FTE below FY 1997. Included in the salaries and wages request (except at Topeka) is funding for classified step movement, 2.5 percent unclassified merit increases and longevity bonus payments. The large decrease in expenditures between FY 1997 and FY 1998 is the closure of Topeka State Hospital. A total of \$1,000,000 and 19.0 FTE positions are requested at Topeka in FY 1998, a decrease of \$17,931,700 and 511.1 FTE positions. No capital improvements are requested in FY 1998.

Excluding Topeka State Hospital, the hospitals' FY 1998 request of \$56,193,689 is an increase of \$699,612, or 1.3 percent above the FY 1997 estimate for the remaining three institutions. A total of 1,425.2 FTE positions are requested exclusive of Topeka. The request is a decrease of 75.7 FTE below the FY 1997 estimate for the remaining three hospitals. The decrease reflects the closure of the chemical dependency units at Osawatomie and Larned during FY 1997.

The Governor recommends operating expenditures of \$57,354,595 for the four hospitals in FY 1998, an increase of \$160,906, or 0.3 percent, above the request. State General Fund expenditures are recommended at \$23,436,068, a decrease of \$12,517, or 0.1 percent, below the request. The recommendation includes a 1.0 percent base salary adjustment for all institutions. The Governor recommends a total of 1,440.2 FTE positions, a decrease of 4.0 FTE positions below the agency estimate. These positions are eliminated from the State Security Hospital at Larned State Hospital.

The following table shows the estimates for the individual institutions and the Governor's recommendations:

Institution	Agency Estimate FY 1997	Gov. Rec. FY 1997
Larned State Hospital		
State General Fund	\$ 12,214,642	\$ 12,197,190
All Other Funds	16,995,394	17,067,301
Total	<u>\$ 29,210,036</u>	<u>\$ 29,264,491</u>
Osawatomie State Hospital		
State General Fund	\$ 8,258,972	\$ 8,296,860
All Other Funds	12,683,284	12,761,169
Total	<u>\$ 20,942,256</u>	<u>\$ 21,058,029</u>
Rainbow Mental Health Facility		
State General Fund	\$ 2,974,971	\$ 2,942,018
All Other Funds	3,066,426	3,087,510
Total	<u>\$ 6,041,397</u>	<u>\$ 6,029,528</u>
Topeka State Hospital		
State General Fund	\$ 0	\$ 0
All Other Funds	1,000,000	1,002,547
Total	<u>\$ 1,000,000</u>	<u>\$ 1,002,547</u>
 TOTAL	 <u><u>\$ 57,193,689</u></u>	 <u><u>\$ 57,354,595</u></u>
 FTE Positions:		
Larned State Hospital	759.6	755.6
Osawatomie State Hospital	529.2	529.2
Rainbow Mental Health Facility	136.4	136.4
Topeka State Hospital	19.0	19.0
Unclassified Temp. Positions	<u>1,444.2</u>	<u>1,440.2</u>
TOTAL	<u><u>2,888.4</u></u>	<u><u>2,880.4</u></u>
 Capital Improvements	 0.0	 0.0

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation. Further discussion of issues regarding the closure of Topeka State Hospital are discussed in the report for community mental health services in SRS - Mental Health and Developmental Services.

SUBCOMMITTEE REPORT

Agency: SRS – Community Developmental Disabilities Services

Bill No. –

Bill Sec. –

Analyst: Kannarr

Analysis Pg. No. 769

Budget Page No. 432

<u>Expenditure Summary</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,557,339	\$ 1,557,339	\$ 0
Aid to Local Units	23,034,664	23,034,664	0
Other Assistance	138,889,175	135,743,896	0
TOTAL	\$ 163,481,178	\$ 160,335,899	\$ 0
State General Fund:			
State Operations	\$ 1,018,005	\$ 1,018,005	\$ 0
Aid to Local Units	15,549,313	15,549,313	0
Other Assistance	57,030,224	57,328,260	0
TOTAL	\$ 73,597,542	\$ 73,895,578	\$ 0
Other Funds:			
State Operations	\$ 539,334	\$ 539,334	\$ 0
Aid to Local Units	7,485,351	7,485,351	0
Other Assistance	81,858,951	78,415,636	0
TOTAL	\$ 89,883,636	\$ 86,440,321	\$ 0
FTE Positions	24.0	24.0	--
Unclassified Temp. Positions	1.0	1.0	--
TOTAL	25.0	25.0	--

Agency Est./Governor's Recommendation

For FY 1997, the agency requests \$163.5 million (\$73.6 million State General Fund) for operating expenditures in the Developmental Disabilities Services program. The estimate is an increase of \$31.3 million (23.6 percent) all funds and \$14.3 million (24.1 percent) State General Fund above the FY 1996 actual expenditures. Of the estimate \$768,441 is for administration; \$21.1 million is for Community Support Programs; \$3.2 million is for Family Support Grants; \$36.4 million is for Intermediate Care Facilities for the Mentally Retarded (ICF/MR); \$588,898 is for Targeted Case Management; and \$101.2 million is for the Home and Community Based Services - Mental Retardation (HCBS/MR) waiver.

Appropriations
2-14-97
Attachment 2

The Governor recommends \$160.3 million (\$73.9 million State General Fund) for the DD Services program. The recommendation is a decrease of \$3.1 million all funds and an increase of \$298,036 State General Fund as compared to the agency estimate. The Governor decreases expenditures in the HCBS/MR waiver program due to consensus caseload adjustments but otherwise concurs with the agency estimate.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation comments contained in the FY 1998 report.

SUBCOMMITTEE REPORT

Agency: SRS – Community Developmental
Disabilities Services

Bill No. 2160

Bill Sec. 61

Analyst: Howard

Analysis Pg. No. 769

Budget Page No. 432

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,580,285	\$ 1,583,482	\$ 0
Aid to Local Units	21,905,952	22,055,952	0
Other Assistance	149,303,726	148,765,790	100,000
TOTAL	<u>\$ 172,789,963</u>	<u>\$ 172,405,224</u>	<u>\$ 100,000</u>
State General Fund:			
State Operations	\$ 1,037,974	\$ 1,041,171	\$ 0
Aid to Local Units	14,169,384	14,319,384	0
Other Assistance	61,300,190	61,079,636	100,000
TOTAL	<u>\$ 76,507,548</u>	<u>\$ 76,440,191</u>	<u>\$ 100,000</u>
Other Funds:			
State Operations	\$ 542,311	\$ 542,311	\$ 0
Aid to Local Units	7,736,568	7,736,568	0
Other Assistance	88,004,536	87,686,154	0
TOTAL	<u>\$ 96,283,415</u>	<u>\$ 95,965,033</u>	<u>\$ 0</u>
FTE Positions	24.0	24.0	-
Unclassified Temp. Positions	1.0	1.0	-
TOTAL	<u>25.0</u>	<u>25.0</u>	<u>-</u>

Agency Request/Governor's Recommendation

For FY 1998, the agency requests \$172.8 million (\$76.5 million State General Fund) for operating expenditures in the DD Services program. The request is an increase of \$9.3 million (\$2.9 million State General Fund) above the FY 1997 estimate. The request includes \$783,028 in administration; \$19.97 million for the Community Support program; \$3.2 million for Family Support Grants; \$38.6 million for the ICF-MR program; \$597,257 for Targeted Case Management; and \$109.4 million for the HCBS/MR waiver. Increases of \$8.2 million in the HCBS/MR waiver program and a \$2.2 million increase in the ICF-MR program account for the change between FY 1997 and FY 1998. These increases are partially offset by a \$1.1 million decrease in Community Support Grants due to the absence of closure related

grants available in FY 1997 but no in FY 1998. No enhancement package is requested for the DD Services program.

The Governor recommends expenditures of \$172.4 million (\$76.4 million State General Fund) for FY 1998, a decrease of \$384,739 (\$67,357 State General Fund) below the agency request. The Governor increases expenditures in the Community Support Program by \$150,000 State General Fund to provide money to local school districts that provide service to children leaving Winfield State Hospital and Training Center. Expenditures in the HCBS/MR waiver program are decreased by \$537,936 all funds due to consensus caseload adjustments.

House Subcommittee Recommendation

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

1. **Developmental Disabilities Reform:** The Subcommittee received testimony regarding the administrative costs of Developmental Disabilities Reform (DD Reform). SRS initially identified \$3 million amended into the 1996 Omnibus appropriation bill as intended for DD Reform costs. Community organizations however, indicated the funds were intended to partially offset a number of unfunded community needs. They indicated no new funds were appropriated for DD Reform, and that the \$3 million amendment was a restoration of previously funded appropriated service dollars. The Subcommittee agreed, recalling the origins of the \$3 million.

The Subcommittee recounted how during 1995 and 1996, community organizations had agreed to allow SGF community funds to match new federal Home and Community Based Services (HCBS/MR) waiver funding to eliminate the waiting list which existed at that time. After HCBS/MR waiver expansion was completed, \$3 million remained unmatched from the original community SGF pool. The FY 1997 GBR reduced community support grants by that amount. At that time, community organizations testified that a number of needs existed for which no funding was provided, including services for persons not eligible for HCBS/MR waiver funds, services not covered by the waiver, and costs related to state rules and regulations implementing the DD Reform Act. The \$3 million Omnibus amendment was intended as a form of flexible state aid to meet some of those community service and administrative needs.

Community organizations testifies that costs for DD Reform implementation will be \$4.7 million in FY 1997, and asked for that amount in FY 1998. They indicated that funding of these costs would enable the \$3 million to be used for non-administrative needs in the community including, but not limited to, training, quality assurance activities, and continuation funding for persons needing employment services in the community.

The Subcommittee asked for additional information from both SRS and the community organizations so that the cost of DD Reform can be considered later in the session, most likely as an Omnibus item.

2. **Parent Assistance Network:** Add \$100,000 State General Fund to the Aid and Assistance account to increase funding to the Parent Assistance Network (PAN) run by Families Together. Total funding to PAN in FY 1998 will be \$200,000 State General Fund under this recommendation. The Subcommittee notes that as institutions are closed and downsized, more and more people will be relying on these types of family support services to help care for developmentally disabled children. In addition, the Subcommittee notes that these are very cost effective services to help families keep their children out of expensive institutional placements. According to Families Together, the additional funding will help serve 5,588 persons in FY 1998 as opposed to 2,200 under the current funding. Services provided to families include Parent Networking Conferences, Regional Parent Coordinators, Child Future Planning Sessions , Saturday Mini-Conferences and Workshops. All of these activities allow parents to network with and learn from other parents who have had similar experiences and also, to receive information on how to advocate and provide for their disabled child.
3. **Waiting Lists:** The Subcommittee notes the progress by MH&DD in eliminating the waiting list for people receiving services in the community both through the Home and Community Based Service - MR/DD (HCBS/MR) waiver program and other community support grants. The Subcommittee strongly supports the efforts to eliminate the waiting lists. The progress in the elimination of the waiting lists was accomplished largely by reallocating state resources within the MR/DD system to increase federal Medicaid revenues through refinancing the waiver. In order to be eligible to receive HCBS/MR waiver funds, a person must qualify for admission to an Intermediate Care Facility for the Mentally Retarded (ICF-MR). The Subcommittee notes that there are people who need support services but are not eligible for the HCBS-MR waiver and receive funding through other community support grants. The Subcommittee received testimony that current estimates on the potential waiting lists and the amount of funding needed to eliminate those lists will be available later in the session and that this issue should be addressed in the Omnibus session. The Subcommittee also encourages the Governor to join them in support of the goal to eliminate all waiting lists for developmental disabilities services in the community.
4. **Employment Services:** The Subcommittee expresses its support for employment support services for person with developmental disabilities. The Subcommittee would like to see SRS find \$1,000,000 through efficiencies within the MH&DD system to fund additional employment services through community support grants. This funding would support such services for people who do not qualify for employment support assistance through the HCBS/MR waiver program. The Subcommittee notes that people who receive HCBS/MR waiver funding for services but who were not previously in an institution are not eligible to receive employment services through the waiver funds. Employment services for these people need to be funded in other ways. SRS should report back to this Subcommittee before Omnibus regarding their progress in finding the \$1,000,000 and this issue should be addressed during the Omnibus session. The Subcommittee notes that if the DD Reform costs discussed in item 1 above are funded then this \$1,000,000 would be available within current funding.

5. **Employee Benefits Package:** The Subcommittee notes that the issue of the financing of the benefits package approved by the 1996 Legislatures (House Sub. for S.B. 388) for employees of Topeka State Hospital and Winfield State Hospital and Training Center will need to be addressed during the Omnibus session. At that time, better estimates of the actual cost of the package including the number of employees receiving the benefits will be available.

6. **Support to School Districts:** The Subcommittee notes that in the Governor's budget recommendation, \$150,000 State General Fund is recommended to provide support to local school districts in purchasing specialized equipment for children leaving Winfield State Hospital and Training Center. The funding would provide up to \$5,000 per child for 30 children. While the Subcommittee is supportive of this funding, it recommends that language in the appropriations bill regarding this money be amended to include children leaving any of the three mental retardation institutions.

SUBCOMMITTEE REPORT

Agency: Mental Retardation Institutions

Bill No. –

Bill Sec. –

Analyst: Kannarr

**Analysis Pg. Nos. 858,864, Budget Page Nos. 322
880,895 368, 514**

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House
			Subcommittee Adjustments
All Funds:			
State Operations	\$ 62,401,465	\$ 62,077,603	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 62,401,465	\$ 62,077,603	\$ 0
Capital Improvements	206,600	206,600	0
TOTAL	\$ 62,608,065	\$ 62,284,203	\$ 0
State General Fund:			
State Operations	\$ 29,838,856	\$ 29,020,288	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 29,838,856	\$ 29,020,288	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 29,838,856	\$ 29,020,288	\$ 0
Other Funds:			
State Operations	\$ 32,562,609	\$ 33,057,315	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 32,562,609	\$ 33,057,315	\$ 0
Capital Improvements	206,600	206,600	0
TOTAL	\$ 32,769,209	\$ 33,263,915	\$ 0
FTE Positions	1,941.5	1,741.5	0.0
Unclassified Temp. Positions	30.0	30.0	0.0
TOTAL	1,971.5	1,771.5	0.0

*Appropriations
2-14-97
Attachment 3*

Agency Estimate/Governor's Recommendation

Total operating expenditures for all state mental retardation institutions are estimated to be \$62,401,465 in FY 1997, a decrease of \$3.7 million (5.6 percent) below FY 1996 actual expenditures. State General Fund expenditures are estimated to be \$29,838,856, an increase of \$559,129 (1.9 percent) above actual FY 1996 expenditures. Included in the request is salaries and wages funding for 1,941.5 FTE positions. The hospitals request \$206,600 for capital improvement expenditures for various rehabilitation and repair projects.

Beginning with the 1996 Legislature, State General Fund (SGF) appropriations for all of the state institutions' (mental health and mental retardation) operating expenditures and central office aid and assistance grants were placed in a single line item. The Secretary of Social and Rehabilitation Services was given the authority to move SGF funds among hospitals and between hospitals and community services at the Secretary's discretion. The Secretary also has the discretion to transfer FTE positions among hospitals.

The Governor recommends operating expenditures of \$62,077,603 for the state mental retardation institutions in FY 1997, a decrease of \$323,862 (0.5 percent) below the agencies' estimates and a decrease of \$4.0 million (6.1 percent) below actual FY 1996 expenditures. The Governor recommends State General Fund expenditures of \$29,020,288, a decrease of \$818,568 (2.7 percent) below the agencies' estimates and a decrease of \$259,439 (0.9 percent) below actual FY 1996 expenditures. The recommendation includes salaries and wages funding for 1,741.5 FTE positions, a reduction of 200.0 FTE below the agencies' estimates. The reduction in FTE reflects an adjustment for positions that have left Winfield State Hospital and Training Center (WSH&TC) that will not be replaced with FTE positions. Reductions from the agencies' estimates reflect adjustments made due to the closure of WSH&TC. **The Governor** concurs with the estimate for capital improvements in FY 1997.

The following table shows the estimates for the individual institutions and the Governor's recommendations:

<u>Institution</u>	<u>Agency Estimate FY 1997</u>	<u>Gov. Rec. FY 1997</u>
Kansas Neurological Institute		
State General Fund	\$ 12,894,075	\$ 12,324,824
All Other Funds	10,676,374	11,171,080
Total	<u>\$ 23,570,449</u>	<u>\$ 23,495,904</u>
Parsons State Hospital & Training Center		
State General Fund	\$ 8,661,809	\$ 8,618,449
All Other Funds	9,395,150	9,395,150
Total	<u>\$ 18,056,959</u>	<u>\$ 18,013,599</u>
Winfield State Hospital & Training Center		
State General Fund	\$ 8,282,972	\$ 8,077,015
All Other Funds	12,491,085	12,491,085
Total	<u>\$ 20,774,057</u>	<u>\$ 20,568,100</u>
TOTAL	\$ 62,401,465	\$ 62,077,603

<u>Institution</u>	<u>Agency Estimate FY 1997</u>	<u>Gov. Rec. FY 1997</u>
FTE Positions:		
Kansas Neurological Institute	702.0	702.0
Parsons State Hospital & Training Center	518.0	518.0
Winfield State Hospital & Training Center	721.5	521.5
Unclassified Temp. Positions	30.0	30.0
TOTAL	<u>1,941.5</u>	<u>1,771.5</u>
Capital Improvements		
Kansas Neurological Institute	\$ 166,627	\$ 166,627
Parsons State Hospital and Training Center	39,973	39,973
Winfield State Hospital and Training Center	0	0
TOTAL	<u>\$ 206,600</u>	<u>\$ 206,600</u>

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

SUBCOMMITTEE REPORT

Agency: Mental Retardation Institutions

Bill No. 2160

Bill Sec. 61

Analyst: Kannarr

Analysis Pg. Nos. 858,864, **Budget Page Nos.** 322
880,895 368, 514

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House
			Subcommittee Adjustments
All Funds:			
State Operations	\$ 49,463,787	\$ 49,622,722	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 49,463,787	\$ 49,622,722	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 49,463,787	\$ 49,622,722	\$ 0
State General Fund:			
State Operations	\$ 25,367,895	\$ 23,808,688	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 25,367,895	\$ 23,808,688	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 25,367,895	\$ 23,808,688	\$ 0
Other Funds:			
State Operations	\$ 24,095,892	\$ 25,814,034	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 24,095,892	\$ 25,814,034	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 24,095,892	\$ 25,814,034	\$ 0
FTE Positions	1,907.5	1,707.5	0.0
Unclassified Temp. Positions	30.0	30.0	0.0
TOTAL	1,937.5	1,737.5	0.0

Agency Request/Governor's Recommendation

Operating expenditures of \$49,463,787 are requested for the state mental retardation institutions in FY 1998, a decrease of \$12.9 million (20.7 percent) below the FY 1997 estimate. State General Fund requested expenditures of \$25,367,895 are a decrease of \$4.5 million (15.0 percent) below FY 1997 estimates. The decrease is due to the scheduled closure of Winfield State Hospital and Training Center (WSH&TC) on December 31, 1997 half-way through FY 1998. Exclusive of WSH&TC, requested expenditures for the mental retardation hospitals in FY 1998 are an increase of \$522,206 over FY 1997. No capital improvements are requested.

The Governor recommends operating expenditures of \$49,622,722 for FY 1998, an increase of \$158,935 (0.3 percent) above the request. Recommended State General Fund expenditures of \$23,808,688 are a decrease of \$1.6 million (6.1 percent) below the request. The overall increase in expenditures is the result of the Governor's recommendation for a 1.0 percent base salary adjustment for classified and unclassified positions. The Governor does not recommend any capital improvement expenditures.

Closure of Winfield State Hospital and Training Center (WSH&TC)

WSH&TC is scheduled to close on December 31, 1997 as recommended by the 1995 Hospital Closure Commission and approved by the 1996 Legislature. Clients will be placed into the community or transferred to other state institutions according to the decision of the client (where possible) and their parent(s) or guardian(s). Clients will continue to be placed into the community from all three state mental retardation hospitals through the Community Integration Project (CIP) which has been in use since 1991. Through this process, space will be made available in the remaining two hospitals to accommodate clients of WSH&TC who move into another institution. As of October 1996, 155 residents had chosen community placement, 23 had chosen to move to Kansas Neurological Institute, and 12 had chosen to transfer to Parsons State Hospital and Training Center. The hospital census at that time was approximately 190. Funding in FY 1998 at WSH&TC will support employees and services for six months. A discussion of funding for community services can be found in the analysis for the Division of Mental Health and Developmental Disabilities (MH&DD) Services in this publication.

The Governor makes no adjustments to the plan for the closure of WSH&TC.

School Equipment for Developmentally Disabled Children

The Governor recommends \$150,000 from the State General Fund in FY 1998 to acquire specialized equipment for children leaving WSH&TC because of closure. These funds will be provided to school districts who will provide educational services to these children after they leave the hospital. According to the Governor's recommendation, up to \$5,000 will be provided for each of thirty children currently in the hospital.

The following table shows the estimates for the individual institutions and the Governor's recommendations:

<u>Institution</u>	<u>Agency Estimate FY 1998</u>	<u>Gov. Rec. FY 1998</u>
Kansas Neurological Institute		
State General Fund	\$ 13,045,953	\$ 12,304,329
All Other Funds	10,648,466	11,513,628
Total	<u>\$ 23,694,419</u>	<u>\$ 23,817,957</u>
Parsons State Hospital & Training Center		
State General Fund	\$ 10,783,432	\$ 10,078,936
All Other Funds	7,671,763	8,472,598
Total	<u>\$ 18,455,195</u>	<u>\$ 18,551,534</u>
Winfield State Hospital & Training Center		
State General Fund	\$ 1,538,510	\$ 1,425,423
All Other Funds	5,775,663	5,827,808
Total	<u>\$ 7,314,173</u>	<u>\$ 7,253,231</u>
 TOTAL	 \$ 49,463,787	 \$ 49,622,722
FTE Positions:		
Kansas Neurological Institute	668.0	668.0
Parsons State Hospital & Training Center	518.0	518.0
Winfield State Hospital & Training Center	721.5	521.5
Unclassified Temp. Positions	30.0	30.0
TOTAL	<u>1,937.5</u>	<u>1,737.5</u>
Capital Improvements	\$ 0	\$ 0

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.