

Approved: 3-12-97 _____
Date

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 February 27, 1997 in Room 123-S of the Capitol.

All members were present except: Senator Feleciano (Excused)

Committee staff present: Alan Conroy, Legislative Research Department
Kathy Porter, Legislative Research Department
Mark Burenheide, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Janet Henning, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Senator Morris reviewed the Subcommittee report for the Mental Health Institutions (Attachment 1). Senator Morris moved to delete Item 3 (Attachment 1 page 5, item 3) in the Senate Subcommittee Recommendations, seconded by Senator Salmans. The motion carried on a voice vote.

In response to questions from Committee members regarding the closure of Topeka State Hospital and a \$1 million appropriation to assist with the closure, members of SRS and the Legislative Research staff advised that the questioned funds were from the regular budget. It included the funding of 19 FTE positions as well as other operating expenditures which may occur during the closure process.

Senator Salmans inquired as to the value of the Joint Commission Service regarding accreditation. Secretary Chronister and Dr. Hugh Sage, Commissioner, Mental Health/Developmental Disabilities, SRS, stated there are two external units who provide surveys. Evaluations are conducted every two years and are evaluated on a state and national level. Senator Salmans inquired as to the cost of the process and was advised it was estimated to be between \$12,000 and \$15,000. Dr. Sage advised there are two sets of surveys and both are used.

Senator Salmans moved that the Subcommittee report reflect a concern with the Joint Committee surveys and their value and that the Subcommittee would like a response from that cost and value, seconded by Senator Salisbury. The motion carried on a voice vote.

Senator Morris moved, Senator Salmans seconded, that the Subcommittee report for the Mental Health Institutions be approved as amended. The motion carried on a voice vote.

Senator Morris moved, Senator Lawrence seconded, that bill draft 7 RS 1159 be introduced. The motion was rejected by a show of hands.

Senator Kerr reviewed the Subcommittee report for the Kansas Guardianship Program budget (Attachment 2). Senator Salisbury moved, Senator Lawrence seconded, that the Subcommittee report for the Kansas Guardianship Program be approved. The motion carried on a voice vote.

Senator Kerr reviewed the Subcommittee report for the Corporation for Change budget (Attachment 3). Senator Kerr told Committee members that a subcommittee of three would be appointed and consist of Senator Kerr, Senator Salisbury and Senator Downey. This subcommittee would meet to make recommendations for **SB 187** and adjustments to the budget. Senator Ranson moved, Senator Morris seconded, to amend the Subcommittee Report for Corporation for Change and reflect the appointment of subcommittee members to review

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 27, 1997.

Corporation for Change and SB 187. The motion carried on a voice vote.

Senator Downey moved, Senator Jordan seconded, that the Subcommittee report for Corporation for Change be amended as adopted. The motion carried on a voice vote.

Senator Kerr reviewed the Subcommittee report for the Social and Rehabilitation Services (Excluding MH/DD and LTC) (Attachment 4). A brief discussion occurred among Committee members regarding the federal welfare reform bill which bars current legal aliens (with certain exceptions) from receiving Supplemental Security Income (SSI) and food stamps.

Committee members were informed the Comprehensive Evaluation and Treatment Unit (CETU) is scheduled to close at the end of the current fiscal year. After a brief discussion concerning the impact of federal funding, Senator Petty moved to amend the Subcommittee report, (Attachment 4-10) to reflect the funding would be approximately \$800,000 to the Juvenile Justice Authority, seconded by Senator Salisbury. The motion carried on a voice vote.

Senator Petty told Committee members that regarding the subject of Rehabilitation Services, consumers were very appreciative, specifically Adult and Medical Services. Social Rehabilitation Services (SRS) are in the process of working through reimbursement and planning and have actually involved consumers to the degree that the consumers were a part of the development.

Senator Salisbury moved, Senator Morris seconded, to approve the Subcommittee report for Social and Rehabilitation Services (Excluding MH/DD and LTC) as amended. The motion carried on a voice vote.

Senator Kerr reviewed the Subcommittee report for the SRS-Long Term Care budget (Attachment 5). Senator Downey expressed concern regarding the assisted living regulations currently being discussed within the House and Senate committees. Secretary Chronister advised it was believed a hearing concerning this issue was scheduled for March. The revisor's staff advised the bills being referred to were SB 241 and HB 2185 (amended). Senator Downey moved that SB 241 which pertains to assisted living regulations and could affect the Long Term Care budget and its status should be reviewed prior to the Omnibus bill, Senator Lawrence seconded. The motion carried on a voice vote.

Senator Morris moved, seconded by Senator Salmans, to approve the Subcommittee report for SRS-Long Term Care as amended. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:15 p.m.

The next meeting is scheduled for March 5, 1997.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 2-27-97

NAME	REPRESENTING
Josie Torres	Families Together, Inc.
Debra Zahn	KANSAS
Sue Lockett	CRB / CASA
Jamie Howard	SRS / CFS
Jeon Kraki	KS Grading Prog.
Alan Holme	Division of Budget
Bob Harder	MPS
TK Shivel	KLS
JG Scott	SRS
R. Chronister	SRS
Ann Kelli	SRS
John / [unclear]	Central Policy Research
Shelley Krestine	KCDD
Myra Elen O'Brien	assis. Tech. for Kansas
Shannon Jones	SILCK
Lina McDonald	KACK
E. Pickalleving	Assn. of CAKCS
Mark Gleeson	OJA

Founders

SUBCOMMITTEE REPORT

Agency: Mental Health Institutions

Bill No. 2272

Bill Sec. 23

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	--

Senate Ways and Means Committee

Date *2-27-97*

Attachment # /

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 at 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.

House Committee Recommendation

The House Committee concurs with the Subcommittee recommendation.

House Recommendation

The full House has not taken action on this agency's budget

Agency: Mental Retardation Institutions

Bill No. 228

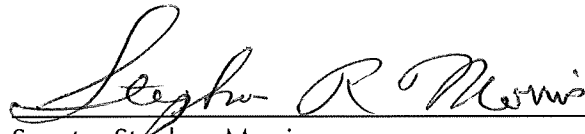
Bill Sec.: 23

Institution	Gov. Rec. FY 1997	Senate Subcomm. Adjustment FY 1997
Larned State Hospital		
State General Fund	\$ 15,507,305	\$ 0
All Other Funds	13,143,015	0
Total	<u>\$ 28,650,320</u>	<u>\$ 0</u>
Osawatomie State Hospital		
State General Fund	\$ 7,070,906	\$ 0
All Other Funds	13,671,897	0
Total	<u>\$ 20,742,803</u>	<u>\$ 0</u>
Rainbow Mental Health Facility		
State General Fund	\$ 2,993,337	\$ 0
All Other Funds	2,957,417	0
Total	<u>\$ 5,950,754</u>	<u>\$ 0</u>
Topeka State Hospital		
State General Fund	\$ 3,276,717	\$ 0
All Other Funds	15,542,347	0
Total	<u>\$ 18,819,064</u>	<u>\$ 0</u>
TOTAL	\$ 74,162,941	\$ 0
Total State General Fund	\$ 28,848,265	\$ 0
FTE Positions:		
Larned State Hospital	782.8	-
Osawatomie State Hospital	572.7	-
Rainbow Mental Health Facility	136.4	-
Topeka State Hospital	404.4	-
Unclassified Temp. Positions	0.0	-
TOTAL	<u>1,896.3</u>	<u>-</u>

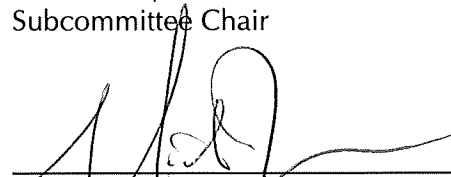
<u>Institution</u>	<u>Gov. Rec. FY 1997</u>	<u>Senate Subcomm. Adjustment FY 1997</u>
Capital Improvements		
Larned State Hospital	\$ 98,061	\$ 0
Osawatomie State Hospital	6,226	0
Rainbow Mental Health Facility	0	0
Topeka State Hospital	0	0
TOTAL	<u>\$ 104,287</u>	<u>\$ 0</u>

Senate Subcommittee Recommendation

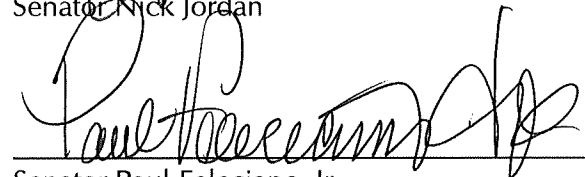
The Senate Subcommittee concurs with the Governor's recommendation for FY 1997.



Senator Stephen Morris
Subcommittee Chair



Senator Nick Jordan



Senator Paul Feleciano, Jr.

Current Status Comparison

Expenditure	Gov. Rec. FY 97	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Change from House
Larned State Hospital				
State General Fund	\$ 15,507,305	\$ 0	\$ 0	
All Other Funds	13,143,015	0	0	
Total	<u>\$ 28,650,320</u>	<u>\$ 0</u>	<u>\$ 0</u>	
Osawatomie State Hospital				
State General Fund	\$ 7,070,906	\$ 0	\$ 0	
All Other Funds	13,671,897	0	0	
Total	<u>\$ 20,742,803</u>	<u>\$ 0</u>	<u>\$ 0</u>	
Rainbow Mental Health Facility				
State General Fund	\$ 2,993,337	\$ 0	\$ 0	
All Other Funds	2,957,417	0	0	
Total	<u>\$ 5,950,754</u>	<u>\$ 0</u>	<u>\$ 0</u>	
Topeka State Hospital				
State General Fund	\$ 3,276,717	\$ 0	\$ 0	
All Other Funds	15,542,347	0	0	
Total	<u>\$ 18,819,064</u>	<u>\$ 0</u>	<u>\$ 0</u>	
TOTAL	\$ 74,162,941	\$ 0	\$ 0	
Total State General Fund	28,848,265	0	0	
FTE Positions:				
Larned State Hospital	782.8	--	--	
Osawatomie State Hospital	572.7	--	--	
Rainbow Mental Health Facility	136.4	--	--	
Topeka State Hospital	404.4	--	--	
Unclassified Temp. Positions	0.0	--	--	
TOTAL	<u>1,896.3</u>	<u>--</u>	<u>--</u>	
Capital Improvements				
Larned State Hospital	\$ 98,061	\$ 0	\$ 0	
Osawatomie State Hospital	6,226	0	0	
Rainbow Mental Health Facility	0	0	0	
Topeka State Hospital	0	0	0	
TOTAL	<u>\$ 104,287</u>	<u>\$ 0</u>	<u>\$ 0</u>	

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	\$ 57,193,689	\$ 57,354,595	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 57,193,689	\$ 57,354,595	\$ 0
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	\$ 23,448,585	\$ 23,436,068	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 23,448,585	\$ 23,436,068	\$ 0
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	\$ 33,745,104	\$ 33,918,527	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 33,745,104	\$ 33,918,527	\$ 0
FTE Positions	1,444.2	1,440.2	--
Unclassified Temp. Positions	0.0	0.0	--
TOTAL	1,444.2	1,440.2	--

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 1998	Gov. Rec. FY 1998
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	0.0	0.0
TOTAL	<u>1,444.2</u>	<u>1,440.2</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.

House Committee Recommendation

The House Committee concurs with the Subcommittee recommendations.

House Recommendation

The full House has not taken action on this agency's budget

Agency: SRS - Mental Health Institutions

Bill No.: 178

Bill Sec. 61

<u>Institution</u>	<u>Gov. Rec. FY 1998</u>	<u>Senate Subcomm. Adjustment FY 1998</u>
Larned State Hospital		
State General Fund	\$ 12,197,190	\$ (323,038)
All Other Funds	17,067,301	(550,037)
Total	<u>\$ 29,264,491</u>	<u>\$ (873,075)</u>
Osawatomie State Hospital		
State General Fund	\$ 8,296,860	\$ (211,905)
All Other Funds	12,761,169	(544,903)
Total	<u>\$ 21,058,029</u>	<u>\$ (756,808)</u>
Rainbow Mental Health Facility		
State General Fund	\$ 2,942,018	\$ (79,495)
All Other Funds	3,087,510	(82,409)
Total	<u>\$ 6,029,528</u>	<u>\$ (161,904)</u>
Topeka State Hospital		
State General Fund	\$ 0	\$ 0
All Other Funds	1,002,547	(2,547)
Total	<u>\$ 1,002,547</u>	<u>\$ (2,547)</u>
 TOTAL	 \$ 57,354,595	 \$ (1,794,334)
Total State General Fund	23,436,068	\$ (614,438)
 FTE Positions:		
Larned State Hospital	755.6	-
Osawatomie State Hospital	529.2	-
Rainbow Mental Health Facility	136.4	-
Topeka State Hospital	19.0	-
Unclassified Temp. Positions	0.0	-
TOTAL	<u>1,440.2</u>	<u>-</u>
Capital Improvements	0	0

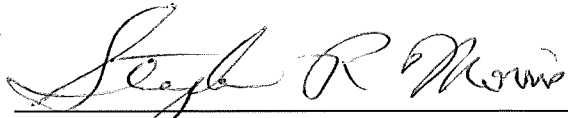
Note: All adjustments made by the Senate Subcommittee represent the deletion on funding for the salary enhancements.

Senate Subcommittee Recommendation

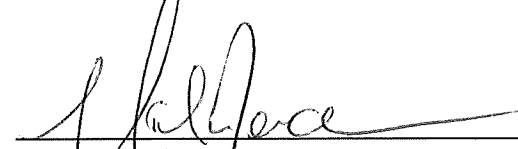
The Subcommittee concurs with the Governor's recommendation with the following adjustment and comments:

1. Delete \$1,794,334, including \$614,438 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$176,337); classified step movement (\$669,442); longevity bonus payments (\$583,964); and the 1.0 percent classified base salary adjustment (\$364,591) from individual agency budgets.
2. The Subcommittee directs SRS to reallocate 4.0 FTE positions within the MH&DD system to the State Security Hospital at Larned State Hospital to replace positions eliminated by the Governor. The Subcommittee was informed that these 4.0 positions were eliminated due to retirement reductions and that the agency is currently appealing for the restoration of those positions.
3. The Subcommittee recommends that any funds appropriated to Topeka State Hospital in FY 1998 that are not used by the hospital be reallocated to fund community services.
4. **Dietary Services - Downsizing:** The Subcommittee notes that significant reductions have been made at both OSH and LSH in the dietary programs as a result of being allowed to bid competitively against private vendors for food service contracts. Both hospitals analyzed their current systems and tried to find ways they could operate more efficiently. OSH was able to eliminate 7.5 FTE positions and LSH was able to eliminate 8.75 FTE positions as a result of this downsizing. LSH reduced costs by \$117,595 in FY 1997 and OSH reduced costs by \$52,332. The hospitals were able to find enough efficiencies and cost savings through re-engineering their services to successfully outbid private vendors for the provision of food service at the two hospitals.
5. **Dietary Services - Larned State Hospital:** LSH currently provides food service to the inmates at Larned Correctional Mental Health Facility (LCMHF). Preparation of these meals comprises about one-quarter of the meals prepared by the hospital which also provides service to the Youth Center at Larned. The Subcommittee examined the effect of discontinuing service to LCMHF if the Department of Corrections fully privatizes food services at that facility. The Subcommittee notes that the level of satisfaction at the correctional facility with the service it receives is very high. The Subcommittee is unclear at this time what effect the discontinuation of services would have on the hospital due to the significant downsizing that has already taken place at the hospital in the current year. The Subcommittee notes that any estimated impact (financial or programmatic) could change because the hospital is still in the early stages of working within new constraints imposed by the downsizing associated with outbidding private contractors for food service at the hospital. The Subcommittee is also unclear what effect this change would have on work opportunities for inmates but does note that the hospital utilizes inmate labor to help reduce costs.

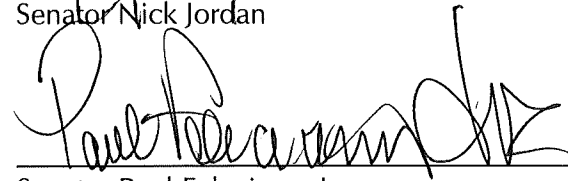
6. **Inmate Labor:** The Subcommittee notes the use of inmate labor at both OSH and LSH has been very helpful to both institutions. OSH testified that it uses approximately 35,000 hours of inmate labor per year. LSH testified that the usage of inmates has allowed certain staff reductions. For example, Dietary and Laundry services have a combined reduction of 13.75 FTE with an annual savings of \$256,289. Services provided by inmates include dietary, laundry, engineering and groundwork.
7. **Seclusion and Restraint:** The Subcommittee heard testimony that significant efforts have been made in recent years to reduce the number of hours patients are in seclusion or restraint at the state mental health hospitals. Testimony from Larned State Hospital indicated they were able to reduce seclusion from an average of 64.5 hours per patient per year in FY 1992 to 9.5 hours in FY 1996. Average restraint hours per person per year went from 87.5 in FY 1992 to 15.0 in FY 1996. According to the testimony, these reductions were made possible by new and more effective psychotropic medications, staff involvement and continuous monitoring.
8. **Illegal Aliens:** The Subcommittee received testimony regarding difficulties being encountered with illegal aliens Larned State Hospital. According to testimony, if a mentally ill illegal comes to the hospital for services, the hospital has no choice but to admit that person for treatment. However, the hospital cannot discharge the person unless sufficient resources are available to care for the person in the community and there is a responsible party for the person. Generally, when a person is admitted to a state mental health hospital, they are assigned a county of residence. The CMHC responsible for that county is then responsible for that person. Illegal aliens have no county of residence and therefore have no responsible party. Currently, there are 2 Mexican illegal aliens at Larned State Hospital who cannot be released by the hospital. SRS reported that efforts in attempting to work with the appropriate Mexican provincial governments to take the people back have been unsuccessful.
9. **Physical Plant:** The Subcommittee notes that the physical plants at both OSH and LSH are getting old and that the state should consider doing some replacement and renovation if we are going to continue to operate these state mental health institutions. Many projects were put on hold during the discussions of closure because of the uncertainty of which institution would be closed. According to testimony, SRS is analyzing options to provide for the remaining institutions now that decisions have been made regarding the use of the remaining facilities. These projects would likely be done under the agency's rehabilitation and repair projects funding from the State Institutions Building Fund. The Subcommittee briefly discussed the use of KDFA financing for construction at the hospitals similar to the Regents Institutions.



Senator Stephen Morris
Subcommittee Chair



Senator Nick Jordan



Senator Paul Feleciano, Jr.

Current Status Comparison

Expenditure	Gov. Rec. FY 98	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from House
Larned State Hospital				
State General Fund	\$ 12,197,190	\$ 0	\$ (323,038)	\$ (323,038)
All Other Funds	17,067,301	0	(550,037)	(550,037)
Total	<u>\$ 29,264,491</u>	<u>\$ 0</u>	<u>\$ (873,075)</u>	<u>\$ (873,075)</u>
Osawatomie State Hospital				
State General Fund	\$ 8,296,860	\$ 0	\$ (211,905)	\$ (211,905)
All Other Funds	12,761,169	0	(544,903)	(544,903)
Total	<u>\$ 21,058,029</u>	<u>\$ 0</u>	<u>\$ (756,808)</u>	<u>\$ (756,808)</u>
Rainbow Mental Health Facility				
State General Fund	\$ 2,942,018	\$ 0	\$ (79,495)	\$ (79,495)
All Other Funds	3,087,510	0	(82,409)	(82,409)
Total	<u>\$ 6,029,528</u>	<u>\$ 0</u>	<u>\$ (161,904)</u>	<u>\$ (161,904)</u>
Topeka State Hospital				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,002,547	0	(2,547)	(2,547)
Total	<u>\$ 1,002,547</u>	<u>\$ 0</u>	<u>\$ (2,547)</u>	<u>\$ (2,547)</u>
 TOTAL	 \$ 57,354,595	 0	 \$ (1,794,334)	 \$(1,794,334)
Total State General Fund	23,436,068	0	\$ (614,438)	\$ (614,438)
 FTE Positions:				
Larned State Hospital	755.6	-	-	-
Osawatomie State Hospital	529.2	-	-	-
Rainbow Mental Health Facility	136.4	-	-	-
Topeka State Hospital	19.0	-	-	-
Unclassified Temp. Positions	0.0	-	-	-
TOTAL	<u>1,440.2</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Capital Improvements	 0	 0	 0	 0

Note: All adjustments made by the Senate Subcommittee represent the deletion on funding for the salary enhancements.

SUBCOMMITTEE REPORT

Agency: Kansas Guardianship Program

Bill No. --

Bill Sec. --

Analyst: Kannarr

Analysis Pg. No. 721

Budget Page No. 200

<u>Expenditure</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,106,910	\$ 1,049,530	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u><u>\$ 1,106,910</u></u>	<u><u>\$ 1,049,530</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 1,106,910	\$ 1,049,530	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u><u>\$ 1,106,910</u></u>	<u><u>\$ 1,049,530</u></u>	<u><u>\$ 0</u></u>
Other Funds:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
 Employee Positions	 12.0	 12.0	 0.0

Agency Estimate/Governor's Recommendation

The agency estimates FY 1997 expenditures to be \$1,106,910 which is the same as the budget approved by the 1996 Legislature. The requested funding maintains current service levels.

The Governor recommends FY 1997 operating expenditures of \$1,049,530, a decrease of \$57,380, or 5.2 percent, below the agency estimate and the approved budget. The reductions are in contractual services (\$47,380) and capital outlay (\$10,000).

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Governor.

Senate Ways and Means Committee

Date *2-27-97*

Attachment # *2*

House Committee Recommendation

The House Committee concurs with the Subcommittee recommendation.

House Recommendation

The full House has not taken action on this agency's budget

Agency: Kansas Guardianship Program

Bill No. --

Bill Sec. --

<u>Expenditure</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 1,049,530	\$ 0
Aid to Local Units	0	0
Other Assistance	0	0
TOTAL	<u>\$ 1,049,530</u>	<u>\$ 0</u>
State General Fund:		
State Operations	\$ 1,049,530	\$ 0
Aid to Local Units	0	0
Other Assistance	0	0
TOTAL	<u>\$ 1,049,530</u>	<u>\$ 0</u>
Employee Positions	12.0	-

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 1997.

Current Status Comparison

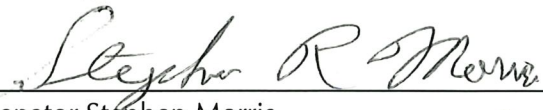
Expenditure	Gov. Rec. FY 97	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Change from House
All Funds:				
State Operations	\$ 1,049,530	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
TOTAL	\$ 1,049,530	\$ 0	\$ 0	\$ 0
State General Fund:				
State Operations	\$ 1,049,530	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
TOTAL	\$ 1,049,530	\$ 0	\$ 0	\$ 0
FTE Positions	12.0	-	-	-
Unclass. Temp. Positions	0.0	-	-	-



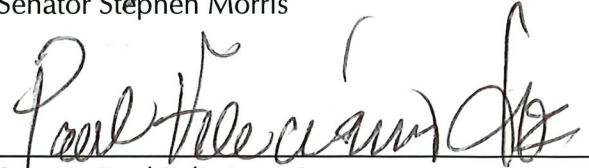
Senator Dave Kerr
Subcommittee Chair



Senator Alicia Salisbury



Senator Stephen Morris



Senator Paul Feleciano, Jr.



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Kansas Guardianship Program

Bill No. 2160

Bill Sec. 62

Analyst: Kannarr

Analysis Pg. No. 721

Budget Page No. 200

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,197,258	\$ 1,101,927	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u><u>\$ 1,197,258</u></u>	<u><u>\$ 1,101,927</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 1,197,258	\$ 1,101,927	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u><u>\$ 1,197,258</u></u>	<u><u>\$ 1,101,927</u></u>	<u><u>\$ 0</u></u>
Other Funds:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
 Employee Positions	 14.0	 12.0	 0.0

Agency Request/Governor's Recommendation

For FY 1998, the Guardianship Program requests \$1,197,258 in State General Fund expenditures, an increase of \$90,348, or 8.2 percent, about the FY 1997 estimate. The request includes an enhancement package of \$60,355. The package includes \$52,555 in salaries and wages and \$7,800 in contractual services. The enhancements would fund the salaries and associated expenses of one additional Recruiter/Facilitator and one additional Business Assistant. According to the agency, these positions are needed to help relieve overload placed on the current staff and to make the agency's unique fiscal tracking system more efficient and reliable.

The Governor recommends FY 1998 operating expenditures of \$1,101,927, a decrease of \$95,331, or 8.0 percent, below the agency request. The recommendation includes \$3,625 for a 1.0 percent base salary adjustment and concurs with the agency request for classified step movement,

unclassified merit increases and longevity payments. The Governor does not recommend the enhancement package requested by the agency. Salaries and wages are decreased by \$52,554 which was the amount requested to fund two additional FTE positions including a Facilitator/Recruiter and a Business Assistant. The remainder of the decrease, \$42,977, is due to adjustments made because the two additional positions were not recommended.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Governor with the following adjustment:

1. The Subcommittee directs the agency to discuss the possibility of transferring the Ombudsman program from Aging to the Kansas Guardianship Program with the Department on Aging.

House Committee Recommendation

The House Committee concurs with the Subcommittee recommendations with the following exception:

1. Delete Item 1 and instead direct the Dept. on Aging to look at the option of placing the Ombudsman program with Kansas Advocacy and Protective Services (KAPS).

House Recommendation

The full House has not taken action on this agency's budget

<u>Expenditure</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 1,101,927	\$ (12,863)
Aid to Local Units	0	0
Other Assistance	0	0
TOTAL	<u>\$ 1,101,927</u>	<u>\$ (12,863)</u>
State General Fund:		
State Operations	\$ 1,101,927	\$ (12,863)
Aid to Local Units	0	0
Other Assistance	0	0
TOTAL	<u>\$ 1,101,927</u>	<u>\$ (12,863)</u>
Employee Positions	12.0	-

Senate Subcommittee Recommendation

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

1. Delete \$12,863 State General Fund based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$12,863).
2. The Subcommittee notes the agency will have an increased workload due to the closure of Winfield State Hospital and Training Center and the continuing trend of deinstitutionalization. The agency is already experiencing an increase in the number of successorship referrals and in the number of guardians needed. Increased numbers of guardians are needed because when wards are in an institution, a guardian can handle several wards at a time. When those wards are moved into the community, a guardian can no longer handle the same number and additional guardians must be found to take over some of the wards.

2-6

Current Status Comparison

Expenditure	Gov. Rec. FY 98	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from House
All Funds:				
State Operations	\$ 1,101,927	\$ 0	\$ (12,863)	\$ (12,863)
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
TOTAL	<u><u>\$ 1,101,927</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (12,863)</u></u>	<u><u>\$ (12,863)</u></u>
State General Fund:				
State Operations	\$ 1,101,927	\$ 0	\$ (12,863)	\$ (12,863)
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
TOTAL	<u><u>\$ 1,101,927</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (12,863)</u></u>	<u><u>\$ (12,863)</u></u>
Employee Positions	12.0	-	-	-

Note: All of the Senate Subcommittee adjustment to the Governor's recommendation is due to the deletion of salary enhancements.



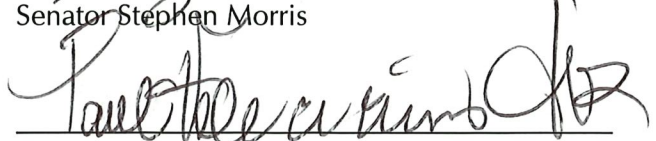
Senator Dave Kerr
Subcommittee Chair



Senator Alicia Salisbury



Senator Stephen Morris



Senator Paul Feleciano, Jr.



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Corporation for Change

Bill No. –

Bill Sec. –

Analyst: West

Analysis Pg. No. 716

Budget Page No. 121

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 371,883	\$ 371,883	\$ 0
Local Aid	805,000	805,000	0
TOTAL	\$ 1,176,883	\$ 1,176,883	\$ 0
State General Fund:			
State Operations	\$ 20,166	\$ 20,166	\$ 0
Local Aid	170,800	170,800	0
TOTAL	\$ 190,966	\$ 190,966	\$ 0
FTE Positions	0.0	0.0	0.0
Unclassified Temp. Positions	5.0	5.0	0.0
TOTAL	5.0	5.0	0.0

Agency Estimate/Governor's Recommendation

The agency's current year estimate of \$1.18 million reflects a net decrease of \$25,022 from the approved FY 1997 budget. State Operations expenditures of \$371,883 (including the approved amount of \$20,166 from the State General Fund) reflect a decrease of \$30,022 in special revenue fund financed contractual services from the approved budget. Local Aid grants of \$805,000 reflect a net increase of \$5,000 from the approved expenditures. State General Fund expenditures are increased by \$49,862 associated with greater than anticipated reappropriations from FY 1996. Special revenue fund grant expenditures are decreased by \$44,862. **The Governor** concurs with the agency's current year estimate.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

Senate Ways and Means Committee

Date *2-27-97*

Attachment # *3*

House Recommendation

The full House has not taken action on the agency's budget.

Agency: Corporation for Change

Bill No. --

Bill Sec. --

Expenditure	Gov. Rec. FY 97	Senate Subcommittee Adjustments
All Funds:		
State Operations	\$ 371,883	\$ 0
Local Aid	805,000	0
TOTAL	<u>\$ 1,176,883</u>	<u>\$ 0</u>
State General Fund:		
State Operations	\$ 20,166	\$ 0
Local Aid	170,800	0
TOTAL	<u>\$ 190,966</u>	<u>\$ 0</u>
FTE Positions	0.0	0.0
Unclassified Temp. Positions	5.0	0.0
TOTAL	<u>5.0</u>	<u>0.0</u>

Senate Subcommittee Recommendation

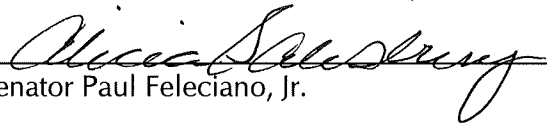
The Senate Subcommittee concurs with the Governor's recommendation for FY 1997.

Current Status Comparison

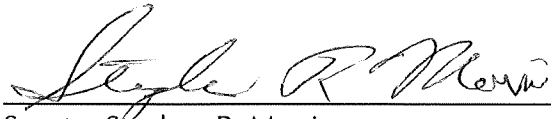
Expenditure	Gov. Rec. FY 97	House Committee Action FY 1997	Senate Committee Action FY 1997	Senate Change from House
All Funds:				
State Operations	\$ 371,883	\$ 0	\$ 0	0
Local Aid	805,000	0	0	0
TOTAL	<u>\$ 1,176,883</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
State General Fund:				
State Operations	\$ 20,166	\$ 0	\$ 0	0
Local Aid	170,800	0	0	0
TOTAL	<u>\$ 190,966</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
FTE Positions	0.0	0.0	0.0	0.0
Unclass. Temp. Positions	5.0	0.0	0.0	0.0
TOTAL	<u>5.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>



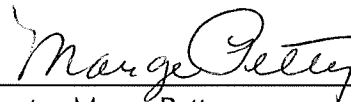
Senator Dave Kerr
Subcommittee Chair



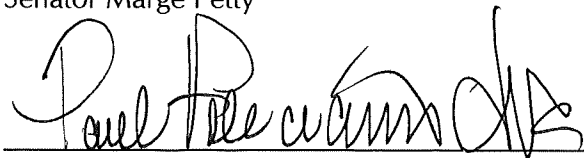
Senator Paul Feleciano, Jr.



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Corporation for Change

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 716

Budget Page No. 121

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 357,883	\$ 0	\$ 0
Local Aid	819,000	0	0
TOTAL	\$ 1,176,883	\$ 0	\$ 0
State General Fund:			
State Operations	\$ 100,000	\$ 0	\$ 0
Local Aid	170,000	0	0
TOTAL	\$ 270,000	\$ 0	\$ 0
FTE Positions	0.0	0.0	0.0
Unclassified Temp. Positions	5.0	0.0	0.0
TOTAL	5.0	0.0	0.0

Agency Request/Governor's Recommendation

The agency's FY 1998 budget request is the same as its current year estimate. The request shifts \$14,000 from state operations to grants. Financing of the request includes \$270,000 from the State General Fund, an increase of \$79,034 from the current year. Special revenue funds are decreased by an equal amount. **The Governor** recommends no funding for the Corporation in FY 1998.

Continuation of the Corporation for Change. During the 1996 legislative session, legislators were informed that the Corporation's Board of Directors planned to cease the Corporation's operations effective at the end of FY 1997. Subsequently, the Corporation's Board of Directors has voted to use all reasonable efforts to ensure the continued existence of the Corporation for Change structure. No legislative action (aside from budget authority) is required to continue the Corporation's existence. **The Governor** recommends no funding for the Corporation in FY 1998. The Governor recommends the passage of legislation which abolishes the Corporation and transfers the Kansas Trust Funds to the Juvenile Justice Authority (S.B. 187).

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation, with the following comment:

1. While the Subcommittee concurs with the Governor's recommendation to abolish the Corporation, the Subcommittee questions whether the Juvenile Justice Authority is the appropriate entity to assume the responsibility for the statutory trust funds. The Permanent Families Account, which is supported by birth certificate fees, provides grants to support Court Appointed Special Advocate (CASA) programs and Citizen Review Boards (CRBs). The Family and Children Trust Account, which is supported by marriage license fees, private donations, and federal funds, is utilized to support the creation of Family Resource Centers and other community-based programs designed to prevent child abuse and neglect. The Subcommittee does not believe these programs fit with the Juvenile Justice Authority's target population of juvenile offenders. The Subcommittee recommends the introduction of legislation which would abolish the Corporation and would transfer responsibility for the Permanent Families Account to the Office of Judicial Administration and the Family and Children Trust Account to the Department of Social and Rehabilitation Services (SRS). The bill should also provide that expenditures from the Family and Children Trust Account are subject to the approval of the newly created Advisory Committee on Children and Families and that SRS may perform the duties and responsibilities of the Corporation.

House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

House Recommendation

The full House has not taken action on this agency's budget.

Agency: Corporation for Change

Bill No. --

Bill Sec. --

Expenditure	Gov. Rec. FY 98	Senate Subcommittee Adjustments
All Funds:		
State Operations	\$ 0	\$ 0
Local Aid	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>
State General Fund:		
State Operations	\$ 0	\$ 0
Local Aid	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>
FTE Positions	0.0	0.0
Unclassified Temp. Positions	0.0	0.0
TOTAL	<u>0.0</u>	<u>0.0</u>

Senate Subcommittee Recommendation

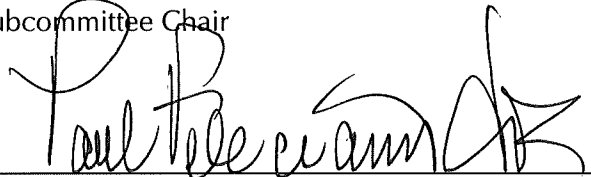
The Subcommittee tentatively adopts the Governor's position on funding for the Corporation in FY 1998. The Subcommittee anticipates the full Committee will be taking action on S.B. 187 in the near future, which may necessitate revisiting this budget at a later date. In making this recommendation, the Subcommittee does not wish to imply that the Governor's recommendation on the fate of the Corporation or the administration of the statutory trust fund is necessarily the correct one.

Current Status Comparison

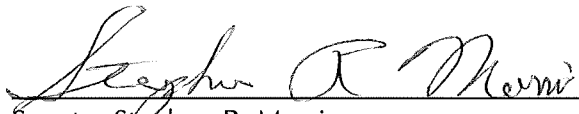
Expenditure	Gov. Rec. FY 97	House Committee Action FY 1997	Senate Committee Action FY 1997	Senate Change from House
All Funds:				
State Operations	\$ 0	\$ 0	\$ 0	0
Local Aid	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	0
State General Fund:				
State Operations	\$ 0	\$ 0	\$ 0	0
Local Aid	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	0
FTE Positions	0.0	0.0	0.0	0.0
Unclass. Temp. Positions	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0



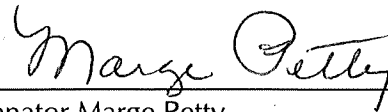
Senator Dave Kerr
Subcommittee Chair



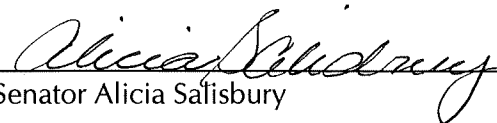
Senator Paul Feleciano, Jr.



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Social and Rehabilitation Services
(Excluding MH/DD and LTC)

Bill No. 2272

Bill Sec. 23

Analyst: West

Analysis Pg. No. 941

Budget Page No. 415

Expenditure*	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 240,165,860	\$ 239,509,501	\$ -
Local Aid	16,253,260	15,783,776	-
Other Assistance	713,384,009	712,441,217	(15,000,000)
Subtotal - Operating	\$ 969,803,129	\$ 967,734,494	\$ (15,000,000)
Capital Improvements	6,360,439	6,360,439	-
TOTAL	\$ 976,163,568	\$ 974,094,933	\$ (15,000,000)
State General Fund:			
State Operations	\$ 88,586,488	\$ 87,466,042	\$ -
Local Aid	3,020,000	3,020,000	-
Other Assistance	263,054,348	261,790,647	(9,000,000)
Subtotal - Operating	\$ 354,660,836	\$ 352,276,689	\$ (9,000,000)
Capital Improvements	0	0	-
TOTAL	\$ 354,660,836	\$ 352,276,689	\$ (9,000,000)
Other Funds:			
State Operations	\$ 151,579,372	\$ 152,043,459	\$ -
Local Aid	13,233,260	12,763,776	-
Other Assistance	450,329,661	450,650,570	(6,000,000)
Subtotal - Operating	\$ 615,142,293	\$ 615,457,805	\$ (6,000,000)
Capital Improvements	6,360,439	6,360,439	-
TOTAL	\$ 621,502,732	\$ 621,818,244	\$ (6,000,000)
FTE Positions	4,336.6	4,336.6	-
Unclass. Temp. Positions	90.3	90.3	-
TOTAL	4,426.9	4,426.9	-

* Reflects expenditures for SRS excluding Mental Health and Developmental Disability Services and Long-Term Care. Including these programs, the Governor's recommendation totals \$1.471 billion, including \$590.0 million from the State General Fund.

Senate Ways and Means Committee

Date 2-27-97

Attachment # 4

Agency Estimate/Governor's Recommendation

The agency's current year operating budget of \$1.467 billion (including expenditures for MH/DD Services and Long Term Care) is an increase of \$30.6 million from the budget initially approved by the 1996 Legislature. State General Fund expenditures are estimated to be \$587.0 million, an increase of \$14.6 million. The 1996 Legislature authorized the agency to reappropriate without limit FY 1996 State General Fund savings in several programs and authorized the agency to transfer funds between line items within the agency and with the institutions under the agency's control. Thus, the agency does not request a State General Fund supplemental appropriation in order to finance the current year. Several expenditure limitation increases are requested as special revenue funds, most notably the Social Welfare Fund (more commonly known as the SRS Fee Fund), from \$41.1 million to \$45.5 million. **The Governor's** current year recommendation for operating expenditures is \$1.471 billion, an increase of \$3.8 million from the agency's estimate. Recommended State General Fund expenditures of \$589.5 million are an increase of \$2.6 million from the agency's request. The net effect of the Governor's current year budget is an increase of \$2.6 million (0.4 percent) from the State General Fund financing currently available to the agency. The Governor also recommends an increase of \$3.2 million in the authorized level of Social Welfare Fund expenditures, from \$41.1 million to \$44.3 million. Among the developments factored into the Governor's current year recommendation are the impact of federal welfare reform (including increased funding for child care and computerization efforts) and cash flow needs for the privatization of foster care services. For a more detailed analysis of the requested and recommended current year changes, see the separate analyses on each SRS Commission and SRS Long Term Care.

Welfare Reform. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 was signed into law in August of 1996. The bill is a comprehensive piece of legislation with far-reaching implications in a number of programs. Major provisions of the bill include:

- **Temporary Assistance for Needy Families (TANF).** The bill creates the TANF program to replace AFDC. Assistance under TANF is limited to five years in a recipient's lifetime. Recipients must be engaged in specified work activities within two years to remain in the program, with the average weekly hours required to qualify increasing from 20 hours in FY 1997 to 30 hours in FY 2000. States are required to have 25 percent of their caseload participating in work activities in FY 1997, increasing to 50 percent by FY 2002.

States are granted greater flexibility in administering state plans but face greater reporting requirements. Federal financial participation is capped with a block grant for Kansas estimated to be \$101.9 million per year for the next five years. Maintenance of effort (MOE) is required based on 80 percent of a state's FFY 1994 expenditures. This is estimated to be \$65.2 million for Kansas. Under certain circumstances, the MOE may be reduced to 75 percent.

- **Child Care.** The bill combines the existing AFDC child care funding sources with the Child Care Development Block Grant. Kansas may be eligible to receive up to \$26.0 million from federal sources in FFY 1997, an increase of \$8.3 million above current law.

- **Medicaid.** The final bill does not include comprehensive Medicaid reform as was proposed in some earlier versions. The bill does eliminate the direct link between eligibility for AFDC and Medicaid. Eligibility for Medicaid remains the same as the requirements in existence on July 16, 1996, with the exception of disabled legal immigrants who will be losing SSI.
- **Immigrants.** Current legal immigrants (with certain exceptions) are barred from receiving SSI and food stamps. Current SSI and food stamp recipients are to have their eligibility reviewed within one year. States have the option to determine the eligibility of current legal immigrants for benefits under TANF, Medicaid, and the Social Services Block Grant. Newly arriving immigrants (with certain exceptions) are barred from receiving any federally funded means tested public benefits for five years. Illegal immigrants are barred from most federally funded assistance and may not receive state or locally funded benefits unless the state enacts a law specifically authorizing them.
- **SSI for Children.** Upon enactment, a new disability standard for SSI applications will be established. The new standard will eliminate the comparable severity standard, the individual functional assessment, and references to maladaptive behavior. Within one year of enactment, the Social Security Administration must redetermine the eligibility of current beneficiaries based on the new definition. An estimated 2,800 Kansas children are subject to eligibility redetermination.
- **Food Stamps.** The Food Stamp program retains its current structure as an uncapped, individual entitlement. However, able bodied recipients age 18-50 with no dependents are ineligible for food stamps for more than three months in every 36-month period unless they are engaged in work or work programs.
- **Child Support.** The bill also includes numerous changes to the federal child support statutes and imposes several mandates on the states. The mandates include: privacy protection safeguards, creation of a state new hire directory, increased paternity establishment rates, recording Social Security numbers on several types of licenses and court orders, and expansion of the ability to restrict or suspend licenses in cases of overdue support.

Welfare Reform and the Budget. Due to the short time between the legislation's passage and the deadline for budget submissions, the agency's request does not reflect the passage of welfare reform. The Governor's recommendation reflects the impact of welfare reform, especially in the areas of increased support for child care, employment services, and computerization. The following summarizes the Governor's recommendations for FY 1997 and FY 1998 as well as the Governor's forecasted expenditures for the Kansas Works program through FY 2001.

Governor's Kansas Works Funding Profile (Dollars in Millions)					
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Revenue:					
State Funds-TANF and Child Care	\$ 80.2	\$ 80.2	\$ 80.2	\$ 80.2	\$ 80.2
Federal Funds	<u>121.2</u>	<u>128.6</u>	<u>129.6</u>	<u>131.5</u>	<u>133.5</u>
TOTAL	<u>\$ 201.4</u>	<u>\$ 208.8</u>	<u>\$ 209.8</u>	<u>\$ 211.7</u>	<u>\$ 213.7</u>
Expenditures:					
TANF	\$ 88.1	\$ 81.7	\$ 79.7	\$ 77.3	\$ 76.1
Employment Services	4.5	7.2	11.0	15.3	16.7
Child Care	27.8	36.7	42.6	48.2	52.5
Program Staff (Assessment & Case Management)	23.2	23.5	24.9	25.5	26.1
Administration	31.6	32.6	33.4	34.3	35.2
Information Systems	6.0	9.0	8.0	5.0	3.0
Children's Crisis Fund	<u>6.8</u>	<u>7.8</u>	<u>8.8</u>	<u>9.8</u>	<u>10.8</u>
TOTAL	<u>\$ 188.0</u>	<u>\$ 198.5</u>	<u>\$ 208.4</u>	<u>\$ 215.4</u>	<u>\$ 220.4</u>
Block Grant Balance	\$ 13.4	\$ 23.7	\$ 25.1	\$ 21.4	\$ 14.7

Source: The Governor's Budget Report FY 1998, Volume 1, page 69.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations, with the following adjustments and observations.

Administration

1. The Subcommittee notes that, as a part of the welfare reform efforts, the Governor's recommendation includes \$15 million from federal funds in FY 1997 (\$6.0 million) and FY 1998 (\$9.0 million) for computerization. The Subcommittee recommends the addition of a proviso which would restrict expenditures for this computerization until the implementation plan has been reviewed by JCCT. The Subcommittee also notes that the agency is currently undergoing a line-by-line review of their existing systems to develop a firm estimate of the cost of fixing the year 2000 problem and will be reporting back to the Subcommittee on this matter later this session.

Adult and Medical Services

2. The Subcommittee notes that year to date expenditures for medical assistance appear to be in line with the Governor's recommendation and recommends that the agency

review expenditures with the Subcommittee prior to consideration of the Omnibus Bill.

3. The Subcommittee notes that the new Medicaid Management Information System (MMIS) is on line and, after some initial difficulties, most system functions have been worked out. In the interim, the agency has established a toll free number (1-800-933-6593) for providers to call if they are having problems receiving payment.

Children and Family Services

4. The Subcommittee notes that the Governor's recommendation shifts \$15.0 million (\$9.0 million SGF) from FY 1998 to FY 1997. This shift is required due to the provisions of the community empowerment foster care contracts which will be phased in over the next four months. Under the terms of the contracts, the provider is responsible for services to a child in foster care for the entire time the child is in foster care and for a period of 12 months after the child returns home if the child needs to return to foster care. The contractor receives a set case rate to provide these services. Under the terms of the contract, the service provider receives 25 percent of the case rate upon referral, 25 percent after 60 days, 25 percent after 180 days, and the balance when the child returns home. Thus, the \$15 million recommended by the Governor for cash flow in FY 1997 is offset by an equal decrease in FY 1998. While the Subcommittee recognizes that these contractual obligations must be paid and the Subcommittee does not want the agency to delay implementing the contracts, the Subcommittee deletes the \$15.0 million (\$9.0 million SGF) pending the Subcommittee's review with the agency of possible alternative funding sources.

Rehabilitation Services

5. The Subcommittee notes that the Assistive Technology program, which helps provide equipment to allow disabled individuals lead independent lives, has managed to leverage the funds available to the program on a 4.5-to-1 ratio over the last three years from other funding sources. This has enabled over \$1.2 million to be made available to acquire equipment for disabled Kansans. The Subcommittee recommends that the unencumbered balance of the \$150,000 recommended by the Governor for support to local school districts in purchasing specialized equipment for children leaving state MR institutions be shifted to the Assistive Technology program, with the proviso that the current matching requirements be waived for any child coming out of a state MR institution.
6. The Subcommittee recommends that the provisions adopted by the 1996 Legislature, which permitted the transfer of client-specific equipment to the client when they leave Winfield State Hospital, be extended to clients leaving any state MR institution.

Welfare Reform

7. The Subcommittee recognizes that the successful implementation of welfare reform is a major challenge for the state over the next five years and it is an overwhelming

task and the agency will need assistance of other state and local entities and the private sector. Pages 2 through 4 of this report summarize some of the major provisions of Personal Responsibility and Work Opportunity Act of 1996 as well as the Governor's five year plan of expenditures to implement Kansas Works, the state's new version of public assistance reform. The Subcommittee makes the following observations and recommendations:

TANF. Formerly known as AFDC, Temporary Assistance for Needy Families is the main cash assistance component of public assistance for families with children. The former program was financed approximately 60 percent by the federal government. Under the new program, the state receives a capped block grant of \$101.9 million for the next five years to provide cash assistance and employment preparation services as well as program administration, with a state maintenance of effort requirement which equates to \$65.2 million per year. The Governor's current year recommendation for cash assistance of \$88.1 million reflects the October consensus caseload estimates adjusted for services for children in foster care which will be provided by the community empowerment contractors. The current year recommendation will support an average monthly caseload of 60,761 persons at an average monthly benefit of just under \$121 per person. The Subcommittee notes that the consensus caseload estimators will meet again in April in order to have revised caseload estimates available for Legislative consideration at Omnibus. The Subcommittee further notes that should caseloads continue to decline no State General Fund savings can be achieved at this time due to the maintenance of effort provisions.

Block Grant Balances. One provision of the federal law allows unspent block grant allocations to be carried forward to future fiscal years. Maintaining a balance provides some protection against future State General Fund increases should caseloads begin to increase due to an economic downturn. The Subcommittee notes that the Governor's five year estimate of expenditures maintains a block grant balance which peaks at \$25.1 million in FY 1999. The Subcommittee is concerned that this balance may be inadequate should the economy experience a especially sharp or long term downturn and encourages the agency to increase these balances should any savings be available as a hedge for the future.

Child Care. The Subcommittee notes that the provision of child care will be vital in order to keep people from returning to the public assistance rolls after finding employment. Federal funding for child care was increased in the federal welfare reform bill and the Governor's recommendation takes full advantage of this funding, with child care funding increasing from \$27.3 million in FY 1996 to \$34.6 million in FY 1997 and to \$40.6 million in FY 1998. The additional funding above the amounts identified in the Governor's five year estimate of expenditures is from other federal sources. In order to help expand the availability of child care, SRS recently raised its reimbursement rates to 75 percent of a region's average rate. The program is designed to provide assistance to persons up to 185 percent of the federal poverty level, with those earning more than 100 percent of the poverty level paying for a portion of the care based on a sliding fee schedule. The Subcommittee notes that there is an existing tax credit available for employers who provide child care but that it is not often used. The Subcommittee recommends that the agency review other

state's child care strategies and report the results and any recommendations to the SRS Transition Oversight Committee.

Legal Aliens. As noted on page 3 of this report, the federal welfare reform bill bars current legal aliens (with certain exceptions) from receiving Supplemental Security Income (SSI) and food stamps. States have the option to determine the eligibility of current legal aliens for TANF and Medicaid. SRS plans to continue TANF and Medicaid coverage for current legal immigrants, estimated to be 3,712 persons, at a cost of \$12.4 million. This includes \$1.5 million for 70 persons who are in nursing facilities. An estimated 3,774 persons will lose eligibility for food stamps, saving the federal government \$4.7 million annually. Aged, blind or disabled aliens who receive SSI, estimated to number 1,848, will lose their average monthly benefit of \$458, saving the federal government \$10.2 million. SRS plans to place members of this last group on the state financed General Assistance program, which provides an average monthly benefit of \$157, at an estimated annual cost of \$3.5 million. In order to implement this policy within existing resources, the agency plans to shift to TANF from General Assistance two parent families who previously could not qualify for AFDC. The Subcommittee recommends that SRS and Kansas Legal Services review the possibility of providing legal services to legal aliens and children facing a cutoff of federal benefits and report back to the Subcommittee by Omnibus. The Subcommittee is concerned that Kansas might become a magnet for legal aliens and recommends the introduction of legislation which would limit public assistance to those legal aliens who are currently are on assistance and who would have continued to receive assistance if they were citizens. The Subcommittee also recommends that SRS review the policies on this issue of our neighboring states as well as Texas and New Mexico and report back to the Subcommittee prior to Omnibus.

Family Cap. The Subcommittee notes that 1994 HB 2929 included provisions which provided for a reduced benefit increase for a third child born while on public assistance and no benefit increase for subsequent births. This has not been implemented by SRS due to the complex nature of actual implementation. With the new five year lifetime assistance limit under the federal welfare reform bill, some question if a family cap is necessary anymore. The Subcommittee recommends the introduction of legislation which would eliminate the 1994 HB 2929 family cap.

Transitional Medical. The federal welfare reform bill limits transitional medical coverage to one year after leaving TANF. This contrasts with the two year transitional medical provisions which were in 1994 HB 2929. The Subcommittee believes that the provision of adequate health care coverage, especially for children, is a key element to the success of welfare reform and recommends the introduction of legislation which would provide state assistance for up to half the premium cost for health insurance for children whose families make less than 185 percent of poverty but who are otherwise ineligible for Medicaid. The Subcommittee also recommend that SRS explore all possible options on extending medical coverage to this group and report back to the Subcommittee as soon as possible.

Work Requirements and Jobs. As noted on page two, most adult TANF recipients will be required to engage in specified work activities to remain eligible for assistance. States are responsible for ensuring that specified percentages of their

caseload maintain their work requirements, starting at 25 percent in FFY 1997 and increasing to 50 percent by FFY 2002. Currently 45 percent of the 12,700 Kansans eligible for the program are participating in some work activity, but it is unknown how many of these people will meet the federal definition of work activity. The agency hopes to have this information later in the session and the Subcommittee recommends that this issue be reviewed prior to Omnibus. The agency has set its own goal as having all eligible persons engaged in a work activity by FY 2000. While laudable, the Subcommittee questions the ability to achieve this goal without a specific plan to create and maintain jobs. Ultimately the private sector will be the only one who can make welfare reform succeed by providing quality jobs for Kansans. The Subcommittee recommends that SRS work closely with the private sector to develop strategies in job creation. The Subcommittee commends the agency for working with the Department of Human Resources and urges them to continue the effort in developing a blend of complementary agency services. The Subcommittee also recommends that SRS work with the Department of Commerce and Housing on child care, job creation strategies, and other activities which support the creation of jobs and that the two agencies report to the SRS Transition Oversight Committee by August.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Recommendation

The full House has not taken action of this agency's budget.

Agency: Social and Rehabilitation Services
(Excluding MH/DD and LTC)

Bill No. 228

Bill Sec. 23

Expenditure*	Gov. Rec. FY 97	Senate Subcommittee Adjustments
All Funds:		
State Operations	\$ 239,509,501	\$ 0
Local Aid	15,783,776	0
Other Assistance	712,441,217	0
Subtotal - Operating	\$ 967,734,494	\$ 0
Capital Improvements	6,360,439	0
TOTAL	<u>\$ 974,094,933</u>	<u>\$ 0</u>
State General Fund:		
State Operations	\$ 87,466,042	\$ 0
Local Aid	3,020,000	0
Other Assistance	261,790,647	0
Subtotal - Operating	\$ 352,276,689	\$ 0
Capital Improvements	0	0
TOTAL	<u>\$ 352,276,689</u>	<u>\$ 0</u>
Other Funds:		
State Operations	\$ 152,043,459	\$ 0
Local Aid	12,763,776	0
Other Assistance	450,650,570	0
Subtotal - Operating	\$ 615,457,805	\$ 0
Capital Improvements	6,360,439	0
TOTAL	<u>\$ 621,818,244</u>	<u>\$ 0</u>
FTE Positions	4,336.6	0.0
Unclass. Temp. Positions	90.3	0.0
TOTAL	<u>4,426.9</u>	<u>0.0</u>

* Reflects expenditures for SRS excluding Mental Health and Developmental Disability Services and Long-Term Care. Including these programs, the Governor's recommendation totals \$1.471 billion, including \$590.0 million from the State General Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's current year recommendation, with the following comments:

1. As outlined on pages 2 through 4 of this report, the Governor's current year recommendation begins the implementation of federal welfare reform. The Subcommittee concurs with the Governor's recommendation on welfare reform, with the following observations:

Computerization. The Subcommittee notes that \$15 million from federal funds are budgeted for computerization efforts for welfare reform in FY 1997 and FY 1998, but that the federal standards for system design have yet to be issued. The Subcommittee recommends that the status of this issue be reviewed at Omnibus.

Teen Pregnancy. One item in the federal bill is the award of \$20.0 million to the five states who have the greatest reduction in teenage pregnancy rates without an increase in abortions. While the regulations governing this program will not be released this summer, SRS and KDHE have formed a task force to increase the state's efforts on pregnancy reduction.

Legal Aliens. As noted on page 3 of this report, the federal welfare reform bill bars current legal aliens (with certain exceptions) from receiving Supplemental Security Income (SSI) and food stamps. States have the option to determine the eligibility of current legal aliens for TANF and Medicaid. SRS plans to continue TANF and Medicaid coverage for current legal immigrants, estimated to be 3,712 persons, at a cost of \$12.4 million. This includes \$1.5 million for 70 persons who are in nursing facilities. An estimated 3,774 persons will lose eligibility for food stamps, saving the federal government \$4.7 million annually. Aged, blind or disabled aliens who receive SSI, estimated to number 1,848, will lose their average monthly benefit of \$458, saving the federal government \$10.2 million. SRS plans to place members of this last group on the state financed General Assistance program, which provides an average monthly benefit of \$157, at an estimated annual cost of \$3.5 million. In order to implement this policy within existing resources, the agency plans to shift to TANF from General Assistance two parent families who previously could not qualify for AFDC.

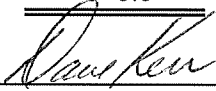
Jobs. The Subcommittee notes that the ultimate success of welfare reform will require the availability of jobs. The Subcommittee recommends that the agency develop training plans to create the needed skills to enable the agency's clients to obtain work, including training methodologies, target groups and timelines. The Subcommittee also recommends that the agency work with the Department of Commerce and Housing to develop strategies for the creation of job opportunities and to explore the need for incentives to hire SRS clients.

Child Care. The federal welfare reform law also created a new three part child care block grant from the former AFDC, Transitional, and At-Risk Child Care funding stream. The three parts of the block grant are the mandatory, matching, and discretionary programs. The mandatory grant is estimated to be \$9.8 million in FFY 1997, with a state maintenance of effort (MOE) requirement of \$6.7 million. The

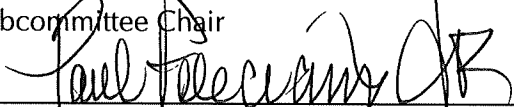
matching grant is estimated to be \$7.2 million with a state match of approximately 70 percent (this equates to a match rate of approximately 60/40). Finally, the discretionary element is available to states which meet their MOE and matching requirements. This is estimated to be \$8.9 million for Kansas which does not require matching funds. Thus, any reduction in state support for child care could have a disproportionately large impact on federal receipts. The Subcommittee has learned that additional federal resources may become available in FY 1998 from other states' unused allocations and that SRS may reallocate resources to access these funds in order to increase the carryforward balance in the TANF block grant.

Current Status Comparison

	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Committee Action FY 1997	Senate Change from House FY 1997
All Funds:				
State Operations	\$ 239,509,501	\$ 0	\$ 0	\$ 0
Aid to Local Units	15,783,776	0	0	0
Other Assistance	712,441,217	(15,000,000)	0	15,000,000
Subtotal - Operating	<u>\$ 967,734,494</u>	<u>\$ (15,000,000)</u>	<u>\$ 0</u>	<u>\$ 15,000,000</u>
Capital Improvements	6,360,439	0	0	0
TOTAL	<u><u>\$ 974,094,933</u></u>	<u><u>\$ (15,000,000)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 15,000,000</u></u>
State General Fund:				
State Operations	\$ 87,466,042	\$ 0	\$ 0	\$ 0
Aid to Local Units	3,020,000	0	0	0
Other Assistance	261,790,647	(9,000,000)	0	9,000,000
Subtotal - Operating	<u>\$ 352,276,689</u>	<u>\$ (9,000,000)</u>	<u>\$ 0</u>	<u>\$ 9,000,000</u>
Capital Improvements	0	0	0	0
TOTAL	<u><u>\$ 352,276,689</u></u>	<u><u>\$ (9,000,000)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 9,000,000</u></u>
FTE Positions	4,336.6	0.0	0.0	0.0
Unclass. Temp. Positions	90.3	0.0	0.0	0.0
TOTAL	<u><u>4,426.9</u></u>	<u><u>0.0</u></u>	<u><u>0.0</u></u>	<u><u>0.0</u></u>



 Senator Dave Kerr
 Subcommittee Chair



 Senator Paul Feleciano, Jr.



 Senator Stephen R. Morris

 Senator Marge Petty



 Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Social and Rehabilitation Services
(Excluding MH/DD and LTC)

Bill No. 2160

Bill Sec. 61

Analyst: West

Analysis Pg. No. 941

Budget Page No. 415

Expenditure*	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 222,639,395	\$ 222,619,835	\$ --
Local Aid	14,963,277	14,638,136	--
Other Assistance	741,280,013	711,285,187	--
Subtotal - Operating	\$ 978,882,685	\$ 948,543,158	\$ --
Capital Improvements	46,795,700	4,243,488	--
TOTAL	\$ 1,025,678,385	\$ 952,786,646	\$ --
State General Fund:			
State Operations	\$ 85,475,061	\$ 80,038,927	\$ --
Local Aid	2,569,999	2,400,658	--
Other Assistance	268,430,836	245,089,182	--
Subtotal - Operating	\$ 356,475,896	\$ 327,528,767	\$ --
Capital Improvements	0	0	--
TOTAL	\$ 356,475,896	\$ 327,528,767	\$ --
Other Funds:			
State Operations	\$ 137,164,334	\$ 142,580,908	\$ --
Local Aid	12,393,278	12,237,478	--
Other Assistance	472,849,177	466,196,005	--
Subtotal - Operating	\$ 622,406,789	\$ 621,014,391	\$ --
Capital Improvements	46,795,700	4,243,488	--
TOTAL	\$ 669,202,489	\$ 625,257,879	\$ --
FTE Positions	4,054.2	3,968.7	--
Uncl. Temp. Positions	81.3	84.3	--
TOTAL	4,135.5	4,053.0	--

* Reflects expenditures for SRS excluding those expenditures for Mental Health and Developmental Disability Services and Long-Term Care. Including these items, the Governor's recommendation totals \$1.2 billion, including \$468.0 million from the State General Fund.

Agency Request/Governor's Recommendation

The agency requests FY 1998 expenditures for all programs of the agency of \$1,254,501,037, a net decrease of \$212.1 million from the current year estimate. Requested State General Fund expenditures of \$503.9 million are a decrease of \$83.0 million compared to the current year. **The Governor** recommends an FY 1998 budget of \$1,213,311,339, a net decrease of \$257.8 million. Recommended State General Fund financing of \$468.0 million is a decrease of \$121.6 million from the current year recommendation. The Governor's recommendation reflects the impact of the October 1996 consensus caseload estimates. Both the agency request and the Governor's recommendation reflect program transfers and program enhancements as noted below:

Program Transfers. Pursuant to H.B. 2900, responsibility for **juvenile offenders** transfers from SRS to the Juvenile Justice Authority on July 1, 1997. SRS has identified agency resources of 164.5 FTE, 7.0 UT positions, and \$17.1 million (\$10.3 million SGF) as being devoted to juvenile offenders. 1996 H.B. 3047 transfers responsibility for **long term care** services for persons 65 years of age and older to the Kansas Department on Aging on July 1, 1997. SRS has identified resources of 225.8 FTE and \$272.7 million (\$115.6 million SGF) as being devoted to that portion of long term care. **The Governor** concurs with these program transfers. The Governor also recommends the transfer of responsibility for the licensure and regulation of **foster care homes** to the Department of Health and Environment and reduces the SRS budget by \$1.1 million (\$530,016 SGF) and 20.5 FTE positions. Absent these transfers, the SRS FY 1998 budget request would be an increase of \$77.6 million (\$42.9 million SGF) compared to the current year estimate, while the Governor's recommendation would be an increase of \$33.1 million (\$4.9 million SGF) compared to the current recommendation.

Program Enhancements. The following summarizes the agency's requested program enhancements and the Governor's recommendation. For a detailed explanation of each enhancement, please see the separate analyses on the individual agency Commissions.

FY 1998 Budget Enhancements				
Commission/Enhancement	Agency Request		Governor's Rec.	
	State General Fund	Total All Funds	State General Fund	Total All Funds
Administrative Services:				
Early Detection and Prevention Expansion	\$ 113,730	\$ 218,711	\$ 0	\$ 0
Agency Wide Information Systems Plan	2,000,000	4,166,667	0	0
Mental Health/Developmental Disabilities:				
Children's Mental Health Initiative	1,000,000	1,000,000	1,000,000	1,000,000
MH/DD Regional Coordinators	386,218	534,564	0	0
Children and Family Services:				
Family Preservation Expansion	500,000	1,000,000	0	0
Rehabilitation Services:				
Vocational Rehabilitation Enhancement	380,000	1,784,038	0	0
Income Maintenance/Employment Prep.:				
Expand Services to Families	3,107,548	4,774,463	0	0
Expand Services to Teen Parents	2,065,520	3,486,986	0	0
Adult and Medical Services:				
Administration Enhancement	175,684	453,377	0	0
Increase Reimbursement Rate - Dental	1,580,163	3,762,292	1,580,163	3,762,292
Increase Reimbursement Rate - Neonatal	1,287,635	3,135,987	0	0
Alcohol & Drug Abuse Services:				
Treatment Grants Enhancement	500,000	500,000	0	0
TOTAL	\$ 13,096,498	\$ 24,817,085	\$ 2,580,163	\$ 4,762,292

Shrinkage Savings. For the current year, the agency's budget assumes salary savings of \$9.1 million, or 5.35 percent of salaries. For FY 1998, the savings estimate is \$7.1 million or 4.8 percent of salaries. **The Governor** recommends salary savings of \$10.8 million in the current year and \$7.9 million in FY 1998, 6.38 and 5.42 percent of salaries, respectively. The Governor also recommends a current year reduction of \$134,754 for retirement reductions.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations, with the following adjustments and observations.

Agency Wide Observations

1. The Subcommittee notes that the FY 1998 staffing level of 4,116.8 FTE positions is a reduction of 656.5 FTE (13.8 percent) from the approved FY 1996 level of 4,773.3. Factoring out positions associated with programs transferred to other agencies, the reduction is 249.2 FTE, compared to a 5.0 percent reduction of 238.7. The Subcommittee commends the agency for facing an overwhelming task in an admirable fashion, meeting the goal of a 5.0 percent reduction in FTE positions while, by leaving positions vacant, avoiding employee layoffs. The Subcommittee believes this is about as far as we can go in staffing reductions at this time, outside of the further downsizing which results from the retirement reduction provisions.

2. The Subcommittee notes that assumed shrinkage savings agency wide under the Governor's recommendation total \$10.8 million (6.38 percent) in the current year and \$7.9 million (5.42 percent) for FY 1998. The FY 1998 recommendation would be equivalent to leaving 229.2 positions open.
3. The Subcommittee has reviewed the agency's goals and performance measures and provides them to the full committee for its information (Attachment 1) (on file with the Kansas Legislative Research Department).

Child Support Enforcement

4. Attachment 2 (on file with the Kansas Legislative Research Department) provides information on the agency's Child Support Enforcement program, including detailed collection histories to FY 1976, current staffing and caseloads, collection flows for public assistance and nonpublic assistance cases, as well as details on the new child support enforcement collection contracts and their accountability features. The Subcommittee notes that improved child support enforcement is one of the key elements in helping keep people off welfare and that the FY 1996 collections for current support of \$67 million represents only 55.7 percent of the amount which came due. Due to time constraints, the Subcommittee has not had the opportunity to explore this area as fully as it would like. During the next several weeks, the Subcommittee intends to continue to review the issues raised in child support, including the impact of federal welfare reform legislation, support guidelines and their comparison to other states, and the impact of child support payments on the obligor's family.

Adult and Medical Services

5. The Subcommittee notes the Kansas Pharmacists Association has made a proposal to the agency which would modify service delivery models and reimbursement rates for dispensing drugs. SRS is meeting with representatives of the agency and analyzing the proposal. The Subcommittee recommends that the agency develop a recommendation on this proposal and report to the Subcommittee prior to Omnibus.
6. The Subcommittee received testimony complimenting the agency on its inclusion of consumers as stakeholders in developing new programs such as the Physically Disabled (PD) Home and Community Based Services (HCBS) waiver. The Subcommittee commends the agency on its actions and recommends that the agency continue the cooperative efforts.
7. The Subcommittee recommends that the agency explore the fiscal considerations of expanding the HCBS-Head Injured program and report back to the Subcommittee prior to Omnibus.

Children and Family Services

8. The Subcommittee has reviewed the February, 1997 Legislative Post Audit report on compliance with the foster care lawsuit settlement agreement and the agency's action plan (Attachment 3) (on file with the Kansas Legislative Research Department) to improve compliance. The Subcommittee notes that the time line of this Post Audit report covers the period of January through July of 1996. As a portion of its action plan, the agency is realigning its internal audit team which reviews the issue. The Subcommittee believes this internal auditing mechanism will allow for a quicker response to any systematic weakness and recommends that agency report the results of the internal audit to the SRS Transition Oversight Committee by December.
9. The Subcommittee is concerned about the ability of the Juvenile Justice Authority to assume the responsibility for juvenile offenders effective July, as is current law. The Subcommittee intends to continue to review this issue as the session continues. To serve as a vehicle for discussion of this issue, the Subcommittee recommends the introduction of legislation which would leave the responsibility for juvenile offenders with SRS.

Alcohol and Drug Abuse Services (ADAS)

10. The Subcommittee notes with concern that recent studies of the attitudes of teenagers indicates that Kansas teenagers are more disposed to consume alcohol than is the national norm. The Subcommittee recommends that the agency work closely with schools and other substance abuse prevention groups to develop strategies to address this problem.

Rehabilitation Services

11. Consistent with the Subcommittee's FY 1997 recommendations, shift the \$150,000 referenced in the Community Developmental Disability Services Subcommittee report, Item 6, from support to school districts in purchasing specialized equipment for children leaving state MR institutions to the Assistive Technology program, with the proviso that the matching requirement be waived for any child coming out of a state MR institution.
12. The Subcommittee recommends that the provision adopted by the 1996 Legislature which permitted the transfer of client-specific equipment to the client when they leave Winfield State Hospital to be extended to clients leaving any state MR institution.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Recommendation

The full House has not taken action on this agency's budget.

Agency: Social and Rehabilitation Services
(Excluding MH/DD and LTC)

Bill No. 178

Bill Sec. 61

Expenditure*	Gov. Rec. FY 98	Senate Subcommittee Adjustments
All Funds:		
State Operations	\$ 222,619,835	\$ (5,327,809)
Local Aid	14,638,136	-
Other Assistance	711,285,187	(971,000)
Subtotal - Operating	<u>\$ 948,543,158</u>	<u>\$ (6,298,809)</u>
Capital Improvements	4,243,488	-
TOTAL	<u><u>\$ 952,786,646</u></u>	<u><u>\$ (6,298,809)</u></u>
State General Fund:		
State Operations	\$ 80,038,927	\$ (2,398,729)
Local Aid	2,400,658	-
Other Assistance	245,089,182	(383,360)
Subtotal - Operating	<u>\$ 327,528,767</u>	<u>\$ (2,782,089)</u>
Capital Improvements	0	-
TOTAL	<u><u>\$ 327,528,767</u></u>	<u><u>\$ (2,782,089)</u></u>
Other Funds:		
State Operations	\$ 142,580,908	\$ (2,929,080)
Local Aid	12,237,478	-
Other Assistance	466,196,005	(587,640)
Subtotal - Operating	<u>\$ 621,014,391</u>	<u>\$ (3,516,720)</u>
Capital Improvements	4,243,488	-
TOTAL	<u><u>\$ 625,257,879</u></u>	<u><u>\$ (3,516,720)</u></u>
FTE Positions	3,968.7	-
Unclassified Temporary Positions	84.3	-
TOTAL	<u><u>4,053.0</u></u>	<u><u>-</u></u>

* Reflects expenditures for SRS excluding those expenditures for Mental Health and Developmental Disability Services and Long-Term Care. Including these items, the Governor's recommendation totals \$1.2 billion, including \$468.0 million from the State General Fund.

Agency Wide

1. Delete \$5,706,209, including \$2,533,329 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$129,248), classified step movement (\$2,815,771), longevity bonus payments (\$1,542,482), and the 1.0 percent base salary adjustment (\$1,218,708) from individual agency budgets. This reduction includes the salary adjustments for MH/DD Services and Long-Term Care.
2. The Subcommittee notes that there are numerous program shifts internally and externally from the agency. Attachment 1 summarizes the dollar and FTE changes in both FY 1997 and FY 1998.

Administrative Services

3. In reviewing the agency's goals and performance measures, the Subcommittee learned that for the Administrative Services Commission two performance measures being utilized are customer satisfaction and support expenditures as a percentage of total agency expenditures. The Subcommittee likes the tension between these two measures. The Subcommittee also learned that SRS is looking beyond the numbers to discover why changes occur. The Subcommittee notes that this will allow better targeting of scarce resources.

Income Maintenance/Employment Preparation Services

4. The Subcommittee has reviewed the need for adult basic education services to meet the agency's goals in returning people to work and does not find the need for additional state funds to support adult basic education.
5. The Subcommittee has been informed that the agency's TANF level support is designed so that, in conjunction with the 40 percent income disregard, food stamps, and the federal earned income tax credit, clients should be able to meet or exceed 100 percent of the federal poverty level. As we move away from an entitlement system of assistance, SRS should consider needs-based issues in future program development and budget requests.

Adult and Medical Services

6. With the passage by the Senate of S.B. 12, which allows the Secretary of SRS to require medical benefit plan providers to share records with SRS, reduce funding by \$617,600 (\$273,760 State General Fund). This includes the addition of \$378,400 for the costs of program implementation and a reduction of \$996,000 in medical assistance expenditures.
7. The Subcommittee notes that SRS is implementing Medicaid managed care, as directed by the Legislature, as a means to help control costs. HealthConnect, a primary care case management model in which the physician is paid a monthly

case management fee and is reimbursed on a fee-for-service basis for services provided, is expected to be in 13 counties in January, 1997 and statewide, by July of 1997. PrimeCare Kansas, an HMO model in which an organization receives a fixed amount per beneficiary regardless of the services provided, is scheduled to be in 11 counties as of January, 1997. The agency is also reported to be very close to successfully completing negotiations to implement a demonstration project for a prepaid capitated managed care project for Sedgwick, Bourbon, Finney, and Montgomery counties which will provide enhanced medical coverage for children in poverty. The Subcommittee has learned that SRS is measuring not only cost savings under managed care, but also customer satisfaction. The Subcommittee is pleased SRS is analyzing these measurements and looks forward to SRS presenting the results next year.

Children and Family Services

8. The Subcommittee notes that with the transfer of responsibility for the licensure and regulation of foster care homes to the Department of Health and Environment completes the move of regulatory functions out of SRS. In conjunction with the privatization contracts currently being implemented, this will free up agency personnel to concentrate on the protection of children. The Subcommittee notes that one of the performance measures under the foster care contract is that 95 percent of children in out-of-home placement will not have a confirmed report of child abuse. While the Subcommittee understands the necessity of having the lower goal as a level for the assessment of contractor penalties, the goal for the agency must be no confirmed reports of child abuse for children in the care of the state. The Subcommittee notes that the privatization contracts include the provision for collecting performance data which should serve to better evaluate if SRS' staff and contractors are performing in a manner to improve the system. The Subcommittee recommends that the agency report to the 1998 Legislature on the results of the data collected and any recommendations for further system improvements. Finally, the Subcommittee notes that the contracts are based on a capitated case rate and recommends that the consensus caseload estimating group include adoption, family preservation, and foster care services in future caseload estimates.
9. The Subcommittee is concerned that the Juvenile Justice Authority may not be prepared to assume its responsibilities concerning juvenile offenders on July 1, as is currently scheduled. The Subcommittee recommends that the Subcommittee on the Juvenile Justice Authority explore this issue further.
10. The Subcommittee notes that the Comprehensive Evaluation and Treatment Unit (CETU) is scheduled to close at the end of the current fiscal year. The CETU's functions will be assumed in FY 1998 at the individual youth centers. The current CETU is eligible for Medicaid funding, while it is questionable if that funding will remain available for this program at the youth centers. The Subcommittee understands the desire to save administrative expenses, however, there is some concern if the overall impact is cost effective if federal funding is lost, and if the psychiatric services available under the new system will be adequate. The Subcommittee recommends that SRS continue to explore the feasibility for

continued federal funding for the CETU. The Subcommittee would also note that the current CETU employees should be able to be absorbed within the staffing for the youth centers.

Alcohol and Drug Abuse Services

11. In reviewing the performance measures of ADAS, the Subcommittee noticed that the targets for the substance abuse prevention program did not reflect much improvements in the age of substance abuse users in the out years. The Subcommittee feels these targets are too flat and recommends that the agency set challenging goals.


Rehabilitation Services

12. Add \$25,000 from the State General Fund to provide \$125,000 for the Assistive Technology program. The Subcommittee notes that the program, which helps provide equipment to allow disabled individuals to lead independent lives, has managed to leverage the funds available to the program on a 4.5-to-1 ratio from other funding sources over last three years.
13. The Subcommittee notes that conferees testified before the Subcommittee complementing the agency, especially those in the Rehabilitation Services and Adult and Medical Services, for working well with clients and stakeholders.

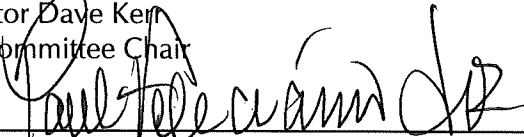
Current Status Comparison

Expenditure*	Gov. Rec. FY 98	House Committee Action FY 1998	Senate Committee Action FY 1998	Senate Change from House
All Funds:				
State Operations	\$ 222,619,835	\$ -	\$ (5,327,809)	\$ (5,327,809)
Local Aid	14,638,136	-	-	-
Other Assistance	711,285,187	-	(971,000)	(971,000)
Subtotal - Operating	<u>\$ 948,543,158</u>	<u>\$ -</u>	<u>\$ (6,298,809)</u>	<u>\$ (6,298,809)</u>
Capital Improvements	4,243,488	-	-	-
TOTAL	<u><u>\$ 952,786,646</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (6,298,809)</u></u>	<u><u>\$ (6,298,809)</u></u>
State General Fund:				
State Operations	\$ 80,038,927	\$ -	\$ (2,398,729)	\$ (2,398,729)
Local Aid	2,400,658	-	-	-
Other Assistance	245,089,182	-	(383,360)	(383,360)
Subtotal - Operating	<u>\$ 327,528,767</u>	<u>\$ -</u>	<u>\$ (2,782,089)</u>	<u>\$ (2,782,089)</u>
Capital Improvements	0	-	-	-
TOTAL	<u><u>\$ 327,528,767</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,782,089)</u></u>	<u><u>\$ (2,782,089)</u></u>
FTE Positions				
FTE Positions	3,968.7	-	-	-
Unclass. Temp. Positions	84.3	-	-	-
TOTAL	<u><u>4,053.0</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

* Reflects expenditures for SRS excluding those expenditures for Mental Health and Developmental Disability Services and Long-Term Care. Including these items, the Governor's recommendation totals \$1.2 billion, including \$468.0 million from the State General Fund.



 Senator Dave Kerr
 Subcommittee Chair

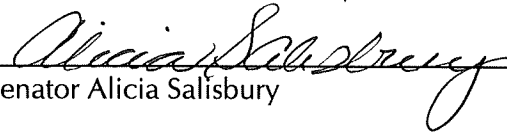


 Senator Paul Feleciano, Jr.



 Senator Stephen R. Morris

 Senator Marge Petty



 Senator Alicia Salisbury

SRS Shifts Internal & External

97 Approved to 97GBR

FY 1997	Admin	CSE	EPS	Med Admin	Reg. Med.	L.T. Care	MHDD	CFS	Net Change
Receivables Unit	769,384	(769,384)							0
HCBS/MR						(82,068,244)	82,068,244		0
ICF/MR						(36,371,820)	36,371,820		0
Privitization Contracts (CFS)			(238,049)		(3,290,461)		(648,937)	5,486,703	1,309,256
Adult Protect Sv.						2,338,803		(2,338,803)	0
Total	769,384	(769,384)	0	0	(3,290,461)	(116,101,261)	117,791,127	3,147,900	1,309,256

97 GBR to 98GBR

FY 1998	Admin	CSE	EPS	Med Admin	Reg. Med.	L.T. Care	MHDD	CFS	Net Change
Privitization Contracts (CFS)			(554,435)		(2,479,111)		(1,229,163)	7,584,195	3,321,486
Aging	(2,661,494)			(2,265,299)	(3,091,610)	(262,898,313)		(1,733,488)	(272,650,204)
Transfer to KDHE								(1,060,032)	(1,060,032)
KYA Transfer	(1,452,721)							(15,626,273)	(17,078,994)
Total	(4,114,215)	0	(554,435)	(2,265,299)	(5,570,721)	(262,898,313)	(1,229,163)	(10,835,598)	(287,467,744)

4-23

FTE Changes Across SRS Umbrella

	96 APP	97 APP	97 GBR	98GBR
SRS	4,773.3	4,680.7	4,613.6	4,116.8
YC	576.0	561.0	562.0	551.0
INST	4,188.2	3,964.3	3,649.8	3,159.7
TOTAL	9,537.5	9,206.0	8,825.4	7,827.5
Percent Reduction		3.48%	4.13%	11.31%

FTE Changes 1997 Approve compared to 1997 GBR

	1997 APP	APS	Privatization	Institutions	Rec Unit	FTE/Temp	Misc.	1997 GBR
Admin	1,144.7				16.7		11.6	1,173.0
Income Maintance	687.2						2.8	690.0
Child Support Enforc.	461.3				(16.7)		4.7	449.3
CASH	6.4						0.0	6.4
Employment Prep. Svs	327.0						1.0	328.0
Med Admin	56.2					8.0	3.1	67.3
Long Term Care	160.6	53.0					2.4	216.0
DD Council	5.0						(2.0)	3.0
MHDD	65.6			(4.0)			(0.6)	61.0
ADAS	21.0						0.0	21.0
Children & Families	1,350.6	(53.0)	(94.0)			13.0	(9.5)	1,207.1
Voc. Rehab	216.5						(4.1)	212.4
Blind Services	70.2						(4.5)	65.7
DDRS	108.4						5.0	113.4
TOTAL FTE	4,680.7	0.0	(94.0)	(4.0)	0.0	21.0	9.9	4,613.6

FTE Changes 1997 GBR compared to 1998 GBR

	1997 GBR	KDOA **	Privatization	JJA	KDHE	Misc.	1998 GBR
Admin	1,173.0	(54.1)		(27.5)		(7.0)	1,084.4
Income Maintance	690.0					(5.0)	685.0
Child Support Enforc.	449.3						449.3
CASH	6.4						6.4
Employment Prep. Svs	328.0						328.0
Med Admin	67.3	(5.0)					62.3
Long Term Care	216.0	(112.6)	(19.3)				84.1
DD Council	3.0						3.0
MHDD	61.0						61.0
ADAS	21.0						21.0
Children & Families	1,207.1	(51.1)	(58.2)	(137.0)	(20.0)		940.8
Voc. Rehab	212.4						212.4
Blind Services	65.7						65.7
DDRS	113.4						113.4
TOTAL FTE	4,613.6	(222.8)	(77.5)	(164.5)	(20.0)	(12.0)	4,116.8

** Does not include Long Term Care Workers

SUBCOMMITTEE REPORT

Agency: SRS-Long-Term Care

Bill No. –

Bill Sec. –

Analyst: Milstead

Analysis Pg. No. 762

Budget Page No. 431

<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	\$ 19,746,295	\$ 19,448,924	\$ (20,000)
Aid to Local Units	0	0	0
Other Assistance	259,090,861	267,715,057	(500,000)
Subtotal - Operating	<u>\$ 278,837,156</u>	<u>\$ 287,163,981</u>	<u>\$ (520,000)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 278,837,156</u></u>	<u><u>\$ 287,163,981</u></u>	<u><u>\$ (520,000)</u></u>
State General Fund:			
State Operations	\$ 7,744,373	\$ 7,627,301	\$ (20,000)
Aid to Local Units	0	0	0
Other Assistance	110,231,267	114,350,693	0
Subtotal - Operating	<u>\$ 117,975,640</u>	<u>\$ 121,977,994</u>	<u>\$ (20,000)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 117,975,640</u></u>	<u><u>\$ 121,977,994</u></u>	<u><u>\$ (20,000)</u></u>
FTE Positions	216.0	216.0	0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	<u><u>216.0</u></u>	<u><u>216.0</u></u>	<u><u>0.0</u></u>

Agency Est./Governor's Recommendation

Adult Care Homes. Actual FY 1996 expenditures were \$273.8 million; FY 1997 approved expenditures are \$260.0 million. The current year revised caseload projection, \$271.5 million, is \$19.3 million more than the agency's estimate and assumes a relatively steady level of expenditures, with caseload decreases from the phased implementation of the Living Independence For Everyone (LIFE) program and expansion of the HCBS/MR-DD waiver being offset by cost increases. For FY 1997, **the Governor** recommends funding of \$272.0 million (\$115.7 million SGF).

Home and Community-Based Services. Actual FY 1996 expenditures were \$96.6 million; FY 1997 approved expenditures are \$116.0 million. The FY 1997 revised estimate reflects the annualization of the HCBS/MR-DD waiver expansion, the phase-in of the LIFE program, and caseload increases resulting from the closure of Winfield State Hospital. The FY 1998 estimate includes

Senate Ways and Means Committee

Date *2-27-97*

Attachment # *5*

annualization of the previous two factors. As the greater proportion of these expenditures are for services to the physically and developmentally disabled, the bulk of the funding for HCBS will remain with MH/DD in FY 1998. For FY 1997, the agency estimates expenditures of \$143.7 million. The Governor recommends funding of \$130.1 million.

Homes and Community-Based LTC Staff. The FY 1997 estimate reflects an increase of 55.6 FTE positions and \$3,284,492, or 19.7 percent, from FY 1996 actual of 160.4 FTE positions and \$16,640,756 in expenditures. The increase in the FTE count and the attendant increase in expenditures are due to an intra-departmental shift of personnel. The 55.6 FTE positions were transferred from Adult Protective Services to HCBS Long-Term Care staff.

The Governor's FY 1997 recommendation of \$19,627,877 is \$297,371 below the agency's revised estimate. The entire reduction is attributable to a recommended decrease in salaries and wages. The Governor's recommendation for salaries and wages, \$17,840,573 (\$6,904,302 SGF) for 216.0 FTE positions, makes adjustments to the agency's request that revise the retirement rate calculation. Retirement is paid to some of the unclassified temporary personnel who provide community-based services. The Governor's recommendation provides \$364,069 for such payments as compared to the agency's request for \$594,096. The recommendation is closer to actual FY 1996 expenditures of \$278,404.

House Subcommittee Recommendation

For FY 1997, the Subcommittee concurs with the Governor's recommendation with the following modification:

1. Reduce the Governor's recommended funding for Adult Care Homes by \$500,000 (All Funds). The reduction will reduce funding to \$271.5 million. The Subcommittee notes that the Governor's recommendation exceeded the consensus caseload estimates by \$500,000 (All Funds).
2. Delete \$20,000 (SGF) to correspond to a recommended \$20,000 (SGF) increase in funding for state operations at the Kansas Soldiers Home (KSH). The Subcommittee notes that the increase in funding at KSH should be offset by reduced need through SRS Long-Term Care.

House Committee Recommendation

The House Committee has not taken action on this agency's budget.

House Recommendations

The full House has not taken action on this agency's budget.

Agency: SRS-Long-Term Care

Bill No. –

Bill Sec. –

<u>Expenditure Summary</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 19,746,295	\$ 19,448,924	\$ 0
Aid to Local Units	0	0	0
Other Assistance	<u>259,090,861</u>	<u>267,715,057</u>	<u>(500,000)</u>
Subtotal - Operating	\$ 278,837,156	\$ 287,163,981	\$ (500,000)
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 278,837,156</u></u>	<u><u>\$ 287,163,981</u></u>	<u><u>\$ (500,000)</u></u>
State General Fund:			
State Operations	\$ 7,744,373	\$ 7,627,301	\$ 0
Aid to Local Units	0	0	0
Other Assistance	<u>110,231,267</u>	<u>114,350,693</u>	<u>0</u>
Subtotal - Operating	\$ 117,975,640	\$ 121,977,994	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 117,975,640</u></u>	<u><u>\$ 121,977,994</u></u>	<u><u>\$ 0</u></u>
FTE Positions	216.0	216.0	0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>216.0</u></u>	<u><u>216.0</u></u>	<u><u>0.0</u></u>

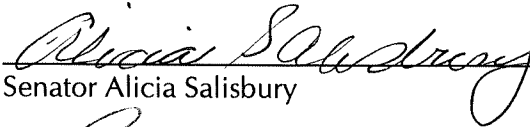
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1. Reduce the Governor's recommended funding for Adult Care Homes by \$500,000 (All Funds). The reduction will reduce funding to \$271.5 million. The Subcommittee notes that the Governor's recommendation exceeded the consensus caseload estimates by \$500,000 (All Funds).



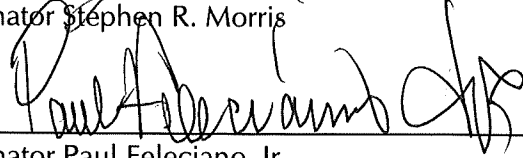
Senator Dave Kerr
Subcommittee Chair



Senator Alicia Salisbury



Senator Stephen R. Morris



Senator Paul Feleciano, Jr.



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: SRS-Long-Term Care

Bill No. 2160

Bill Sec. 61

Analyst: Milstead

Analysis Pg. No. 762

Budget Page No. 431

Expenditure Summary	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,278,766	\$ 3,331,961	\$ 0
Aid to Local Units	0	0	0
Other Assistance	35,889,203	32,716,150	(9,283,967)
Subtotal - Operating	\$ 39,167,969	\$ 36,048,111	\$ (9,283,967)
Capital Improvements	0	0	0
TOTAL	\$ 39,167,969	\$ 36,048,111	\$ (9,283,967)
State General Fund:			
State Operations	\$ 1,136,195	\$ 1,160,260	\$ 0
Aid to Local Units	0	0	0
Other Assistance	18,773,618	17,470,537	(7,779,743)
Subtotal - Operating	\$ 19,909,813	\$ 18,630,797	\$ (7,779,743)
Capital Improvements	0	0	0
TOTAL	\$ 19,909,813	\$ 18,630,797	\$ (7,779,743)
FTE Positions	196.7	84.1	0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	196.7	84.1	0.0

Agency Req./Governor's Recommendation

Adult Care Homes.

	Cumulative Adult Care Homes Funding (In Millions)					SRS/Adult Care Homes (Does not incl. MHDD)	
	Actual	Est.	Gov. Rec.	Cumulative ¹	Gov. Rec. ¹⁾	SRS	Gov. Rec.
	<u>FY 96</u>	<u>FY 97</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98</u>	<u>Req. FY 98</u>	<u>SRS FY 98</u>
All Funds	\$273.8	\$252.7	\$272.0	\$253.1	\$277.7	\$9.28	\$9.28
State General Fund	\$116.1	\$112.7	\$115.7	\$105.0	\$117.8	\$7.8	\$7.8

1) Includes request by SRS, MHDD, and KDOA.

For FY 1998, the majority of funding for Adult Care Homes is transferred to the Kansas Department on Aging. The agency estimates \$9.28 million, a reduction of \$262.7 million from the FY 1997 estimate. The estimate assumes continued caseload decreases but further cost increases, primarily associated with the raise in minimum wage. For FY 1998 **the Governor** recommends funding of \$9.28 million for SRS administered NFs/MH.

Home- and Community-Based Services

	Cumulative Home-and Community-Based Long-Term Care (In Millions)					SRS/HCBS (Does not inc. MHDD)	
	Actual	Est.	Gov. Rec.	Cumulative	Gov. Rec.	SRS	Gov. Rec.
	<u>FY 96</u>	<u>FY 97</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98</u>	<u>Req. FY 98</u>	<u>SRS FY 98</u>
All Funds	\$96.6	\$143.7	\$130.1	\$170.0*	\$158.8**	\$26.4	\$23.3
State General Fund	\$39.7	\$59.8	\$54.5	\$70.4	\$64.3	\$10.8	\$9.5

* Includes \$35.8 million requested by KDOA and \$107.2 million requested by division of MHDD.
 ** Recommendation includes \$109.0 million for MH/DD programs and \$26.4 million for KDOA, HCBS/FE.
 Note: Funding levels do not include HCBS-LTC Staff.

The FY 1998 estimate includes annualization of the HCBA/MR-DD waiver expansion and caseload increases from the closure of Winfield State Hospital the previous two factors. As the greater

proportion of these expenditures are for services to the physically and developmentally disabled, the bulk of the funding for HCBS will remain with MH/DD in FY 1998.

The Governor recommends funding of \$158.8 million (\$53.5 million SGF) for HCBS services in FY 1998. Of that amount, \$23.3 million is recommended for SRS/Home-and Community-Based Services while \$109.1 million is recommended for SRS/MHDD, and \$26.4 million for KDOA.

Home and Community-Based LTC Staff. The FY 1998 request for funding for HCBS-LTC staff totals \$3,439,322, a decrease of \$16,485,926, or 83.0 percent from the revised FY 1997 estimate. The decrease is attributable entirely to the transfer of programs to KDOA and the privatization of HCBS long-term care services. The FY 1997 estimate reflects an increase of 55.6 FTE positions and \$3,284,492, or 19.7 percent, from FY 1996 actual of 160.4 FTE positions and \$16,640,756 in expenditures. The increase in the FTE count and the attendant increase in expenditures are due to an intra-departmental shift of personnel. The 55.6 FTE positions were transferred from Adult Protective Services to HCBS Long-Term Care staff.

For FY 1998, **the Governor** recommends \$2,696,526 (\$856,735 SGF) to fund 84.1 FTE HCBS Long-Term Care staff. The recommendation reflects the transfer of 125.5 FTE positions to the Department on Aging, (of which 39.0 FTE Medicaid Regional Authorities positions were transferred in the current year).

House Subcommittee Recommendation

For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following modifications and observations:

1. Add proviso requiring SRS to report to the SRS Transition Oversight Committee, no later than August 1, 1997, regarding the status of transferred FTE positions from SRS to the Department on Aging. The report should include, but not be limited to, itemizing the precise FTE positions that were transferred, their salaries while at SRS and a showing by the Department of any corresponding decrease in expenditures for wages and salaries resulting from the transfer of those FTE positions.

In regard to the information required by the foregoing proviso, the Subcommittee expects SRS to provide an initial report of that information to the Subcommittee prior to the 1997 Omnibus Session.

2. Transfer the Governor's recommended funding of \$9,283,967 (\$7,779,743 SGF) for Nursing Facilities/Mental Health (NF/MH) from SRS Long-Term Care to the Division of Mental Health/Developmental Disabilities. The agency reports that the Division of MH/DD administers the funding for NF/MH. The Subcommittee also requests that SRS maintain a distinct accounting of NF/MH expenditures. The Subcommittee expects that the aforementioned accounting will form the basis of a report to be presented to the SRS Transition Oversight Committee. The Subcommittee expects that report to be submitted to the Transition Oversight Committee by November, 1997.

House Committee Recommendation

The House Committee concurs with the recommendations of the House Subcommittee.

House Recommendation

The full House has not taken action on this agency's budget.

Agency: SRS-Long-Term Care

Bill No. 178

Bill Sec. 61

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,278,766	\$ 3,331,961	\$ 0
Aid to Local Units	0	0	0
Other Assistance	35,889,203	32,716,150	(9,283,967)
Subtotal - Operating	<u>\$ 39,167,969</u>	<u>\$ 36,048,111</u>	<u>\$ (9,283,967)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 39,167,969</u></u>	<u><u>\$ 36,048,111</u></u>	<u><u>\$ (9,283,967)</u></u>
State General Fund:			
State Operations	\$ 1,136,195	\$ 1,160,260	\$ 0
Aid to Local Units	0	0	0
Other Assistance	18,773,618	17,470,537	(7,779,743)
Subtotal - Operating	<u>\$ 19,909,813</u>	<u>\$ 18,630,797</u>	<u>\$ (7,779,743)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 117,975,640</u></u>	<u><u>\$ 121,977,994</u></u>	<u><u>\$ (7,779,743)</u></u>
FTE Positions	196.7	84.1	0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	<u><u>196.7</u></u>	<u><u>84.1</u></u>	<u><u>0.0</u></u>

Senate Subcommittee Recommendation

For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following modifications and observations:

1. Transfer the Governor's recommended funding for Nursing Facilities/Mental Health, \$9,283,967 (\$7,770,743 SGF) from SRS-Long-term Care to the Division of MH/DD.
2. The Subcommittee requests SRS to review its Home- and Community Based Services Head Injury (HCBS/HI) program to explore possibilities of increasing participation in the program without requiring additional State General Fund financing. The Subcommittee requests SRS to provide findings of its review prior to the 1997 Omnibus Session.
3. The Subcommittee commends the Department of Social and Rehabilitation Services in pursuing and implementing programmatic changes to facilitate the move of individuals from nursing facilities to home- and community-based care. The Subcommittee lauds the agency's objectives to develop a system of long-term care services that will maximize individual choice in care, ensure appropriate placement and minimize costs. The philosophy pursued by the agency in implementing the Home- and Community-Based Services (HCBS) waiver programs is the correct one. Assisted living provided through the HCBS programs should improve the quality of life for older Kansans and may be one of the keys in reducing the dramatic growth in long-term care expenditures.



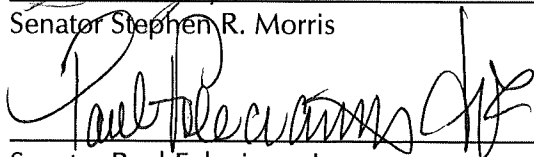
Senator Dave Kerr
Subcommittee Chair



Senator Alicia Salisbury



Senator Stephen R. Morris



Senator Paul Feleciano, Jr.



Senator Marge Petty