

Approved: 3/13/98
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:30 p.m. on March 10, 1998 in Room 514-S of the Capitol.

All members were present except: Representative Henry Helgerson - Excused
Representative John Edmonds - Excused
Representative Joe Kejr - Excused
Representative Greg Packer - Excused

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

Conferees appearing before the committee:

Others attending: See attached list

Representative Neufeld reported for the House Subcommittee on the Department of Social and Rehabilitation Services (SRS) (excluding MH&DD Services). The Subcommittee concurred with the Governor's recommendations for FY 98 with exceptions and comments as follows: One on Administrative Services Commission; five on Child Support Enforcement; six on Income Maintenance and Employment Preparation Services Commission; two on Adult and Medical Services Commission; three on Alcohol and Drug Abuse Services Commission; three on Children and Family Services Commission; and one on Rehabilitation Services Commission (Attachment 1).

A motion was made by Representative Neufeld, seconded by Representative Ballard to adopt the Subcommittee report for the SRS for FY 98. A brief discussion followed. The motion carried.

Representative Neufeld reported the Subcommittee concurred with the Governor's recommendations for FY 99 with exceptions and comments as follows: One general comment; three on Income Maintenance and Employment Preparation Services; four on Adult and Medical Services Commission; one on Alcohol and Drug Services Commission; two on Children and Family Services Commission; one on Rehabilitation Services Commission.

A motion was made by Representative Neufeld, seconded by Representative Ballard to adopt the Subcommittee report for the SRS for FY 99. A discussion followed.

A motion was made by Representative Pottorff, seconded by Representative Landwehr to amend the report to say the committee would look at the Home & Community Based Services-Head Injury Waiver prior to Omnibus. The motion carried.

The discussion continued on the Subcommittee report.

A motion was made by Representative Landwehr, seconded by Representative Nichols to amend the FY 99 report to add that the Subcommittee notes corrective action plans are in place for all providers of contracts under the Children and Family Services Commission and SRS is asked to report back at Omnibus on the status of those plans. The motion carried. (see 3/13/98 minutes)

The discussion continued. Representative Spangler had concerns on the funding of hearing officers in his and several other counties for Child Support and Enforcement. He noted some hearing officers are being asked to act as judges with very large case loads, the reimbursement is inadequate and the positions need to be upgraded. Representative Landwehr suggested the Legislative Research Department staff investigate how funds are allocated.

A motion was made by Representative Nichols, seconded by Representative Pottorff to add clarification in point #1 under "Rehabilitation Services Commission" that the \$224,152 being given is not funding 6 new FTE's, but rather is giving grants to an organization, which will be using the money for additional staff to get the assistive technology to Kansans who need them. The motion carried.

A vote was taken on the original motion made by Representative Neufeld, seconded by Representative Ballard to adopt the Subcommittee report for the SRS for FY 99 as amended. The motion carried.

Representative Landwehr reported for the House Subcommittee on the Kansas Guardianship Program (Attachment 2). The Subcommittee concurred with the Governor's recommendations for FY 98 and with the

FY 99 recommendations with two comments.

A motion was made by Representative Landwehr, seconded by Representative O'Connor to adopt the Subcommittee report for the Kansas Guardianship Program for FY 98 and FY 99. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative O'Connor to accept a request for bill introduction concerning natural gas. The motion carried.

Chair Kline noted the handout from Ed Pavey concerning his testimony on **SB 617** on March 4, 1998 (Attachment 3).

A motion was made by Representative Neufeld, seconded by Representative O'Connor to approve the minutes for February 24, 25, 26 and 27. The motion carried.

The meeting adjourned at 2:25 p.m. The next meeting is scheduled for March 11, 1998.

House Appropriations Subcommittee on
Social Services

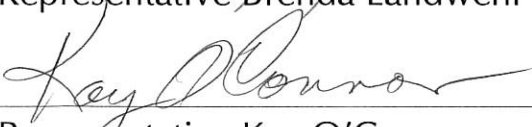
Subcommittee Report on the
Department of Social and Rehabilitation Services (SRS)
(excluding MH&DD Services)



Representative Melvin Neufeld, Chair



Representative Brenda Landwehr



Representative Kay O'Connor



Representative Barbara Ballard



Representative Rocky Nichols

Appropriations
3-10-98
Attachment 1

SUBCOMMITTEE REPORT

Agency: Dept. Of Social and Rehabilitation Services (SRS) (excluding MH& DD Services)

Bill No. 643

Bill Sec. 17

Analyst: Kannarr

Analysis Pg. No. 875

Budget Page No. 416

| Expenditure Summary | Agency FY 98 Est. | Gov. Rec. FY 98 | Senate Subcommittee Adjustments |
|----------------------------------|--------------------------------|------------------------------|---------------------------------------|
| State Operations | \$ 242,080,375 | \$ 231,338,289 | \$ 0 |
| Local Aid | 18,369,497 | 17,709,497 | 0 |
| Other Assistance | <u>738,630,007</u> | <u>738,957,415</u> | <u>0</u> |
| Subtotal - Operating | \$ 999,079,879 | \$ 988,005,201 | \$ 0 |
| Capital Improvements | <u>4,243,488</u> | <u>4,243,488</u> | |
| TOTAL | <u>\$ 1,003,323,367</u> | <u>\$ 992,248,689</u> | <u>\$ 0</u> |
| | | | |
| State General Fund | \$ 337,147,789 | \$ 342,621,403 | \$ 0 |
| Other Funds | <u>661,932,090</u> | <u>645,383,798</u> | <u>0</u> |
| Subtotal - Operating | \$ 999,079,879 | \$ 988,005,201 | \$ 0 |
| Capital Improvements | | | |
| State Institutions Building Fund | <u>4,243,488</u> | <u>4,243,488</u> | <u>0</u> |
| TOTAL | <u>\$ 1,003,323,367</u> | <u>\$ 992,248,689</u> | <u>\$ 0</u> |
| | | | |
| FTE Positions | 4,257.9 | 4,241.0 | 0.0 |
| Unclassified Temp. Positions | <u>91.7</u> | <u>83.7</u> | <u>0.0</u> |
| TOTAL | <u>4,349.6</u> | <u>4,324.7</u> | <u>0.0</u> |

Agency Est./Governor's Recommendation

The agency's revised estimate of \$999.1 million (excluding MH&DD Services) for FY 1998 is an increase of \$35.9 million from the budget approved by the 1997 Legislature. State General Fund expenditures of \$337.1 million are an increase of \$5.3 million. The estimate includes 4,257.9 FTE and 91.7 UT positions. An overall shrinkage rate of 4.4 percent is requested. The agency estimates capital improvement expenditures of \$4.2 million for rehabilitation and repair projects and maintenance of the Chanute Area Office building.

The Governor recommends current year expenditures of \$988.0 million (excluding MH&DD Services) an increase of \$24.8 million over the budget approved by the 1997 Legislature. The State General Fund recommendation of \$342.6 million is an increase of \$10.8 million above the approved budget. The recommendation is a decrease of \$11.1 million all funds and an increase of \$5.5 million State General Fund as compared to the agency's revised estimate. The recommendation reflects November 1997 consensus caseload estimates. The Governor recommends 4,241.0 FTE positions, a decrease of 16.9 FTE below the agency estimate. The Governor recommends an overall shrinkage rate of 4.6 percent. The Governor concurs with the agency estimate for capital improvement projects.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation.

Agency: Dept. Of Social and Rehabilitation Services (SRS) (not including MHDD)

Bill No. 643

Bill Sec. 17

| Expenditure Summary | Agency FY 98 Est. | Gov. Rec. FY 98 | House Subcommittee Adjustments |
|----------------------------------|-------------------------|-----------------------|--------------------------------------|
| State Operations | \$ 242,080,375 | \$ 231,338,289 | \$ 0 |
| Local Aid | 18,369,497 | 17,709,497 | 0 |
| Other Assistance | 738,630,007 | 738,957,415 | 0 |
| Subtotal - Operating | \$ 999,079,879 | \$ 988,005,201 | \$ 0 |
| Capital Improvements | 4,243,488 | 4,243,488 | 0 |
| TOTAL | \$ 1,003,323,367 | \$ 992,248,689 | \$ 0 |
| State General Fund | \$ 337,147,789 | \$ 342,621,403 | \$ 0 |
| Other Funds | 661,932,090 | 645,383,798 | 0 |
| Subtotal - Operating | \$ 999,079,879 | \$ 988,005,201 | \$ 0 |
| Capital Improvements | 4,243,488 | 4,243,488 | 0 |
| State Institutions Building Fund | 4,243,488 | 4,243,488 | 0 |
| TOTAL | \$ 1,003,323,367 | \$ 992,248,689 | \$ 0 |
| FTE Positions | 4,257.9 | 4,241.0 | 0.0 |
| Unclassified Temp. Positions | 91.7 | 83.7 | 0.0 |
| TOTAL | 4,349.6 | 4,324.7 | 0.0 |

House Subcommittee Recommendation

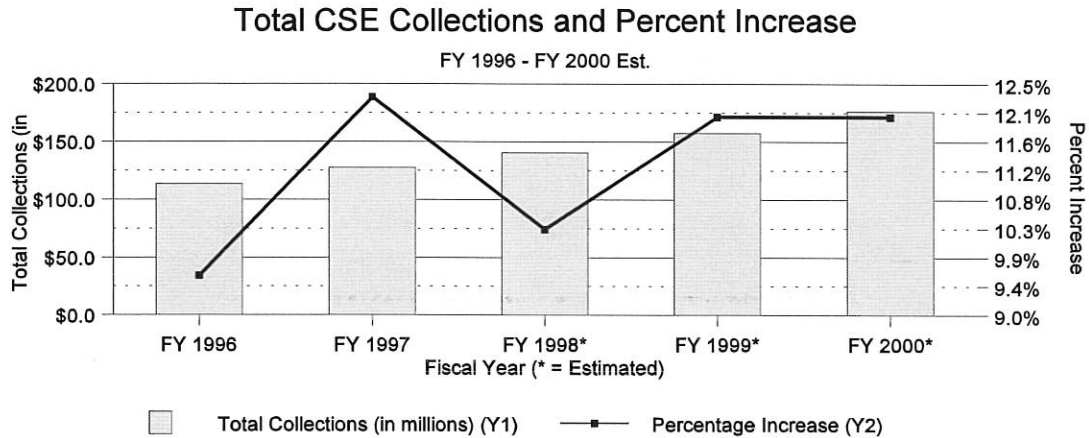
The House Subcommittee concurs with the Governor's recommendation with the following exceptions and comments:

Administrative Services Commission

1. The Subcommittee encourages the agency to continue to maximize internal oversight and auditing. The agency should also maximize the use maintenance of effort (MOE) dollars to support these functions if possible.

Child Support Enforcement

1. The Subcommittee notes significant improvements in the child support enforcement system and thanks the agency for its efforts. The following performance measure showing total collections and the percent increase is noted by the Subcommittee.



Note: This chart does not account for possible increases in caseloads.

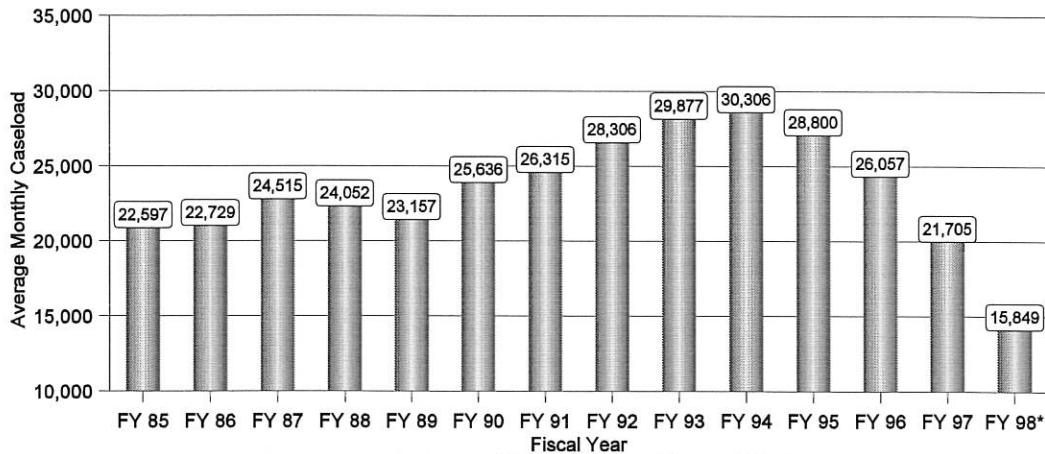
2. The Subcommittee requests the agency obtain a report from collection contractors on the aging of arrearages and report at Omnibus on the results.
3. The Subcommittee requests the agency provide information at Omnibus on the status of the collection contract with Maximus and the current corrective action plan.
4. The Subcommittee requests the agency provide a report on the fulfillment of contract requirements and commitments by all collection contractors and report at Omnibus.
5. With regard to the Kansas Enhanced Statewide Support Enforcement Project (KESSEP) automated system, the Subcommittee requests the agency report at Omnibus on anticipated system completion and changes made by the federal government.

Income Maintenance and Employment Preparation Services Commission

1. The Subcommittee notes that Temporary Assistance for Families (TAF) caseloads have fallen dramatically over the last couple of years. The following chart reflects the decreases in the average monthly cases:

TAF/AFDC Caseloads

FY 1985 - FY 1998 Est.



The Subcommittee further notes that although total expenditures have decreased, the State cannot capture State General Fund savings due to the required maintenance of effort (MOE). In addition, the federal Office of Management and Budget has determined that under the Cash Management Improvement Act unexpended Temporary Assistance for Needy Family (TANF) and Child Care (CCBG) block grant balances must remain with the federal government.

2. The Subcommittee commends the agency on the large reduction in cash assistance caseloads but notes that as the decline continues, the remaining cases consist of persons who are much more difficult to employ. These people likely have multiple barriers to employment including learning disabilities, physical disabilities, substance abuse problems, low education and poor or no job skills. The subcommittee recommends the agency continue to use and explore innovative methods to try and put these hard to serve clients into successful employment.
3. The Subcommittee recognizes the increasing need for child care as more and more cash assistance clients enter the workforce. The Subcommittee commends the agency on its efforts to eliminate the statewide waiting list for child care for its clients. The Subcommittee encourages the agency to maintain its efforts to increase the availability and quality of child care.
4. The Subcommittee recognizes transportation remains a barrier to successful employment for many clients. Difficulty in getting to and from work and child care make it harder for clients to obtain and keep employment. The Subcommittee notes the agency is currently working on several projects to try and address this problem including van pools, buying surplus state cars, direct bus routes from inner cities to outlying areas and studies on what transportation is currently available in several cities. The agency is urged to continue such efforts to address the transportation issue.
5. The Subcommittee commends the agency on its Work First initiative which has resulted in large numbers of people leaving the cash assistance caseload. In addition, the Subcommittee recognizes the agency's efforts to respond to the

changing needs of the people remaining on assistance who are harder to serve and notes the rapid changes the agency is making to address those needs. Beginning on April 1, 1998, the agency is implementing the following changes which increase the flexibility case workers have in responding to individual client needs:

- a. Latitude for staff to consider components and activities for clients who, due to severe barriers, limited skills or limited local job opportunities would not benefit from the initial 90 days of work first activities;
- b. Suspension of the requirement that clients who reapply after failure in the job market complete Applicant Job Search;
- c. The offer of appropriate job-related training as well as other strategies to help clients find and keep employment for those clients who reach the end of the 90 day work first requirement and have not been employed; and
- d. Staff will promptly direct the above groups of individuals into the assessment process to determine which other components placements, including education and training, will be needed to assist them in obtaining and retaining employment.

The Subcommittee notes the above changes will allow SRS to respond to concerns of the Catholic Conference and others regarding continuing cash assistance during short-term training and allowing more individual flexibility for clients. Finally, the Subcommittee requests the agency report to the interim oversight committee on its experience with these new initiatives.

6. The Subcommittee encourages the agency to gather data on the impact of welfare reform on children and families. Specifically, the Subcommittee is interested in knowing what options are available to find out how the lives of children and families are impacted when they leave public assistance (particularly given point 1 noting the rapid drop in caseloads). The agency should report any findings to the interim oversight committee. The Subcommittee requests the interim oversight committee look at the issue and report to the 1999 Legislature.

Adult and Medical Services Commission

1. The Subcommittee thanks SRS for its cooperation with the Department of Education to address the issue of increasing the Medicaid reimbursement schools receive for expenses related to educating students with special medical needs. The Subcommittee heard testimony that schools sometimes have difficulty getting parents of special education students signatures on releases so that the school can draw federal Medicaid dollars to reimburse the school for allowable expenses related to educating those children. The Subcommittee notes the Department of Education is currently exploring getting such signatures at the time of enrollment. The Subcommittee requests it be informed by either agency during the current Legislative session if there is anything the Legislature can do to help the process.

2. The Subcommittee requests the agency investigate the issue of people who hide assets in order to qualify for Medicaid funding. The agency should report at Omnibus on its findings and make recommendations on how the state can encourage private long-term care financing as opposed to relying on state funding.

Alcohol and Drug Abuse Services Commission

1. The Subcommittee notes a Legislative Post Audit is currently being conducted to analyze the number of funding streams for substance abuse programs in Kansas and the effectiveness of treatment and prevention programs. The Subcommittee encourages SRS to collaborate with other agencies receiving funding for substance abuse prevention programs. In addition, the Subcommittee requests the Governor help coordinate all substance abuse funding coming into the state. The Subcommittee recommends this topic be studied during the interim. Finally, the Subcommittee recommends the agency examine the issue of agency collaboration report at Omnibus on its findings.
2. The Subcommittee notes the agency has agreed to replace State General Fund financing of \$152,819 for prevention grants to Regional Prevention Centers (RPCs) cut by the Governor with alternate special revenue financing. The replacement funding is also necessary to satisfy the required state maintenance of effort (MOE) for the Federal Substance Abuse Prevention and Treatment Block Grant. The Subcommittee expects the agency to fully replace the decreased funding.
3. The Subcommittee discussed the effectiveness of the prevention and treatment programs being funded by the state. The Subcommittee believes results are what is important and is concerned the state may be spending money on ineffective programs. The agency is directed to study the results of the Legislative Post Audit currently being done on substance abuse programs in Kansas and report to the interim oversight committee with recommendations regarding the audit results.

Children and Family Services Commission

1. With regard to foster care, the Subcommittee notes the agency will be changing the manner in which moves by children are counted for the purposes of contract outcomes. In the first year of the contracts, emergency/temporary moves such as hospital visits were not counted as a move for purposes of contract evaluation where the expectation is that no child will move more than three times while in foster care. Due to public criticism on this policy, the agency will count every move a child makes including emergency/temporary placements for the second year of the contract. The Subcommittee notes this change will likely cause the number of moves to increase dramatically and should be taken into account when evaluating the contracts for year two.
2. The Subcommittee recommends a separate trust fund account be established within the Family and Children Investment Fund to serve as a true trust. Any money placed into this account will serve as the corpus of the trust and cannot be spent. Any interest earned by the trust will be transferred into the current Family and Children

Trust account to be used to draw down federal matching dollars or to support community programs aimed at prevention of child abuse and neglect. The Subcommittee received testimony that a wide variety of early childhood programs are eligible for funding through this account. The agency will be allowed to accept private contributions for the trust to be matched on a dollar for dollar basis out of existing funds if it is determined to be cost effective.

3. The Subcommittee received information regarding outcomes achieved by contractors for foster care, adoption and family preservation services. The following reflects a portion of this information:

FAMILY PRESERVATION

1. 97% of all families will be engaged in the treatment process
Year 1: 98%
Year 2 (6 months): 98%
2. 90% of families will not have confirmed abuse/neglect during program participation
Year 1: 98%
Year 2 (6 months): 99.1%
3. Participants will report 80% satisfaction measured by the Client Satisfaction Survey
Year 1: 96%
Year 2 (6 months): 92%

ADOPTION

1. 55% of children shall be placed with adoptive families within 180 days of referral
Year 1: 36.6%
Year 2 (first quarter): 50%
2. 65% of children will be placed with at least one sibling
Year 1: 72.5%
Year 2 (first quarter): 88%
3. Annual number of finalized adoptions
Year Prior to Privatization:
333 children
Year 1:
421 children

FOSTER CARE

1. 65% of all children will be placed with at least one sibling
Year 1 (10 months): 69.6%
2. 70% of children are placed within their region

Year 1 (10 months): 86.7%

3. 95% of child in care and supervision of contractor will not experience confirmed abuse/neglect while in placement
Year 1 (10 months): 99.9%

The Subcommittee recognizes there have been problems with the implementation of the new child welfare service system but notes the problems are being addressed by SRS and the contractors through corrective action plans. The Subcommittee thanks the agency and the contractors for being willing to work on addressing problems. The Subcommittee recommends the agency work with contractors on the issue of communication between parents and children where the parents have relinquished custody and placed their children in foster care voluntarily.

Rehabilitation Services Commission

1. The Subcommittee congratulates Disability Determination Services on being named first in the nation in processing time.

SUBCOMMITTEE REPORT

Agency: Department of Social and Rehabilitation Services (excluding MH&DD Services) **Bill No.** 642

Bill Sec. 59

Analyst: Kannarr

Analysis Pg. No. 875

Budget Page No. 416

| <u>Expenditure Summary</u> | <u>Agency Req. FY 99</u> | <u>Gov. Rec. FY 99</u> | <u>Senate Subcommittee Adjustments</u> |
|----------------------------------|----------------------------------|--------------------------------|--|
| State Operations | \$ 255,343,595 | \$ 235,560,274 | \$ (5,349,478)* |
| Local Aid | 18,329,651 | 17,610,510 | - |
| Other Assistance | 833,947,860 | 797,674,411 | 10,400,000 |
| Subtotal - Operating | <u>\$ 1,107,621,106</u> | <u>\$ 1,050,845,195</u> | <u>\$ 5,050,522</u> |
| Capital Improvements | 28,811,800 | 4,071,000 | - |
| TOTAL | <u>\$ 1,136,432,906</u> | <u>\$ 1,054,916,195</u> | <u>\$ 5,050,522</u> |
| State General Fund | \$ 373,016,741 | \$ 355,063,466 | \$ 2,140,672* |
| Other Funds | 734,604,365 | 695,781,729 | 2,909,850* |
| Subtotal - Operating | <u>1,107,621,106</u> | <u>1,050,845,195</u> | <u>5,050,522</u> |
| Capital Improvements | | | |
| State Institutions Building Fund | 28,811,800 | 4,071,000 | - |
| TOTAL | <u>\$ 1,136,432,906</u> | <u>\$ 1,054,916,195</u> | <u>\$ 5,050,522</u> |
| FTE Positions | 4,110.9 | 4,082.0 | - |
| Unclassified Temp. Positions | 104.7 | 97.7 | - |
| TOTAL | 4,215.6 | 4,179.7 | - |

* Includes a reduction of \$5,849,478 (of which \$2,269,328 is from the State General Fund) for the Governor's employee salary adjustments.

Agency Request/Governor's Recommendation

The revised agency request of \$1.108 billion (excluding MHDD) for FY 1999 is an increase of \$108.5 million (10.9 percent) over the revised FY 1998 estimate. The request includes \$373.0 million in State General Fund, an increase of \$35.9 million (10.6 percent). The request includes 4,110.9 FTE and 104.7 UT positions, a decrease of 147.0 FTE and an increase of 13.0 UT positions. The agency requests an overall shrinkage rate of 4.5 percent for FY 1998. A revised operating expenditures enhancement package of \$82.7 million (\$19.4 State General Fund) for a variety of program enhancements is also requested for FY 1999. These enhancements are explained in the budget detail section and are shown in the table below. The agency requests \$28.8 million in capital improvements including an enhancement package of \$24.7 million from the State Institutions Building Fund (SIBF) with an alternative bond issuance funding proposal.

The Governor recommends operating expenditures of \$1.051 billion, a decrease of \$56.8 million (5.1 percent) below the agency's revised request. The State General Fund recommendation of \$355.1 million is a decrease of \$18.0 million (4.8 percent) below the request. The Governor recommends funding for an expansion of health insurance coverage for children; an expansion of the Early Head Start

program; increases in child care reimbursement rates; funding for assistive technology equipment; additional funding for regulation and licensure of child care facilities; and other items. Included in the recommendation are 4,082.0 FTE and 97.7 UT positions, a decrease of 28.9 FTE and 7.0 UT positions below the agency request. An overall shrinkage rate of 5.0 percent is recommended as compared to the agency request of 4.5 percent for FY 1999. The Governor recommends a 1.5 percent classified base salary adjustment and a 4.0 percent unclassified merit pool for the agency as a whole. The Governor does not recommend the requested capital improvement enhancement package and recommends \$4.1 million for capital improvements.

Senate Subcommittee Recommendation

1. Delete \$5,849,478, including \$2,269,328 from the State General Fund, based on the recommendation to delete funding for the 1.5 percent classified base salary adjustment (\$1,881,711), classified step movement (\$2,265,015), the 4.0 percent unclassified merit pool (\$135,200) and longevity bonus payments (\$1,567,552) from agency budgets.
2. The Subcommittee commends the agency for its use of performance measures in its budget presentation and preparation.

Income Maintenance and Employment Preparation Services Commission

1. The State has experienced a dramatic decrease in cash assistance caseloads. Caseloads have decreased from \$83.2 million/57,762 clients in FY 1997 to an estimated \$53.0 million/37,000 clients for FY 1999, a decrease of approximately 30 percent in dollars and 36 percent in client numbers. The Subcommittee notes that even though there have been all funds expenditure decreases, the State cannot capture State General Fund savings due to the required Maintenance of Effort (MOE). In addition, the Subcommittee notes federal Temporary Assistance for Needy Families (TANF) and Child Care Block Grant (CCBG) funds not expended remain in the block grant balances which are held by the federal government. Ending balances in the TANF and Child Care block grant programs are estimated to be \$65.7 million in FY 1998, \$94.3 million in FY 1999, \$117.7 million in FY 2000 and \$138.2 million in FY 2001 under the Governor's recommendations. According to the agency, the Office of Management and Budget has determined these funds are subject to the federal Cash Management Improvement Act and must remain with the federal government until they are actually spent by the states. The Subcommittee is concerned with the balances being held by the federal government as opposed to being held by the states for a couple of reasons. First, large balances could cause the federal government to begin enacting rules and regulations which make those dollars less valuable (*i.e.* making states absorb costs for various services previously financed by other federal dollars) or begin taking funds away from the balances. Second, the federal government is earning the interest of those dollars instead of the state.

The Subcommittee recognizes that because of the dramatic caseload decreases, the clients remaining on the rolls are the most difficult to place and generally have multiple barriers to employment. Several years ago, the assistance caseload could be divided into thirds with the top one-third being the easiest to employ and the bottom one-third being the most difficult. According to the agency, clients remaining in the caseload at this point belong to the bottom one-third as the rest have left cash

assistance rolls. The Subcommittee notes a pilot project proposed by the University of Kansas to provide training through area vocational and technical schools for these recipients. The agency should investigate this pilot project and continue current efforts to find innovative methods to work with these clients and get them into successful employment situations.

2. The Subcommittee believes transportation remains an impediment to moving clients from welfare into jobs and maintaining them in employment. It is noted that the Governor does not recommend \$2.0 million in federal TANF funding requested by the agency to address transportation needs at the community level. However, the Subcommittee was informed that the agency will be able to conduct several pilot projects to try and address the issue within current recommended resources.

3. The Subcommittee addressed the issue of increasing the income disregard from 40 percent to 50 percent but does not make any recommendation at this time. During the 1997 Interim, the SRS Transition Oversight Committee recommended the agency increase the disregard to help ease the transition of people from welfare to work by allowing them to earn more before assistance is cut off. The Subcommittee believes the agency is already in the process of implementing this change and will proceed with the recommendation of the SRS Transition Oversight Committee. The fiscal impact of the increase is \$871,366 all funds. The Subcommittee does note there are advantages and disadvantages to increasing the disregard. On one hand, the increased disregard will allow the client to become more financially stable before they lose benefits. Currently, a family of three loses assistance at a monthly income of \$745. Under the 50 percent disregard policy, these families will lose benefits when they reach earnings of \$895 per month. On the other hand, it keeps people on assistance longer which impacts their 60 month lifetime time limit for assistance. In addition, the change will increase the number of people eligible for assistance which will have an adverse affect on the current caseload declines.

4. With regard to the issue of the liveable wage in Kansas, the Subcommittee notes it is the Department of Education which designates this figure through the School to Work initiative. At this point in time, the figure has not been developed for Kansas. In the absence of the liveable wage figure, the Subcommittee looked at information from the Kansas State University Proposed Standard of Need study completed in 1996. The study addresses what income level a Kansas family needs to be considered functioning at a liveable level. The study does note that the special needs of household members should be considered to determine the amount needed for a household to meet basic needs. A table reflecting the standard of need finding for various household sizes follows:

| Proposed Standard of Need for the State of Kansas by Household Size (in dollars per month) | | | | | | | | | |
|---|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Household Size | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Proposed Standard of Need: | | | | | | | | | |
| Food | \$ 149 | \$ 256 | \$ 368 | \$ 463 | \$ 548 | \$ 662 | \$ 729 | \$ 829 | \$ 987 |
| Housing | 321 | 321 | 426 | 426 | 522 | 522 | 621 | 621 | 720 |
| Transportation | 177 | 177 | 177 | 177 | 200 | 223 | 246 | 269 | 292 |
| Other Consumption | 131 | 167 | 202 | 241 | 287 | 323 | 349 | 384 | 428 |
| TOTAL | \$ 778 | \$ 921 | \$1,173 | \$1,307 | \$1,557 | \$1,730 | \$1,945 | \$2,103 | \$2,427 |

5. The Subcommittee commends the agency on its efforts to increase child care rates to increase the availability of child care. Increased rates serve the dual purpose of maintaining child care provider participation and sustaining the quality of child care by keeping pace with market rates. The Subcommittee notes that although there is currently no waiting list for child care statewide, there are unmet demands in certain geographic areas; infant and toddler care; and in slots for second and third shift workers. In addition, the Subcommittee observes that some of the grants provided by the agency provide funding to train child care workers which helps to increase early childhood education opportunities and improves the quality of child care.
6. The Subcommittee received information that as the assistance caseloads are decreasing, largely due to people becoming employed, the number of families receiving child care assistance is not increasing as much as was expected. The Subcommittee is concerned there are children/families needing child care who are falling out of the system for some reason. The Subcommittee notes the agency is also concerned and is trying to understand and address the issue.

Child Support Enforcement Division

1. The Kansas Enhanced Statewide Support Enforcement System (KESSEP) is being developed by SRS to meet the federal requirements mandated by the federal Family Support Act of 1988. Congress mandated each State to develop a Statewide automated data system that has the capability to control, account for, and monitor all processes for determining paternity and collecting child support. Initially, Congress mandated implementation of such a system by October 1, 1995. Due to significant delay in issuance of federal regulations and other factors, Congress extended the deadline to October 1, 1997.

While SRS had an existing automated eligibility system (KAECSES), the new federal requirements were so substantial that a new system needed to be developed. Work on KESSEP began in earnest in FY 1994. The KESSEP system will be roughly 10 times larger than the CSE portion of KAECSES due to the complexity of automating the CSE business functions, in accordance with the federal requirements. The Subcommittee notes that due to the complexity of the system and the number of screens involved, initial KESSEP implementation could affect worker caseloads by reducing the manageable caseload to as low as 200 cases per worker. Current caseloads range from 500 to 700 per agency worker. The agency noted that efforts to make the system more "user friendly" is a top priority for the agency once the system is implemented statewide. Although the system has not yet been implemented statewide, the fixed price contract with a significant project contractor ended December 31, 1997. SRS elected to not enter into a fixed price contract with the contractor or to amend the existing contract, instead, SRS issued technical proposal requests (TPRs) to all vendors to assist SRS with finishing the project. A separate contractor will be working with SRS on performance tuning required with all new systems. Once the system is "tuned" it will be ready for statewide implementation. In order to meet federal requirements, the system must be operating statewide by April 1, 1998. The lack of an automated system which meets federal requirements could mean the loss of federal child support enforcement funding of approximately \$20.7 million and penalties on the TANF block grant which are as yet undetermined. The latest information indicates these penalties could range from 1 to 5 percent of the \$102.0 million TANF block grant.

Expenditures to date on the current KESSEP project total \$27.1 million (\$20.3 million federal/\$6.8 million state). Initially, federal financial participation in this project was 90% federal and 10% state and is currently 66% federal and 34% state. According to SRS, the current KESSEP project and the elements necessary for certification of the system by April 1, 1998 can be completed within existing agency appropriations. Even though the October 1, 1997 deadline was missed, SRS does not anticipate any penalties because it appears that the certification requirements have been substantially met. Less than one-half of the states successfully met the October, 1997 deadline. Of the 21 states reviewed for certification at this point, only 6 have been certified. The Kansas system was reviewed in the first half of February 1998 but results are not available at this time.

Once KESSEP is certified and implemented statewide, it will be necessary to begin work on new federal requirements contained in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. One of the most important elements of the new requirements is the ability to interface with a number of other computer systems including other state agencies, local entities, financial institutions, and national databases. At this point in time without federal regulations, it is impossible to fully scope the project for the necessary interfaces and additions to KESSEP, but the agency believes that necessary expenditures may be in the range of an estimated \$10.0 million and would be expended over several years. Federal reimbursement at 80% is to be available up to an as yet undetermined level, with the remainder reimbursed at 66%. Although the agency requested \$3.96 million (\$1.35 million SGF) in FY 1999 (not recommended by the Governor), the agency reported that because final federal regulations have not yet been issued, it appears appropriations for development work would not be necessary until FY 2000. Although, the federal law, enacted August, 1996, requires that the system improvements be completed by October 1, 2000, the agency is skeptical that this will be a firm date. The Subcommittee encourages the agency to explore with federal officials the possibility of using the TANF block grant balances to fund the necessary changes.

The Subcommittee requests the agency report at Omnibus on the current status of the project.

Adult and Medical Services Commission

1. Add \$4.0 million State General Fund (\$10.0 million all funds) as the first installment to address the problem of low Medicaid provider reimbursement rates. The Subcommittee received information that some provider rates have not been adjusted since the 1960s and that low reimbursement rates directly impact the availability of preventive and primary medical care for the Medicaid population. Also, inadequate provider reimbursement rates could have a negative impact on the effectiveness of the new children's health insurance program being considered by the Legislature. Providers may not be willing to take on the additional children brought into the system by the program if rates remain at their current levels. The Subcommittee discussed anecdotal information they have received over the years regarding the inability of people with medical cards to get services because providers were not willing to accept them. The Subcommittee notes that a rate study they received during agency hearings confirmed much of this information. The Subcommittee requests the agency to look at studies examining the impact of certain illnesses, conditions or services when determining rate increases.

2. Add \$160,000 State General Fund (\$400,000 all funds) to provide for increased Medicaid reimbursements on eyewear for children. The Subcommittee heard testimony that low reimbursement rates in the Children's Medicaid Vision program for eyewear and vision exams are causing some providers to leave the program or stop seeing new Medicaid patients. The recommended funding would increase reimbursements for frames (also including a one year warranty) and lenses and would allow for the issuance of polycarbonate lenses for the first time. The Subcommittee notes that increasing reimbursement rates on exams should be considered by the agency in connection with item number 1 above to keep providers in the program.
3. The Subcommittee notes the following information with regard to the delinking of Medicaid and Temporary Assistance for Needy Families (TANF) eligibility. Under federal welfare reform legislation, eligibility for Medicaid coverage was separated from cash assistance eligibility determined under the state's TANF plan. Congress provided a means for states to ensure continued Medicaid coverage to families affected by the new welfare reform legislation. Under the delinking provisions, the state's Medicaid determination must follow the rules in place in the Aid to Families with Dependant Children (AFDC) program prior to implementation of TANF. The result is that a state would be required to do a Medicaid determination separate from the determination for cash eligibility. Because of this, Congress appropriated additional funding for expenses incurred by the states as a result of delinking in areas such as outreach and computer system support. In Kansas, SRS is taking the opportunity to use these "delinking" provision in conjunction with any proposed implementation plans for the State Children's Health Insurance Program (Title XXI) to simplify and streamline existing Medicaid eligibility processes for children. The Subcommittee supports the agency's efforts to implement the "delinking" provisions.
4. The Subcommittee discussed the issue of the difference between rates Missouri pays to Kansas hospitals, particularly the KU Medical Center, and the rates Kansas pays for services in Missouri. The Subcommittee believes Missouri has a two-tiered system in which it pays a lower rate to Kansas hospitals/physicians who provide services to Missouri residents than it does to its own providers. However, Kansas pays rates based on the state of residence of the patient (*i.e.* If it is a Missouri resident, Missouri rates are paid) with the result that Kansas pays more for services provided in Missouri than Missouri pays Kansas providers. The Subcommittee directs SRS to explore the situation and the available options including a two-tier approach similar to Missouri. The agency should try to equal out the rates between the two states which would likely mean lowering rates paid for services in Missouri.
5. The Subcommittee notes there is currently a waiting list of 54 persons for the Home and Community Based Services - Head Injured waiver. According to testimony, funding required to eliminate the waiting list would be \$2.5 million State General Fund. The Subcommittee recommends the waiting list issue be addressed during Omnibus.

Alcohol and Drug Abuse Services (ADAS) Commission

1. The Subcommittee is concerned about the effectiveness of the current service model being utilized to provide prevention and treatment services in Kansas. The

Subcommittee notes that it appears the current management organization has not been fully cooperative and there have been concerns expressed regarding the organization's responsiveness to the agency and providers of services. The Subcommittee was informed that the current contract with the management organization expires in July 1999 and that the agency pays a management fee of \$500,000 per year to the organization.

2. The Subcommittee notes that despite the Governor's reduction of \$212,000 in State General Fund support for prevention grants distributed to Regional Prevention Centers (RPCs), the agency has agreed to allocate additional special revenue funds to replace the deleted funding.

Children and Family Services Commission

1. The Subcommittee notes the dramatic changes SRS has made with regard to the provision of child welfare services including foster care/reintegration, adoption and family preservation. The privatization initiatives undertaken by the agency are regarded as being on the forefront of national child welfare reform. In addition, the privatization initiative has been submitted to the Council of State Governments for Innovations Award recognition. The Subcommittee recognizes that this is not just a refinement of an old system but the creation of an entirely new way of doing business. The great amount of effort put into the implementation of these reforms by all of the parties involved is also noted by the Subcommittee. The Subcommittee appreciates the agency's admission that because the changes are still new, it is too early to draw conclusions about the overall success of the initiatives and that there are problems yet to be solved. The Subcommittee does note that the adoption program seems to have had clear success thus far in getting more children adopted in less time. Other states appear to be watching the state's efforts and some are emulating the initiatives in their own states. The Subcommittee believes that the agency and the state are headed in the right direction and with continued efforts to correct problems the initiatives should be successful.
2. Add \$250,000 State General Fund (\$500,000 all funds) to provide funding for training due to the loss of federal training dollars (IV-E funding).

Rehabilitation Services Commission

1. The Subcommittee received information that federal funding for assistive technology through the Technology Related Assistance for Individuals With Disabilities Act ("Tech Act") is scheduled to sunset on September 30, 1998 and has not been acted upon by Congress. Currently, the Tech Act provides \$510,887 to Assistive Technology for Kansans which is coordinated by the University of Kansas Affiliated Program at Parsons.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendations.

Agency: Department of Social and Rehabilitation Services (excluding MH&DD Services) **Bill No.** 642

Bill Sec. 59

| <u>Expenditure Summary</u> | <u>Agency Req. FY 99</u> | <u>Gov. Rec. FY 99</u> | <u>House Subcommittee Adjustments</u> |
|----------------------------------|----------------------------------|----------------------------|---|
| State Operations | \$ 255,343,595 | \$ 235,560,274 | \$ - |
| Local Aid | 18,329,651 | 17,610,510 | - |
| Other Assistance | 833,947,860 | 797,674,411 | 8,535,446 |
| Subtotal - Operating | <u>\$ 1,107,621,106</u> | <u>\$ 1,050,845,195</u> | <u>\$ 8,535,446</u> |
| Capital Improvements | 28,811,800 | 4,071,000 | - |
| TOTAL | <u>\$ 1,136,432,906</u> | <u>\$ 1,054,916,195</u> | <u>\$ 8,535,446</u> |
| State General Fund | \$ 373,016,741 | \$ 355,063,466 | \$ 3,795,446 |
| Other Funds | 734,604,365 | 695,781,729 | 4,740,000 |
| Subtotal - Operating | <u>1,107,621,106</u> | <u>1,050,845,195</u> | <u>8,535,446</u> |
| Capital Improvements | | | |
| State Institutions Building Fund | 28,811,800 | 4,071,000 | - |
| TOTAL | <u>\$ 1,136,432,906</u> | <u>\$ 1,054,916,195</u> | <u>\$ 8,535,446</u> |
| FTE Positions | 4,110.9 | 4,082.0 | - |
| Unclassified Temp. Positions | 104.7 | 97.7 | - |
| TOTAL | 4,215.6 | 4,179.7 | - |

House Subcommittee Recommendations

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

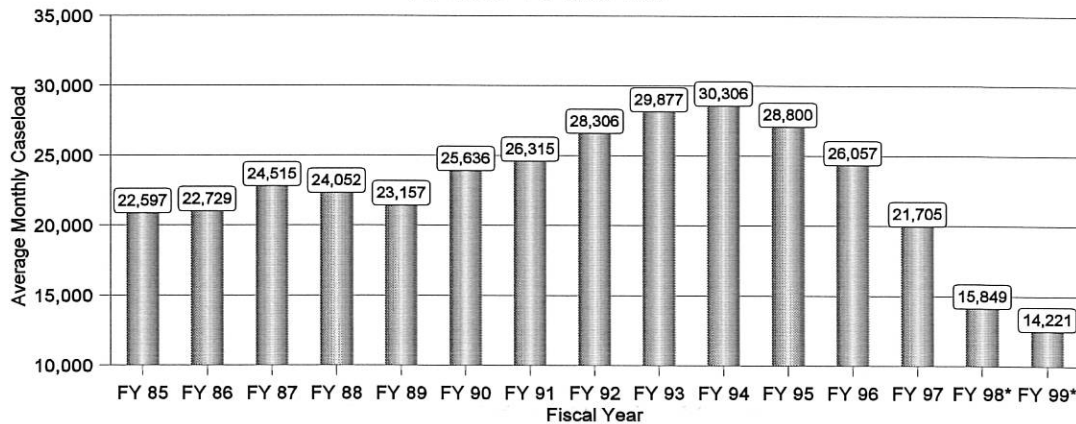
1. The Subcommittee notes Governor's Budget Amendment No. 2, Item 4, which corrects an error in the *Governor's Budget Report*, Vol. 2, regarding the number of unclassified temporary positions included in the FY 1999 recommendation.

Income Maintenance and Employment Preparation Services

1. The Subcommittee notes that Temporary Assistance for Families (TAF) caseloads have fallen dramatically over the last couple of years. The following chart reflects the decreases in the average monthly cases:

TAF/AFDC Caseloads

FY 1985 - FY 1999 Est.



The Subcommittee further notes that although total expenditures have decreased, the State cannot capture State General Fund savings due to the required maintenance of effort (MOE). In addition, the federal Office of Management and Budget has determined that under the Cash Management Improvement Act unexpended Temporary Assistance for Needy Family (TANF) and Child Care (CCBG) block grant balances must remain with the federal government.

2. The Subcommittee recognizes transportation remains a barrier to successful employment for many clients. Difficulty in getting to and from work and child care make it harder for clients to obtain and keep employment.
3. The Subcommittee recognizes the increasing need for child care as more and more cash assistance clients enter the workforce. The Subcommittee commends the agency on its efforts to eliminate the statewide waiting list for child care for its clients. The Subcommittee encourages the agency to maintain its efforts to increase the availability and quality of child care.

Adult and Medical Services Commission

1. The Subcommittee believes the new children's health insurance program (H. Sub. for S.B. 424) and changes to the system which will result from the program are very important issues. One consideration relates to low Medicaid provider reimbursement rates and how inadequate rates could hinder the effectiveness of the program because providers may be unwilling to accept additional children brought into the system if rates remain unchanged. The Subcommittee also notes that eligibility for cash assistance and Medicaid have been "delinked" under welfare reform. The agency is planning to use "delinking" provisions and funding in conjunction with implementation of the new program (Title XXI) to simplify and streamline existing Medicaid eligibility processes for children. An additional anticipated change to the system as a result of the program is the implementation of 12 month continuous coverage. This change will provide for better access to consistent primary/preventive care because children will not be constantly cycling in and out of the system. Finally, the new program is anticipated to create a seamless system for children and

families. The benefit package under the new Title XXI program will be the same as those for the Medicaid program (Title XIX) so that if a families income changes and they change funding sources, the services the children receive will not be affected. The Subcommittee believes the changes contained in the new children's health insurance program will result in better health services for children.

2. Add \$3.0 million State General Fund (\$7.5 million all funds) to increase hospital inpatient and outpatient Medicaid rates.
3. Add \$160,000 State General Fund (\$400,000 all funds) to provide for increased Medicaid reimbursements on eyewear for children. The recommended funding would provide reimbursement for better quality frames (including a one year warranty), lenses and polycarbonate lenses.
4. Add \$111,294 State General Fund to increase funding for selected Independent Living Centers across the state and to encourage consolidation of two Kansas City area centers. Funding for centers in the Salina, Atchison, Osage City, Wamego and Parsons areas will be increased by \$20,000 each. One of the centers in Kansas City will receive an additional \$1,294 to bring funding up to the \$100,000 level. In addition, the Subcommittee recommends an additional \$10,000 for the Kansas City area only if the two current centers agree to consolidate into one center. Finally, the Subcommittee recommends a proviso be added to the appropriations bill which would allow the Salina area center to remain attached to OCCK notwithstanding current law which requires the entities to separate if current funding is increased.

Alcohol and Drug Abuse Services Commission

1. The Subcommittee notes the agency has agreed to replace State General Fund financing of \$212,000 for prevention grants to Regional Prevention Centers (RPCs) cut by the Governor with alternate special revenue financing. The replacement funding is also necessary to satisfy the required state maintenance of effort (MOE) for the Federal Substance Abuse Prevention and Treatment Block Grant. The Subcommittee expects the agency to fully replace the decreased funding.

Children and Family Services Commission

1. The Subcommittee recommends a separate trust fund account be established within the Family and Children Investment Fund to serve as a true trust. Any money placed into this account will serve as the corpus of the trust and cannot be spent. Any interest earned by the trust will be transferred into the current Family and Children Trust account to be used to draw down federal matching dollars or to support community programs aimed at prevention of child abuse and neglect. The Subcommittee received testimony that a wide variety of early childhood programs are eligible for funding through this account. The agency will be allowed to accept private contributions for the trust to be matched on a dollar for dollar basis out of existing funds if it is determined to be cost effective.

2. Add \$300,000 State General Fund to the current Family and Children Trust account to help draw down additional federal dollars for the prevention of child abuse and neglect.

Rehabilitation Services Commission


1. Add \$224,152 State General Fund to fund six additional positions for Assistive Technology for Kansans. One additional staff person will be added to each of the five Regional Access Sites and one will be added to the central assistive technology loan bank program.

#23292.01(3/10/98{11:42AM})

HOUSE SUBCOMMITTEE REPORT

FY 1998 - FY 1999

KANSAS GUARDIANSHIP PROGRAM



Representative Melvin Neufeld
Chairman



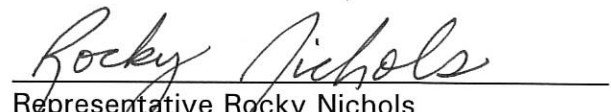
Representative Barbara Ballard



Representative Kay O'Connor



Representative Brenda Landwehr



Representative Rocky Nichols

Appropriations
3-10-98
Attachment 2

SUBCOMMITTEE REPORT

Agency: Kansas Guardianship Program

Bill No. 642

Bill Sec. 60

Analyst: Nichols

Analysis Pg. No. 725

Budget Page No. 202

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

Agency Estimate/Governor's Recommendation

The agency estimates FY 1998 expenditures to be \$1,101,927 which is the same as the budget approved by the 1997 Legislature. The requested funding maintains current service levels.

The Governor recommends FY 1998 operating expenditures of \$1,101,927, the same as the agency estimate and the approved budget.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 1998.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendations for FY 1998.

Senate Committee of the Whole Recommendation

Agency: Kansas Guardianship Program

Bill No.

Bill Sec.

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

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1998.

SUBCOMMITTEE REPORT

Agency: Kansas Guardianship Program

Bill No. 642

Bill Sec. 60

Analyst: Nichols

Analysis Pg. No. 725

Budget Page No. 202

| <u>Expenditure Summary</u> | <u>Agency Request FY 99</u> | <u>Gov. Rec. FY 99</u> | <u>Senate Subcommittee Adjustments</u> |
|----------------------------|-------------------------------------|----------------------------|--|
| All Funds: | | | |
| State Operations | \$ 1,187,456 | \$ 1,122,677 | \$ (14,937)* |
| Aid to Local Units | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| TOTAL | <u>\$ 1,187,456</u> | <u>\$ 1,122,677</u> | <u>\$ (14,937)</u> |
| State General Fund: | | | |
| State Operations | \$ 1,187,456 | \$ 1,122,677 | \$ (14,937)* |
| Aid to Local Units | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| TOTAL | <u>\$ 1,187,456</u> | <u>\$ 1,122,677</u> | <u>\$ (14,937)</u> |
| Other Funds: | | | |
| State Operations | \$ 0 | \$ 0 | \$ 0 |
| Aid to Local Units | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| TOTAL | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Employee Positions | 14.0 | 12.0 | 0.0 |

* Includes a reduction of \$14,937 from the State General Fund for the Governor's employee salary adjustments.

Agency Request/Governor's Recommendation

For FY 1999, the Guardianship Program requests \$1,187,456 in State General Fund expenditures, an increase of \$85,529, or 7.8 percent, about the FY 1998 estimate. The request includes an enhancement package of \$70,379. The package includes \$55,579 in salaries and wages, \$7,800 in contractual services, and \$7,000 in capital outlay. 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 1999 operating expenditures of \$1,122,677, a decrease of \$64,779, or 5.5 percent, below the agency request. The Governor does not recommend the enhancement package requested by the agency. Salaries and wages are decreased by \$55,579, which was the amount requested to fund two additional FTE positions including a Facilitator/Recruiter and a Business Assistant.

Senate Subcommittee Recommendation

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

1. Delete \$14,937 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendation for FY 1999.

Senate Committee of the Whole Recommendation

Agency: Kansas Guardianship Program

Bill No.

Bill Sec.

| Expenditure Summary | Agency Request FY 99 | Gov. Rec. FY 99 | House Subcommittee Adjustments |
|---------------------|----------------------------|----------------------------|--------------------------------------|
| All Funds: | | | |
| State Operations | \$ 1,187,456 | \$ 1,122,677 | \$ 0 |
| Aid to Local Units | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| TOTAL | <u>\$ 1,187,456</u> | <u>\$ 1,122,677</u> | <u>\$ 0</u> |
| State General Fund: | | | |
| State Operations | \$ 1,187,456 | \$ 1,122,677 | \$ 0 |
| Aid to Local Units | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| TOTAL | <u>\$ 1,187,456</u> | <u>\$ 1,122,677</u> | <u>\$ 0</u> |
| Other Funds: | | | |
| State Operations | \$ 0 | \$ 0 | \$ 0 |
| Aid to Local Units | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| TOTAL | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Employee Positions | 14.0 | 12.0 | 0.0 |

House Subcommittee Recommendation

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

1. The Subcommittee is impressed with the way in which the Kansas Guardianship Program has dealt with its increasing workload as well as the way the agency handled the changes during its transition period.
2. The Subcommittee proposes that the agency report back prior to Omnibus with the amount which will be needed to fund the Business Assistant position included in the agency's FY 1999 enhancement request. At that time, the Subcommittee will make its recommendations regarding the new position requested by the agency.

(2)

**Testimony Before The House Appropriations
Committee On KPERS
Supporting 1998 Senate Bill No. 617**

**ED H. PAVEY
March 4, 1998**

Chairman and Committee Members, thank you for the opportunity to appear before you today in support of 1998 Senate Bill No. 617 and to explain to this committee how a 1995 amendment to K.S.A. 74-4988 has devastated my well thought-out retirement and financial plans.

To give you a little background, in the fall of 1989 I was just completing my 21st year with the Sedgwick County Sheriff's Department, having worked my way up the career ladder to the rank and position of Division Commander — with my sights on achieving a 30+ year law enforcement career with Sedgwick County.

It was in 1989 that Larry Welch, who was then the Director of the Kansas Law Enforcement Training Center and now Director of the KBI, called and asked if I would be interested in applying for a position to be his assistant director at the Training Center.

I called KPERS in Topeka and asked the KPERS staff what effect a career move like this would have on my future retirement plans. The KPERS representative explained that if I became a regular member of KPERS for at least four years at the Training Center, those four years could be combined with my 21 years of KP&F to make 25 years of service credit. This, according to KPERS, would allow me to receive my full KP&F benefit at age 50, in 2002, just 4 short years from now.

Additionally, KPERS staff told me that I would also be eligible to receive a retirement benefit on those four years of KPERS-covered service at the Training Center, plus any additional years under KPERS as early as 55. I have all of this in writing from KPERS and a copy of that letter is attached to my testimony for your review.

Because such a career move made fiscal sense and based on the assurances given to me by KPERS, both orally and in writing that I would receive my receive my KP&F retirement benefit at age 50, I accepted the position and made this mid-life career change.

Later, both in 1991 and 1993 respectively, I received from KPERS a "Calculation of Estimated Retirement Benefit Form" which shows that my KP&F retirement benefit would be payable beginning February 1, 2002, at age 50. I have also attached copies of these documents to my testimony for your review.

In 1993, my wife and I made a decision to build a new home. In doing so we decided to use money that we have set aside for our three daughters' college educations. This financial decision was made because we knew that I would be receiving my KP&F retirement benefit check beginning at age 50, thereby giving us the financial means to help put our daughters through college.

Then, in 1995, everything in my retirement and financial planning fell apart. An amendment was made to the portability statute, K.S.A. 74-4988. The 1995 amendment

*Appropriations
3-10-98
Attachment 3*

basically says that if you are using service credit from two different KPERS-administered systems to meet vesting requirements, then any retirement benefit shall become payable only upon the member submitting an application to retire under each system. In other words, I would have to wait until I am eligible and ready to retire from KPERS before I would be able to draw my KP&F retirement. The 1995 amendment pulled the rug right out from beneath me.

All my best thought-out retirement and financial planning went right out the window. I believe KPERS Executive Secretary Meredith Williams says it best, and I quote from his letter to me. . . . *"The problem with the 1995 legislation, from your point of view, is that it ended a practice that had been perfectly legal for years, that had been communicated to you by KPERS staff, and that you had relied upon heavily in planning and making certain career moves. Specifically, you left your KP&F position and took a position under KPERS with very conscious, purposeful plans clearly in mind. You planned to utilize your KPERS credits to make you eligible for your KP&F benefit while still in your 50's; you planned to draw your KP&F retirement benefit while continuing to work under KPERS (this would occur during a period when you have children in college); and finally you planned to retire from the KPERS position some years later, after reaching normal KPERS retirement age. "Retire from one, retire from all" threw a monkey wrench into your planning. But your career moves were already made. You have stated that you would not have left your KP&F position in the first place, except for the assurance that the above described transactions were unquestionably available to you."*

KPERS Executive Secretary Meredith Williams is exactly right. I would not have left my 21 year position with Sedgwick County if it were not for the assurances given to me by KPERS, both orally and in writing.

That's why I'm here today — to ask your committee to please rectify this situation and to amend K.S.A. 74-4988, grandfathering or exempting those of us who prior to July 1, 1995, already had an inactive membership in one system and an active membership in another of KPERS-administered retirement systems.

Mr. Chairman and Committee Members, I have made several long-term financial commitments that affect me and my family — commitments that cannot be changed. Those commitments were based on the fact that KPERS assured me in writing that I would be receiving my KP&F retirement benefit at age 50.

KPERS Executive Secretary Meredith Williams has told me both orally and in writing that KPERS does not oppose a legislative change that would amend the 1995 amendment, so that it would exempt from its provisions those who, prior to July 1, 1995, already had credit in more than one of the KPERS-administered systems. I've attached a copy of Mr. Williams' letter to my testimony for your review. As you may or may not be aware, Mr. Williams testified before the 1997 Summer Interim Joint Committee on Pensions, Investments and Benefits, telling the Committee on two different occasions that the Committee would be *"well advised to take a serious look at legislation that would address this situation."*

Additionally, as you may or may not be aware, Attorney General Stovall testified before the Joint Committee on September 17th, telling the Committee that *"as far as Ed Pavey's and Ron Pickman's circumstances in particular are concerned, there appears to be no offsetting benefits in the 1995 amendment, thus making application of the amendment* 3-2

to them and others like them unconstitutional. Also at that time, Attorney General Stovall asked the Committee to have the offending statute amended, grandfathering those of us negatively affected by the 1995 amendment.

In closing, I'd like to read something to you from a KPERS Newsletter that was sent to all active retirement system members It's entitled, "Good Old Joe down the street said. . . about KPERS" — here's what the first few paragraphs said:

"Be careful when you get advice, opinions and just plain hearsay from friends, insurance agents and financial planners about the Retirement System and its benefits. Though probably well-intentioned, what you may hear from other people about KPERS may be incorrect and possibly quite costly to you.

For the most accurate, up-to-date information about the Retirement System, and your benefits, go directly to (your Designated Agent (DA) and then to) the Retirement System. Your (DA and the) Retirement System staff are trained to answer your questions and explain your benefits to you. You receive personal service tailored to your individual situation, not good old Joe's down the street, or anyone else's either.

So why take the word of other, so-called "experts" or even good old Joe down the street, when you can contact (your DA or) the Retirement System yourself and receive free assistance that is tailored to your own, highly individual circumstances."

Mr. Chairman and Committee Members, I did this. In 1989, I asked KPERS to provide me with personal retirement information tailored to my own individual situation. Based on KPERS written assurances I made a mid-life career change. And then in 1995, the rules changed, to my detriment. The financial decisions and commitments I made before the 1995 amendment cannot be changed.

Attorney General Stovall has officially requested that our situation be rectified. And KPERS Executive Secretary Meredith Williams has said that our situation could be better taken care of in the fashion that is before you just to exempt our group from the application of the 1995 law. Mr. Williams testified before the Joint Pensions & Benefits Committee, and I quote, "they truly had a benefit that had been delivered in that fashion for years. And it was taken away. Put it back where they were." End quote.

Ladies and gentlemen, I stand before you today, asking for your support of S.B. No. 617, a bill which will rectify our situation by grandfathering or exempting those of us who, prior to July 1, 1995, were previously eligible to receive our retirement benefit at age 50.

Thank you for allowing me the opportunity to appear before you today.

Ed H. Pavey
919 Greenfield
Valley Center, KS
(316) 755-1876

COPY

CALCULATION OF ESTIMATED RETIREMENT BENEFIT

DATE: 3-1-91 REGULAR: _____ NAME: Ed H. Dawey
 (55-20)
 WORKED: MM TRANSFER: _____ SS#: 509-58-2603 LDOP: _____
 (50-25)
 CHECKED: ME SOC. SEC. OFFSET _____ RETIREMENT DATE: Feb 1, 2002 age 50
 HB 2403-89 - 50-25 55-20 _____ 60-15 _____ Early 50-20 _____
 EARLY yes no SHORTFALL _____ DATE OF BIRTH: 1-15-52
 JA DATE OF BIRTH: 6-14-52
 OPTION /J-1/2/ /J-3/4/ /J-Same/ /75%/ /Life-5/ /Life-10/ /Life-15/

QUARTERS USED IN CALCULATION OF FINAL AVERAGE SALARY (Average of high 3 of last 5 years)

| | | | | |
|-----------------|-------------|-------------|----------------|-----------------|
| <u>10139.14</u> | <u>9624</u> | <u>9438</u> | | |
| <u>"</u> | <u>"</u> | <u>9152</u> | | |
| <u>"</u> | <u>"</u> | <u>9009</u> | <u>Per IMR</u> | <u>38553.52</u> |
| <u>"</u> | <u>"</u> | <u>"</u> | | |

PRIOR SERVICE 127 MONTHS PARTICIPATING SERVICE
 Total Prior 10 years 7 months 40 qtrs. 4 = 10 years _____ months
 Total combined service 20 years 7 months -- rounded to 21 years.

KANSAS POLICE AND FIREMEN'S RETIREMENT SYSTEM
Capitol Tower, 2nd Floor, 400 SW 8th Ave, Topeka, KS 66603-3925
CALCULATION OF ESTIMATED RETIREMENT BENEFIT

Date: 12-7-93 Regular (55-20): _____ Name: Edwin Pavey
Worked: RF Transfer (50-25): _____ SS#: 509-58-2603 LDOP: 1989
Checked: ah Soc. Sec. Offset: _____ Retirement Date: 02-01-2002
HB 2403-89 - 50-25 55-20 60-15 Early 50-20
Early YES NO Shortfall _____ Date of Birth: 01-15-52 JA Date of Birth: 6-14-52

Option J-1/2 J-3/4 J-SAME LIFE-5 LIFE-10 LIFE-15 ALL MAX

QUARTERS USED IN CALCULATION OF FINAL AVERAGE SALARY (Average of high 3 of last 5 years)

| | | | | |
|-------|-------|-------|-------|-------|
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

PRIOR SERVICE 127 months
Total Prior 10 years 7 months
PARTICIPATING SERVICE
41 qtrs. 4 = 10 years 1 months
Total combined service 20 year 8 months --- rounded to 21 years



Kansas Public Employees Retirement System
MARSHALL CROWTHER, Executive Secretary

November 8, 1989

Ed H. Pavey
Sedgwick County
510 N. Main
Wichita, KS 67203

SS# 509582603

Dear Mr. Pavey:

Pursuant to our telephone conversation of November 7. Whether or not you elect to become a member under HB2403 before leaving Sedgwick County, you can draw a full monthly benefit at age 55 on these 21 years.

However, under HB2403 if you become a regular member of KPERS and are a member for four years those four years could be combined with the KP&F 21 years to make 25 years. This would make you eligible for a full KP&F benefit at age 50. This benefit will be figured only on the 21 years of KP&F service.

You would be eligible to receive a benefit on those four years plus any additional years under KPERS as early as age 55.

I trust this is the information you requested. If you have further questions please, contact this office.

Very truly yours

Martha Erickson
Retirement Analyst

/me

3-6