

Approved:

April 6, 2000

Date

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 17, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD
Rae Anne Davis, KS Legislative Research Department
Debra Hollon, KS Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Asst. Revisor of Statutes
Judy Bromich, Administrative Assistant to the Chairman
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Secretary Dan Stanley, Department of Administration
Dan Rezac, State Employees Association of Kansas
Andy Sanchez, Kansas Association of Public Employees
Dick Koerth, Wildlife and Parks
Janet Palmer, Department of Human Resources
Secretary Dean Carlson, Department of Transportation
Secretary Janet Schalansky, Department of Social and Rehabilitation Services
Jamie Clover Adams, Secretary, Department of Agriculture
Susan Duffy, Kansas State Historical Society
Senator Greta Goodwin
Mike Hutfles, The Alliance for Kansans with Developmental Disabilities
Jane Rhys, Kansas Council on Developmental Disabilities
Sherry Diel, Kansas Advocacy & Protective Services
Brad Linnenkamp, Self Advocate Coalition of Kansas
Kathy Lobb, Self Advocate Coalition of Kansas
Mark Elmore, Executive Director of Johnson County Developmental Supports
Tom Laing, InterHab

Others attending: See attached list

Senator Feleciano offered a motion which was seconded by Senator Morris to introduce bill draft 9rs 2454 as requested by the Senate Judiciary Committee. The motion carried on a voice vote.

SB 656: State officers and employees, compensation increases

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department, explained that **SB 656** is the Governor's recommendation for the state employee pay plan and includes all the amounts deleted by Senate subcommittees for a 2.5% funding increase for step movement and longevity bonus and a merit pool totaling 2.5% for unclassified employees and elected officials.

Secretary Dan Stanley, Department of Administration, appeared before the Committee in support of **SB 656** and reviewed his written testimony (Attachment 1).

Don Rezac, speaking on behalf of the State Employees Association of Kansas, expressed support of **SB 656** but asked that the Committee consider providing funding for those employees at the top of the pay matrix (Attachment 2).

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Andy Sanchez, Executive Assistant to the President of the Kansas Association of Public Employees, presented testimony in favor of the 2.5% funding increase for step movement and longevity but expressed concern that the bill does not improve the merit system (Attachment 3). In answer to a question from the Chairman, he stated that he is not in favor of merit as it relates to pay for performance.

Chairman Kerr stated that he had asked the Research Department to help formulate an alternate plan for employee salaries which he presented to the Committee for their consideration (Attachment 4). The Chairman stated that under the current plan, longevity doesn't go into base pay for the purpose of calculating retirement. Also, because step increases have been used as defacto COLAS but don't move the matrix as a whole, entry level salaries are no longer competitive. He noted that the proposal would also address those employees who are at the top of the pay matrix and do not get step increases under the current plan. The alternate plan would provide a 2.5% or 3.0% COLA that would provide every classified employee with as much or more money than they get today and it would be helpful to their retirement because it would go into their base salary.

Members discussed the advantages and disadvantages associated with the proposed pay plan. There was general consensus that the present pay system is "broken," but there was little agreement on whether this legislative body should give serious consideration to the proposal or whether it should be assigned to an interim study for further review. It was noted that state employees have a comfort level with the current system, and until the Legislature changes from step movement and longevity to COLAs, there is little hope of moving toward performance based pay.

Senator Petty moved, Senator Lawrence seconded, that SB 656 be recommended favorably for passage. The motion failed on a roll call vote. The Chairman told members that a pay plan for state employees will be passed this session.

SB 327: State officers and employees; reduction in positions based on retirements

A member of the Research staff explained that SB 327 would repeal the 1:4 retirement reduction provision.

Secretary Dan Stanley, Department of Administration, distributed and reviewed copies of his written testimony in support of SB 327 (Attachment 5). In discussing the difficulty that SB 327 presents to agency heads, Sec. Stanley noted that the Department's suggestion to eliminate the Municipal Accounting Division has met with considerable resistance and yet he must choose which critical position of four retirees he will not fill. He told members that he believes real FTE reductions have been achieved from good management practices and that the retirement reduction statute has the potential for age discrimination.

Dick Koerth, Department of Wildlife and Parks, appeared before the Committee in support of SB 327 and reviewed written testimony from Secretary Williams (Attachment 6).

Janet Palmer, Director of Personnel for the Department of Human Resources, spoke in favor of SB 327 and reviewed her written testimony (Attachment 7). In answer to Senator Salisbury, Ms. Palmer stated that the retirement reduction statute is applicable to all funds.

The Chairman asked that staff distribute a proposal for the Committee's consideration (Attachment 8). He noted that the current practice causes holding positions open and juggling until decisions can be made.

Secretary Dean Carlson, Department of Transportation, presented written testimony in support of SB 327 (Attachment 9). The Secretary stated that he agrees with Sec. Stanley that tough decisions about staffing levels are made by the agencies. He commented that if the retirement reduction law is not repealed, the Department will lose all the funding and 136 FTE positions before the Comprehensive Highway Plan is half finished. He expressed his opinion that the 1:5 reduction proposal would force the agency to wait for more people to retire before they can decide which position to fill. He commented that the one year delay for implementation would reduce management time. In answer to Senator Salisbury, staff noted that the

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retirement reduction law applies only to regular classified FTE positions, not to special project positions. In answer to a question, the Chairman said that some positions are exempt from the 1:4 retirement reduction law and because those exclusions are not included in the calculations, the burden becomes larger on the agencies it does impact.

Secretary Charles Simmons, Department of Corrections, appeared before the Committee in support of **SB 327** and reviewed his written testimony ([Attachment 10](#)). He spoke to the difficulties in realigning duties and responsibilities of the nonexempt positions, noting that he has four retirees in key positions and, if the law is not repealed, he will be forced to choose which one he does not fill.

Secretary Schalansky, Department of Social and Rehabilitation Services, also spoke in favor of **SB 327** and reviewed her written testimony ([Attachment 11](#)). She pointed out that her testimony references the administrative burden the retirement reduction statute places on agencies to redirect and restructure staff.

Jamie Clover Adams, Secretary, Department of Agriculture, presented written testimony in support of **SB 327** ([Attachment 12](#)). She commented that her agency charges fees for services and with cuts “below the bone” customers don’t get services they believe they are paying for. In answer to Senator Ranson, Secretary Adams stated that she will probably have to ask the Legislature for more positions next year because there are no positions left to “shuffle.”

Andy Sanchez, Kansas Association of Public Employees, appeared in support of **SB 327**.

Don Rezac, State Employees Association of Kansas, appeared before the Committee in support of **SB 327** and reviewed his written testimony ([Attachment 13](#)).

Susan Duffy, Kansas State Historical Society, appeared in support of **SB 327** and reviewed her written testimony ([Attachment 14](#)). Ms. Duffy noted that she spoke on behalf of small and medium sized agencies which were listed.

Senator Salmans moved, Senator Ranson seconded, that **SB 327** be amended by changing the retirement reduction ratio to 1:5 and by implementing each year’s requirement one year later.

A substitute motion was offered by Senator Petty and seconded by Senator Salisbury to recommend **SB 327** favorably for passage. The substitute motion carried on a roll call vote.

SB 659: Developmental disabilities reform act amendments

Senator Ranson appeared on behalf of Legislative Post Audit to review the report titled “Examining Issues Related to Community Developmental Disability Organizations, Part II: Reviewing Implementation and Funding Issue” which is on permanent file with Legislative Post Audit. She reviewed the audit questions which Post Audit answered and the recommendations they offered. Senator Ranson noted that a Subcommittee on CDDOs had also been established and she provided copies of their conference call discussion ([Attachment 15](#)). Senator Ranson distributed copies of a letter from Representative Wilk, Legislative Post Audit Committee ([Attachment 16](#)). She noted that she had attended a number of meetings where parents and guardians had testified about conflict of interest and other problems with CDDOs from across the state.

Senator Greta Goodwin distributed and reviewed copies of her written testimony in support of **SB 659** ([Attachment 17](#)). She stated that she had requested the Post Audit study because of concerns expressed by parents and guardians from across the state. In answer to a question, Senator Goodwin stated the bill addresses the areas where CDDOs are the only provider of services.

Mike Hutfles appeared on behalf of The Alliance for Kansans with Developmental Disabilities in support of **SB 659** and reviewed his written testimony ([Attachment 18](#)). He distributed testimony presented by Gordon Criswell, Director of Human Services Department of the Unified Government of Wyandotte County that discussed the impact of splitting the CDDO and Community Service Provider functions

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SENATE WAYS & MEANS COMMITTEE MINUTES

(Attachment 19). Mr. Hutfles stated that **SB 659** allows counties to make the decision as to whether to split those functions except in areas where the counties are the Board and it requires the community service provider to take the initiative to contract with the state. He added that concerns which have been addressed in **SB 659** are loss of local control, lack of time to implement the changes, and the fiscal impact. In answer to a question, he stated that he did not believe that community service providers would have an ongoing fiscal impact on resources in the out years.

Written testimony in support of **SB 659** from Mr. Dan Biles, an attorney in private practice in Overland Park, was distributed to Committee members (Attachment 20).

Jane Rhys, Executive Director, Kansas Council on Developmental Disabilities, appeared before the Committee in opposition to **SB 659** and briefly reviewed her written testimony (Attachment 21). She noted that there was an awareness of the conflict of interest when the Kansas DD Reform Act was enacted and acknowledged that there are problems in the current system. She stated that the program is new and efforts are being made to improve the system.

Sherry Diel, Kansas Advocacy and Protective Services, testified before the Committee in opposition to **SB 659** and reviewed her written testimony (Attachment 22).

Brad Linnenkamp, Self-Advocate Coalition of Kansas, appeared before the Committee and testified in opposition to **SB 659** (Attachment 23). In answer to a question, he stated that he had spent time advising people of the services that are available because some areas don't have as much information about services. He stated that some clients are frustrated because they don't have the ability or don't know how to access the system.

Kathy Lobb distributed copies of her written testimony for the Committee to review (Attachment 24).

Mark Elmore, Executive Director of Johnson County Developmental Supports, appeared before the Committee and reviewed his written testimony in opposition to **SB 659**, noting other issues which he believed should be given higher priority than this bill (Attachment 25).

Tom Laing, InterHab - the Resource Network for Kansans with Disabilities, distributed and reviewed copies of his written testimony in opposition to **SB 659** (Attachment 26). Members discussed conflict of interest, competition, and whether testing should be done by someone other than the service provider.

Secretary Janet Schalansky, Department of Social and Rehabilitation Services, told members that her background is in the field of developmental disabilities and stated that this program has changed more in the last 25 years than any other program. She agreed that 24% of consumers who have been reported to be frustrated with the current system is too high, and added that her office will work to lower that percentage. She reviewed key features of DD reform and addressed some of the concerns expressed by supporters of **SB 659**. Secretary Schalansky reviewed the steps specified in her written testimony which SRS would take to address concerns identified by the Post Audit report and by clients (Attachment 27). Senator Ranson expressed her appreciation of the Secretary's willingness to get involved and the Department's efforts to resolve issues at the local level.

The Chairman adjourned the meeting at 2:30 p.m. The next meeting will be March 20, 2000.

SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: March 17, 2000

NAME	REPRESENTING
Kim Fowler	Judicial Branch
Jerry Sloan	Judicial Branch
SUE PETERSON	K-state
Marlin Reim	KU
Day Wilson	Kansas Arts Commission
Sherry C Diehl	Kansas Advocacy & Protective Services
Keith Haxton	SEAK
Bill Watts	KDOT
Wynn & Sub	K.D.O.T.
Janet Schalansky	SNS
Dean Carlson	KDOT
Nancy Bogina	KDOT
SHARON SPRATT	COTTONWOOD - Lawrence
Tom Paine	InterHab
Mark Elmore	Johnson County Dev. Supports
Kim McMillin	InterHab
Mass Inter	INTERHAB
Jane Rhys	MS Council on Dev. Disab
Brian L. Woodcock	Self-advocate coalition of Kansas
Kathy Lobb	SACK

SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: March 17, 2000

NAME	REPRESENTING
Don Cauby	FDB
Mike Turner	Wichita State U.
Amy Sanchez	KAPE
Charles Simmons	KDOC
Lyn Goering	SRS
Joe Rossillon	ESU
Allen Humphrey	KCC
Jim Conant	KDOR
Diane Duffy	SRS
Martha Hodgesmith	SRS
D. KEITH MEYERS	Doj A
Laura Howard	SRS
DENNIS PEERENBOOM	DEPT. OF AGRICULTURE
MAX FOSTER	KS. DEPT OF AGRICULTURE
Joe Lawton	Legislative Post Audit
Ron Hammock	CCI
Joe Keck	KGP
Mike Huffles	The Alliance for Kansas w/ Dev. Dis.
Sam Wiley	Kansas State Historical Society
Kay Jones Kay	Kansas State Historical Society

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: _____

NAME	REPRESENTING
Dick Kewth	KDWP
Sue Palmer	KDR
Danielle Nae	D of A
Dan Stanley	DoA
B. Manani	DoA
Karen Watney	DoA

**Testimony by
Dan Stanley, Secretary
Department of Administration
before the
Senate Ways & Means Committee
March 17, 2000**

Senate Bill 656

Mr. Chairperson and members of the committee, thank you for the opportunity to appear before you today in support of Senate Bill 656. The Governor has recommended a 2.5% step movement for employees on the classified pay matrix and also supports continued funding for longevity bonus payments for eligible employees. As has been customary in the past, the bill also provides for a like increase of 2.5% to be funded for the unclassified merit pool. These adjustments would be effective with the pay period beginning June 11, 2000. The bill also increases the salaries for those employees whose salaries are determined by statute.

State employees continue to find innovative ways to better serve the citizens of Kansas while adjusting to tightening budgets and reductions in staff. I encourage your favorable consideration of Senate Bill 656. Thank you.

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *1*

STATE EMPLOYEES ASSOCIATION OF KANSAS

TESTIMONY OF DON REZAC ,
SPOKESPERSON FOR THE STATE EMPLOYEES ASSOCIATION OF KANSAS,
RELATING TO SALARIES AND COMPENSATION FOR STATE
OFFICERS AND EMPLOYEES

MARCH 17, 2000

WE ARE HERE TODAY TO SPEAK IN FAVOR OF SB 656, WHICH PROVIDES A 2.5% STEP INCREASE AND LONGEVITY BONUS PAYMENTS. WE STRONGLY URGE THE COMMITTEE TO PROCEED WITH APPROVAL OF THIS LEGISLATION.

WE RESPECTFULLY ADD HOWEVER, THAT NOT ALL DESERVING STATE EMPLOYEES WILL RECEIVE AN INCREASE UNDER SB 656. DOES THE COMMITTEE KNOW THAT 3,186 OF OUR MOST LOYAL AND EXPERIENCED EMPLOYEES WILL BE AT THE END OF THEIR 15 STEP PAY MATRIX AND SINCE THERE IS NO COLA RECOMMENDED, WILL RECEIVE NO RAISE THIS YEAR. WE FEEL THIS IS NOT THE MESSAGE THE STATE SHOULD SEND TO ITS EXPERIENCED EMPLOYEES.

SENATE BILL 061, ALSO IN THE COMMITTEE, WOULD CORRECT THIS PROBLEM IN THE PAY SYSTEM. UNDER 061, EMPLOYEES WHO WOULD OTHERWISE QUALIFY FOR AN INCREASE, WERE THEY NOT AT THE END OF THEIR RANGE, WOULD BE MOVED TO THE NEXT RANGE, WHERE THEY COULD RECEIVE THE STEP INCREASE. THE COST OF SB061 IS ESTIMATED AT \$2,957,748. WE STRONGLY BELIEVE SOMETHING NEEDS TO BE DONE FOR THESE MOST EXPERIENCED EMPLOYEES.

IF NOT THE END OF RANGE BILL 061, THEN SOME SORT OF COLA WOULD BE THE ONLY WAY THE PAY OF THIS GROUP WILL INCREASE AT ALL.

ON BEHALF OF 35,000 STATE EMPLOYEES SEAK STRONGLY URGES THE COMMITTEE TO PROCEED WITH THE STEP INCREASE, AND THE END OF RANGE BILL, OR A COLA.

THANK YOU.

P.O. BOX 750131
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seak@cjnetworks.com

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *2*

**Testimony of Andy Sanchez, Executive Assistant to the President
The Kansas Association of Public Employees**

**Before the Senate Ways and Means Committee
On SB 656**

Delivered March 17, 2000

Thank you Mr. Chairman and members of the Committee. My name is Andy Sanchez, and I am the Executive Assistant to the President for the Kansas Association of Public Employees. As a public employee organization it is one of our goals to take an active role in regards to compensation issues affecting public employees. Thus, KAPE would like to take this opportunity to briefly explain why we are compelled to not support passage of SB 656. KAPE is particularly concerned with the bill as it relates to Unclassified employees.

Typically, pay increases would seem to accomplish goals of KAPE's vision and mission. But, SB 656 proposes to distribute salary increases at a varying rate with an undefined criterion. In fact, no mention is made of what standard of measurement will be implemented. Will the same measurement be used across all state agencies? Is it fair and proven to be effective? Will production quotas be required and how are they established? Will more than one strategy be utilized?

These are just a few of the problems specific to the bill that KAPE feels deserves attention. KAPE's position continues to be that the pitfalls of a merit system contains inherent flaws. In KAPE's opinion, the merit system contained in SB 656, while not detailed, is not an improvement on the current system.

Thank you for your consideration Mr. Chairman, I stand for questions.

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *3*

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Rm. 545N-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.state.ks.us

http://skyways.lib.ks.us/ksleg/KLRD/klrd.html

March 14, 2000

To: Senator Dave Kerr
From: Alan D. Conroy, ^{a.c.} Chief Fiscal Analyst
Re: State Classified Employee Salary Increase

Office No.: 120-S

You had requested that this office provide you with information concerning state classified employees' salaries. In particular, you had requested projected cost-of-living salary increases for classified employees based on certain assumptions. Those assumptions include:

- Provide either a 2.5 percent or a 3.0 percent cost of living to **all** classified employees. (As you might remember, the current estimate is that as of July 1, 2000, there will be 3,186 classified employees that will be on step 15 or above pay grade. These employees do not receive step movement (2.5 percent) and would only receive the \$40 longevity bonus payments for an additional year of service. Although, some of these employees would receive no increase once they have reached the maximum of \$1,000 or 25 years of state service.)
- Eliminate step movement and longevity bonus payments.
- Hold any longevity employee harmless from a decrease in pay if the cost of living amount would be less than their current longevity bonus payment. Again, all classified employees would receive the full cost of living increase (i.e., 2.5 percent or 3.0 percent).

Based on these assumptions, this agency worked with the Division of Personnel Services to provide you with the following fiscal impact.

2.5 Percent Cost-of-Living Increase

<u>FY 2001</u>	<u>State General Fund</u>	<u>All Funds</u>
Remove Step Movement	\$ (7,831,000)	\$ (14,900,000)
Remove Longevity Bonus Payment	(5,275,000)	(11,340,000)
Longevity Employee Hold Harmless	517,000	1,047,000
2.5 Percent Cost-of-Living Increase	10,250,000	20,250,000
Grand Total	\$ (2,339,000)	\$ (4,943,000)

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *4*

3.0 Percent Cost-of-Living Increase

<u>FY 2001</u>	<u>State General Fund</u>	<u>All Funds</u>
Remove Step Movement	\$ (7,831,000)	\$ (14,900,000)
Remove Longevity Bonus Payment	(5,275,000)	(11,340,000)
Longevity Employee Hold Harmless	233,000	471,000
3.0 Percent Cost of Living Increase	<u>12,300,000</u>	<u>24,300,000</u>
Grand Total	<u>\$ (573,000)</u>	<u>\$ (1,469,000)</u>

These cost projections include all classified (or their equivalent) state employees in the Executive, Judicial, and Legislative branches of state government. The hold harmless costs for those employees receiving longevity bonus payments include fringe benefits and shrinkage (2.5 percent in FY 2000 and 3.0 percent in FY 2001). Employees on steps 1 and 2 would receive two step movements or a 5 percent increase. There would be programming costs for the Division of Personnel Services to implement this type of pay proposal.

I hope this information is helpful. If you have any further questions, please let me know.

AC/sp

**INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES
FY 1987-FY 2001 (Gov. Rec.)**

<u>Fiscal Year</u>	<u>Step Movement*</u>	<u>Base Salary Adjustment</u>	<u>Base Salary Increase Excluding Longevity</u>	<u>Longevity Bonus Payment**</u>	<u>Percent Increase CPI-U***</u>
1987	2.5% ^a	3.0%	5.5%	No	2.2%
1988	2.5% ^b	2.0 effective 12/18/87	4.5	No	4.1
1989	2.5% ^c	4.0	6.5	No	4.6
1990	2.5% ^d	3.0	5.5	\$400 to \$1,000	4.8
1991	2.5% ^e	1.5	4.0	\$400 to \$1,000	5.5
1992	2.5	--	2.5	\$400 to \$1,000	3.2
1993	2.5	1.0 effective 12/18/92	3.5	\$400 to \$1,000	3.1
1994	2.5% ^f	0.5	3.0	\$400 to \$1,000	2.6
1995	2.5% ^g	1.5 effective 9/18/94	4.0	\$400 to \$1,000	2.9
1996	2.5	1.0	3.5	\$400 to \$1,000	2.7
1997	2.5	--	2.5	\$400 to \$1,000	2.9
1998	2.5	1.0	3.5	\$400 to \$1,000	1.8
1999	2.5	1.5	4.0	\$400 to \$1,000	1.7
2000	2.5	1.0	3.5	\$400 to \$1,000	2.5 (est.)
2001 (Gov. Rec.)	2.5	--	2.5	\$400 to \$1,000	2.5 (est.)

Employer Paid Health Insurance Costs

For FY 2001 the employer's paid health insurance costs in the *Governor's Budget Report* contains an annual single member health insurance premium of **\$2,553**, plus an annual dependent health insurance premium of **\$1,318**. The FY 2000 total budgeted health insurance premium for each state employee with dependents that the state pays is **\$3,552**.

Employer Contributions

The following employer contributions will be made for state employees in FY 2001:

Kansas Public Employees Retirement System (Assumes membership in KPERS-Regular)—(Gov. Rec.)	4.19%
FICA (Composite Rate for OASDI and Medicare)	7.65
Workers Compensation Assessment	1.00
Unemployment Insurance Assessment	0.10
State Leave Payment Assessment	<u>0.43</u>
TOTAL	<u>13.37%</u>

On the average (FY 1999) classified state employee's salary of \$28,542, the above employer costs for fringe benefits would total an average of **\$3,816**. These employer cost when combined with employer health insurance (member and dependent) would bring the total fringe benefits costs for an average state employee to **\$7,687**. The average classified employee is 44 years of age and has worked for the state 12 years.

Vacation and Sick Leave

State employees earn vacation leave hours based on the number of years of service with the state. For an employee with less than five years of service the individual earns 12 days a year. For an employee with 15 or more years of service the individual earns 21 days of vacation leave a year. State employees all earn 12 days of sick leave a year. Employees when they retire who have at least eight years of service and who have accumulated 100 days or more of sick leave may receive compensation for their sick leave upon retirement. The compensation ranges from 30 days to 60 days of salary depending on the years of service with the state.

Paid Vacation Days

For calendar year 2000 state employees receive nine paid holidays, including a discretionary day.

Footnotes:

- * Increase is granted on the employees anniversary of state service, assuming satisfactory performance.
- ** Longevity of \$40 a year for each year of service for those employees that have at least ten years (\$400) of service up to a maximum of 25 years (\$1,000). The estimated additional salary on average translates into 1 percent additional pay.
- *** Consumer Price Index -- All Urban Consumers.
- a) In addition, salary upgrades for the clerical job series were approved beginning last six months of FY 1987. (Phase I of salary upgrade program.)
- b) Plus salary upgrades for the mechanics, repairers, and operators job classes, and for registered nurses and licensed therapists; all effective mid-FY 1988. (Phase II of salary upgrade program.)
- c) Plus salary upgrades for employees in direct care and other service worker classes (effective mid-FY 1989). (Phase III of salary upgrade program.)
- d) Plus salary upgrades for security and law enforcement personnel. (Phase III of salary upgrade program.) The Legislature also replaced the three-year time-on-step requirement for steps above step D in each pay range with a one-year requirement and added two additional steps at the top of each pay range. An employee starting at step A should reach the top step after 13 years of elapsed time instead of the previous 23 years, assuming no changes occur in the employee's pay range assignment.
- e) Plus salary upgrades for licensed practical nurses.
- f) Plus salary upgrades for employees in health, scientific, and engineering job classes (effective 6/18/93), and information technology job classes (effective 12/18/93).
- g) Plus salary upgrades for accountants and auditors, human resource professionals, purchasing and marketing professionals, general administrative job classes, social scientists, attorneys (effective 6/18/94), and of management classes (effective 12/18/94).

SALARY COMPUTATIONS BY AGENCY GROUPING	Longevity Pay		Unclassified Merit Pool		Classified Step Movement		Grand Total	
	SGF	ALL FUNDS	SGF	ALL FUNDS	SGF	ALL FUNDS	SGF	ALL FUNDS
Legislative Coordinating Council	4,568	4,568	15,461	15,461	0	0	20,029	20,029
Legislature	0	0	166,990	166,990	0	0	166,990	166,990
Division of Post Audit	5,491	5,491	30,437	30,437	0	0	35,928	35,928
Revisor of Statutes	17,445	17,445	35,784	35,784	0	0	53,229	53,229
Kansas Legislative Research Dept.	20,425	20,425	39,893	39,893	0	0	60,318	60,318
Governor's Department	0	0	30,647	30,647	0	0	30,647	30,647
Lieutenant Governor	0	0	1,660	1,660	0	0	1,660	1,660
Attorney General	0	0	72,647	112,261	0	0	72,647	112,261
Secretary of State	0	0	25,467	43,323	0	0	25,467	43,323
State Treasurer	9,929	15,967	14,487	23,574	7,460	13,833	31,876	53,374
Insurance Department	0	54,463	0	125,501	0	13,840	0	193,804
Health Care Stabilization Fund	0	4,382	0	9,491	0	3,269	0	17,142
Subtotal	57,858	122,741	433,473	635,022	7,460	30,942	498,791	788,705
Adjutant General	14,606	18,409	10,011	83,804	26,343	89,579	50,960	191,792
Fire Marshal	0	19,422	0	6,636	0	53,189	0	79,247
Parole Board	0	0	7,926	7,926	0	0	7,926	7,926
Highway Patrol	262,643	412,738	0	10,290	262,953	401,762	525,596	824,790
Kansas Bureau of Investigation	84,819	97,884	23,620	27,472	131,290	131,290	239,729	256,646
Topeka Juvenile Correctional Facility	92,648	92,648	1,714	1,714	109,728	109,728	204,090	204,090
Beloit Juvenile Correctional Facility	37,907	37,907	1,978	1,978	62,472	62,472	102,357	102,357
Atchison Juvenile Correctional Facility	44,364	44,364	1,732	1,732	65,284	65,284	111,380	111,380
Larned Juvenile Correctional Facility	29,035	29,035	1,623	1,623	71,531	71,531	102,189	102,189
Ombudsman of Corrections	0	0	2,817	2,817	715	715	3,532	3,532
Juvenile Justice Authority	6,450	6,450	25,517	25,517	10,323	10,323	42,290	42,290
Emergency Medical Services Board	5,963	5,963	2,264	2,264	9,851	9,851	18,078	18,078
Sentencing Commission	0	0	11,055	11,055	0	0	11,055	11,055
Subtotal	578,435	764,820	90,257	184,828	750,490	1,005,724	1,419,182	1,955,372
Board of Tax Appeals	6,749	6,749	21,764	21,764	9,612	9,612	38,125	38,125
Department of Revenue	298,036	545,757	33,500	55,232	0	443,974	331,536	1,044,963
Kansas Lottery	0	19,646	0	41,781	0	29,162	0	90,589
Racing and Gaming Commission	0	0	0	30,929	0	32,112	0	63,041
Department of Commerce & Housing	0	42,090	0	22,315	0	102,860	0	167,265
Kansas, Inc.	0	0	0	5,724	0	0	0	5,724
Kansas Technology Enterprise Corp. (KTEC)	0	0	0	46,070	0	0	0	46,070
Subtotal	304,785	614,242	55,264	223,815	9,612	617,720	369,661	1,455,777
KPERS	0	32,007	0	26,892	0	43,521	0	102,420
Governmental Ethics Commission	0	0	9,285	9,678	0	0	9,285	9,678
Human Rights Commission	10,330	14,283	4,698	6,716	37,079	37,079	52,107	58,078
State Corporation Commission	0	70,416	0	96,453	0	79,669	0	246,538
Citizens' Utility Ratepayer Board	0	1,127	0	4,845	0	0	0	5,972
Department of Administration (reportable)*	124,439	124,439	29,538	29,538	219,755	225,083	373,732	379,060
Subtotal	134,769	242,272	43,521	174,122	256,834	385,352	435,124	801,746

*Nonreportable expenditures total \$657,826

SALARY COMPUTATIONS BY AGENCY GROUPING	Longevity Pay		Unclassified Merit Pool		Classified Step Movement		Grand Total	
	SGF	ALL FUNDS	SGF	ALL FUNDS	SGF	ALL FUNDS	SGF	ALL FUNDS
Homestead Property Tax Refunds	0	0	0	0	0	0	0	0
Department of Human Resources	12,480	456,110	7,073	54,925	123,881	828,238	143,434	1,339,273
Commission on Veterans Affairs/Soldiers Home	67,171	107,209	8,904	15,704	67,171	107,209	143,246	230,122
Department of Health & Environment	153,388	356,607	45,155	177,719	301,934	734,529	500,477	1,268,855
Department on Aging	32,557	63,463	10,735	20,927	32,222	61,966	75,514	146,356
Subtotal	265,596	983,389	71,867	269,275	525,208	1,731,942	862,671	2,984,606
University of Kansas	417,537	521,201	1,586,582	4,439,716	643,710	659,710	2,647,829	5,620,627
University of Kansas Medical Center	330,639	390,864	1,376,957	2,834,207	331,836	356,439	2,039,432	3,581,510
Kansas State University	345,668	378,245	1,377,567	2,864,903	387,001	387,001	2,110,236	3,630,149
KSU - Extension & Ag. Research	116,384	135,217	723,761	1,323,159	159,365	159,365	999,510	1,617,741
KSU Veterinary Medical Center	31,846	65,917	134,221	236,130	54,716	81,420	220,783	383,467
Wichita State University	122,772	218,724	1,064,239	1,895,998	106,453	189,651	1,293,464	2,304,373
Emporia State University	0	131,447	0	623,297	0	185,093	0	939,837
Fort Hays State University	82,089	117,369	410,885	596,101	134,695	177,570	627,669	891,040
Pittsburg State University	76,783	117,344	449,309	634,632	150,290	184,247	676,382	936,223
Board of Regents	5,790	6,958	25,594	27,037	2,206	4,163	33,590	38,158
Subtotal	1,529,508	2,083,286	7,149,115	15,475,180	1,970,272	2,384,659	10,648,895	19,943,125
Judicial Council	1,353	1,713	3,904	4,944	0	0	5,257	6,657
Board of Indigents' Defense Services	9,474	9,474	108,662	108,662	44,041	44,041	162,177	162,177
Judicial Branch	605,550	627,319	1,674,908	1,724,992	0	0	2,280,458	2,352,311
Subtotal	616,377	638,506	1,787,474	1,838,598	44,041	44,041	2,447,892	2,521,145
Department of Transportation	0	1,385,414	0	20,622	0	1,863,253	0	3,269,289
Department of Education	42,578	75,400	37,768	83,620	80,445	152,429	160,791	311,449
Department of Corrections	89,514	122,332	33,819	37,077	97,230	133,728	220,563	293,137
Topeka Correctional Facility	124,458	125,360	4,063	4,331	140,182	142,694	268,703	272,385
Hutchinson Correctional Facility	172,903	174,695	1,179	1,232	215,084	217,398	389,166	393,325
Lansing Correctional Facility	253,174	253,174	1,202	1,202	420,635	420,635	675,011	675,011
Ellsworth Correctional Facility	52,732	52,981	1,293	1,293	105,732	106,363	159,757	160,637
Winfield Correctional Facility	62,901	63,979	0	0	118,574	118,574	181,475	182,553
Norton Correctional Facility	75,322	75,322	0	0	135,966	135,966	211,288	211,288
El Dorado Correctional Facility	60,767	60,767	0	0	197,992	197,992	258,759	258,759
Larned Correctional Mental Health Facility	33,631	33,631	0	0	91,291	91,291	124,922	124,922
Subtotal	925,402	962,241	41,556	45,135	1,522,686	1,564,641	2,489,644	2,572,017
State Library	10,270	10,270	3,225	3,225	4,616	4,616	18,111	18,111
Arts Commission	1,452	2,231	1,137	1,747	4,022	4,022	6,611	8,000
School for the Blind	13,228	13,228	56,310	56,310	20,505	20,505	90,043	90,043
School for the Deaf	19,167	19,167	115,388	115,388	21,664	21,664	156,219	156,219
Historical Society	56,505	62,890	3,431	3,431	46,496	55,584	106,432	121,905
Subtotal	100,622	107,786	179,491	180,101	97,303	106,391	377,416	394,278

FY 2001

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SALARY COMPUTATIONS BY AGENCY GROUPING	Longevity Pay		Unclassified Merit Pool		Classified Step Movement		Grand Total	
	SGF	ALL FUNDS	SGF	ALL FUNDS	SGF	ALL FUNDS	SGF	ALL FUNDS
Department of Social & Rehab. Services	90,354	1,607,551	23,099	189,647	1,079,922	2,673,724	1,193,375	4,470,922
Kansas Neurological Institute	101,887	279,894	6,751	18,332	444,635	444,635	553,273	742,861
Larned State Hospital	314,821	314,821	74,931	74,931	256,524	256,524	646,276	646,276
Osawatomie State Hospital	35,685	191,383			178,639	178,639	214,324	370,022
Parsons State Hospital & Training Center	60,134	206,230	5,535	14,279	241,574	241,574	307,243	462,083
Rainbow Mental Health Facility	42,680	42,680	13,985	13,985	57,962	57,962	114,627	114,627
Guardianship Program	0	0	10,469	10,469	0	0	10,469	10,469
Subtotal	645,561	2,642,559	134,770	321,643	2,259,256	3,853,058	3,039,587	6,817,260
Department of Agriculture	88,035	135,372	19,275	35,291	138,066	170,585	245,376	341,248
Animal Health Department	3,113	10,470	205	1,948	26,123	26,123	29,441	38,541
Wheat Commission	0	3,155	0	2,838	0	4,203	0	10,196
Kansas State Fair	0	6,000	0	2,012	0	7,565	0	15,577
Conservation Commission	3,730	3,730	7,861	9,128	2,662	3,078	14,253	15,936
Water Office	13,782	14,181	4,275	4,275	19,375	20,601	37,432	39,057
Department of Wildlife and Parks	25,109	223,564	1,554	25,191	46,323	366,632	72,986	615,387
Subtotal	133,769	396,472	33,170	80,683	232,549	598,787	399,488	1,075,942
GRAND TOTAL-FY 2001	5,335,260	11,019,128	10,057,726	19,532,644	7,756,156	14,338,939	23,149,142	44,890,711
TOTAL WITHOUT LEGISLATIVE & JUDICIAL	4,680,428	10,342,167	8,090,349	17,514,143	7,756,156	14,338,939	20,526,933	42,195,249

**Testimony by
Dan Stanley, Secretary
Department of Administration
before the
Senate Ways and Means Committee
March 17, 2000**

Senate Bill 327 – Repealing Retirement Reduction

Mr. Chairperson and members of the committee, thank you for the opportunity to appear before you today. Senate Bill 327 repeals K.S.A. 75-6801, which requires the elimination of at least 25% of the positions vacated by state employees who retire from the executive and legislative branches.

The purpose of this statute is to reduce agency FTE and related expenditures. All positions are subject to retirement reduction except for those providing direct care duties in specific agencies. Agencies may request that positions be restored; however the statute allows no more than 75% restoration. In other words, one out of every four retirements cannot be restored.

From Fiscal Year 1994 through Fiscal Year 1999, retirement reduction has eliminated 943.2 FTE. This law, in combination with the Governor's mandate to reduce staff by 5% and other factors, has decreased the approved number of FTE positions by nearly 4,450 positions.

Retirement reduction is a law that has outlived its usefulness and has become a burden to agencies. It results in agencies losing key positions rather than choosing positions to forfeit if FTE reductions are necessary. Retirement reduction lessens agencies' ability to effectively manage positions and decide what duties or activities are needed to maintain efficient programs. Continuing to use this method to further reduce

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *5*

FTE will, at some point, be counterproductive. The ongoing interruption of staffing hinders efficient agency operations.

I have attached a Retirement Reduction Fact Sheet for your review. When looking at this Fact Sheet, it is easy to see the black and white numbers. \$20 million in savings and nearly 1,000 positions reduced. It is more difficult to understand the net impact to the management, or more accurately inability to manage, the human resource impact of retirement reduction. Page two of the Fact Sheet speaks to this issue:

- The majority of cuts to the work force have come through program closures, not retirement reduction.
- Retirement reduction is not consistent with the agency strategic planning process required by the Division of the Budget.
- Retirement reduction adversely effects hiring practices for reinstated positions in agencies.
- Retirement reduction is not consistent across state agencies.
- Some agencies will see nearly 50% of their work force become retirement eligible in 2004.

The retirement reduction program does not account for these items. Retirement reduction is a way to control numbers, not a way to effectively manage work force growth.

Thank you for your time and attention. I will be happy to address any questions you might have.

STATE OF KANSAS

Retirement Reduction

Fact Sheet

LEGISLATION (K.S.A. 75-6801): Passed by 1993 Legislature. Effective 7/1/94.

The purpose of the retirement reduction legislation was to:

- ◆ Reduce number of authorized FTE and related salary expenditures
- ◆ Produce budget savings to offset cost of 1993 omnibus retirement improvement package

RETIREMENT REDUCTION SAVINGS

- ◆ State General Fund - \$8 million savings through retirement reduction
- ◆ Other Funds - \$11 million savings through retirement reduction

IMPACT ON FTE

- ◆ State agencies were mandated to reduce authorized FTE positions by a total of 5% during FY96 and FY97
- ◆ Program closures and privatization accounted for a decrease of 4,446.2 FTE since 1994
- ◆ Retirement reduction program resulted in a decrease of 943.2 FTE since 1994
- ◆ The state added 2,366.7 new FTE since 1994 (more than twice the amount of retirement reductions during the same period)
- ◆ The net decrease in the number of state employees has been primarily due to the hospital closures, the privatization of some state programs, and the mandated 5% decrease during FY96 and FY97

NET FISCAL IMPACT

- ◆ The initial savings from retirement reductions has been canceled out by the addition of new FTE
- ◆ Costs to administer the Retirement Reduction Program have a negative impact on state agencies, the Division of Personnel Services and the Division of the Budget

IMPACT ON WORK FORCE MANAGEMENT

- ◆ In reality, the majority of reductions to the work force have been addressed through programmatic cuts, not retirement reduction
- ◆ Retirement reduction is not consistent with Strategic Planning
 - Positions lost where retirements occur vs. agency determination
 - Planning for retirement eligible positions is difficult for agencies since not all retirement eligible employees will leave state service
 - Inability to plan results in safety and service issues for Kansas
 - Adverse impact on new initiatives
- ◆ Delays in filling vacant positions
 - Agencies must wait for positions to be restored
 - Agencies with a large number of retirement eligible employees cannot determine the total number of positions that can be restored until the end of the year
- ◆ Retirements not consistent across agencies
 - 6% of KDOT's personnel retired over the past two fiscal years
 - 2% statewide retirement rate over the past two fiscal years
 - 85% of total number of retirement reductions have occurred within 10 agencies.
- ◆ Retirement Eligible positions will drastically increase over the next five years
 - In 2004, 7 agencies will have over 40% of their positions eligible for retirement.

EXEMPT POSITIONS

- ◆ Police and Fire personnel
- ◆ Judges and Judicial Branch personnel
- ◆ Unclassified Regents employees covered by annuity plans and not contributing to KPERS
- ◆ Special Corrections employees
- ◆ Direct care personnel at the State mental hospitals, mental retardation hospitals, the University of Kansas Medical Center and the Kansas Soldiers' homes
- ◆ Direct care personnel at the Juvenile Justice Authorities

STATE OF KANSAS Workforce FTE Trends

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	FY94	FY95	FY96	FY97	FY98	FY99	FY2000	Total
Authorized FTE	42,997.40	43,588.90	44,060.50	42,716.50	41,950.10	41,583.20	39,902.60	
Change in Authorized FTE		591.50	471.60	(1,344.00)	(766.40)	(366.90)	(1,680.60)	(3,094.80)
2% & 3% mandated decreases			(854.33)	(1,258.50)				(2,112.83)
Program Closures	-	-	(1,271.00)	(619.60)	(585.20)	(1,970.40)		(4,446.20)
Retirement Reduction	(232.40)	(161.50)	(134.30)	(157.60)	(148.80)	(108.60)		(943.20)
Total FTE Lost	(232.40)	(161.50)	(1,405.30)	(777.20)	(734.00)	(2,079.00)		(5,389.40)
Total New FTE *		823.90	633.10	61.30	10.80	367.10	398.40	2,294.60

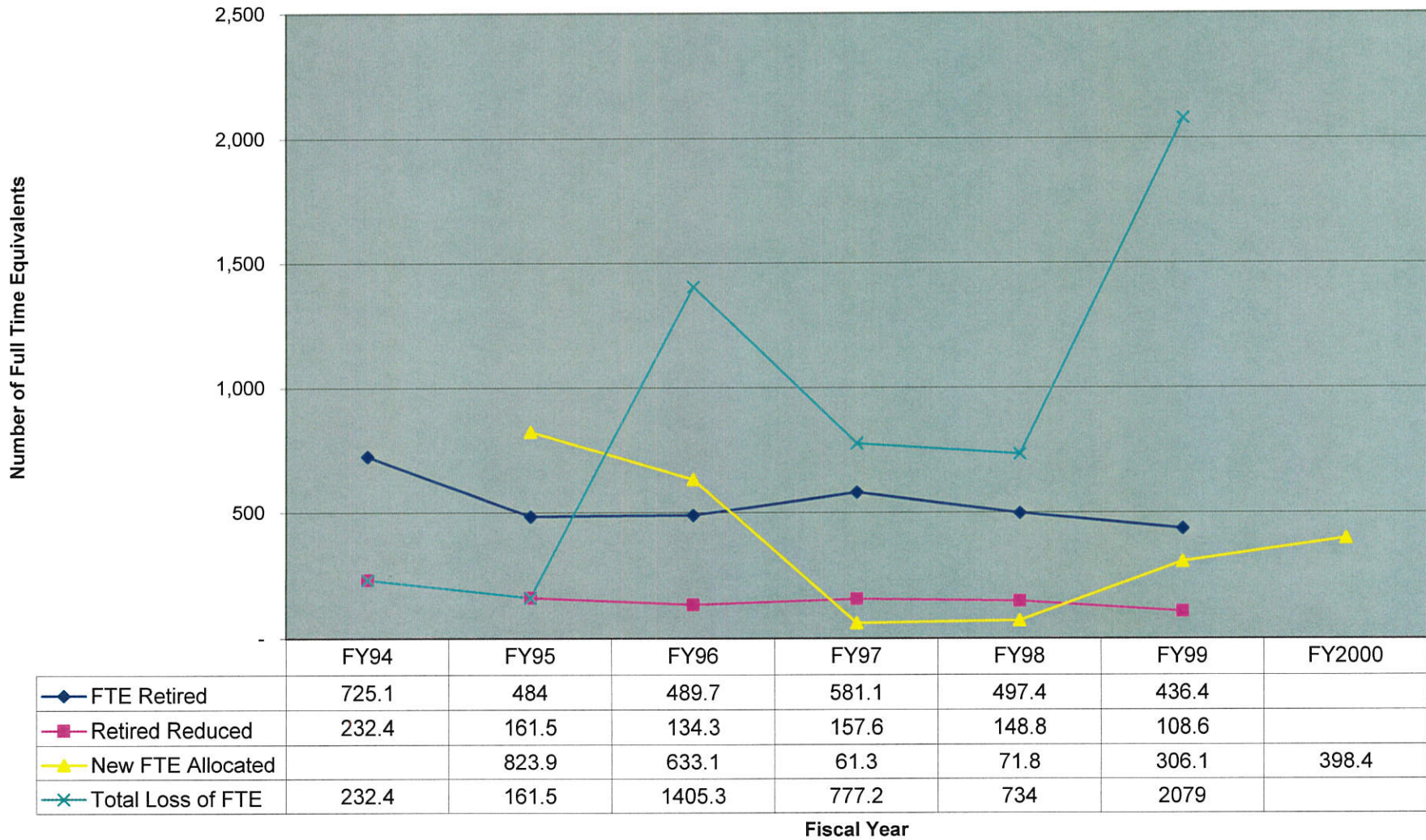
* The "Total New FTE" is the number of FTE that were added during each FY. This figure is derived from subtracting the total number of FTE lost due to program closures and retirement reductions from the net change in FTE. For Example: As of July 1, 1999 (FY2000), the state had a net loss of 1,680.6 FTE. The state lost 1,970.4 FTE due to program closures and 108.6 FTE to retirement reductions during FY99. Subtracting the "Total FTE Lost" (2, 079.0) from the "Net Change in FTE" (1680.6) shows that 398.4 new FTE were added during FY99.

FTE Decreases Due to Program Closures and Privatization

Corrections Food Service - Privatization			120.00					120.00
State Hospital Layoffs			335.00	619.60	432.00			1,386.60
SRS Long-Term Care - Privatization			816.00					816.00
KUMC Transfers					153.20	1,970.40		2,123.60
Total			1,271.00	619.60	585.20	1,970.40		2,555.60

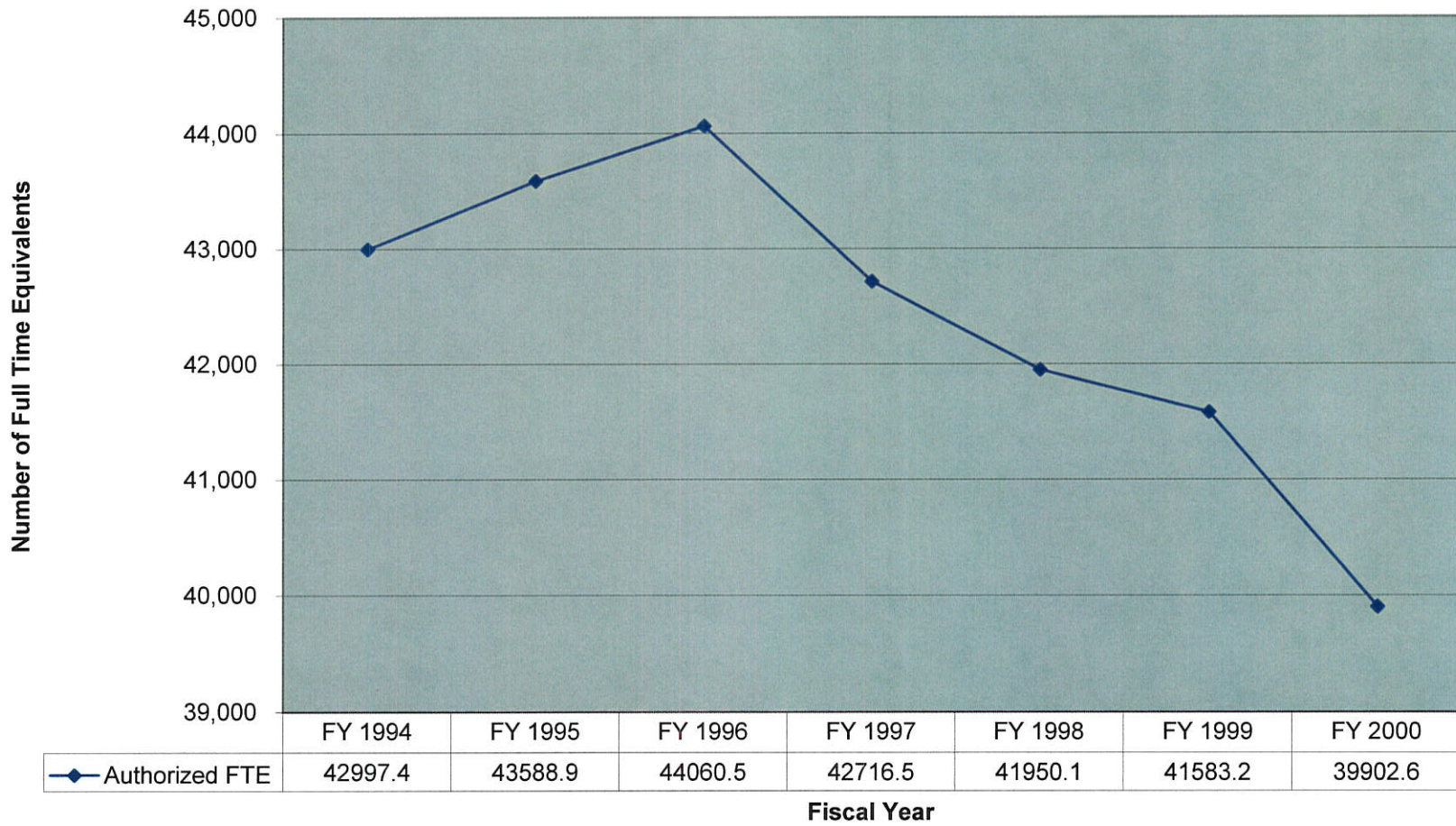
STATE OF KANSAS Retirement Reduction Information FY 1994 to FY 2000

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STATE OF KANSAS
 Authorized FTE
 FY 1994 to FY 2000

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STATE OF KANSAS
DEPARTMENT OF WILDLIFE & PARKS

Office of the Secretary
900 SW Jackson, Suite 502
Topeka, KS 66612-1233
785/296-2281 FAX 785/296-6953



March 17, 2000

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways and Means
State Capitol Building
Topeka, Kansas 66612

Dear Senator Kerr:

Thank you for the opportunity to present testimony regarding the State Retirement Reduction Law (K.S.A. 1999 Supp. 75-6801). As you and members of the Committee are aware, this law requires that one of every four positions that retires or resigns their position and are considered retirement eligible must be eliminated. This law, which became effective on July 1, 1993 was intended to provide for a gradual reduction in the number of full-time positions (FTE) authorized for state agencies.

Between July 1, 1993 and June 30, 1999, the Kansas Department of Wildlife and Parks (KDWP) had sixteen retired positions eliminated as required by provisions of the Retirement Reduction Law or Legislative directive. The KDWP estimates that by November, 2001, an additional 34 positions will be retirement eligible which represents an additional eight + positions to be deleted.

The FY 2001 Governor's Budget Report recommends an authorized position limitation for the KDWP of 393.5 positions. The KDWP has staff responsibilities in each of 105 counties, at 24 state parks, 5 regional offices, 47 state fishing lakes and numerous wildlife areas. The existing staff is currently experiencing difficulties in meeting the volume and diversity of public demands for outdoor recreation.

The continuation of the Retirement Reduction Law will have a dramatic impact on the ability of the KDWP to perform its assigned responsibilities and to deliver quality service to its constituents. The Department reviewed the retirement eligible status of current employees to determine the future impact of the law. As

Senate Ways and Means Committee

Date *March 17, 2000*

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mentioned above, the KDWP estimates that 34 positions or nine percent of the current authorized FTE limitation will meet the 85 point criteria required for full retirement benefits. Please let me clarify that this is the number of potential retirements that may occur in the next two years. Each individual employee will determine their own retirement date. In addition, this number does not include employees who are "retirement eligible", as determined by law, but leave for other reasons than retirement. These positions are also subject to reduction.

The 34 positions that are potential retirements include 11 supervisor positions, 10 positions who are responsible for management of public facilities or have multi-county duties pertaining to wildlife or fish biology, and 8 conservation officer positions who are assigned multi-county resource and public safety protection duties. These positions are necessary for the KDWP to maintain its assigned responsibilities. Further reductions in the number of authorized positions will have a detrimental impact on the services provided to our natural resources and our citizens.

I encourage the Committee to support Senate Bill No. 327 which would repeal the Retirement Reduction Law. Continuation of the Law will have a negative impact on the KDWP and other state agencies, and most importantly, the citizens and resources of the state. Thank you for your consideration of this issue.

Sincerely,



Steven A. Williams
Secretary of Wildlife and Parks

TESTIMONY

Senate Bill 327 – Repeal of Retirement Restoration

March 17, 2000

Thank you for this opportunity to speak in support of Senate Bill 327 which would repeal the retirement restoration process.

Since the enactment of the retirement restoration process in 1994, the Department of Human Resources has had 142 employees retire. Of these retirements, 38 positions were not restored. These reductions, along with shrinking resources, have compelled us to work smarter and do more with less.

We have now reached the point where further reductions will seriously impact our ability to meet our customers needs and deliver services to the citizens of Kansas. Workforce planning statistics released in January by the Department of Administration, Division of Personnel Services, show that 48% of KDHR's employees, approximately 380 individuals, will be eligible to retire by December 2004. Almost half of our workforce could leave state service in the next 4 years. The knowledge and expertise retirement-eligible employees possess is critical to our operation, and the challenges we must overcome in successful succession planning are daunting.

Senate Ways and Means Committee

Date *March 17, 2000*

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If we do not fill the positions vacated by these retirees, many of whom are in senior positions throughout the agency, we will be forced to slash program services—effectively crippling our ability to fulfill KDHR’s mission. We take great pride in the work our agency does to help fuel economic growth in Kansas—working with job seekers, those already employed and employers. To do that work in less than an exemplary manner is unacceptable.

We also take very seriously our responsibility to maintain the public’s trust and confidence and be good stewards of public funds. The continuation of the retirement restoration process will only make it more difficult to fulfill that responsibility. We respectfully ask for your support in the repeal of the Retirement Reduction Act.

PROPOSED AMENDMENT

Reduction in positions based on retirements changed from:

1 in 4 to 1 in 5

Also implement each years requirements one year later, giving the agency one year to manage the anticipated reduction.

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *8*



KANSAS DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY OF TRANSPORTATION

E. Dean Carlson
Secretary of Transportation

Docking State Office Building
915 SW Harrison Street, Rm. 730
Topeka, Kansas 66612-1568
Ph. (785) 296-3461 FAX (785) 296-1095
TTY (785) 296-3585

Bill Graves
Governor

**TESTIMONY BEFORE
SENATE WAYS AND MEANS COMMITTEE
REGARDING SENATE BILL 327
STATE EMPLOYEE RETIREMENT REDUCTION
MARCH 17, 2000**

Mr. Chairman and Committee Members:

I am Dean Carlson, Secretary of the Kansas Department of Transportation. I appreciate the opportunity to discuss the retirement reduction legislation enacted by the 1993 Kansas Legislature and subsequently amended by the 1994 Kansas Legislature and would encourage your consideration of the repeal of this reduction process as defined in K.S.A. 75-6801.

The legislation was enacted to establish a mechanism to stem an unchecked employment growth in state government. Although useful in the short term, continued application of this reduction process now places inequitable hardships on some agencies and with the exception of "direct care" exemptions, provides no latitude for consideration of individual agency program requirements. In addition, the procedures themselves cause additional position constraints due to the delays that occur before 75% of an agency's retirements are actually restored. These issues coupled with the fact that a 5% reduction for cabinet agencies was effected over a two-year period beginning in FY 1996 suggests that the 1993 legislation has served its purpose and cannot be continued without directly affecting either the delivery of some state services or the cost of delivering those same state services.

Senate Ways and Means Committee

Date *march 17, 2000*

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From a KDOT perspective, I am proud of our success in aggressively managing the agency's headcount. From FY 1971 to the end of FY 1999 over 1085 positions have been deleted as the direct result of organizational changes and increased efficiencies, in combination with early and persistent efforts to privatize those activities that can be done economically and well by the private sector. In the past two years, 12 offices were closed, but our ability to consider further consolidation without jeopardizing public safety is extremely limited. Maintenance staffing has been based on the number of lane miles in each subarea. Because maintenance staffing has been reduced to minimum levels, it is currently necessary to combine subarea crews to perform many routine maintenance activities. When crews are combined for a particular maintenance activity, it then becomes difficult to respond to emergency situations such as debris on the roadway or a need for traffic control at an accident site. Frequently, this type of situation will require that the job with the combined crews must be shut down so personnel can be dispatched to the higher priority task.

KDOT has decreased and will continue to decrease in size more rapidly than most other state agencies as a result of retirement reduction requirements, because the Department of Transportation has a relatively long-tenured staff compared to other agencies. According to records obtained from the Division of the Budget, approximately six percent of KDOT's personnel retired over the past two fiscal years (FY 1998 and FY 1999). The percentage of staff retiring from the remainder of state government over the same two-year period was approximately two percent. KDOT is therefore experiencing three times the percentage reduction in personnel that the remainder of state government functions are realizing. A review of KDOT's future retirement possibilities reveals that 820 FTE or 31% of KDOT's workforce will be eligible for retirement by December 30, 2004 further exacerbating an already difficult situation.

In conclusion, continuation of the retirement reduction process will be devastating to the successful completion of the newly legislated Comprehensive Transportation Program. Careful consideration was given to the minimum staffing requirements needed to carry out the objectives of the new ten-year program which is not a great deal larger than the 1989 program on an annual basis but includes projects that are much more complex and more difficult to design and construct. It was determined that 136 additional positions would be needed for successful completion of the program. The 1999 Kansas Legislature provided for 108 positions. We are hopeful the remaining 28 positions will be authorized by the 2000 Kansas Legislature. However, if the retirement reduction process remains in place and past retirement trends continue, nearly all of those positions will be given up by the midway point of the Comprehensive Transportation Program. Such a situation does not seem rational or prudent for a new transportation program that is projected to have

Retirement Reduction

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March 17, 2000

\$642 million in average annual highway construction expenditures along with an approximate \$18 million annually in expenditures for other modes of transportation. This potential reduction is particularly disturbing in view of the strong support that was provided to the Comprehensive Transportation Program by the 1999 Kansas Legislature.

Again, I thank you for the opportunity to address this issue today and respectfully request your consideration of the complete repeal of K.S.A. 75-6801.

STATE OF KANSAS



DEPARTMENT OF CORRECTIONS
OFFICE OF THE SECRETARY
Landon State Office Building
900 S.W. Jackson — Suite 400-N
Topeka, Kansas 66612-1284
(785) 296-3317

Bill Graves
Governor

Charles E. Simmons
Secretary

MEMORANDUM

To: Senate Ways and Means Committee
From: Charles E. Simmons, Secretary
Subject: SB 327
Date: March 17, 2000

I am appearing in support of SB 327, which repeals the existing requirement that state agencies eliminate one position for every four positions vacated through retirement. Under current law, most KDOC positions covered by Corrections KPERs are exempt from the FTE reductions. Of the total 3,045.5 authorized positions in the department in FY 2000, there are 2,128 exempt positions, including 1,937 corrections officers and 191 corrections counselors, unit team managers and classification administrators. Additionally, the department has made an administrative decision to exempt 128 positions in parole services (which includes parole officers and parole supervisors). The remainder of the positions—789.5 FTE—are the ones which would be impacted by the bill's provisions.

Since the forfeiture law became effective, the department has had 126 retirements in statutorily non-exempt classes. Of these, 98 positions have been restored and 28 positions have been forfeited. Forfeitures, by type of position, are summarized below:

Position Type	#
Maintenance	8
Clerical	5
Administrative	3
Food Service	3
Fiscal	3
Clergy	2
Correctional Industries	2
Medical	2
Total	28

Senate Ways and Means Committee

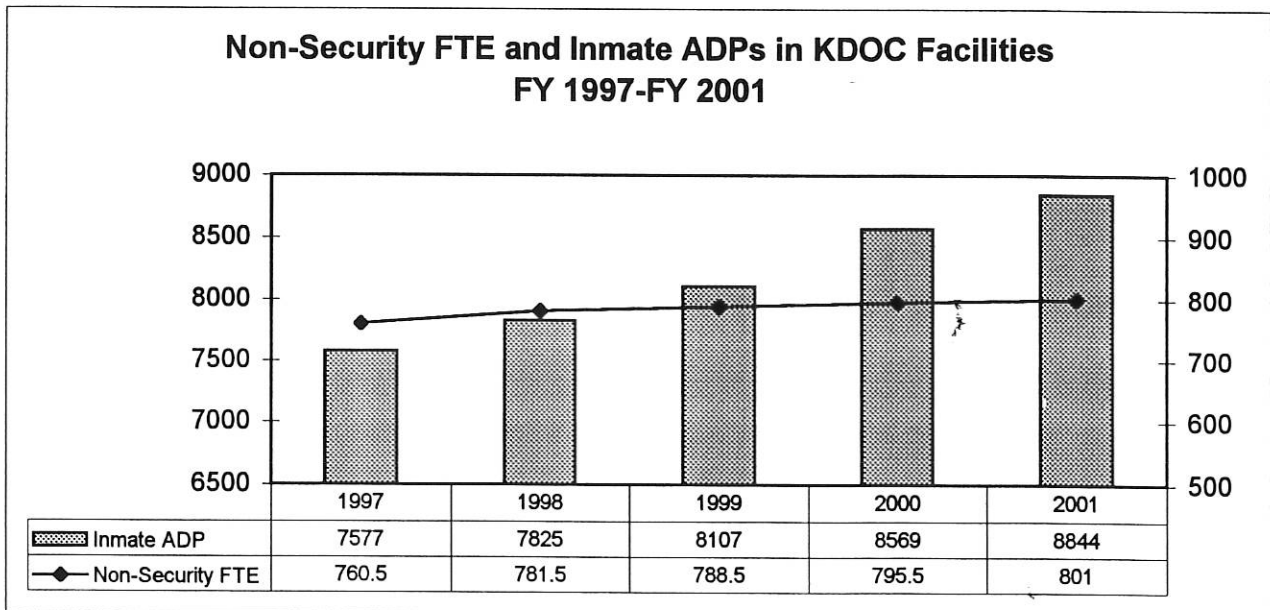
Date **March 17, 2000**

Attachment # **10**

Because the law has now been in effect for several years, we are finding that when a position is lost as a result of retirement vacancies, it is becoming increasingly more difficult to realign duties and responsibilities among the remaining positions without adversely affecting departmental operations. This difficulty has been compounded by the fact that the size of the inmate population has grown during this time period, as has the physical plant maintained by the department.

On July 1, 1993—the effective date of the position forfeiture law—the KDOC inmate population was 6,230. The March 14, 2000 inmate population was 8,732—an increase of 40% from the 1993 level. Also, since 1993 the number of buildings at KDOC facilities (including five still under construction) has increased from 410 to 444, with an increased total square footage of approximately 21%. Maintenance requirements have increased not only because of the increase in square footage, but also because inmate population increases have resulted in more intensive use (such as doublecelling) of other structures as well. Yet the forfeiture law has resulted in the loss of 8 maintenance positions.

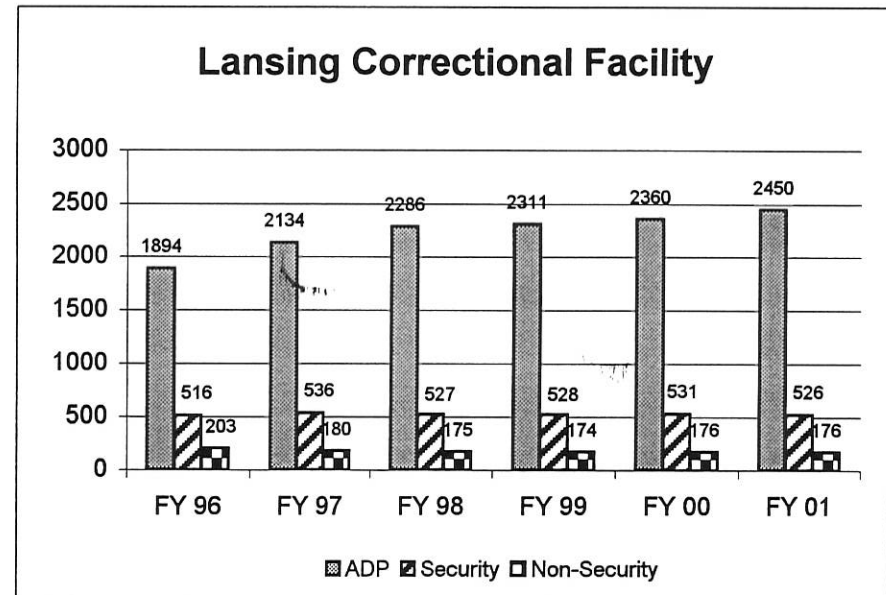
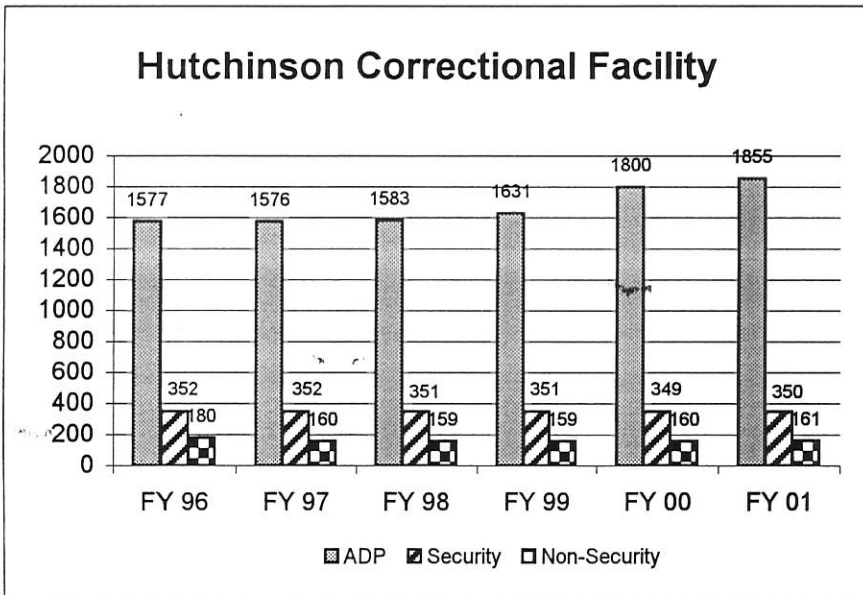
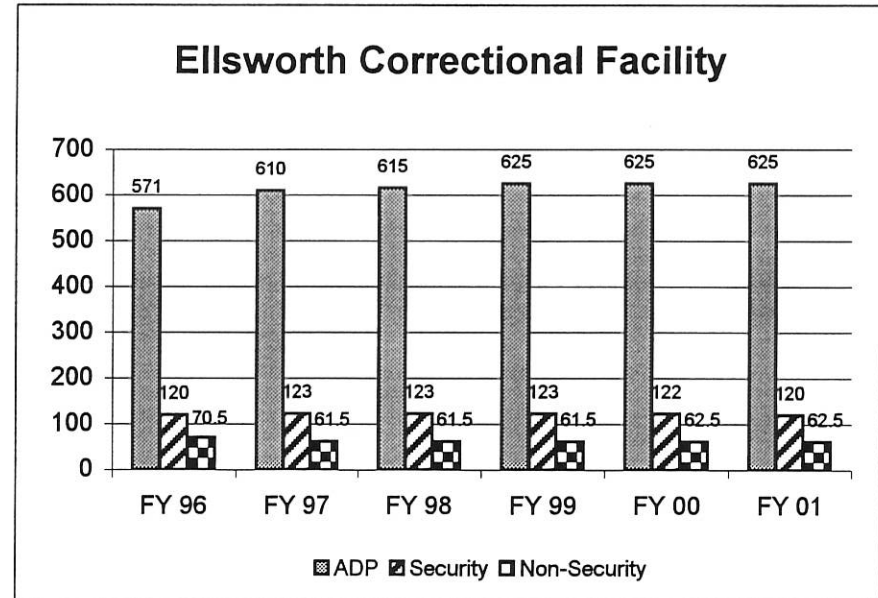
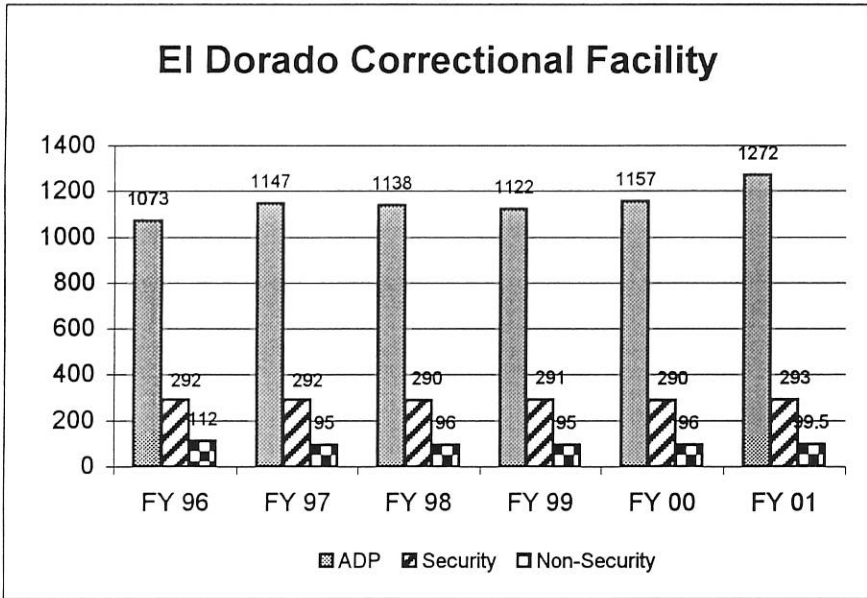
The chart below provides information on the number of non-security staff at KDOC facilities, compared to the change in inmate population since FY 1997 (earlier years are not given because the decision to contract for food service altered the baseline FTE levels beginning in FY 1997.) The FTE and inmate ADP for fiscal years FY 2000 and FY 2001 are based on the Governor’s budget recommendations and the Kansas Sentencing Commission inmate population projections, respectively. The other years are actuals.



During the time period covered by the chart, the inmate ADP increases by approximately 17%, while the number of non-security positions increases by 5.3%. Charts for individual facilities are presented in the attachment.

The purpose intended by KSA 75-6801 has been served and, in our opinion, the time has come for its repeal. We strongly support passage of SB 327.

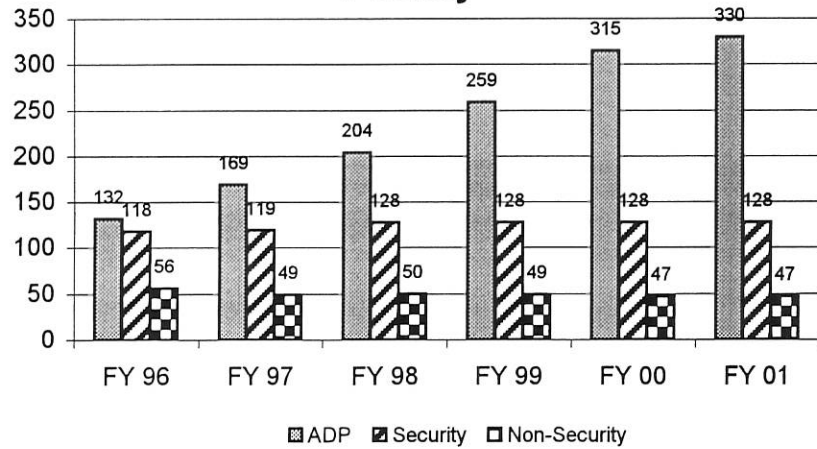
**Inmate Average Daily Population and Security/Non-Security Staffing Trends
at KDOC Facilities: FY 1996-FY 2001**



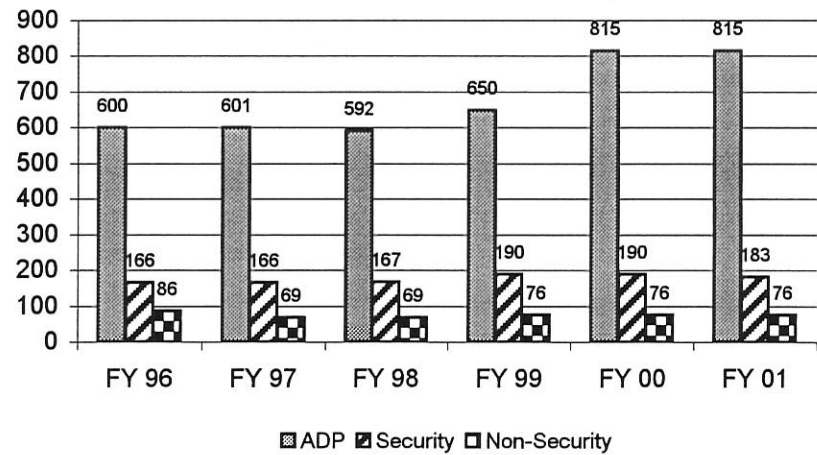
**Inmate Average Daily Population and Security/Non-Security Staffing Trends
at KDOC Facilities: FY 1996-FY 2001**

10-4

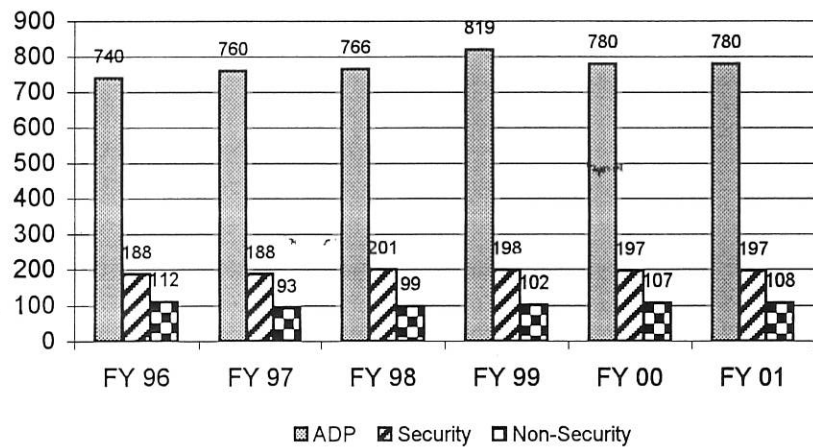
Larned Correctional Mental Health Facility



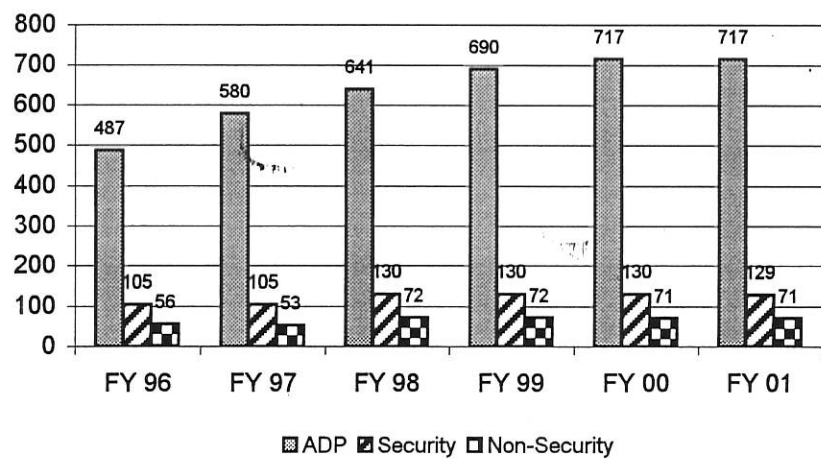
Norton Correctional Facility



Topeka Correctional Facility



Winfield Correctional Facility





State of Kansas
Department of Social
and Rehabilitation
Services

Janet Schalansky, Secretary

for additional information, contact:

OFFICE OF THE SECRETARY

Laura Howard, Chief of Staff
915 SW Harrison Street, Sixth Floor
Topeka, Kansas 66612-1570
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Ways and Means
March 17, 2000

SB 327

Office of the Secretary
Janet Schalansky, Secretary
296-3271

Senate Ways and Means Committee

Date **March 17, 2000**

Attachment # **11**

**Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary**

Ways and Means
March 17, 2000

Mr. Chairman, members of the Committee, I am here today in support of Senate Bill 327, which would repeal K.S.A. 75-6801, the law requiring the reduction of 25 percent of those positions vacated by retirement.

The retirement reduction law has now been in effect for seven years. In complying with the provisions of this law, the SRS umbrella has reduced 318 FTE and given up \$4,210,560 (all funds) in salary monies during the period of Jul 1, 1993 through February 29, 2000.

During the time period of this requirement we have spent just over 2,000 hours in the direct work of preparing and processing retirement reduction reports and restoration requests. Our estimate is that we have spent at least twice that amount of time redirecting and restructuring because of issues related to this requirement. It would be far less burdensome for SRS if we were simply told to reduce by X number of positions at the end of the fiscal year.

We believe this law has served its purpose and that any further workforce reductions determined to be necessary can be managed situationally. The Governor has recommended SRS reduce 270 FTE positions and the associated funding. Beyond the end of this fiscal year, the continued retirement reductions will make it extremely difficult to manage SRS operations and meet customer demands.

Thank you for your consideration of these thoughts. I welcome the opportunity to answer questions.

STATE OF KANSAS

BILL GRAVES, GOVERNOR

Jamie Clover Adams, Secretary of Agriculture
109 SW 9th Street
Topeka, Kansas 66612-1280
(785) 296-3558
FAX: (785) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

Senate Ways & Means Committee

March 17, 2000

Testimony Regarding Senate Bill 327

Jamie Clover Adams, Secretary of Agriculture

Good morning Chairman Kerr and members of the Senate Ways and Means Committee. I am Jamie Clover Adams, Secretary of the Kansas Department of Agriculture. I appear today in support of S.B. 327 which repeals the retirement restoration law. It is a law whose time has come and gone. Secretary Stanley has outlined the broad policy issues. I will focus on its impacts — both past and future — on the Kansas Department of Agriculture.

Past Impacts. As a result of this statutory requirement, KDA cut its workforce by 12 positions between FY 1994 and FY 1999. To date in FY 2000, seven employees have notified me that they intend to retire, bringing the total workforce reduction under K.S.A. 75-6801 for KDA to 14 — a 4.3 percent reduction since FY 1994. Further, you will recall that the FY 2001 budget reduces our workforce another seven positions, bringing the total reduction to 21 positions, or 6.4 percent. I firmly believe that KDA has been able to absorb these reductions and still meet the vision and mission of the agency — to have effective, efficient regulatory programs which, if challenged, will be proven credible, and to administer the laws and programs assigned to the Department for the benefit of the people of Kansas. The laws we administer fall into three categories — food safety, consumer protection and environmental protection.

Future Impacts. On the other hand, I am extremely concerned about the impact the law will have on KDA and our ability to meet the vision and mission of the agency in the future. While we cannot ask employees when they will retire, we have 58 individuals who are either eligible to retire, or have already retired, between FY 2000 and FY 2002. To date, seven of those individuals have retired or submitted retirement notice. KDA will not be able to absorb the loss of 12.5 more positions and still carry out our vision and mission.

Senate Ways and Means Committee

Date March 17, 2000

Attachment # 12

Everything the agency does is tied to the laws given to KDA by the legislature. A list of those activities is attached for your review. You can see that much of what we do revolves around inspecting facilities. This cannot be done without people. Of the individuals who are eligible to retire, 25 are field staff, 11 are directly linked to the work of the field staff and 22 are indirectly linked to the work of field staff. There is a point of diminishing returns and we have reached it. For KDA, it is no longer a matter of reconfiguring to get the job done. We will not have the staff to meet the mission or to provide the level of customer service Kansans expect. Further, the law does not account for stakeholders who pay fees and expect service. Our agricultural commodity assurance program is an example. Fee paying agribusiness firms — feed, fertilizer, seed — expect that laboratory work will be done in a timely fashion, that fertilizer containment laws will be enforced to keep the playing field level and that bad actors will be dealt with. How can we meet these expectations without staff to carry out inspections, perform laboratory analysis and take legal action where warranted?

Options. It appears that support for the retirement restoration law has shifted from a desire to reduce the state workforce to a desire to cap growth. If this is the concept, we should move to another, more appropriate method to accomplish the goal. Mr. Chairman, I have searched without success for models in other states to accomplish this goal. However, I would offer the following concept for the Committee's consideration — a salary cap. Much of what state government provides is service and service industries rely on people. For example, approximately 65 percent of the KDA budget is salaries and wages. If an agency's salaries and wages are allowed to grow only with inflation, or inflation plus raises given to state employees by the legislature, growth would be flat. I would suggest measuring an agency's success by looking at a three-year period. If the agency went over the "cap," then the retirement restoration law could kick back in for the next three-year period. There would also need to be some type of flexibility for agencies who are assigned new laws and duties that require an increase in staffing.

Thank you for the opportunity to comment. I will be happy to answer any questions asked by the committee at the appropriate time.

KANSAS DEPARTMENT OF AGRICULTURE

(DUTIES ASSIGNED BY THE LEGISLATURE)

ACAP

1. The Kansas Commercial Fertilizer Law
K.S.A. 2-1201 et seq.
2. The Kansas Egg Law*
K.S.A. 2501 et seq.
3. The Kansas Commercial Feeding Stuffs Law
K.S.A. 2-1001 et seq.
4. The Kansas Agricultural Liming Materials Act
K.S.A. 2-2901 et seq.
5. The Kansas Soil Amendment Act
K.S.A. 2-2801 et seq.
6. The Kansas Seed Law
K.S.A. 2-1415 et seq.
7. The Kansas Livestock Remedies Law*
K.S.A. 47-501 et seq.

DAIRY

8. The Kansas Dairy Law*
K.S.A. 65-701 et seq.

GRAIN COMMODITIES

9. The Grain Commodities Law
K.S.A. 2-3001 et seq.

GRAIN WAREHOUSE

10. The Kansas Public Warehouse Law*
K.S.A. 34-101 et seq.

MEAT AND POULTRY

11. The Kansas Meat and Poultry Inspection Act*
K.S.A. 65-6a18 et seq.

MISCELLANEOUS

12. Labeling of Agricultural Products
K.S.A. 2-2301 et seq.

PESTICIDE

13. The Kansas Pesticide Law*
K.S.A. 2-2438a et seq.
14. The Kansas Chemigation Safety Act

K.S.A. 2-3301 et seq.

PLANT PROTECTION

15. The Apiary Inspection Act
K.S.A. 2-412 et seq.
16. Noxious Weed Law
K.S.A. 2-1314 et seq.
17. Kansas Plant Pest Act*
K.S.A. 2-2101 et seq.

STATISTICS

18. Statistical Services Law*
K.S.A. 74-504a

WATER

19. Division of Water Resources
Chief Engineer K.S.A. 74-506b
20. Obstructions and Streams
K.S.A. 82a-301 et seq.
21. Water Appropriations Act
K.S.A. 82a-701 et seq.
22. Interstate Compacts and Agreements
K.S.A. 82a-518 et seq.
23. Water Transfer Act
K.S.A. 82a-1501 et seq.

WEIGHTS AND MEASURES

24. Kansas Weights and Measures Law
K.S.A. 83-201 et seq.
25. Petroleum Product Inspection
K.S.A. 55-422 et seq.

* Statutes administered in conjunction with Federal agencies and requirements

This list does not include boards and commissions for which the legislature has assigned the Secretary or the Chief Engineer responsibilities, e.g., KTEC, State Fair Board.

Kansas Department of Agriculture

Retirements

	<u>RETIRED</u>	<u>RESTORED</u>	<u>LOST</u>
FY 1994	9 Retired	8 Restored	1 Lost
FY 1995	5 Retired	4 Restored	1 Lost
FY 1996	8 Retired	7 Restored	1 Lost
FY 1997	7 Retired	6 Restored	1 Lost
FY 1998	18 Retired	13 Restored	5 Lost
FY 1999	11 Retired	8 Restored	3 Lost
	<u>58 Retired</u>	<u>46 Restored</u>	<u>12 Lost</u>

FUNDING LOST		
<u>SGF</u>	<u>Fees/Fed</u>	<u>TOTAL</u>
(66,035)	(20,077) =	(86,112)
(14,031)	(7,502) =	(21,533)
(20,950)	(41,658) =	(62,608)
---	(6,374) =	(6,374)
(96,902)	(4,642) =	(101,544)
(34,527)	(1,235) =	(35,762)
<u>(232,445)</u>	<u>(81,488) =</u>	<u>(313,933)</u>

STATE EMPLOYEES ASSOCIATION OF KANSAS

TESTIMONY OF DON REZAC ,
SPOKESPERSON FOR THE STATE EMPLOYEES ASSOCIATION OF KANSAS,
RELATING TO REDUCTIONS IN POSITIONS FOR STATE AGENCIES
BASED ON RETIREMENTS

MARCH 17, 2000

WE ARE HERE TODAY TO SPEAK IN FAVOR OF SB 327. WE FEEL THAT FILLING ONLY 3 OUT OF 4 POSITIONS RESULTING FROM RETIREMENT IS SOMETHING THAT NEEDS TO BE CHANGED. AGENCY PERSONNEL ARE STRETCHED TO MINIMUM COVERAGE. THE WORKLOAD HAS NOT DECREASED WHILE THE NUMBER OF EMPLOYEES HAS.

WE RESPECTFULLY ADD THAT BILLS SUCH AS THIS COULD CAUSE DISCRIMINATION AGAINST OLDER EMPLOYEES. OUR MEMBERS HAVE REPORTED THAT SUPERVISORS ARE HESITANT TO PROMOTE WORKERS NEAR RETIREMENT AGE. UNDER THE CURRENT LAW, SHOULD THE PROMOTED PERSON RETIRE, THERE IS A 25% CHANCE THAT THE DEPT. WOULD NOT BE ALLOWED TO REFILL THE POSITION.

WE STRONGLY URGE THE COMMITTEE TO PROCEED WITH APPROVAL OF THIS LEGISLATION.

THANK YOU.

P.O. BOX 750131
TOPEKA, KS. 66675-0131

(785) 267-1515
seak@cjnetworks.com

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *13*

**To: Senator Dave Kerr, Chairman
Senate Ways and Means**

**From: Animal Health Department
Attorney General
Department on Aging
Department of Agriculture
Department of Education
Human Rights Commission
Kansas Arts Commission**

**Kansas Bureau of Investigation
Kansas Corporation Commission
Kansas Fire Marshal
Kansas State Historical Society
Kansas Lottery
School for the Deaf
State Library**

Date: March 17, 2000

Testimony for Senate Bill 327

We support passage of Senate Bill 327. For small and medium sized agencies, the continued implementation of the retirement reduction law is having a detrimental effect on the ability of state agencies to meet statutory obligations and serve the public well.

Since the law was passed in 1993, approximately 912 positions have been abolished with a savings of over eight million dollars in the State General Fund. We regard the dollar savings as significant and appreciate the motivation of the legislature in limiting the growth of state government. However, for many of us, this has not occurred without sacrifice.

Retirements usually cannot be planned or budgeted. An agency cannot accurately estimate the number of retirements that will occur each year and we are prohibited from asking employees when they plan to retire even though the individual may be retirement eligible through age or accumulated points. Some employees give only a two week notice prior to their retirement and the agency must go through the process of requesting the restoration of the position (which can take a month) and then if denied, deal with the loss of the position.

In smaller agencies there is no depth in the workforce. Generally, small and medium size agency employees are responsible for a number of diverse activities within the agency, and when a position is lost due to retirement, it is not as simple as calling up the second string for replacement. The duties must be shuffled and reassigned as best as possible to an existing employee who already has a full work assignment.

In the early years of the enactment, the agency would give up the F.T.E. but was given the latitude to keep some of the salary money so that the work could be contracted out or at least partially assigned to a temporary position. However, in the last few years this has not been an acceptable option.

Receiving new positions through the appropriation process has been extremely difficult in the last few years. Each position in a small agency is critical. All vacancies, whether due to retirement or otherwise, are reviewed by management to make sure that the highest priority needs

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *14*

of the agency are being addressed. Often times the agency will reassign positions to other areas and classifications to try and meet these changing priorities. With the retirement reduction law, the flexibility of the agency to address such needs is stifled.

We are at a point where this law is having a negative impact on our ability to meet statutory obligations and the quality of service we provide. If these reductions continue, our options to deal responsibly with this arbitrary loss of staff remain few.

**REPORT OF THE LEGISLATIVE POST AUDIT
SUBCOMMITTEE ON CDDO REPORT RECOMMENDATIONS
December 15, 1999**

**Senator Pat Ranson, Chair
Representative Richard Alldritt
Representative Lynn Jenkins**

The Chair of the Legislative Post Audit Committee established the Subcommittee on CDDO Report Recommendations on November 29, 1999. The purpose of the Subcommittee was to consider potential recommendations for legislation based on audit recommendations. The Subcommittee was directed to report back to the full Committee at the December LPAC meeting.

The Subcommittee met by conference call on December 8th. Legislators present at the meeting included:

Members

Senator Ranson	conference call hookup
Representative Alldritt	conference call hookup
Representative Jenkins	present at Statehouse

Additional Participants

Senator Goodwin	conference call hookup
Senator Salisbury	present at Statehouse
Representative Neufeld	present at Statehouse

Discussion and Action

The Subcommittee reviewed the policy recommendations listed below, all of which were from the CDDO Funding audit. The Subcommittee did not take action on audit recommendations that were directed solely to SRS. For each policy recommendation, the audit question, the recommendation, and a summary of the Subcommittee's discussion and action is listed below.

Question 1: Are the CDDOs that provide community services effectively managing the conflict of interest that exists when it comes to directing clients for services and negotiating contracts?

Recommendations: Page 18 - 19

4. If the Legislature determines that the conflict of interest should be eliminated from the State's developmental disabilities program, it should amend State law to separate the functions of client intake and service referral from client treatment and care services. When considering the merits of such a change, appropriate legislative committees should receive

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *15*

testimony from the Department about the structure of its substance abuse program, and from other State agencies that have separated client intake from service provision, such as the Department on Aging.



Discussion/Action: The Subcommittee discussed the conflict of interest inherent in the current arrangement, and voted unanimously to recommend that the Legislative Post Audit Committee ask the Revisor of Statutes to develop draft legislation that would, amend State law to separate the functions of client intake and service referral from client treatment and care services.

Question 2: Were the rate recommendations made to the Legislature as a result of the first biennial rate study based on reasonable information and methodologies?

Recommendations: Page 28

2. To ensure that it is complying with legislative intent, Department officials should work with the appropriate legislative committees to determine whether the rate study should focus on whether current providers' costs are covered, or on what should be paid to meet statutory goals, regardless of what providers currently spend.

AND

Question 3: Is the current system for funding the State's developmental disability program fair and equitable?

Recommendations: Page 48 -51

2. To help ensure that the funds appropriated by the Legislature are distributed in a manner that equitably reimburses providers for appropriate costs, the Department should use the cost information it obtains as part of the next rate study to develop options for other rate reimbursement structures. For example, it could consider reimbursing providers up to a certain maximum amount that's negotiated downwards for those providers whose costs are lower than the maximum. Whatever rate structure is developed, the Department should consider those factors that can affect providers' costs, such as regional cost differences, or regional differences in the types of services that must be provided (such as transportation). These alternative rate structures—and their advantages and disadvantages—should be presented to the Legislature when the Department presents the results of that rate study and any proposed rate revisions.



Discussion/Action: The Subcommittee expressed concern that SRS is not timely with its rate study. They discussed the need for clarification of what the rate study is to cover. SRS officials indicated they hoped to be able to discuss their approach to the study with the 2000 Legislature, and said the study may be complete by late Spring. The Subcommittee agreed by consensus to recommend to the full Committee that SRS develop and present to the appropriate legislative

committees information on:


- the cost of a reimbursement system that is designed to cover provider expenses versus the cost of a reimbursement system that is designed to meet statutory goals
- options for other rate reimbursement structures

They further agreed to express their displeasure with the lack of timeliness of the pending rate study.

Question 3: Is the current system for funding the State's developmental disability program fair and equitable?

Recommendations: Page 48 - 51

1. To ensure that discretionary State aid is allocated in a more fair and equitable manner, the appropriate legislative committees should propose an amendment to State law to allow all service providers in the State's system—including both CDDO providers and independent service providers—to receive these moneys. As part of its deliberations, those committees should receive testimony from the Department and from representatives of CDDOs and the independent service provider community.

 Discussion/Action: The Subcommittee voted to recommend to the full Committee that the appropriate legislative committees consider the following uses for State aid, including any other uses those committees identify:

- use the money to fund the State's Medicaid portion of targeted case management, which would result in the money following the client
 - add the money to the pool of non-Medicaid service moneys, which follow the client and pay for a limited number of specific services
 - divide the money among providers based on either the number of non-Medicaid clients, or on the number of total clients, to help cover costs that aren't funded (such as transportation), or that aren't fully funded (such as case management)
4. If the Legislature wants to explore the issue of reducing the number of CDDO areas as a cost-cutting measure, it should request the Department to perform a more detailed study in this area. At a minimum, that study should include an analysis of the following:
 - the variation in administrative costs reported by CDDO areas (those costs should be computed and reported on a uniform basis)
 - the reasons for differences in administrative costs per client
 - the results of the next rate study, which should provide information about the costs of services being provided throughout the State. (This information may give some direction about which areas could best be consolidated, if necessary.)
 - the potential cost impact of consolidating CDDO areas (several scenarios could be

- considered)
- the advantages and disadvantages of consolidating CDDO areas

As part of its deliberations, the Legislature should receive testimony on this issue from the people most closely associated with the State's system, including Department officials, representatives of the CDDOs and other independent service providers, and parents, family members, or guardians of the people being served.

Discussion/Action: Subcommittee members indicated they saw this as a major policy issue, that would might require a comprehensive study, and that might best be handled as part of an overall evaluation of the system. Accordingly, the Subcommittee agreed by consensus to make no additional recommendation in this area.

5. Because the moneys appropriated for this system for fiscal year 2000 don't cover the State's cost of providing all services to existing clients who currently are underserved, or of providing any services to new clients who've requested them since the start of the year, the Legislature will be faced with deciding whether and how it intends to provide funding to pay for those additional services or clients.

If the State's system isn't fully funded, the Legislature should specify in law or through the appropriations process its priorities regarding which clients or services should be funded with the moneys appropriated. Setting those priorities will help ensure that people with developmental disabilities who receive State-supported services are treated consistently and equitably across the State. The types of factors the Legislature will need to consider in setting its priorities include the following:

- the risk of clients being reinstitutionalized if they aren't served
- the severity of clients' disabilities
- the ability of clients' families to provide services and supports
- the State's ability to maximize federal funding for the clients it serves
- the order in which new clients applied for services

Other factors that will need to be considered: whether special efforts should be made to address the large waiting lists that currently exist in the urban areas of the State, and whether any priorities that are set also will be applied "retroactively" to clients currently receiving services through the State's system.

As part of its deliberations in this area, the Legislative committees should receive testimony from the Department and from CDDOs, other independent service providers, families, and consumer advocates.

Discussion/Action: The Subcommittee had a lengthy discussion, covering such issues as the need for flexibility, the statutory requirement for SRS to consult with numerous interested

parties in developing a service plan, the potential for “service shopping” because of unequal access to service, and whether SRS could address Statewide priorities in its contracts with CDDOs. The Subcommittee agreed by consensus to recommend that the Legislative Post Audit Committee ask SRS to write a letter to all CDDOs and independent service providers asking them to explain their current strategies for prioritizing clients, and to report this information to the full Committee by February 1, 2000.

Audit Recommendations Directed to SRS

Discussion/Action: The Subcommittee discussed whether to ask SRS officials to report back in a few months on what they are doing to implement audit recommendations, or whether to wait for the results of the regular follow-up report next Fall. The Subcommittee agreed by consensus to ask members of the full Committee whether they would like an interim report by SRS.

In addition, the Subcommittee agreed by consensus to recommend that the full Committee emphasize to SRS the Committee’s support for the recommendation (listed in full below) that independent service providers should not be prohibited from approaching county commissions to request mill levy money.

CDDO Funding Audit, Question 1, Recommendation 3

To ensure that independent service providers aren’t prohibited from going before county commissions to request a portion of county mill levy moneys, the Department should include applicable language in its contract with CDDOs.

Additional Subcommittee Requests of SRS

Discussion/Action: The Subcommittee agreed by consensus to ask SRS to provide two additional pieces of information:

- what is the SRS policy on accumulation of reserve balances?
- does SRS have any guidelines for monitoring whether any State money is being transferred to agency foundations?

Action by the Full Committee

The Legislative Post Audit Committee heard and voted to accept the subcommittee report on December 16, 1999. The full Committee decided to ask SRS to provide an interim report in mid-March on its progress in implementing audit recommendations. The Committee also decided letters should be sent to five legislative committees, encouraging them to give special consideration during the 2000 Session to policy issues raised by the CDDO audits. Those committees are House Appropriations, Senate Ways and Means, House Health and Human Services, Senate Public Health and Welfare, and the joint SRS Transition Oversight Committee. Members of those committees will receive a copy of the subcommittee report.

KENNY A. WILK
REPRESENTATIVE, 42ND DISTRICT
LEAVENWORTH COUNTY
715 COTTONWOOD DR.
LANSING, KANSAS 66043
(913) 727-2453
ROOM 180-W, CAPITOL BLDG.
TOPEKA, KANSAS 66612-1504
(785) 296-7660



TOPEKA

House of Representatives

COMMITTEE ASSIGNMENTS
CHAIRMAN: KANSAS 2000
LEGISLATIVE POST AUDIT
MEMBER: TAXATION

December 27, 1999

Senator Dave Kerr, Chair
Senate Ways and Means Committee
72 Willowbrook
Hutchinson, Kansas 67502

Dear Senator Kerr: *Dave*

I'm writing to you on behalf of the Legislative Post Audit Committee regarding two audits on Community Developmental Disability Organizations that were recently completed by Legislative Post Audit. One audit focused on services offered, and the other focused on financing. The audits contain several recommendations that address broad policy issues, and it's our hope that your committee will take these issues under consideration in the upcoming session.

A subcommittee of the Post Audit Committee reviewed the audit recommendations in depth, and identified several important policy issues that we wanted to bring to the special attention of other legislative committees. The Subcommittee's report is enclosed, and these recommendations are marked with an asterisk.

If you would like the audit reports or the subcommittee report to be presented to your committee, please call Legislative Post Audit at 785-296-3792. Additional copies of the reports can be obtained from Post Audit, or can be viewed or downloaded from their Website, <http://skyways.lib.ks.us/ksleg/PAUD/homepage.html>.

Sincerely,

Kenny A. Wilk
Kenny Wilk, Chair
Legislative Post Audit Committee

Enclosure

cc: Members, Legislative Post Audit Committee ✓
Members, Senate Ways and Means Committee ✓

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *16*

GRETA H. GOODWIN
 SENATOR, 32ND DISTRICT
 COWLEY AND SUMNER COUNTIES

STATE CAPITOL BUILDING
 ROOM 403-N

TOPEKA, KANSAS 66612-1504
 (785) 296-7381

420 E. 12TH AVE

WINFIELD, KANSAS 67156
 (316) 221-9058



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

RANKING MINORITY MEMBER:
 JUDICIARY
 CORRECTIONS/JUVENILE JUSTICE

MEMBER: ASSESSMENT AND TAXATION
 ENERGY AND NATURAL RESOURCES
 TRANSPORTATION AND TOURISM
 STATE BUILDING CONSTRUCTION
 HEALTH CARE REFORM LEGISLATIVE
 OVERSIGHT
 KANSAS SENTENCING COMMISSION
 JUDICIAL COUNCIL PROBATE
 LAW ADVISORY COMMITTEE

TO: Senator Dave Kerr
 Chairman, Senate Ways and Means Committee

RE: Senate Bill No. 659

DATED: March 17, 2000

Thank you Chairman Kerr and Committee Members for the opportunity to speak in support of Senate Bill No.659.

When I requested a post audit of the Developmental Disabilities Reform Act last May, I and the parents and guardians of the disabled, needed questions answered. Was the Act functioning as the legislature had intended when passed in 1995? I needed to know if the concerns brought to me from parents and guardians were valid concerns. The post audit revealed that the concerns were very real and valid and that the present system does, in fact, tilt the marketplace and injects questions of motive into what is already a difficult process. This is a process that does not need any more tension.

I believe it is now time to begin looking for solutions as to how the developmental disability system can be organized in a fashion which allows a more unbiased system of oversight.

I want to make clear at the outset that this issue **is not** just a Cowley County issue as some lobbyists are leading legislators to believe. More than two years ago I started receiving many complaints from parents and guardians of disabled children who were experiencing road blocks trying to access the system for services through the present Community Developmental Disability Organization formula. These parents/guardians lived in all parts of the state. Many of those parents testified before the House Social Services Budget Committee on February 22 on House Bill 2669. Their stories and experiences were shocking and very troubling as parents told repeatedly that the largest roadblock which parents encountered in receiving services for their loved ones was the very organization the legislature put in place to help -- the CDDO.

We could have filled this room three times with parents and guardians wanting someone to listen to their dilemma and their severe frustrations. We made the decision to spare you from their coming to Topeka and presenting testimony to this committee considering your time restraints.

When we look at the present structure, the flaws are inherently present. We hear repeatedly that consumers must have **choice**. Individuals seeking services have choices only chosen by the CDDO. The intent of the DD Reform Act states consumers are to be able to choose where they wished to live and from whom they would receive services. To this end we set up a formula where this would not happen.

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Let's look at the formula (or roadblocks) our parents/guardians are required to struggle with:

ONE INDIVIDUAL - THE CDDO

Controls the money

Competes for clients with other service providers to provide services

Monitors all other CSP operating under their gatekeeping power but no one monitors the services provided by the CDDO

Makes final decisions on who receives services

If a parent/guardian does not agree with the decision given them by this powerful CDDO, these are their options.

Appear before the CDDO Board

This Board is appointed by the CDDO. Most often these members are the same members of the CDDO service provider board.

Appear before the Council of Community Members

The Chairman of this council is appointed by the CDDO. The Council and Dispute Resolution Committee answers to the CDDO. These are all people who are at the mercy of the CDDO who controls and provides the money.

(Most often these members are the same members of their service provider board.)

I have met with many parents individually, and in groups, who have no recourse to decisions made for their children by a CDDO. Whom do they go to? Parents/guardians are fearful they will lose their funding if they have a complaint.

The last step of the faulty formula is to go to the State. I want to quote from a letter one of our parents received from SRS when they had utilized all of their local options and still did not have resolution to their problem. They went to the state with their problem and SRS's response was: "With our limited number of staff, there is little we can do in Topeka."

CDDOs are to be strong advocates. Unfortunately, in many parts of the state CDDOs have become a strong adversary. Dictatorial attitudes and dictatorial powers of some CDDOs have made it increasingly difficult for parents and guardians to access the system.

I believe the audit speaks for itself and for the first time publishes a public and objective review of the details of a rather cumbersome and complicated system of service delivery with obvious flaws. I do not believe that the built in conflict of interest presented by an organizational structure that allows the CDDO the dual role of provider and administrator can be corrected in any other way than creating independent CDDOs who do not provide direct services. I believe you would agree that there would be no sensible business person who would agree to have a direct competitor responsible for assigning customers, controlling marketing and many aspects of funding for his business. CDDOs are placed in a position to develop their own competition. A CDDO can essentially choke off the lifeline of a potential competitor by providing biased information about the relative strengths of providers during the intake process. Who suffers under the faulty arrangement? It is the parent/guardian and consumers trying to find the best services available for their loved one.

An important issue to address this year is funding of any program. Discretionary funds are awarded to CDDOs by the State and local governments with no stipulations regarding the proportion that must be used for services. Some are able to develop large administrative structures, supplement pay and thereby gain advantage over competitors who do not have access to the same funds.

I believe with the current resource stream we can develop a better system, a more accountable system, a system where the legislature would know how a CDDO spent the discretionary funds each year. The Post Audit revealed that 16 of the 28 CDDOs told the Committee they couldn't identify how they had spent their discretionary funds. Are these funds being co-mingled with their service provider funds? Are these funds going into a reserve account rather than addressing the waiting list? How much accountability is the legislature charged with when we allocate tax dollars?

The following statement was made before the House Social Services Budget Committee and I believe it is worth repeating. I believe the only real question before you is whether the State of Kansas needs to preserve an administrative process that -- at the very least -- permits self-interest to influence the services and support opportunities provided to its citizens with developmental disabilities. Once you decide this should not be the policy of our state, any exceptions to this rule that are necessary to allow for local situations can be made. I appear today to urge your support to end the structural bias that now exists within the DD Reform Act because it allows a community developmental disability organization to also be a competing provider of services.

I would be glad to answer questions at an appropriate time.

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Senate Ways & Means

March 17, 2000

Mr. Chairman, members of the Committee, Thank you for this opportunity to appear before you today on behalf of the Alliance for Kansans with Developmental Disabilities. My purpose today is to give you a brief overview of the Alliance's position on SB 659.

We support the recommendations of the Legislative Post Audit committee. The two Post Audits, *'Examining Issues Related to Community Developmental Disability Organizations, Part I: Assessing the Effectiveness and Availability of Services & Part II: Reviewing Implementation and Funding Issues'*, bring to light a growing concern that has been expressed by community service providers across the state; the apparent conflict of interest within the system is threatening to disrupt services in some areas of the state. In other words, the time, energy, resources and money being spent addressing these types of issues may be taking resources away from the people we are trying to serve. Despite the best intentions of SRS, this problem is getting worse in Kansas, not better. The Post Audit committee recommended the introduction of legislation to address the conflict of interest concern. SB 659 is an amended version of the Post Audit legislation.

There are a few points that we would like to make the committee aware of:

1. The Alliance is not "against" the current system, as stated in a recent InterHab newsletter. Our members do not want to 'fix' those areas that are not broken, nor do we want to damage a system that has worked well for Kansans with disabilities. Most important, we do not want to see families go through what families did in the Garden City region last year when the CDDO in that region was forced to separate because of client health and safety concerns.
2. Local control of the system is crucial for the system to remain community based and closest to the people it serves. Any solution that jeopardizes a local community's ability to serve its citizens should be rejected.
3. There are areas in this state where CDDO's cannot separate their economic self-interest from their responsibility to objectively assist families and persons with disabilities. It takes a special leader to handle the duties and responsibilities of being a CDDO, and the economic realities of being a community service provider. Serving two opposing masters of this magnitude is extremely difficult.

The money appropriated each year in the Development Disability system exceeds a quarter of a *billion* dollars. This amount includes community services, DD hospitals and county mill levies. The Legislature's frustration with the perceived lack of accountability within the system will not be lessened as long as these types of issues are not addressed. We believe that passage of SB 659 is a very important step in bringing more accountability to this system. We urge your support.

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *18*

February 22, 2000

Testimony for House Committee Hearing discussion on HB 2669

My name is Gordon Criswell and I am Director of Human Services for the Unified Government of Wyandotte, County. Thank you for the opportunity to share our thoughts about HB 2669 as they relate to the impact of splitting the CDDO and CSP functions, the use of County Mill Levy dollars and the concerns of our local county elected officials with aspects of the bill as written.

Effective July 1, 1999, the Community Developmental Disability Organization (CDDO) has come under the management responsibility of the Unified Government as a result of legislation authorizing the Unified Board of Commissioners to act as the Governing Board of Mental Retardation Services in Wyandotte County. For almost a year the functions of the CDDO and the Community Service Provider (CSP) functions have been separated. Indications that the separation of the functions has had a positive impact on providers in the county. The providers now have a sense that the playing field is more fair and level. The concerns with the appearance of a conflict of interest has lessened. Providers feel that the CDDO is truly functioning as the county gatekeeper for developmental disability services.

With the separation, the CDDO has focused on developing more cooperative relationships with all providers and a more user-friendly relationship with State Quality Assurance staff. In as much as there are a limited number of providers that have affiliated with the CDDO, it is in the best interest of Wyandotte County and the CDDO to assist all providers with issues of quality of service before they get into regulatory or licensure difficulties. The deliberate and purposeful development of more cooperative relationships is very necessary when faced with limited resources and greater demand for services. Additionally, by focusing on issues of quality, the CDDO can facilitate all providers taking responsibility for quality within the county without any appearance of favoritism. The down side to separating the CDDO and the CSP has been consumers still associate the CDDO with the CSP. This has resulted in some consumers feeling frustrated with how they have accessed services but I believe this concern will correct itself over time.

Several provisions of HB 2669 have raised concerns for our County Commission. The provision that would end the local involvement by counties in coordinating DD services would create several problems for the Wyandotte County CDDO. The voluntary mill levies levied by Wyandotte County has been used to fund services not covered by state or federal sources. What will be the incentive on the part of local elected officials to levy funds for DD services if they have little or no input into how services are

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delivered in their respective counties. The Board of Commissioners for the Unified Government would be opposed to such a provision in HB 2669. If the Unified Board of Commissioners are to have an incentive to continue to allocate Mill Levy dollars for MR/DD services, then they want to be able to appoint the CDDO for Wyandotte County. The other concern is the CDDO's responsibility to provide case management. Should the Wyandotte County CDDO have to provide case management as a last resort, additional staff would be needed thus increasing the size of County Government and this would be contrary to the intent of consolidation of City and County government services. The Board of County Commissioners would be opposed to such language in HB 2669.

I would be happy to answer any questions you may have.

Gordon Criswell, Director, Human Services Department
Unified Government of Wyandotte County/ Kansas City, Kansas
701 North 7th. Street, Rm. 505
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(913) 573-5460

DAN BILES

March 16, 2000

**TESTIMONY TO SENATE WAYS & MEANS COMMITTEE
RE: SB 659 AND CDDO CONFLICT OF INTEREST**

“The moral principle upon which the [federal conflict-of-interest] statute is based has its foundation in the Biblical admonition that no man may serve two masters, Matt. 6:24, a maxim which is especially pertinent if one of the masters happens to be economic self-interest.”

U.S. v. Mississippi Valley Generating Co.,
364 U.S. 520, 549, 81 S.Ct. 294 (1961)

“The conflict-of-interest statutes are based upon the truism that a person cannot serve two masters simultaneously, which is regarded as a self-evident truth, as trite and impregnable as the law of gravitation.”

People v. Honig, 55 Cal.Rptr.2d 555, 567
(Cal. App. 1996), internal citations and punctuation removed.

Members of the Committee:

The only real question before you is whether the State of Kansas needs to preserve an administrative process that — at the very least — permits self-interest to influence the services and support opportunities provided to its citizens with developmental disabilities. Once you decide this should not be the policy of our state, any exceptions to this rule that are necessary to allow for local situations can be made. The legislation you are considering does just that. I write to urge your support to end the structural bias that now exists within the DD Reform Act because it allows a community developmental disability organization to also be a competing provider of services.

As you know, our DD system makes persons with disabilities the “customers” of community service providers, and this is a good thing. But in doing so, our system has statutorily empowered one provider with greater access to, and responsibility over, these customers than its other competing providers. In essence, our system tilts the market place and injects questions of motive into what is already a difficult process that does not need any more tension. Put simply, the current structure creates competitive opportunities that are too tempting to overlook, especially when our system is so constrained by the lack of money and other resources. We can, and should, elevate DD administration, intakes and referrals to a place that is well above the built-in taint we have now.

Senate Ways and Means Committee

Date *March 17, 2000*

Attachment # *20*

10990 QUIVIRA ROAD, SUITE 200

Telephone: (913) 661-0222; Telecopier: (913) 491-6398; E-Mail: dai

For your information, I am an attorney in private practice in Overland Park. My emphasis is in commercial business litigation, but a small part of what I do includes representing various persons with developmental disabilities and their families, as well as community service providers. I have been doing this since 1985. Last year, I participated in the contract negotiations between SRS, CDDOs, providers, and consumer representatives. My experience in this field is not restricted to any particular region of our state. Collectively, my provider clients serve more than 500 persons with disabilities. They have annual budgets in excess of \$30 million. They operate in service areas where the CDDO is also a competing provider, and needs to market itself to the same clientele as the organizations I represent. This is my background and the basis for my perspectives. But to be clear, I do not write on behalf of any client. I am doing this on my own, without pay, because I believe our law is wrong and, if you change it, people with disabilities will be better off for your action.

As you know, current law allows one community service provider — that is in competition with other community providers — to also be the statutorily-anointed “single point of application or referral for services” for persons with disabilities.¹ In my experience, this feature of our DD system raises too many otherwise avoidable and distracting controversies about individual motives and bias in delivering these necessary services. I also believe the current administrative process has been abusive to some persons with developmental disabilities unwittingly caught up in competitive pressures that are simply the natural consequence of allowing “gatekeepers” to also be in business for themselves. I have been involved in situations where information was delayed, or not given, to competing providers. I have seen CDDOs try to use their influence to extract intrusive — and in some instances illegal — contract provisions within their affiliation agreements. I have on too many occasions had to instigate dispute resolution, or even threaten lawsuits, to resolve situations in which the only motive for the problem was competitive business pressure or competitive prejudice. People with disabilities are not well served by such distractions.

But regardless of these actual experiences, the DD Act is inherently flawed because it unnecessarily injects by design the appearance of partiality in a process that should be free — and must be free — of any bias, whether it is direct or indirect. The sheer susceptibility of the present “gatekeeping” process to such prejudice is obvious. There needs to be corrective action. If we are to err at all, shouldn’t it be to err on the side of ensuring integrity in this process, rather than perpetuating the present system, which at its core denies the human experience in matters of competitive business pressure and, most certainly, defies common business sense? I believe so. There certainly is no reason I am aware of that it must be the way it is now.

These concepts in SB 659 would more effectively address the conflict of interest imbedded in our present system. What is now the rule, should instead be the exception, and permitted only when absolutely necessary — such as situations where there is a single provider that is also the CDDO. The law should be amended so that it simply and straightforwardly expresses legislative expectations of objectivity and independence in this delicate and critical

¹ K.S.A. 1999 Supp. 39-1805(a).

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March 16, 2000
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process. Thank you for your attention. Please let me know if I can be of any assistance in your deliberations.

Sincerely,



Dan Biles



Kansas Council on Developmental Disabilities

BILL GRAVES, Governor
DAVE HEDERSTEDT, Chairperson
JANE RHYS, Ph. D., Executive Director

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"To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities"

Senate Ways and Means

March 17, 2000

Testimony in Regard to H. B. 659, AN ACT concerning the developmental disabilities reform act; relating to intake and service referral functions and treatment and care service functions.

Mr. Chairman, Members of the Committee, I am appearing today on behalf of the Kansas Council on Developmental Disabilities in opposition to S.B. 659, relating to intake and service referral functions and treatment and care service functions in the Kansas Developmental Disabilities system.

The Governor appointed Kansas Council is federally mandated, federally funded, and it includes representatives of the major service providing agencies. At least half of the membership is composed of individuals who are persons with developmental disabilities or their immediate relatives. Our mission is to advocate for individuals with developmental disabilities, to see that they have choices in life about where they wish to live, work, and in what leisure activities they wish to participate. We appreciate the opportunity of appearing before you today to provide our view of the system.

I have several talking points regarding this proposed legislation. In the interests of time, I will briefly review them and then answer any questions you may have. Attached to my testimony is additional information that you may read at your leisure.

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Date *March 17, 2000*

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We respectfully request that we be permitted the time for careful review and to develop a proposal, based on the current needs of the system, that we will present to you during the 2001 Legislative Session. Attached is a list of participants and we would be happy to add to the list any individual or group that you feel should be a participant. We also would be happy to review any specific areas of the DD Reform Act, such as case management, that you suggest.

Jane Rhys, PH. D. Executive Director
Kansas Council on Developmental Disabilities
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SB 659
Talking Points

1. **Trigger Mechanism:** As it has been explained to us, on page 4, lines 32-37, this language means that if a community service provider, for any reason, chooses to contract directly with SRS, the County Commissioners must then select a different entity to become the CDDO. Such entity may not be a service provider. How will this improve the system? If there are personality problems, disagreements over funding, etc. would it be better to work this out with the Council of Community Members (CCM) rather than disrupting an entire area? How many times will a CDDO be changed?
2. **Conflict of Interest:** The Kansas DD Reform Act was based on the premise of providing Choices in the DD system to consumers and their families. We knew of the conflict of interest being created by the Act. However, consumers and their families let us know unequivocally that *they* wanted to select their service provider, whether that service was case management, residential, day treatment, etc. We honored their requests and did not change the law.
3. **Confusion:** The DD Reform Act took effect in 1996 - just four years ago. The Council along with many other groups has worked diligently to get information to consumers and their families on their rights under this law. Unfortunately, we have not reached everyone. In addition, there are still areas of the state in which the system does not work as well as in other areas. Before making changes in the system, please give us the opportunity to follow and enforce currently written laws and regulations.
4. **Remedies:** There are problems and abuses in the current system. We recognize this and are trying to do what we can to remedy these problems. The CCM is the first place a consumer and family go to seek redress. If they are not satisfied with the CCM's action they make use the fair hearing process. KAPS is available to assist individuals in this process at no cost to them. Under the proposal developed by the House Appropriations Committee (attached), Affiliates may also apply to the CCM and, if not satisfied, they should have the right to mediation. Both consumer and family as well as Affiliate could appeal to the Board of County Commissioners.
5. **System Management:** March 10, in a meeting with SRS, Interhab, the Council and others, State Budget Director Duane Goossen commended CDDOs on their management of finances. The DD Reform Act set up a regional management system to control the spending of state and federal funds in an efficient manner. If services providers directly contract with SRS, what happens to the system? It appears to us that it then would move back to a state (SRS) controlled system that overturns the local control system we envisioned under the DD Act.
6. **Cost:** Experience with the two recently created CDDOs shows us that there will be start up costs. Whether these are county, state, or federal funds, we do not support taking funds away from services to use for administration. There are also costs in time. The DD system is very complex and it takes time to learn about Medicaid waivers, eligibility criteria, county mill levy and the other items that a CDDO must know. We have seen that it takes several months, possibly even years, for an entity to become familiar with these procedures and able to work effectively with consumers and their families.

Attachment 1

Social Services Budget Committee

March 2, 2000

The role of the Council of Community Members (CCM) as created in KAR 30-64-31 should be expanded by regulation to include:

The CCM shall review and approve an annual plan submitted by the CDDO for managing the waiting list within the funding allocations to the CDDO.

The CCM shall be responsible to oversee the implementation of the service reduction provisions of the SRS/CDDO contract, and shall have a role in the approval of any plan of care in the region which exceeds normal tier rates or average usage.

The CCM shall be designated to approve CDDO agreements with new affiliating CSPs in the region.

Each CDDO shall be required to annually assess its regulatory implementation practices. The tool to accomplish this would require annual written documentation, signed by the person receiving services and/or the guardian, confirming that the person had received information about the types of community services available in the person's service area and about the providers of those services. The CCM shall have the responsibility to annually review and approve the CDDO's self-assessment report.

Provision shall be made for SRS to use a rotating peer review system to assess and recommend best practice improvements for any CDDO area in which substantial issues arise about CDDO performance in implementing local management responsibilities.

The membership of the CCM shall continue to consist of a majority of consumers (both people receiving services and family members or guardians of people receiving services); however, consumer members shall be representative of all affiliates. In addition, the membership shall be expanded to include representatives from the greater "community" where services take place-people who do not have a direct involve in service delivery or receipt (such as local business people who can bring special skills or expertise needed to strengthen the overall Council.)

These changes should be enacted by modifying the regulation establishing the council (KAR 30-64-31). While CCM participation is voluntary, additional expenses may be associated with these additional responsibilities assigned to CCM members (such as travel, meals or per diem expenditures). The commitment by volunteer members of the CCM would be greater; however, these additional duties, in addition to strengthening the local system, would also make individual member participation more meaningful and substantive.

Attachment 2

Supporting Information

- I. KCDD involvement with DD Reform Act:** Prior to the 1995 Legislative Session, a group of concerned stakeholders met in my office to discuss the elements the Act should contain. Those of us who represented consumers were adamant that the law should mandate choice for consumers. We wanted consumers to be able to choose where they wished to live and from whom they would receive services. As you know, "choice" was put into the act.
- II. Conflict of Interest:** As we worked with your House colleagues during the Session, we discussed the issue of conflict of interest. We specifically focused on whether case managers should be employed by a service provider, or another entity. We decided to see what the stakeholders in Kansas wanted. We sent out surveys to all stakeholders (i.e., parents and consumers) asking them who should employ case managers. We also set up six regional meetings to explain the proposed law and asked participants to vote during the meetings for a separate case management system, as well as one in which the case manager worked for the service provider. Both written surveys and public meetings gave us the same response. All of the consumers and their families wanted to choose the entity providing case management services and half thought it fine for the entity to also provide direct services. The House Select Committee on Developmental Disabilities, creators of the DD Reform Act, decided to follow the wishes of the people responding. Those who feel that it is a conflict of interest for the case manager to be employed by the service provider are free to select another entity from which to receive case management services.

As one who worked not only on the DD Reform Act, but also on the accompanying regulations, I recognize that all is not perfect in the current system. We are very concerned when we hear that consumers and families are not treated well by their service provider. We are and have always been strong advocates for setting up a system of checks and balances. We have also tried to assist some of

those "checks" through the provision of training to the Council of Community members, done through a grant to the Self-Advocate Coalition of Kansas. While we recognize that it is not perfect, we are not yet ready to radically change the system. The change proposed in S.B. 659 would set up an additional, costly bureaucracy in a time when resources are increasingly scarce.

III. Stakeholder Involvement: S.B. 659 has strong advocates among Community Living Opportunities and the Alliance. The Alliance has said that they represent 200 families and service providers. The Kansas DD system serves 8,623 individuals and their families and there are 88 licensed affiliates (not including unlicensed service providers). Therefore, 200 entities (3%) are dictating to over 8,511 entities (97%) on changes they want in the system. When we developed the DD Act, we involved many stakeholders in the process. This Bill was drafted without the input of a number of stakeholders.

IV. Efforts to Improve System: Since October, a group representing consumers, advocates, CDDOs, affiliates and others have been meeting to identify the areas of concern and to develop proposals to answer those concerns. To date the group has:

- Identified Common Ground/Shared Agenda;
- Initiated Task Groups around individual pieces of Common Ground/Shared Agenda to develop proposals;
- Developed Actions and Timelines for activities identified by the Task groups and agreed to meet regularly to plan additional activities/collaborative efforts; and
- Met with and continue meeting with the SRS administration to share our concerns and seek ways in which we can work together to address those concerns.

Attachment 3

Steering Committee Members

Self Advocate Coalition of Kansas
Sean Swindler

Self Advocate Coalition of Kansas
Kathy Lobb

Kansas Advocacy and Protective Services
Jim Germer

Kansas Advocacy and Protective Services
Sherry Diel

Families Together
Connie Zienkewicz

Families Together
Lesli Girard

Kansas Council on Developmental Disabilities
Dave Hederstedt

Kansas Council on Developmental Disabilities
Jane Rhys

Developmental Services of Northwest Kansas
Jim Blume

Cottonwood
Sharon Spratt

Achievement Services
Jerry Henry

Occupational Center of Central Kansas
Gary Cook

Community Living Opportunities
Stephanie Wilson

Kansas Elks Training Center
Ron Pasmore

Interhab
Tom Laing

David Powell
Facilitator

DRAFT

System/Vision

Currently there is no single vision of what the system of services for persons with developmental disabilities should look like and what should be included. Instead, there are lots of “visions,” many driven by cost or method of funding. Since the Developmental Disability Reform Act of 1995, the community service system has prioritized the provision of services that support the consumer to achieve lifestyle preferences of his or her choice, including:

- * where the person wants to live;
- * with whom the person wants to live;
- * what work or other valued activities;
- * with whom the person wants to socialize; and
- * what social, leisure, religious or other activities the person wants to participate in.

Beyond individual lifestyle choices and regulations regarding the health and safety of persons served, there is no direction currently embodied in our service system that states the general purpose or outcomes that should be derived by publicly funded community support services for persons with developmental disabilities. The desired outcomes of the system are individually determined by individuals served and/or their families or guardians.

As we look back on the history of services to people who have developmental disabilities, both nationally and in Kansas, it is easy to see that we have made almost unbelievable strides. We have moved from a society that separates, devalues and literally incarcerates to one of offering opportunities, choices, value and dignity. We have tried in three short decades to right the wrong created through separate and unequal approaches to meeting peoples needs. These centuries old practices cannot be amended in total in just three brief decades. As we move forward we must now embrace a new level of societal consciousness and conscience.

- It is time for Kansas to create a shared vision related to people with disabilities
- It is time to recognize and implement society’s next stage of civilized behavior
- It is not to have institutions that separate people from the daily flow of community life

We believe a common vision shared by all stakeholders for what should be the outcomes of publicly funded community services should be established. We believe such a vision should be understood and shared within all sectors of state government. The key selling points for why stakeholders should be interested in a common vision are:

- Society invests a considerable amount of public funds into the education of children with developmental disabilities. This investment is potentially lost if children graduate and are not able to transition to appropriate forms of support that assist the individual to assume an adult role in the community.
- There is a need to create efficiencies in our use of resources that includes increasing our ability to fully maximize access to resources. Without a common vision, resources may not be fully accessed to their potential when administrated through different branches of state government.
- There should be an interest on the part of the taxpayer to assure that publicly funded community support services for persons with developmental disabilities achieve inclusion in the community, increased independence, and decreased dependence on public support.

We have identified a possible vision statement and key beliefs.

“All stakeholders insure that persons with developmental disabilities should receive those basic services and supports necessary to achieve and maintain an independent, self-directed, inclusive and productive lives.”

Key Beliefs:

- The system should focus on maintaining a standard quality of life, equal to the same expectations we have for all citizens.
- Services should create meaningful roles in the community for the persons served.
- Services should not replace natural supports.
- Services should maximize independence and reduce dependence on publicly funded services.
- There is dignity in allowing acceptable levels of risk as individuals learn to achieve greater independence.
- Services should recognize individual differences and needs of persons with developmental disabilities-no one standard will equally apply to all.
- The system should attempt to maximize use of natural supports.
- Methods of funding services should not drive how those services are provided.
- The system should focus on long-term planning that is outcomes based.
- All service provider organizations should be required to measure and report their outcomes in terms of effectiveness, efficiency and consumer satisfaction.
- Persons served should have a choice of service provider, or to make other arrangements based on system values.



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Michele Heydon, Advocate

Reply To: Topeka Office

To: Chairman Kerr and Members of the Senate Ways and Means Committee

From: Sherry C. Diel, Deputy Director

RE: SB 659—An Act Concerning The Developmental Disabilities Reform Act

Date: March 17, 2000

What is Kansas Advocacy and Protective Services, Inc.?

Kansas Advocacy and Protective Services, Inc. ("KAPS") is a federally funded non-profit corporation. Our agency serves as the designated Protection and Agency for persons with disabilities in the state of Kansas. Each state and territory in the United States has a similar type of organization. Our role is to advocate for legal rights and services for persons with disabilities. Pursuant to federal law, KAPS has authority to pursue resolution of disputes through use of legal, administrative and other appropriate remedies. Because our funding is limited, KAPS utilizes priorities, developed as a result of public input, to advocate for systemic changes in the public and private sector to benefit Kansans with disabilities.

KAPS Opposes SB 659

KAPS has grave concerns regarding the proposed amendments contained in SB 659 to the Developmental Disabilities Reform Act ("DD Reform Act"). This bill is brought by a group of community service providers who are unhappy with the funding and administration structure implemented by the DD Reform Act, which places the Community Developmental Disability Organizations ("CDDOs") as the "one-stop shop" and "gatekeeper". The Alliance raises some very legitimate concerns that should be addressed. However, KAPS does not believe that SB 659 fills that role—rather, the bill will only unnecessarily take away consumer choice of their service provider and will complicate further an already complicated system for consumers to access.

- ◆ SB 659 takes away consumer choice of providers by imposing a "trigger mechanism" whereby once a community service provider with 20 or more FTE positions provides notice of its intention to directly contract with SRS, the CDDO must either cease being a service provider or cease being the CDDO.

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- ◆ When the DD Reform Act was being drafted in 1995, the advocacy groups involved, which included KAPS and many others in this room, advocated for the separation of service provision versus case management and intake and referral functions. Over fifty percent of the consumers, responding by survey and at SRS focus group meetings, clearly stated that if choice was the driving force behind the DD Reform Act, then consumers had a right to chose to continue to receive services through the CDDO as they had prior to DD Reform.
- ◆ SB 659 will unnecessarily create confusion for consumers. The DD structure and funding system is extremely complicated. This bill will only serve to complicate the system further.
- ◆ SB 659 more than likely will have a significant fiscal impact on the State and local counties. The State already had financial experience in this area due to the change in administrations which has occurred already in two parts of the State.

The Problems Raised By The Alliance

The problems raised by The Alliance should be addressed, but SB 659 is the equivalent of taking a sledgehammer to a sidewalk that has a few hairline cracks. KAPS is aware of the following allegations:

1. Failure of a CDDO to provide information in an impartial fashion about all services available in the area.
2. Refusal of a CDDO to approve plans of care when a consumer leaves the CDDO to seek services from another service provider.
3. Of significant concern, it has been alleged that a CDDO sought guardianship when a consumer gave notice of their intention to leave the CDDO to obtain services from another service provider.

KAPS believes these problems can be addressed through an empowered council of community members, mediation, fair hearing process, raising concerns with the county commission, and, in those cases involving alleged improper use of guardianship, KAPS will assist whenever possible. This area is difficult if KAPS hears about the situation after the Court issues Letters of Guardianship.

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KAPS Supports The Recommendations Made By The House As An Alternative To HB 2669.

KAPS supports the House recommendations to improve the dispute resolution process by addressing, through the regulatory process with stakeholder input, improved representation of all stakeholders (including certain professional expertise) on the council of community members, empowerment of the council of community members to resolve disputes, and implementation of a peer review process for CDDOs. The peer review process will enable CDDOs to learn best practices from each other, resulting in improvement to the entire developmental disabilities system in Kansas.

Conclusion

KAPS respectfully requests this Committee to recommend that SB 659 be not passed. However, KAPS seeks this Committee's support to bring the House recommendations to fruition.

I will be happy to stand for questions.

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3/17/00


Thank you for the opportunity to speak with you today. I am here to testify about Senate Bill No. 659.

My name is Brad Linnenkamp. I am Self-Advocacy Trainer for the Self-Advocate Coalition of Kansas (SACK). SACK has a contract with SRS to conduct training with self-advocacy groups statewide about DD Reform and about consumer rights and responsibilities in the DD System. I have visited consumers in more than half of the CDDO areas throughout the state.

As a former consumer of services, and as a self advocacy trainer that has been around the state, I can tell you that there was a lot of confusion when DD Reform was enacted four years ago. I can also tell you that people are just now understanding their rights, their responsibilities, where to go to receive services and what to do if they have a problem with a service provider or with their CDDO.

If the community developmental disability organizations and the service providers are going to be separated this will make things harder for the consumers. And they will become even more frustrated than they already are. We have spent the past three years educating consumers about their rights in the DD System. If we make this change, we will spend another three years educating consumers, and it will become that much more difficult for consumers to advocate for themselves within their local DD System.

I think we should keep the system the way it is now. There are regulations that address the problems mentioned in the Post-Audit report. We urge SRS to more strictly enforce existing regulations and to work with stakeholders across the state to improve the system. Do not set up a situation where consumers will be confused yet again by a change in the system.



Brad Linnenkamp
Self-Advocacy Trainer

Sean Swindler
SACK Support Staff

Brad Linnenkamp
Self-Advocacy Trainer

Kelly Smith
Self-Advocacy Cot

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Thank you for the opportunity to testify today. My name is Kathy Lobb and I am Legislative Lisasion for The Self-Advocate Coalition of Kansas, representing consumers and members of self-advocacy groups throughout the state of Kansas.

I am here to testify about Senate Bill 659. The Self-Advocate Coalition of Kansas is opposed to this bill because changing the service system now would be a mistake and would cause confusion for consumers and their family members.

The Self-Advocate Coalition of Kansas educates consumers all over the state about the service system. It is our opinion that consumers are finally understanding how things work, where to go for services in their area and what to do if they have problems.

There are problems with services or with the CDDOs in some areas of the state, but these problems can be fixed. The Self-Advocate Coalition of Kansas was a member of the group of stakeholders that helped write the DD Reform Act regulations. We urge SRS to take stronger action to enforce these existing regulations. Many of the problems could be solved with stronger enforcement.

In considering House Bill 2669, which was the predecessor to Senate Bill 659, the House committee made a series of recommendations to strengthen the role of the Council of Community Members and to ensure a greater consumer voice in the system. We urge you to take a similar approach in responding to the legislative post-audit.

In closing, the Self-Advocate Coalition of Kansas does not support Senate Bill 659. We feel it would cause a great deal of confusion in many areas of the state and that we should focus on enforcing existing laws and on educating consumers and family members about what their rights are in the current system.



Kathy Lobb
Legislative Liaison

Sean Swindler
SACK Support Staff

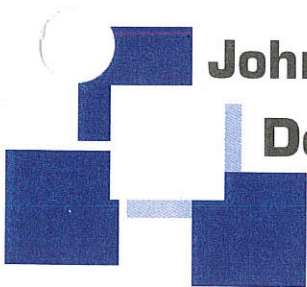
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Senate Ways and Means Committee

Kathy Lobb
Legislative Liaison

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Johnson County

Developmental Supports

Building Resources for People with Disabilities

March 17, 2000

***Testimony Regarding SB 659
Senate Ways and Means Committee
Mark Elmore, Executive Director***

Mister Chairman and members of the Committee, thank you for this opportunity to provide testimony on SB 659. I am Mark Elmore, Executive Director for Johnson County Developmental Supports (JCDS), Johnson County's CDDO. Even though SB 659 exempts Johnson County, I still have grave concerns about the effects its' passage would have upon the community-based MR/DD service delivery system. Because JCDS is different from all other CDDOs in Kansas, I appreciate your indulgence while I provide some background information about JCDS.

Background Information:

Through a Memorandum of Understanding with Johnson County's Board of County Commissioners (BOCC), we have been a division of Johnson County Government since 1972. As such, our seven-member Governing Board is appointed by the BOCC, and we have a county commissioner who serves as a liaison between our board and the commission at all times. We currently receive nearly 3.5 million dollars of county mill levy funding and have operational reserves to fund approximately one and a half months.

As the CDDO, we provide or arrange to services provided by affiliates to nearly 1,000 men, women and children with developmental disabilities in Johnson County. We affiliate with 33 provider agencies and 154 individual providers. We currently have a waiting list of approximately 100 people who are receiving no service, and roughly this same number of people who are classified as "underserved."

As a service provider, JCDS directly supports close to 500 people. We have approximately 265 employees, only 10 of whom are designated strictly to CDDO functions. However, our CDDO staff rely upon many of JCDS' support services including accounting and financial departments, the records and information systems departments, the technical supports team, government relations staff, myself as executive director, and other directors within our agency. Although we do receive CDDO Administration dollars from the state, when overhead costs are factored into the equation, the actual expense to us for running the CDDO is significantly higher than the amount we are given to fund operations.

SB 569

HB 2669 was introduced by the Legislative Post Audit Committee and referred to the House SRS Budget Sub-Committee earlier during this legislative session. That bill dealt with the same issue that we are discussing today in SB 569: the perceived conflict of interest created by the DD Reform Act which allows CDDOs to also be providers of service. After exhaustive study of the issue, the House Sub-Committee did not recommend passage of HB 2669, but rather, directed SRS to enforce already existing regulations within the DD Reform Act which adequately address the conflict of interest issue. Although some testimony from targeted areas of the state indicated that the conflict is alive and well in our system, very few cases have actually been substantiated. With few exceptions, it appears as though the current system in place is working very well.

As a matter of fact, it should be noted that in Johnson County, we have almost a reversal of the conflict of interest issue. As I indicated in my background testimony, JCDS has developed a wide-reaching affiliate network of nearly 200 individual and agency providers. In fact, one of our agency affiliates has for the past two years placed a moratorium on accepting referrals. Although we do provide comprehensive information about affiliates to families, the role that JCDS has assumed as the "safety net" has been used extensively when affiliates elect to turn down referrals. The "safety net" has become a significant part of JCDS' CDDO/CSP relationship and I am confident that this is the case with most other CDDOs.

I respectfully ask that you follow the lead of your counterpart on the House side and do not recommend this bill for passage. Instead, charge SRS with the task of enforcing and strengthening, if necessary, the regulations that already exist to deal with conflicts that may arise as the result of CDDO misconduct. I emphasize again that the issue is not widespread, and that it would be a gross overreaction to apply a statewide remedy to deal with isolated incidents.

The community service network currently faces difficulties much more challenging than the ones brought forth by this bill. We have a waiting list that grows daily. We are unable to recruit, hire and retain qualified caregivers at the reimbursement rate we currently receive. We have an out-dated and inequitable State-Aid disbursement formula. These issues, in my opinion, hold a much higher priority than those brought forth by SB 659. These are the issues that I encourage this committee to take up, and which will, in the long run, have the greatest impact upon Kansans with disabilities.

Thank you for your time and attention. I will stand for questions.



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March 17, 2000

**Testimony presented to the Senate Ways Means Committee
Regarding Senate Bill 659**

Thank you Senator Kerr, and members of the Committee, for this hearing on SB 659. My name is Tom Laing, I am Executive Director of InterHab.

InterHab primarily represents community service providers. Of our 45 service providers 25 are also CDDOs. Three of our members are CDDOs only. The Board of Directors of InterHab voted yesterday to oppose this bill. There are some in the membership who support the bill, but the vast majority opposes it.

Senate Bill 659 proposes to redesign the community DD system into one that is more formalized in its bureaucracy. The bill would break the system into distinct service and administrative networks. Services would be provided by one type of organization, administrative duties assigned to new organizations.

The bill arises from discussions in the Legislative Post Audit Committee following the report of their staff in which the entire DD system was evaluated. The study paid close attention to the implementation of the DD Reform Act and the work of CDDOs. We appreciate the effort of the LPA staff, and were pleased to see the many ways in which the system received good reviews. We also appreciate their efforts to examine criticisms of the system. Among the concerns are two that Senate Bill 659 proposes to address.

First, is there a conflict of interest in the community DD system?

There is an inherent conflict of interest in the dual assignment of the roles of CDDO/gatekeeper and Community Service Provider. That was known in the drafting of the bill, and has since been regulated in a way so as to manage that conflict. The more important question is "how well is that conflict managed?"

Opponents of the system cite instances in which consumers or families indicate they were not told of all other available service providers, and thus non-CDDO providers have been deprived of a fair marketplace. Supporters of the system cite evidence that most new consumers coming into service since passage of the Act are receiving services from non-CDDO providers (evidence of which SRS can provide).

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With so many new consumers choosing non-CDDO providers of service, it is apparent that the Act is working within the reasonable margin of human judgement, that conflicts of interest are being well-managed, and that CDDOs have performed their gate-keeping role with integrity.

Significant safeguards were implemented in the development of rules and regulations for the DD Reform Act. A panel of stakeholders -- overwhelmingly representative of non-CDDOs, families and consumers -- worked to assure that fairness would be woven throughout the process.

I do not note within the LPA report any examination of whether complainants availed themselves of the various remedies available. Among the various individual complaints reported by the LPA, there is no mention as to whether the allegations were verified or to determine even whether such complaints had been filed at any level. It is hard to resolve issues that have never been reported.

Second, are consumers provided with all information about available services?

An important philosophy held in all quarters -- from SRS to the Community -- is that consumers should get to choose among available service options.

If this is not practiced in the field, how have new service providers continued to operate in Kansas? In other words, if consumers are not being informed of their choices, how is it that so many consumers are now served by new providers, or by national providers who have expanded into Kansas, or are now self-directing their in-home services? Informed choice is alive and well in Kansas.

Senate Bill 659 Points of Concern:

Creating a new administrative bureaucracy costs money. Families are asking for waiting list funding, and for good pay to keep good staff in the field. Families are not asking for you to spend more money on administration.

Changing the entire system of service delivery creates uncertainty. Under this bill, from one year to the next, services could be provided by one organization one day, and another the next. Current law makes it clear, the CDDO is responsible to serve or arrange to serve all persons, within available resources, through contract with other entities. The law established CDDOs to be a "vehicle of certainty" for families, in the absence of a state network of institutions, so there would always be a central place in every county or region where someone could go for help. They called on existing groups, like the current CDDOs, because they were mature and well established, because they were trusted in the community, and because they were reliable and had the confidence of local officials and county commissioners.

Forcing counties to change their local systems is unneeded. Current law allows them to do so if they choose. Sedgwick County has always maintained a separate CDDO. Wyandotte County established a separate CDDO in the past year. The collected counties of southwest Kansas maintained their CDDO as a non-service provider within the past year. Current law allows counties to make the decision, this bill presumes that the Legislature knows best the needs of each individual county or region of counties.

We recommend you seek information that Post Audit, in all fairness, did not have time to gather:

Do the facts indicate CDDOs are securing new customers in such high percentages as to accuse them of marketplace manipulation? You will find no such evidence. New service providers are coming into business every month in Kansas. The community effort in Kansas has attracted numerous local entrepreneurs and national service groups, for-profit, and not-for-profit.

Is there evidence that CDDOs systematically deprive consumers of vital information? No. The report cited a handful of instances -- among thousands of adults, children and families served -- who said they had not been told of all available options.

Without such evidence, what would be the motivation to dramatically change this system.

Summary:

Have SRS, Families, Consumers, CDDOs and CSPs mastered the new system?

No. Each year there will be mistakes, and complaints will be heard, and friction in the marketplace will seek a scapegoat.

But, the work of the community has been steady and competent and has enabled the closure of two state hospitals and numerous private institutions as well. All this has been undertaken with the cooperation of the vast majority of all stakeholders in the community and in state government.

We believe it would be a mistake to dismantle a system considered by many as one of the best in the nation -- a system we believe is getting better every year. We recommend instead that you be proud of the role you have played to make the system viable and to keep it moving forward in a progressive way.

Thank you for your efforts of prior years and for those yet to come this year and coming years, and for taking time to hear our concerns today.



State of Kansas
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Janet Schalansky, Secretary

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Senate Ways and Means Committee

March 17, 2000

Senate Bill 659

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Senate Ways and Means Committee

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Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

Senate Ways and Means Committee
March 17, 2000

Testimony on Senate Bill 659

- ✓ DD Reform – Key features
- Consumer/guardian choice
 - Single point of entry - CDDOs are the single point of entry to the DD service system
 - Local control - philosophy of supporting local control over local organizations and services
 - County/State Partnership -- State (SRS) and County (County Commissions) jointly designate a CDDO to carry out statutory responsibilities
 - System manager - CDDO is responsible for funding and cost management. Also for the implementation of policy and procedures for their designated areas
 - Local councils to provide oversight - Community Councils are composed of consumers/providers/community members and are designed to oversee service delivery. No other system has established a structured, mandated, consumer-controlled process.
- ✓ Concerns
- Reports that families are not getting the information they need to make informed choices free from influence. We must keep in mind that consumers may not get everything they want particularly given limited resources, but consumers must be treated fairly and with dignity in the process. They must understand the system, their choices and feel as if they are being heard.
 - SB 659 and any other legislation that fundamentally alters the structure of the system will result in "unintended consequences."
 - I'm concerned that we've not allowed adequate time for the new regulatory structure. These are new regulations. The development of these regulations was without question the most extensive, stakeholder inclusive process SRS has ever used. Only this month we approved CDDO policies to implement these regulations. This system has faced significant change and stress over the past five years, most notably, the implementation of DD reform and Hospital Closure.

- "Tight" financial times and competitive pressures resulting in severe stress on a newly evolving system.
- Questions raised in the LPA Audit regarding financial issues.

✓ Next Steps

- We need to keep our focus on why this system exists – it is a system for persons with developmental disabilities. To respond to consumers, families, and guardians I would recommend that we consider the creation of a community services ombudsman within my office. Functions of the ombudsman could include a survey of consumer choice, systems conflict resolution, systems collaboration support, provider service guides for consumers and families. These guides would provide information on providers including outcomes and performance.
- Clearly it is the responsibility of SRS to improve the accountability in the system. I believe that Martha Hodgesmith has the experience to ensure the integrity of this system and to bring all of the partners together (families and guardians; community service providers; and CDDOs) to provide a strong and stable system to support the lives of persons with disabilities. Martha is charged with leading our efforts to monitor the system including enforcing the current statutes, regulations, and policies. In addition, I have directed my staff to step up our financial auditing of the DD system.
- Right now, it's hard to tell if the challenges faced by this system are statutory, regulatory, strategic, implementation, or enforcement issues. We need a stakeholder group to help us define the problems and develop and propose appropriate solutions. I believe it is premature to make statutory changes without dialogue of all stakeholders to assure that we get needed improvements without unintended consequences.