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 22, 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:

Others attending: See attached list

SB 381: Professional service scholarships, osteopaths, optometrists, nurses, teachers, dentists, national guard officers

Senator Salisbury moved, Senator Lawrence seconded, that the Committee reconsider its action on **SB 381**. Senator Salisbury told members that she had offered an amendment regarding the stipend for ethnic minority graduate students which she believed to be the preferable policy for the state but which had offended others on the Committee. The motion to reconsider carried on a voice vote.

A motion was offered by Senator Morris and seconded by Senator Downey to amend **SB 381** by deleting the payment of 70% cost of attendance for ethnic minority graduate students and by reinserting the language that would provide a stipend in an amount not to exceed the amount of the cost of attendance and that **SB 381** as amended be recommended favorably for passage. The motion carried on a roll call vote.

Chairman Kerr reviewed the FY 2001 subcommittee report on **KPERS issues** (Attachment 1). Members discussed the following items:

1.d. Correction of errors. Of the three instances cited where errors were made and KPERS overpaid benefits, two individuals have reimbursed the state. However, the individual who received an overpayment of $19,000 has no means to repay. It was explained that the error was clearly the mistake of KPERS, but legally KPERS has the right to collect the money. With this recommendation the persons who repaid the state will be reimbursed all but 25% of the overpayment, and the person who has not reimbursed the state will have benefits reduced in order to collect 25% of the overpayment. This recommendation pertains only to the 1993 COLA.

1. h. Lump Sum KPERS Payment. The Chairman noted that this is a major policy change which provides a better option for persons who are terminally ill because it will be an actuarily calculated benefit on that date. In addition, he noted that lump sum payment could be an option for those persons who believe they can take their retirement benefits and invest them at a better rate.

2. c. Serving After Retirement. Senator Downey reviewed the minority report (Attachment 1-6). She noted that persons under KP&F can draw their retirement and serve as legislators while accruing benefits under KPERS. She stated that she did not have specific language to offer as a solution for addressing what she believed was a biased situation for someone who has had a career and participated in KPERS and is subsequently elected to the Legislature. Jack Hawn, KPERS, told members that someone who is "dually employed" (such as a teacher who is a member of KPERS and is elected to the Legislature) has to

make the choice of which salary to contribute under when they come into office. Because of annualization of legislators' salaries the provision was put in so that the salaries could not be combined. All other elected officials can combine their salaries because they are usually lower and are not annualized. The Chairman expressed his belief that aspects of this need to be carefully studied because part of the proposal would be to allow the dually employed person to have retirement recalculated on final retirement. Senator Downey read a statement of opinion from IRS indicating under what conditions changes could be made.

1. k. Payment of Benefit Enhancements. It was noted by staff that because of current law, the state does not begin paying for enhanced benefits for two years.

It was moved by Senator Lawrence and seconded by Senator Salisbury that the KPERS issues subcommittee report be adopted. The motion carried on a voice vote.

Senator Salisbury moved, Senator Morris seconded that the original language be deleted from **HB 2624** and that the provisions of the KPERS Issues Subcommittee report be amended into the bill. The motion carried on a roll call vote.

Senator Salisbury presented the FY 2001 subcommittee report on **SRS - Community Developmental Disabilities Services (including KCDD)** (Attachment 2). Senator Ranson inquired whether the subcommittee had discussed the lack of continuity between CDDOs in prioritizing which clients are served and which are put on waiting lists. Laura Howard, Interim Assistant Secretary for Health Care Policy within SRS, stated that individuals access services on a first-come first-served basis except for crisis situations. However, CDDOs define crisis in vague ways. She added that the agency will address the issues of disparity and access to services in two forums - when new contracts are negotiated and during stakeholder meetings. Senator Ranson moved, Senator Lawrence seconded, that the subcommittee report be amended to recommend that SRS continue to develop guidelines or criteria for accessing services. Members of the subcommittee noted that these issues are evolving right now and the discussion has to take place before recommendations can be made. The motion carried on a voice vote.

Senator Salisbury read language which came at the request of legislators concerned about the conflict of interest in CDDOs (Attachment 3). It was noted that **SB 659** took the initiative to break up the CDDOs and separate the gatekeeper function from the service provider function. This language (Attachment 3) takes steps to reduce the conflict of interest and enumerates some of the steps they have to do to mitigate that. A representative from SRS stated that Senator Goodwin was pleased with the language, but not all stakeholders had reviewed it. A motion was offered by Senator Ranson and seconded by Senator Lawrence that the language in Attachment 3 be included in the report as a proviso in lieu of taking action on **SB 659** this session. The motion carried on a voice vote.

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

SB 653: Intergovernmental transfers with nursing facilities

In response to a question, it was stated that the establishment of the "long-term care loan fund" to be used, among other things, for the conversion of health care facilities to meet health care needs of rural areas was in the balloon version of the bill. Because members did not bring copies of the balloon version of **SB 653**, the Chairman postponed action on the bill until the next meeting.

The meeting was adjourned by the Chairman at 12:30 p.m. The next meeting will be March 23, 2000.

SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: March 22, 2000

NAME	REPRESENTING
Stan Parsons	Smoot & Assoc.
Marc Hansen	KS Div. of the Budget
Don Cawby	DOB
Jack Hawn	KPERS
Meredith Williams	"
Leland Breedlove	"
Harley Becker	KRTA
Krista Gospeich	DOA/DPS
[illegible]	KGP
B. Mariani	DofA
R. Longior	Post Audit
Pat Lehman	KS Fin Service Alliance
Bill Henry	KS Gov. Consulting
Gina McDonald	KACIL
Patty Seidel	Life Patterns Inc.
Teri Goodrich	Life Patterns, Inc.
Laura Howard	SRS
Craig Grant	KNEA
Bill Brady	KS Gov't Consulting

SENATE WAYS AND MEANS SUBCOMMITTEE
REPORT ON KPERS ISSUES

March 20, 2000

The Subcommittee has reviewed the KPERS-related bills assigned to the Senate Ways and Means Committee, held a public hearing on KPERS issues, received reports from the KPERS Board of Trustees, and reviewed a number of recommendations from the KPERS Board and in House bills that propose legislative adjustments for KPERS issues.

There was public input expressing concern for the Governor's proposed "freeze" on the KPERS retirement contribution rate and requesting consideration of SB 437 which would provide additional retirement benefits amounting to $1.00 per year of credited service. The KPERS state/school fiscal note was $77.9 million, with increased annual contributions of $4.7 million annually required. Conferees pointed out that this benefit increase would help pay for heath care costs that continue to rise and for which retirees have a difficult time in paying the annual increases in premiums for health care. Two conferees spoke in favor of HB 2624 that would make KP&F death benefits the same as those currently authorized for KPERS members when there is no spouse or minor children. The General Counsel for the Board of Regents spoke in favor of SB 573. A representative of the City of Topeka asked for consideration of the concept in HB 3029 that would allow public elected officials to continue uninterrupted service after retiring from a KPERS participating employer.

1. ***After conducting its review process, the Subcommittee recommends the following KPERS items to be included in Senate Substitute for HB 2624 (the designated KPERS Omnibus bill for 2000):***

   a. **Vesting.** Under current law, KPERS members who become eligible for another retirement plan, such as the Regents defined contribution plan, or who become ineligible for the KPERS plan because of reduced hours, can not withdraw the employee KPERS contributions until employment is terminated with a KPERS participating employer. Proposed legislation would vest such persons in a KPERS benefit, regardless of the number of years of service, so that withdrawal of contributions would no longer be an issue. Until a person is vested, after five years under current law, accounts of inactive members stop earning interest. This proposal also incorporates SB 573 that pertains only to Regents employees, but the Subcommittee applies the concept to all of state government in order for other employees, such as those who become eligible for the 8.0 percent deferred compensation plan, also may be vested in KPERS if they have less than 10 years of service.

   b. **Taxation of Death Benefits.** Under current law, KPERS death benefits (except those related to service connected deaths) are fully taxable as income by both the federal and state government. This change would give the KPERS death benefits the

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characteristics of life insurance which would allow such benefits to be tax free. The Subcommittee notes that the current $4,000 KPERS death benefit is paid from the KPERS Retirement Fund, not from the Insurance Fund for insured death and long-term disability benefits.

c. **Session Employees.** The 1996 legislation addressing retirement benefits of session employees provides them with life insurance, long term disability and service-connected death benefits that are available to full-time employees covered by the 8.0 percent deferred compensation plan. This change corrects the error since these employees are part-time and such temporary workers usually are not eligible for those benefits. The Division of Legislative Administrative Services reports that no 0.6 percent contributions have been paid to fund these benefits since it was always the intent of Legislators to treat those employees like all other part-time staff.

d. **Correction of Errors.** This provision would limit the amount of overpayment to be collected. The correction of erroneous KPERS benefit calculations would be required, but collection of overpayments would be limited to only those overpayments that were made within the most recent five years. Any overpayments made more than five years previously would be waived, unless there were some indications of fraud. Regardless of actuarial projections, a corrected benefit would not be reduced by more than 10 percent in order to collect past overpayments. Current law requires the Retirement System to correct errors and collect all overpayments. In regard to mistakes with any calculations made in conjunction with the 1993 COLA, the Subcommittee adds the recommendation that the Board shall waive 75 percent of any amounts paid in error. This addresses a concern found in SB 649 that would waive 100 percent of amounts paid in error. There are three known instances where errors were made by KPERS and overpayments were made.

e. **Purchase of Service Statutes.** There are four sections of the KPERS law that contain language that is identical to language that was eliminated from numerous sections in 1998 with passage of the federal compliance revisions to KPERS statutes. The language in these four statutes was not amended in 1998 and this correction would make them consistent with other statutes.

f. **Indexing.** A technical correction is necessary to clarify that the current policy of indexing final average salary or indexing the current annual rate for disabled KPERS members will commence when the employee leaves the payroll, not on the last day at work. This change will correct the potential double counting of annual salary increases.

g. **Conflict Resolution**. Correct a conflict of laws relating to the real estate provisions where the same section of law was amended twice in the same year and is repeated twice in the statute books because one bill did not amend the language in the other bill.

h. **Lump Sum KPERS Payment**. This addition would provide a lump sum payment option at retirement, or upon death of a member, that would reduce KPERS defined benefits to the beneficiary by no more than 50 percent for life. Up to 50 percent of the actuarially calculated benefit could be taken as a lump sum amount under this proposal. The implementation date would be delayed until CY 2001 in order to give KPERS adequate lead-in time to implement this change. The fiscal note for administrative costs is $100,000 and should be considered at Omnibus if this legislation passes.

i. **KP&F Lump Sum Death Benefit**. The Subcommittee recommends provisions of HB 2624 as passed by the House should be included in the Senate Sub for HB 2624. This item would provide a lump sum death benefit equal to 100 percent of a KP&F members salary (less amounts of accumulated contributions) when any KP&F member dies without a wife or children as beneficiaries. The fiscal note is based on an actuarial calculation that will cost the state an additional $29,000 annually and the local units an additional $193,000 annually to pay for this benefit. This proposal was introduced in the House as HB 3043.

j. **Authority to Charge Fees**. KPERS would be authorized to assess fees for any services provided in regard to activities not exclusively for the benefit of its members. This recommendation is made in conjunction with SB 660 and previous legislation that assigned the KPERS Board any additional duties and responsibilities for managing investments of non-retirement moneys as a service to the state.

k. **Payment of Benefit Enhancements**. This provision would require that any benefit increases, such as cost-of-living adjustments or an increase in the $4,000 death benefit or other programmatic enhancement to death or disability benefits, would be recognized immediately and any required payments to amortize the actuarial costs of such enhancements would begin in the fiscal year immediately after the Legislature or the Board grants a benefit enhancement that has an actuarial cost. Similar legislation that addresses only COLA enhancements is included in SB 358 (in House Appropriations Committee) and Senate amendments to HB 2034 (in conference committee).

2. ***The Subcommittee recommends the following items for interim study by the Joint Committee on Pensions, Investments and Benefits:***

   a. **Deferred Compensation**. A provision sought by the KPERS Board of Trustees would transfer the state's current Section 457 plan to KPERS for administration. An employer match also is included in the Board's proposal. The proposal was introduced in the House as HB 3038.

      i. **Legislators.** SB 449 and HB 2645 would allow current legislators who are reelected to the 2001 Session to choose between KPERS membership and an 8.0 percent statutory alternative for certain state employees. For newly elected legislators, the choice would be between the 8.0 percent plan or no retirement plan.

      ii. **Legislative Staff Agencies**. SB 390 and HB 3014 would allow staff to choose between KPERS membership and an 8.0 percent statutory alternative for certain state employees.

   b. **Authority Status**. This proposal would establish KPERS as an independent authority much like the KU Hospital Authority or the Kansas Turnpike Authority. The KPERS Board of Trustees requested legislation to implement this change.

   c. **Serving After Retirement**. SB 40 as passed by the Senate, HB 2839, HB 3029, and House Sub. for SB 138 would amend current law regarding public officials and serving in elective office after retirement from a KPERS participating employer.

Dave Kerr

Senator Dave Kerr, Chairperson

Senator Christine Downey

Barbara Lawrence

Senator Barbara Lawrence

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Minority Report

I agree with all items in the Subcommittee Report with the exception of item 2c that concerns elected public officials, including members of the Legislature. There is an immediate problem that should be addressed in legislation this Session and to postpone any action while waiting on an interim study of the issue would delay needlessly the resolution of a problem that affects the future service of elected public officials in both state and local governments.

The Kansas 2000 Select Committee has amended language into SB 138 to help resolve the problem for local elected officials and state legislators who face a similar problem of being forced to resign from office in order to retire from a KPERS participating employer. I do not believe that the Senate should ignore this problem and depend on a conference committee to "do the right thing" in addressing the issue. The Senate needs to take a position and include language in the KPERS Omnibus bill that would resolve the problem.

I do not believe that the Legislature intended to force certain elected representatives of the people to resign from office in order to retire from another lifelong job that provides a KPERS retirement benefit. The law in question is a provision that requires anyone who retires to be off the payrolls of all KPERS participating employers for at least 30 days. Some elected public officials have dual membership in KPERS, such as school teachers, state employees, and city or county government employees who work for units of government that offer membership in KPERS, and who also serve in public elected office where KPERS membership also is offered.

At least two elected members of legislative bodies, one member of the Legislature and one member of a city council, seek redress of this situation. Both work for a KPERS participating employer, one for a school district and one for a state agency, and each is eligible to retire under KPERS with no reduction in benefits. However, in order to retire, each must resign from their elected public office if they wish to qualify for KPERS retirement benefits, and when eligible, subsequently to collect Social Security and Medicare benefits after they retire from their primary job.

HB 2839 includes one solution to this issue and provides an alternative for members of the Legislature who wish to retire, but not to resign from office. The fiscal note from KPERS indicates that under HB 2839, the actuarial ramifications would be of benefit to the System. After retirement and while continuing to serve in the Legislature, retired KPERS members actually would receive less in monthly benefits than if they retired from the Legislature as well as their primary employer. The difference in monthly benefits represents an actuarial savings.

I urge you to do the fair thing now and to add language to the KPERS Omnibus bill that will rectify this problem created by the Legislature. It is an issue that needs to be solved by both the House and the Senate with each taking a stand.

Sen. Christine Downey

Senator Christine Downey

#31072.01(3/21/0{3:26PM})

HOUSE BUDGET COMMITTEE REPORT

Agency: SRS - Community Developmental Disabilities Services (including KCDD) **Bill No.** **Bill Sec.**

Analyst: Sparks **Analysis Pg. No.** 629 **Budget Page No.** 419

Expenditure Summary	Agency Req. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
State Operations	$ 7,050,341	$ 6,289,952	$ 0
Aid to Local Units	22,078,538	22,078,538	0
Other Assistance	200,020,538	193,595,658	1,000,000
Total - Oper. Expend.	$ 229,149,417	$ 221,964,148	$ 1,000,000
State General Fund	$ 95,042,553	$ 91,938,314	$ 400,000
All Other Funds	134,106,864	130,025,834	600,000
Total - Oper. Expend.	$ 229,149,417	$ 221,964,148	$ 1,000,000
FTE Positions	15.0	15.0	0.0
Unclassified Temp. Positions	6.0	4.0	0.0
TOTAL	21.0	19.0	0.0

Agency Req./Governor's Recommendation

Developmental Disabilities Services Division

For FY 2001, the agency requests expenditures of $228.1 million, including $95.0 million from the State General Fund, for the Disabilities Services Division. The request is an increase of $5.5 million (2.5 percent) all funds and $2.3 million (2.5 percent) State General Fund above the FY 2000 estimate. The increase is almost entirely in the ICF-MR and HCBS/MR programs. The agency requests an enhancement package of $4.25 million all funds, including $1.7 million from the State General Fund to provide expanded community services to persons with developmental disabilities. The same number of FTE and UT positions are requested as in FY 2000.

The Governor recommends $221.0 million, including $91.9 million from the State General Fund, for FY 2001. The recommendation is an all funds decrease of $7.1 million and a State General Fund decrease of $3.1 million below the agency request. The HCBS/MR program is recommended at $166.9 million all funds ($63.7 million State General Fund) a decrease of $5.25 million below the agency request. In addition, the protected income level for individuals served by the HCBS/MR program is reduced from $687 per month to $475 per month which is estimated to save $1.0 million all funds ($400,000 State

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General Fund) in waiver expenditures. The Governor does not recommend the enhancement package; however, does concur with the requested positions.

The Kansas Council on Developmental Disabilities requests expenditure authority of $1,040,310, an increase of $8,665 (0.8 percent) above the FY 2000 estimate. The request includes the same number of positions as in FY 2000. Current services are maintained and no enhancement package is requested.

The Governor recommends $984,828 from all funding sources. The reduction of $54,228 is attributable to the elimination of 2.0 UT positions from the request.

House Budget Committee Recommendation

The House Social Services Budget Committee concurs with the Governor's recommendation for FY 2001 with the following exceptions and comments:

1. The Budget Committee directs the Department to convene an informal task force of stakeholders to make recommendations to the Committee prior to the Omnibus Session on the definitions of Needs vs Wants of consumers served by the Home and Community Based Services for the Mentally Retarded. In order for the state to continue the program a range of services which fulfill the needs of consumers must be established in place of attempting to address all the wants of an individual and/or the family members. Secondly, the task force is asked to make recommendations regarding training for case managers and consumers with respect to the modified range of services to be provided in the future. Finally, given the amount of resources presently dedicated to this program, all recommendations, in the aggregate, are required to be budget neutral.

2. The Budget Committee directs the Department to continue meetings with the stakeholders across the state to solicit ideas about a wider range of management tools which could be put in place to contain costs and achieve equity of services for the Home and Community Based Services for the Mentally Retarded across the state. However, the program must operate within appropriations which may require difficult decisions to be made.

3. The Social Services Budget Committee recommends during the Omnibus Session that serious consideration be given to the issue of waiting lists for services in the Home and Community Based Services for the Mentally Retarded program.

4. Add $1.0 million all funds, including $400,000 from the State General Fund to reinstate the protected income level back to $687 from the recommended amount of $475 per month for consumers receiving Home and Community Based Services for the Mentally Retarded. The protected level

income refers to the amount of money an individual is allowed to retain to provide for housing, food, clothing, transportation, etc. before the individual is required to pay for their services received under the waiver program. The Department testified that its intention was to allow each consumer an allowance of $95 per month for durable medical goods given the fact that all durable medical goods for the medically needy was removed from the Governor's budget, thereby, bringing the protected income level up to $570 per month. The protected income level of $687 per month is based upon the federal poverty guidelines for the 48 contiguous states, therefore, the Department's recommendation would have placed consumers $117 per month below the federal poverty guidelines.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendations.

SENATE SUBCOMMITTEE REPORT

Agency: SRS - Community Developmental Disabilities Services (including KCDD) **Bill No.** 639 **Bill Sec.** 33

Analyst: Sparks **Analysis Pg. No.** 629 **Budget Page No.** 419

Expenditure Summary	Agency Req. FY 01	Gov. Rec. FY 01	Senate Subcommittee Report Adjustments
State Operations	$ 7,050,341	$ 6,289,952	$ 0
Aid to Local Units	22,078,538	22,078,538	0
Other Assistance	200,020,538	193,595,658	1,000,000
Total - Oper. Expend.	$ 229,149,417	$ 221,964,148	$ 1,000,000
State General Fund	$ 95,042,553	$ 91,938,314	$ 400,000
All Other Funds	134,106,864	130,025,834	600,000
Total - Oper. Expend.	$ 229,149,417	$ 221,964,148	$ 1,000,000
FTE Positions	15.0	15.0	0.0
Unclassified Temp. Positions	6.0	4.0	0.0
TOTAL	21.0	19.0	0.0

Developmental Disabilities Services Division

For FY 2001, the agency requests expenditures of $228.1 million, including $95.0 million from the State General Fund, for the Disabilities Services Division. The request is an increase of $5.5 million (2.5 percent) all funds and $2.3 million (2.5 percent) State General Fund above the FY 2000 estimate. The increase is almost entirely in the ICF-MR and HCBS/MR programs. The agency requests an enhancement package of $4.25 million all funds, including $1.7 million from the State General Fund to provide expanded community services to persons with developmental disabilities. The same number of FTE and UT positions are requested as in FY 2000.

The Governor recommends $221.0 million, including $91.9 million from the State General Fund, for FY 2001. The recommendation is an all funds decrease of $7.1 million and a State General Fund decrease of $3.1 million below the agency request. The HCBS/MR program is recommended at $166.9 million all funds ($63.7 million State General Fund) a decrease of $5.25 million below the agency request. In addition, the protected income level for individuals served by the HCBS/MR program is reduced from $687 per month to $475 per month which is estimated to save $1.0 million all funds ($400,000 State General Fund) in waiver expenditures. The Governor does not recommend the enhancement package; however, does concur with the requested positions.

The Kansas Council on Developmental Disabilities requests expenditure authority of $1,040,310, an increase of $8,665 (0.8 percent) above the FY 2000 estimate. The request includes the same number of positions as in FY 2000. Current services are maintained and no enhancement package is requested.

The Governor recommends $984,828 from all funding sources. The reduction of $54,228 is attributable to the elimination of 2.0 UT positions from the request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2001 with the following exceptions and comments:

1. Add $1.0 million all funds, including $400,000 from the State General Fund to reinstate the protected income level back to $687 from the recommended amount of $475 per month for consumers receiving Home and Community Based Services for the Mentally Retarded.

2. The Subcommittee recommends that the Department of Social and Rehabilitation Services and the Department on Aging begin discussions on the merit of aging individuals out of the Developmental Disabilities waiver into services provided by the Department on Aging. The subcommittee does not intend to suggest that the older population is not well served in the MR/DD system, rather the recommendation is in

response to concern about the waiting list for waiver services and availability of funds. The subcommittee received testimony that the aging process hits harder and sooner for many developmentally disabled individuals, and that a portion of the Kansas Intergovernmental Transfer Program (KITP) could be directed to medicaid-related services for this population. The MR/DD waiver currently serves 1,036 individuals over 50 years of age, and 402 are 60 years or older. The HCBS/FE waiver in the Department on Aging serves 211 developmentally disabled individuals. However, the Secretary on Aging noted there is pending legislation that would place restrictions on KITP revenue to programs that could prevent people from entering nursing facilities prematurely and that would not create entitlements. The subcommittee recommends that discussions between the two agencies include the most appropriate manner to inform individuals about accessing nutrition programs and other senior services which could supplement the MR/DD waiver.

3. The Subcommittee recommends that the Department meet with the stakeholders to develop and implement additional assessment tools specifically designed to help the State and the families in assessing the needs of the client. The Department is directed to use this process to develop a pilot assessment project which can be validated and presented to the 2001 Legislature.

4. The subcommittee is in support of direction given by the House Budget Committee to convene stakeholders in all the HCBS waivers to make recommendations on definitions of "needs vs. wants," resource management and equity of services. The recommendations are to be made prior to development of the omnibus appropriations bill. The Senate subcommittee further emphasizes the necessity of recommendations that would not impose greater budgetary constraints.

5. The Subcommittee encourages the Department to begin dialogues with the local communities to coordinate the local services that are in place for the developmental disabilities population. In addition, the Department may wish to use the Connect Kansas Program as the vehicle to begin these discussions and recommendations. However, the Department is cautioned, that these services must be provided in a cost neutral or cost savings manner for the state.

6. The Subcommittee was informed that a request for proposal regarding the developmental disabilities rates reimbursement has been mailed out and that the responses to the study are due back by April 28. The proposal requires that the study be completed within 90 days of the contract signing. The rate information is to be available for the 2001 Legislature. The DD Reform Act calls for a biennial rate study to look at adequacy of service reimbursement rates in the community. A study was completed in 1997, but a legislative post audit and stakeholders point out

"the study was focused on actual expenditures, and it had several flaws in the analysis of the cost data." No study has been completed since that time.

7. The Subcommittee strongly encourages the Department to monitor the new plans of care to verify that the plans are written to address only the needed services of the individual.

8. The Subcommittee wishes to stress the importance of the financial and management audits of the Community Developmental Disabilities Organizations and the state contracted Community Service Providers. In addition, the Subcommittee recommends that enhanced monitoring tools be developed by the Department. The Legislative Post Audit clearly points out areas in which the CDDOs are failing to comply with state law and it is the Department's responsibility to enforce the law, possibly through the licensure activities of the Department.

9. The Subcommittee requests that the Community Developmental Disabilities Organizations make recommendations to the SRS Transition Oversight Committee, the Department of Social and Rehabilitation Services, and the 2001 Legislative Session for a new plan for distribution of the discretionary funds. The plan should also address the methodology, number of clients served, number of clients per tier, etc. The Subcommittee notes that the Legislative Post Audit pointed out that the distribution of discretionary funding may not have been allocated equitably. The Community Developmental Disabilities Organizations agree that the distribution is not on an equitable basis. However, it is very difficult to redistribute when 70 percent of those moneys are spent directly on clients without additional funding being provided.

10. The Department has reported to the Subcommittee about ongoing discussions with stakeholders of developmental disabilities' services. Future discussions will include allocation methods to be employed by the Department, the different service requirements needed for individuals that have natural supports and those who have no natural supports; the cost difference between an urban setting vs. a rural setting, etc. The Subcommittee commends the Department for bringing all stakeholders to the table for discussions of management options, as well as, the more effective manner in which the waiver program is being administered during the current year. However, the Subcommittee reminds the groups involved that any recommendations should result in cost savings or in the aggregate be cost neutral.

11. The Subcommittee was informed that a current year shortfall of $3.5 million all funds, including $1.4 million from the State General Fund is projected by the agency. However, the agency further explained that it has sufficient flexibility to manage the shortfall through savings in other

community programs such as the ICF/MR budget and audit findings from community developmental disabilities grants.

The agency also informed the Subcommittee that a current services shortfall of $6.4 million all funds, including $2.5 million from the State General Fund is now projected for FY 2001 and the cost estimates for serving the waiting list in FY 2001 is $4.9 million including $2.0 million from the State General Fund. However, the Subcommittee believes that the stakeholder groups meeting with the Department will provide cost savings to address the shortfalls. Therefore, the Subcommittee recommends that the shortfall and waiting list be reviewed again during the 2001 Legislative Session after the recommendations have been implemented.

Alicia L. Salisbury
Senator Alicia Salisbury, Chair

Christine Downey
Senator Christine Downey

Larry D. Salmans
Senator Larry Salmans

#30487.01(3/21/0{4:04PM})

In any area where a CDDO provides treatment and care services for persons with developmental disabilities and a community services provider or providers also provides treatment and care services in the CDDO area, the CDDO shall present a plan to SRS for approval demonstrating how the CDDO will impartially provide, directly or by subcontract, information about any and all community services to persons with developmental disabilities and their family members. The CDDO shall develop this plan to mitigate potential conflict of interest jointly with all community service providers within their area, and shall delineate the role that other community service providers may play in the dissemination of services information to consumers. SRS shall report to the SRS Transition Oversight Committee on the status of these plans and other steps taken to monitor compliance and mitigate against potential conflict of interest. In addition, SRS shall report to the Transition Oversight Committee on its consideration of creation of a community services ombudsman and other steps to address concerns of families and consumers.