

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:45 a.m. on March 18, 2004, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Jill Wolters, Senior Assistant, Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

None

Others attending:

See Attached List.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2004 and FY 2005 were available to the committee.

Subcommittee budget reports on:

Kansas Department of Social and Rehabilitation Services (Attachment 1)

Subcommittee Chairman Morris reported that the subcommittee on the Kansas Department of Social and Rehabilitation Services concurs with the Governor's recommendation in FY 2004 with adjustment and concurs with the Governor's FY 2005 recommendations with adjustments.

Staff distributed copies of the current status of the Children's Initiatives Fund (Attachment 2). Committee discussion followed.

Senator Helgerson moved, with a second by Senator Salmans, to amend the subcommittee budget report on the Department of Social and Rehabilitation Services (SRS) to include language in the subcommittee report instructing SRS to maintain the present policy regarding the use of the medical card for mental health services. Motion carried on a voice vote.

Senator Jordan moved, with a second by Senator Helgerson, to adopt the subcommittee budget report on the Kansas Department of Social and Rehabilitation Services in FY 2004 and FY 2005 as amended. Motion carried on a voice vote.

Chairman Morris opened committee discussion on Salary Issues - Pay Plan for State employees. Senator Helgerson requested that Staff and the Governor's Office provide justification as to why the percent increase should be at this level and what the process was in putting it in this format with the advantages and disadvantages of doing it this way.

The meeting adjourned at 11:35 a.m. The next meeting is scheduled for March 19, 2004.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE March 18, 2004

NAME	REPRESENTING
Antia Thomas	DOB
Aaron Dunkel	DOB
Mary Hill Brandt	Conda Consulting
Jill Heer	HeinKendall.com
Jim Redmon	KS CHILDREN'S PABINES
BRAD HARRELSON	KFB
Todd Johnson	KLA
Karee Watson	DPS
Teresa Schwab	Oral Health KS
Sheli Sweeney	CMBAs
Mike Hammond	CMBAs
Walter Hill	High Plains CMHC
Tom Bruno	EDS
MATT FLETCHER	INTERHAB
Steve Solomon	The Farm, Inc.
Leon Brabo	KCP

SENATE SUBCOMMITTEE ON SRS

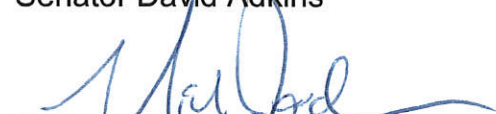
Department of Social and Rehabilitation Services




Senator Stephen Morris, Chair



Senator David Adkins



Senator Nick Jordan



Senator Jean Schodorf



Senator Henry Helgerson

House Budget Committee Report

Agency: Department of Social and Rehabilitation Services **Bill No.** HB 2899 **Bill Sec.**35

Analyst: Dunkel **Analysis Pg. No.** 1331 **Budget Page No.**377

Expenditure	Agency Est. FY 04	Governor Rec. FY 04	House Budget Committee Adjustments
Expenditures			
State Operations	\$ 299,262,231	\$ 297,689,056	\$ 0
Aid to Local Units	22,465,461	92,615,131	0
Other Assistance	1,867,707,200	1,773,942,776	0
TOTAL	<u>\$ 2,189,434,892</u>	<u>\$ 2,164,246,963</u>	<u>\$ 0</u>
Funding			
State General Fund	\$ 717,937,224	\$ 707,834,957	\$ 0
Other Funds	1,471,497,668	1,456,412,006	0
TOTAL	<u>\$ 2,189,434,892</u>	<u>\$ 2,164,246,963</u>	<u>\$ 0</u>
FTE	3981.5	3981.5	0.0
Non-FTE Unclassified Permanent	64.7	64.7	0.0
TOTAL	<u>4046.2</u>	<u>4046.2</u>	<u>0.0</u>

Agency Estimate

The **agency** estimates expenditures of \$2.2 billion all funds and \$717.9 million SGF for FY 2004, an increase of \$29.7 million or 1.3 percent all funds and a decrease of \$23.9 million or 3.2 percent SGF from the approved amount. Agency adjustments result in an SGF reduction of \$37.5 million and an all funds increase of \$14.4 million. In addition, the agency requests supplemental funding of \$5.9 million SGF and \$17.4 million all funds.

Governor's Recommendation

The **Governor** recommends FY 2004 expenditures of \$2.2 billion all funds, \$707.9 million SGF, a reduction of \$1.1 million or .05 percent all funds and \$33.9 million or 4.6 percent SGF from the approved amount.

Both the agency request and the Governor's recommendation reflect the federal fiscal relief received through the change in the Federal Medical Assistance Percentage (FMAP) rate which resulted in increased federal dollars for the state of \$40.1 million.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustments:

1. The Budget Committee recognizes the concerns associated with the unpaid claims for providers under the EDS payment system. The Budget Committee

recommends that EDS notify all providers through their regular mailings that they can bill every two weeks, rather than every 30 days, as well as use the internet to make their claims. Providers can do an inquiry on claims and the internet will tell them if it's been paid, denied or suspended for review. They can also submit claims through the internet for real time adjudication. Providers can also check beneficiary eligibility through the web. The Budget Committee believes that these changes will result in more timely recognition and eradication of billing errors and problems.

The Budget Committee also recommends that the Department of Social and Rehabilitation Services, in their regular contacts with providers, inform them that they can use biweekly billing and access claims processing via the internet.

The Budget Committee plans to meet with EDS representatives and the Secretaries for the Department on Aging and the Department of Social and Rehabilitation Services to address the timing of payments to providers prior to Omnibus.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Department of Social and Rehabilitation Services **Bill No.** SB 536 **Bill Sec.**35

Analyst: Dunkel **Analysis Pg. No.** 1331 **Budget Page No.**377

Expenditure	Agency Est. FY 04	Governor Rec. FY 04	Senate Subcommittee Adjustments
Expenditures			
State Operations	\$ 299,262,231	\$ 297,689,056	\$ 0
Aid to Local Units	22,465,461	92,615,131	0
Other Assistance	1,867,707,200	1,773,942,776	(550,000)
TOTAL	<u><u>\$ 2,189,434,892</u></u>	<u><u>\$ 2,164,246,963</u></u>	<u><u>\$ (550,000)</u></u>
Funding			
State General Fund	\$ 717,937,224	\$ 707,834,957	\$ 0
Other Funds	1,471,497,668	1,456,412,006	(550,000)
TOTAL	<u><u>\$ 2,189,434,892</u></u>	<u><u>\$ 2,164,246,963</u></u>	<u><u>\$ (550,000)</u></u>
FTE	3981.5	3981.5	0.0
Non-FTE Unclassified Permanent	64.7	64.7	0.0
TOTAL	<u><u>4046.2</u></u>	<u><u>4046.2</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency** estimates expenditures of \$2.2 billion all funds and \$717.9 million State General Fund for FY 2004, an increase of \$29.7 million or 1.3 percent all funds and a decrease of \$23.9 million or 3.2 percent State General Fund from the approved amount. Agency adjustments result in an State General Fund reduction of \$37.5 million and an all funds increase of \$14.4 million. In addition, the agency requests supplemental funding of \$5.9 million State General Fund and \$17.4 million all funds.

Governor's Recommendation

The **Governor** recommends FY 2004 expenditures of \$2.2 billion all funds, \$707.9 million State General Fund, a reduction of \$1.1 million or .05 percent all funds and \$33.9 million or 4.6 percent State General Fund from the approved amount.

Both the agency request and the Governor's recommendation reflect the federal fiscal relief received through the change in the Federal Medical Assistance Percentage (FMAP) rate which resulted in increased federal dollars for the state of \$40.1 million.

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends the reduction of the Children's Cabinet Accountability Fund expenditures by \$541,105 Children's Initiatives Fund (CIF).
2. The Subcommittee recommends the reduction of Smart Start Kansas program by \$8,895.

House Budget Committee Report

Agency: Department of Social and Rehabilitation Services Bill No. HB 2900 Bill Sec.32

Analyst: Dunkel Analysis Pg. No. 1331 Budget Page No.377

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	House Budget Committee Adjustments
Expenditures			
State Operations	\$ 316,306,095	\$ 307,999,067	\$ 0
Aid to Local Units	23,777,047	96,454,216	3,812,400
Other Assistance	1,931,822,179	1,919,816,257	0
TOTAL	\$ 2,271,905,321	\$ 2,324,269,540	\$ 3,812,400
Funding			
State General Fund	\$ 795,678,168	\$ 800,071,963	\$ 626,400
Other Funds	1,476,227,153	1,524,197,577	3,186,000
TOTAL	\$ 2,271,905,321	\$ 2,324,269,540	\$ 3,812,400
FTE	3981.5	3981.5	0.0
Non-FTE Unclassified Permanent	64.7	64.7	0.0
TOTAL	4046.2	4046.2	0.0

Agency Request

The **agency** requests FY 2005 expenditures of \$2.3 billion all funds, \$795.7 million SGF, an increase of \$82.5 million or 3.8 percent all funds and \$77.7 or 10.8 percent SGF. Part of the SGF increase for FY 2005 reflects the end of the federal fiscal relief package which saved the state \$40.0 million SGF in FY 2004. In addition, the increase reflects enhancements requests totaling \$92.1 million all funds and \$40.8 million SGF.

Governor's Recommendation

The Governor recommends FY 2005 expenditures of \$2.3 billion all funds, \$800.1 million State General Fund, an increase of \$160.0 million or 7.4 percent all funds and \$92.2 or 13.0 percent State General Fund from the FY 2004 recommendation.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustments:

1. The Budget Committee recommends the agency fund the enhancement request for \$550,629 State General Fund and \$2.6 million all funds to fully utilize the Vocational Rehabilitation Federal Grant from its existing budget.
2. The Budget Committee recommends adding \$800,000 in special revenue funds to eliminate the Home and Community Bases Services Head Injury (HCBS/HI)

waiver waiting list in FY 2005. The agency business plan indicates there are 73 persons currently on the HCBS/HI waiver waiting list, with a wait of approximately one year. The waiver serves persons age 16 to 55 years of age with a traumatic head injury, providing transitional living skills, the assistance of behavior specialists, alcohol and substance abuse counselor and home health agencies. Given the time it takes to develop care plans and the number of persons who remove themselves from the waiting list or fail to update their information and cannot be contacted, the Budget Committee estimates eliminating the waiting list will cost approximately \$800,000 State Funds. The Budget Committee believes there are sufficient undedicated balances in the Other State Fees fund to cover the cost of eliminating the waiting list.

3. The Budget Committee notes that in its recommendation for the state mental health institutions, it restored services for children 12 and under at Larned State Hospital and recommended funding the restoration from the HCBS/SED (Severe Emotional Disturbance) waiver. The HCBS/SED waiver is funded through the regular medical program, making it part of the caseload estimating process. The Budget Committee is aware that the effect of this recommendation may be to increase caseload expenditures for regular medical assistance by up to \$449,600 State General Fund, and \$1.1 million all funds.
4. The Budget Committee recommends blending the Therapeutic Pre-School program into Smart Start and shifting \$1.0 million Children's Initiatives Fund (CIF) for Therapeutic Pre-School to Family Preservation.
5. The Budget Committee recommends shifting \$1.0 million CIF from Smart Start to Family Preservation, in addition to the \$1.0 million CIF from the Therapeutic Pre-School program.
6. The Budget Committee recommends shifting \$500,000 CIF from Smart Start to CMHC grants for children's programs.
7. The Budget Committee recommends shifting \$4,509 from Smart Start to Immunization Outreach to restore the BEST reduction in that program.
8. The Budget Committee recommends shifting the Attendant Care for Independent Living (ACIL) program, which provides long-term maintenance or supportive in-home medical care for children, from the regular medical budget to community supports and services (CSS). CSS includes the intermediate care facilities for mental retardation (ICF/MR's) and home and community-based services (HCBS) waivers. The shift would allow greater coordination between the ACIL program and the HCBS/waivers as children age out of the ACIL program. The agency indicates there are no costs associated with the shift.
9. The Budget Committee notes that the Governor's budget bill includes proviso language allowing the agency to collect fees from families for services their children receive through SRS. The Governor's budget estimates collections of \$470,000 in family service fees. The funds are placed in the Social Welfare Fund and redistributed in the service program to access additional federal matching funds.
10. The Budget Committee expresses concern that Federally Qualified Health Centers (FQHC's), whose primary purpose is to address the needs of the indigent and uninsured, are capitalizing on their tax exempt status by competing

with private, for-profit care providers for insured clients. While federal requirements do not allow FQHC's to turn away the insured, the Budget Committee does not believe funds should be spent to advertise for these clients.

11. The Budget Committee notes that the agency is currently under court order to continue services under the General Assistance/MediKan program to those who have exceeded the 24-month time limit and is waiting for the judges determination. The agency is developing a set of hardship criteria to address some of the concerns expressed in the lawsuit.
12. The Budget Committee wishes to recognize the agency's efforts to streamline service delivery without sacrificing accessibility and service through the closure of area offices and development of service access points. While change of this type is often uncomfortable and fraught with anxiety, the agency has gone to great lengths to address the concerns of all of those involved. The agency has made efforts to maintain access to services, while protecting the privacy of the individuals accessing services. In addition, agency staff will have access to client records through the secure agency website where internet connections are available.
13. The Budget Committee notes the agency request for a waiver to provide a medical card for children aging out of foster care has been approved by CMS.
14. The Budget Committee recommends monitoring the progress of SB 531, which creates a hospital closure commission to close one developmental disability institution and downsize or close the second developmental disability institution and to ensure there is a plan in place that includes input from stakeholders. The closure of a state developmental disabilities institution will result in increased pressures on home and community-based services. Currently, the waiting lists for HCBS/DD waiver services is approximately 1,000 persons. The Governor has recommended an additional \$3.0 million State General Fund, \$7.6 all funds to address another 270 persons from the waiting list.
15. The Budget Committee requests that the Department of Social and Rehabilitation Services (SRS) report back to the 2004 Legislature on or before March 15, 2004 with recommendations for alternative use of intermediate care facilities for the mentally retarded (ICF/MR's) and state developmental disability institutions and how services will be provided for the residents of those facilities.
16. The Budget Committee notes that the Governor does not fund the 72.0 FTE positions approved in the FY 2004 recommendation for the Sexual Predator Treatment Program in FY 2005. In the event that this was merely an oversight on the part of the Governor, the Budget Committee would recommend review of the program prior to Omnibus. The Governor's Budget Amendment changes the 72.0 FTE positions recommended for FY 2004 to Non-FTE unclassified permanent positions and continues those positions into FY 2005. However, the Governor does not add funding in FY 2005 with the intent that funding carryover from FY 2004. If necessary, further funding for FY 2005 will be recommended in a future Governor's Budget Amendment or as supplemental funding when the revised FY 2005 budget is submitted. The Budget Committee requests that the agency report back at Omnibus on the number of persons hired for the program and the estimated funding available to carryover into FY 2005.

17. The Budget Committee recognizes the work of the Project Steering Committee on the Future of Kansas Mental Health Hospitals. The committee's final report is the result of a truly collaborative stakeholder process during which the broad spectrum of participants volunteered their time and excellent experience and input. The Budget Committee recommends the continuation of this process through the coordination of the Governor's Mental Health Services Planning Council and the inclusion of current steering committee participants for the purpose of building on the report recommendations and working toward a data driven planning process for the future of the Kansas mental health system. This study shall not be limited in scope and shall include the evaluation of applicable system data.
18. The Budget Committee notes that the agency included in its enhancement requests an increase of \$7.5 million State General Fund, \$18.4 million all funds to increase physician fee for service rates, but the Governor did not recommend the enhancement. The limited number of physicians willing to become or remain Medicaid providers is a continuing concern for the state, given the dual impacts of low Medicaid reimbursement rates and the increase in insurance rates for health care providers over the past several years. The Budget Committee fears that continued low physician reimbursement rates will precipitate a service crisis in Medicaid.
19. The Budget Committee notes that provider reimbursement rates for the home and community based services (HCBS) waivers have not increased over the past several years, leading to concerns about the number and quality of direct care service providers.
20. The Budget Committee requests a post audit on the Employment Service program in the Department of Social and Rehabilitation Services to determine effectiveness and efficiency of the program.
21. The Budget Committee notes that two bills, SB 489 and HB 2257, would enhance the safety and well being of children in state custody. SB 489 would make it mandatory that the Department of Social and Rehabilitation Services report to the State Child Death Review Board the injury or death of a child as a result of child abuse or neglect when the child is a ward of the state or at any time has been determined to be a child in need of care, within 30 days, for review by the Board. HB 2257 would create the Joint Committee for Legislative Oversight of Foster Care and Adoption Services. The committee would monitor and review foster care and adoption services offered in the state. The committee would have five legislative members, three representatives and two senators. The committee would also be added to a list of investigating committees. The bill would be effective upon publication in the *Kansas Register*. The bill would expire on January 8, 2005. The cost of the bill would be \$21,091 State General Fund.
The Budget Committee notes that Legislators, the Department of Social and Rehabilitation Services and the Attorney General's office are working to address portions of both bills.
22. The Budget Committee recommends the Committee support HB 2569 and HB 2568. HB 2569 provides for the establishment of child advocacy centers which must meet certain criteria such as the following: be a private nonprofit incorporated agency or governmental entity; adopt established community protocols that meet all the requirements of the National Children's Alliance;

maintain a neutral, child focused facility to deal with children in cases of suspected or alleged sexual, physical, mental, or emotional abuse; maintain appropriate staff; provide a multi disciplinary case review team; provide appropriate case tracking and collect data on cases seen through the Center; provide medical exam centers; provide for an interagency commitment; provide for screening and training for staff and volunteers. Any qualified center would be eligible for state funding. The fiscal note indicates an expenditure of \$2,000 in FY 2005.

HB 2568 provides additional funding for HB 2569 through the Children's Advocacy Center Fund in the Kansas Treasury to be administered by the Attorney General. Funds are to be used as operating expenditures for the Centers. The bill assesses a fee of \$100 on defendants convicted with a crime under chapters 34, 35, or 36 of Article 21 statutes when the victim is a minor.

23. The Budget Committee recommends the Committee continue to monitor funding for the State Children's Health Insurance Program (SCHIP). Kansas currently utilizes not only its own allocation of SCHIP funds from the federal government, but also funds reallocated from states that cannot draw down all of their allotted funds. There is \$1.2 billion available for reallocation in the next federal fiscal year, but there is no guarantee that the reallocation will continue. In addition, the SCHIP program faces re-authorization in 2008. The Governor has recommended \$13.7 million State General Fund, \$57.0 million all funds (\$41.3 million federal funds) for FY 2005.

In addition, the Budget Committee notes the June 2003 performance audit report entitled "Low-Birth Weight and Premature Babies: Reviewing Programs Aimed at Reducing Their Incidence and Associated Costs " indicated that 6.9 percent of the babies born in Kansas are low-birth weight (less than 5 pounds, 8 ounces at birth) and that one-third of all births in Kansas are Medicaid-related and are more likely to be born prematurely or have a low-birth weight than other babies in Kansas. Almost \$20.0 million of the \$54.0 million in first-year expenses for babies born in 2000 was spent on low-birth weight babies, yet these babies represented only about 10 percent of the Medicaid babies born that year. On average, low-birth weight and premature babies were about five times more expensive during their first year of life than normal-birth weight babies - \$16,704 compared to \$3,180. Most of the difference related to hospitalization expenses: on average, low-birth weight babies spent 12 days in the hospital—6 times longer than normal birth weight babies. The lack of prenatal care is one of many factors that can increase the risk of poor birth outcomes, thereby increasing costs.

In light of these findings, the Budget Committee recommends that the agency amend the SCHIP program to include children from conception to age 19—currently children are covered from birth to age 19. The estimated cost of this change would be \$1.0 million State General Fund, \$4.0 million all funds. The Budget Committee estimates the savings just for first year expenses if only 20 infants received services would be \$270,480 all funds.

24. The Budget Committee recognizes the work of SRS and the Nursing Facilities for Mental Health (NF/MH's) in providing care for individuals with mental illness in the least restrictive environment, with consideration for the preferred choices of individuals and their families, clinical recommendations, and the availability of

appropriate care in the community. The Budget Committee recommends the implementation of written policy regarding (a) the procedures to be followed after an individual is screened to be moved into community services from the NF/MH; (b) the appeal process to be followed by families and guardians; (c) the respective roles of the agency and the facility when the transition is incomplete at the end of the prescribed transition period; and (d) the collection and reporting of data tracking the transition of the individual to community services and/or their return to residential care. Such policy shall include the dates of reporting and shall require such report to be delivered to the House Social Services Budget Committee, the Governor's Mental Health Services Planning Council, and the quarterly meetings between the SRS\NF/MH\CMHC task force beginning on July 1, 2004.

The agency process begins after a persons has resided in an NF/MH for at least six months. Once it has been determined that services in an NF/MH are no longer medically necessary, the initial notification goes out to the individual, Community Mental Health Center (CMHC), NF/MH, guardians and mental health field staff that the individual has 120 days to transition the individual into the community. An appeal can be made at this time. In another 60 to 90 days, another notification is sent out informing them that the end of the 120 days is pending. An appeal can be made at this time as well. Once an appeal has been made, the agency does not count the following time period against the 120-day limit until the appeal is resolved.

25. The Budget Committee recognizes that the private Intermediate Care Facilities for Mental Retardation (ICF/MR's) received a 10.0 percent cut in the Governor's 2004 Budget Recommendation, which has been translated into a 5.0 percent cut for FY 2005. The reduction requires an amendment to the state Medicaid plan that would cancel the scheduled 2.5 percent rate increases due twice a year; implement a 2.5 percent reduction in FY 2004 upon CMS' approval of the Medicaid state plan change and implement an additional 2.5 percent rate reduction on July 1, 2004.

The budget committee recommends capping costs covered for large, or size A, ICF/MR's at 90.0 percent and implementing the suggested state plan for both the medium (size B) and small (size C) ICF/MR's.

26. The Budget Committee recommends the addition of the following language to ensure that funds follow the person from an institution into a community setting:

During the fiscal year ending June 30, 2005, of the expenditures authorized by section 32 of 2004 House Bill No. 2900 for HCBS/MRDD services, reimbursement rates for consumers with documented extraordinary needs who currently receive, have been approved for or leave a state institution or private institutional setting and are approved for special tier or individualized rates shall be maintained at a level no lower than the rate of reimbursement for these consumers on July 1, 2002: *Provided, however,* That, nothing in this subsection shall prohibit a reduction or guarantee an increase in the reimbursement rate for consumers with documented extraordinary needs because of a change as a result of the annual basis assessment: *Provided further,* That any reductions in the HCBS/MRDD funding in fiscal year 2005 shall be implemented based on information and recommendations obtained in the most recent rate study required under subsection (a)(3) of K.S.A. 39-1806 and amendments thereto.

27. The Budget Committee recommends the addition of proviso language regarding state administered grants that would limit administrative costs to 7.0 percent, allow only private entities to receive the grants, and award grant funds to no less than two qualified private entities, unless there is only one qualified applicant, to be determined by the Secretary of SRS.
28. The Budget Committee notes that only two contract providers - St. Francis Academy and United Methodist Youthville owe the Department of Social and Rehabilitation Services money, and have implemented plans to restore the funds. In addition, the Budget Committee notes that UMY has successfully completed their bankruptcy plan.
29. The Budget Committee recommends that if further budget reductions should become necessary, the Department of Social and Rehabilitation Services budget should be exempted, having contributed more than its fair share in addressing the budget crisis.

Omnibus Items

30. The Budget Committee requests that the agency report at Omnibus regarding the costs associated with providing services for children as they age out of the Assisted Care for Independent Living (ACIL) program.
31. The Budget Committee received powerful testimony about Kansans with disabilities that were provided a Vagus Nerve Stimulator (VNS) by Medicaid, only to be told later that the State (through Medicaid) would not cover the replacement of batteries for this medically necessary device. The VNS device is used to help prevent debilitating seizures for certain persons with disabilities. Replacement of the VNS batteries is a surgical procedure, and medically necessary to prevent these seizures.

The Budget Committee recommends SRS do a thorough review of the VNS replacement battery issue and report back at Omnibus on exactly why the state is denying the procedure of replacing batteries in these VNS devices. If SRS believes that the medical procedure to replace the battery of the VNS is not medically necessary, the Budget Committee directs SRS to produce the specific part of the Medicaid state plan that denies this coverage. IF SRS believes that this procedure is experimental, the Budget Committee asks SRS to: 1) justify why they paid to implant the VNS device but now are denying payment for battery replacement; 2) produce credible medical evidence from a reputable neurologist to support the assertion that it is experimental; 3) report how many other states cover this procedure under their state's Medicaid plan.

The Budget Committee also asks that SRS reexamine its policy not to pay for this procedure, to replace VNS batteries in these situations, and strongly recommends that they fund such medically necessary procedures. As SRS examines this procedure, the Budget Committee also asks that they examine the implantation of VNS devices as a cost-effective measure. Finally, the Budget Committee asks SRS to justify how denying this procedure is cost effective when compared to institutionalization, hospitalizations and medication, and report all these findings prior to Omnibus.

32. The Budget Committee requests the agency report back at Omnibus on the methodology used to reduce family supports and services for persons on the waivers as budget cuts have been made. In particular, the Budget Committee is interested in what role, if any, caretakers had in deciding which services were essential and which were not as they were reduced.
33. The Budget Committee requests the agency report back at Omnibus on the financial situation of payroll agents for person's who self-direct their care through the HCBS/waivers. The Budget Committee is concerned that the rates paid to payroll agents are not sufficient to cover the cost of the additional responsibility of providing workers compensation insurance. Providers are finding that they must either go without insurance or join insurance pools with inflated costs.
34. The Budget Committee requests the agency report back at Omnibus on the progress toward the implementation of the care management pilot project, which is designed to view the consumer as an individual, balancing the needs of the individual with cost effectiveness to provide the consumer with high quality, evidence-based care resulting in more appropriate and cost-effective utilization practices.
35. The Budget Committee requests the agency report back at Omnibus with an executive summary of the screening process for the NF/MH's.
36. The Budget Committee requests that the agency report at Omnibus on its progress toward opening the Medicaid medical card to mental health clinicians beyond the community mental health centers (CMHC's) and NF/MH's. The agency has outlined a plan and has asked for comment from stakeholders by March 3, 2004. The Budget Committee encourages opening the medical card to address concerns expressed by the Joint Committee on Children's Issues regarding the inadequate pool of qualified providers in some specialties and geographic areas, the inability of clients to utilize professionals in private practice because they cannot access the medical card, the need to provide for the special needs of special groups such as African Americans and Mexican Americans, and the detriment a change of therapist can have on a child as they move through the foster care system.
37. The Budget Committee requests that the agency report at Omnibus on the re-authorization of the Temporary Assistance for Needy Families (TANF) block grant. There are several concerns about the TANF re-authorization bill, which include restrictions on the activities that may be counted as work, increases in the work participation rates, and insufficient child care to complement the increased work rates. The Governor's recommendation estimates \$94.0 million from the TANF block grant for FY 2005.
38. The Budget Committee requests that the agency report at Omnibus on Flexible Child Welfare Funding. The Flexible Funding Child Welfare Option is a federal legislative proposal which affords states greater programmatic flexibility, but would cap Title IV-E federal foster care funds. Under the proposal, the fixed federal foster care funding over the five-year period would be based on the average spent in the previous three years. The U.S. Department of Health and Human Services (DHHS) has attempted for several years to draft a proposal that would allow Title IV-E funding to be used for services outside the instance when children are placed in the custody of the state. Kansas, along with other states, has advocated for funding for services to prevent custody using alternatives,

such as family preservation, which could be financed with Title IV-E dollars. Unfortunately, the federal proposal would not result in savings sufficient to cover the anticipated reduction in federal funds. The Pew Institute is working with DHHS in examining alternative funding models which may be more favorable to states in this area. SRS has been involved in providing input to the Pew Institute.

39. The Budget Committee requests that the agency report at Omnibus on the pilot project to provide residential care to seriously ill children. SRS is working on a pilot project designed for families with a child who has physical or mental disabilities, and is in crisis with the child, to make a single contact in their community for help and support. The goal of the pilot project is to prevent children with disabilities in crisis from coming into state custody and to provide the family community support to care for their child.
40. The Budget Committee requests that the agency report at Omnibus on possible amendments to the Medicaid state plan to fund longer stays in patient acute care psychiatric services for children. The Budget Committee heard testimony regarding the limited in-patient services for children in the state. Funding longer stays for in-patient care would be one way to expand available services.
41. The Budget Committee notes with concern reports that payroll agents who discover and report fraud are penalized by reduced reimbursements, thus penalizing them for fraud beyond their control. The Budget Committee requests that the agency investigate and report back at Omnibus with procedures to address the issue.
42. The Budget Committee is interested in what planning the agency is doing in preparation for the new child welfare contracts that will be awarded for implementation beginning July 1, 2006. The Request for Proposal (RFP) will be issued and possibly awarded prior to the 2005 Legislative Session. The Budget Committee requests the agency report back at Omnibus on the process that will be used during this transition.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation with the following adjustments:

1. The Committee recommends the removal of \$1.0 million State General Fund, \$4.0 million all funds for expanding the SCHIP program to cover children from conception to birth and requests that the agency report back at Omnibus with a better cost estimate on the expansion of SCHIP.
2. The Committee recommends striking item 4 and instead shifting \$1.0 million Children's Initiatives Fund (CIF) from Smart Start to Therapeutic Preschools and shifting \$1.0 million CIF from Therapeutic Preschools to Family Preservation, resulting in a net change of \$0 for the Therapeutic Preschool program.
3. The Committee recommends striking item 27 and instead reviewing the proviso language at Omnibus.

4. The Committee notes that there are approximately 1,000 Kansans on the waiting lists for both the HCBS/DD and HCBS/PD waiver and recommends that if additional funds should become available, eliminating the waiting lists for these services is a priority.
 5. The Committee requests the Children's Cabinet study whether the coordination of all early childhood programs in the state under Smart Start Kansas is possible.
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Senate Subcommittee Report

Agency: Department of Social and Rehabilitation Services **Bill No.** SB 538 **Bill Sec.**32

Analyst: Dunkel **Analysis Pg. No.** 1331 **Budget Page No.**377

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Senate Subcommittee Adjustments*
Expenditures			
State Operations	\$ 316,306,095	\$ 307,999,067	\$ (3,908,134)
Aid to Local Units	23,777,047	96,454,216	0
Other Assistance	1,931,822,179	1,919,816,257	1,235,780
TOTAL	\$ 2,271,905,321	\$ 2,324,269,540	\$ (2,672,354)
Funding			
State General Fund	\$ 795,678,168	\$ 800,071,963	\$ (977,194)
Other Funds	1,476,227,153	1,524,197,577	(1,695,160)
TOTAL	\$ 2,271,905,321	\$ 2,324,269,540	\$ (2,672,354)
FTE	3981.5	3981.5	0.0
Non-FTE Unclassified Permanent	64.7	64.7	0.0
TOTAL	4046.2	4046.2	0.0

* Includes a reduction of \$1,477,194 State General Fund, \$3,908,134 all funds for deletion of the Governor's recommended pay plan adjustments.

Agency Request

The **agency** requests FY 2005 expenditures of \$2.3 billion all funds, \$795.7 million State General Fund, an increase of \$82.5 million or 3.8 percent all funds and \$77.7 or 10.8 percent State General Fund. Part of the State General Fund increase for FY 2005 reflects the end of the federal fiscal relief package which saved the state \$40.0 million State General Fund in FY 2004. In addition, the increase reflects enhancements requests totaling \$92.1 million all funds and \$40.8 million State General Fund.

Governor's Recommendation

The Governor recommends FY 2005 expenditures of \$2.3 billion all funds, \$800.1 million State General Fund, an increase of \$160.0 million or 7.4 percent all funds and \$92.2 or 13.0 percent State General Fund from the FY 2004 recommendation.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$118,492,242 State General Fund.

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends the removal of the Governor's pay plan increase.
2. The Subcommittee recommends the addition of \$345,808 Other Fees Fund, \$885,780 all funds to restore the 5.0 percent rate reduction for intermediate care facilities for the mentally retarded (ICF/MR's) in FY 2005.
3. The Subcommittee recommends the addition of \$200,000 Other Fees Fund to address the HCBS/HI (head injury) waiver waiting list. The head injury waiver currently has a waiting list of 83 persons.
4. The Subcommittee recommends the addition of \$50,000 Children's Initiatives Fund (CIF) for the ACIL (attendant care for independent living) program to address some of the issues with durable medical equipment for children in the program. These funds are available due to a reduction of CIF expenditures in FY 2004 of \$550,000, creating an additional \$50,000 CIF for this program in FY 2005.
5. The Subcommittee recommends consolidation of the grants to community mental health centers (CMHC's) into the Children's Mental Health Initiative and the addition of \$500,000 State General Fund for the Children's Mental Health Initiative. These funds are available due to a reduction of CIF expenditures in FY 2004 of \$550,000 and the sweep of \$500,000 CIF to the State General Fund in FY 2005.
6. The Subcommittee recommends the reduction of \$100,000 CIF from Community Services Child Welfare, HealthWave, Children's Medicaid increases, Family Preservation and Special Education to fund life science research.
7. The Subcommittee notes the concerns that persons may be discharged into the community inappropriately with the screening process for discharging person's from Nursing Facilities for Mental Health (NF/MH's) that the agency is developing. The agency process begins after a person has resided in an NF/MH for at least six months. Once it has been determined that services in an NF/MH are no longer medically necessary, the initial notification goes out to the individual, Community Mental Health Center (CMHC), NF/MH, guardians and mental health field staff that the individual has 120 days to transition the individual into the community. An appeal can be made at this time. In another 60 to 90 days, another notification is sent out informing them that the end of the 120 days is pending. An appeal can be made at this time as well. Once an appeal has been made, the agency does not count the following time period against the 120-day limit until the appeal is resolved.
 - a. The Subcommittee recommends the agency delay implementation of the screening process until after Omnibus.
 - b. The Subcommittee recommends the implementation of proviso language what would ensure that the clock will not start until the transition plan for the individual is complete.

- c. The Subcommittee recommends the rules and regulations for the screening process include a sunset provision that ends the screening process and requires its evaluation 18 months from its enactment.
 - d. The Subcommittee requests that the agency collect data tracking the transition of individuals into the community and report back to the 2005 Legislature with a progress report on the implementation of the screening process, with a final report to the 2006 Legislature to determine its effectiveness.
8. The Subcommittee notes that the House Appropriations Committee has introduced a bill that would create a provider assessment. The Subcommittee supports the concept of a provider assessment to support the service provider network.
 9. The Subcommittee encourages facilities to allow community service providers access to their clients to explore transition into community based services. In addition, the Subcommittee stresses the importance of funds following persons as they move from facilities to the community.
 10. The Subcommittee expresses frustration at the situation the state is in regarding community based services. While community based services are far less expensive than those provided in institutions, institutional services are considered an entitlement and community based services are limited, defying fiscal logic. Unfortunately, the current fiscal situation does not provide the resources necessary to make community based services an entitlement. Because the Subcommittee believes that making this shift has merit as a future change, an interim study is recommended on all programs offered by the Department of Social and Rehabilitation Services to evaluate and prioritize the services offered.
 11. The Subcommittee notes that the first Kansas Mission of Mercy (KMOM), which took place February 28 through March 2 in the Finney County Exhibition Building, is estimated to have treated more than 1,700 patients, providing more than \$500,000 in free care through volunteer staff from across several states. The event was the largest dental access event of its kind in the state and possibly nationwide.

The second KMOM was held at the Kansas Speedway in Kansas City on August 22-24, 2003. In total, 2659 patients were served, just over \$750,000 in free dental care was provided, and 900 volunteers helped make the second Kansas Mission of Mercy (KMOM) event an overwhelming success. Dentists (189), hygienists (116) and assistants (151) came from across the state, some even from Nebraska and Missouri, to serve those unable to afford dental care. A total of \$80,000 was provided to this project from charitable donors, including the Ewing M. Kaufman Fund, United Methodist Health Ministry Fund, Kansas Health Foundation, Wyandotte Health Foundation and the Greater Kansas City Community Foundation.

The third KMOM project is scheduled for April 30-May 2, in Pittsburg at Weede Gymnasium. The Subcommittee encourages the agency to pursue opportunities to partner with other entities and support this type of program.

12. The Subcommittee notes that the house has passed HB 2727, which allows persons convicted of a controlled substance felony, who are otherwise eligible, to receive assistance and participate in the food stamp program. This provision is allowed under federal law and is optional for states. 31 states have exercised this option. The bill would impact 150 child-only TANF cases by making the parents eligible for services through SRS. The bill will result in additional expenditures of \$325,728 State General Fund and \$620,448 all funds. The House has passed the bill and it has been referred to the Senate Judiciary Committee. The Subcommittee endorses the bill and urges prompt action. The Subcommittee requests the re-referral of HB 2727 to Ways and Means.
13. The Subcommittee recommends the agency do a study on the reasons self-directed patients on the HCBS/PD and HCBS/FE waivers receive more hours than non-self directed patients and report back to the 2005 Legislature.
14. The Subcommittee directs SRS to develop a system-wide, multi-year strategic plan for developmental disability services for Kansans. This plan shall be developed by a task force composed of stakeholders from the developmental disability system, including self-advocates who receive community services; parents, guardians, or family members of a person with a developmental disability; developmental disabilities advocates; developmental disability organizations and affiliate community developmental disability providers. The plan shall be based on the public policy embodied in the Developmental Disabilities Reform Act and recommendations contained in the Developmental Disabilities Task Force March 2004 Report to the 2004 Legislature.

The strategic plan shall contain specific action steps including a five-year cost estimate for implementing such action steps. This strategic plan shall:

- Make specific recommendations and address how community services can be made available and accessible to all who seek them;
- Identify a time line for initiative of close of one or more large congregate developmental disability facilities, including directions on how the dollars will directly flow into community based services and how to provide services in the community that are currently only available in the congregate facility;
- Examine reimbursement rates in different settings where persons with developmental disabilities are served which shall include examination of reasonable wages for direct care workers. Recommendations should be made as to how rates can better reflect individual needs and not where the person resides.
- And, recognizing current fiscal realities, make suggestions to create better outcomes within current resources

The plan shall be presented to the appropriate Legislative Committees no later than February 2005.

15. The Subcommittee recommends an interim study to review placing all home and community based services (HCBS) waivers in caseload estimates for FY 2006. The review should include:
 - HCBS projected caseloads and the cost of financing those caseloads
 - projected agency budget growth
 - current funding and recommendations for funding changes

The Subcommittee requests the interim committee provide its recommendation to the 2005 Legislature and requests the 2005 Legislature review the caseload item prior to implementation.

16. The Subcommittee recommends an interim study of long-term care issues. The review should include:
 - cost reimbursement and the effectiveness of re-basing the costs
 - provider assessments for nursing facilities
 - if the intent is cost control, review the cost basis in the current rate methodology
 - projected agency budget growth
 - current funding and recommendations for funding changes
 - redefinition of nursing facilities - what is the most cost effective model and how can the state best provide long-term care services to elderly Kansans.

17. The Subcommittee notes that SRS is the lead agency for several federal programs and is subject to ongoing reviews of how they administer federal programs and use federal funds. The federal government has recently become more aggressive in pursuing and penalizing states that do not meet federal requirements or have sought new sources of federal funding. SRS has been notified of several penalties or potential penalties that would result in repaying the federal government from the State General Fund or a loss of federal dollars. There are potential deferrals and audit recoupments of federal funds in several Medicaid funded programs in the State Mental Health hospitals and through, the Intergovernmental Transfer Program administered by the Kansas Department on Aging, and local education agencies. They are as follows:
 - a) **Child Support Enforcement Paternity Establishment Penalty:** Kansas was penalized by a reduction of \$807,487 in TANF funds for the failure to achieve a two percent increase in the percentage of paternities established for children born out of wedlock. The penalty is being appealed. The estimated paternity establishment rate for Federal FY 2003 is 85 percent, which satisfies the requirement.

 - b) **Food Stamp Penalty and Accuracy Improvement:** The state incurred its highest fiscal sanction ever for food stamps, amounting to almost \$1.5 million, because its payment error rate exceeded the national average in federal FY 2002. The sanction must be repaid by reinvesting fifty percent of the sanction in activities designed to reduce the error rate, with the remainder of the penalty set aside subject to the state's performance in Federal FY 2004 and 2005. The Department has established a goal of meeting a 7.3 percent payment error rate for Federal FY 2004 to avoid future sanctions.

 - c) **Potential Disability Determination Services Recoupment:** The Social Security Administration (SSA) found that the State's Disability Determination Services expenditures were overstated by \$4,923,606 because of the incorrect allocation of indirect costs over a four-year period. As SRS was operating under an approved cost allocation plan to determine indirect costs, the finding was appealed to the SSA; but the appeal was unsuccessful. A higher appeal has been entered with U.S. Department of Health and Human Services. A decision on the appeal has not been rendered.

Omnibus Items

1. The Subcommittee requests the agency report back at on Omnibus with more details on the NF/MH screening process.
2. The Subcommittee notes that the agency is currently drafting hardship criteria to address the issues in the MediKan program surrounding the 24-month time limit and requests the agency provide a draft of those criteria at Omnibus.
3. The Subcommittee requests the agency report back at Omnibus on children aging out of the ACIL (attendant care for independent living) program. The Subcommittee would like the agency to report back on the following issues: implementation of a mandate for transition planning on the request of the parent, guardian, or client aging out of the program, options for maintaining batteries for equipment after the person has aged out of the program, the possibility of developing hardship criteria, and durable medical equipment issues for children in the program.
4. The Subcommittee recommends Omnibus review of physician reimbursement rates if provider assessment legislation is enacted.

Children's Initiatives Fund FY 2003-2005

Agency/Program	Actual FY 2003	Legislative Approved FY 2004	Gov. Rec. FY 2004	Senate SRS Subcommittee Adjustments FY 2004	Gov. Rec. FY 2005	Senate Ways and Means Committee Adjustments FY 2005	Senate SRS Subcommittee Adjustments FY 2005
State Library							
Community Access Network	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Department of Health and Environment							
Healthy Start/Home Visitor	\$250,000	\$250,000	\$250,000	\$0	\$250,000	\$0	\$0
Infants and Toddlers Program	500,000	800,000	800,000	0	800,000	0	0
Smoking Cessation/Prevention Program Grants	500,000	500,000	500,000	0	500,000	0	0
State Oral Health Program	0	0	0	0	0	0	0
Subtotal - KDHE	\$1,250,000	\$1,550,000	\$1,550,000	\$0	\$1,550,000	\$0	\$0
Juvenile Justice Authority							
Juvenile Prevention Program Grants	\$4,752,496	\$5,414,487	\$5,414,487	\$0	\$5,414,487	\$0	\$0
Juvenile Graduated Sanctions Grants	3,100,000	3,585,513	3,733,017 (3)	0	3,585,513	0	0
Subtotal - JJA	\$7,852,496	\$9,000,000	\$9,147,504	\$0	\$9,000,000	\$0	\$0
Department of Social and Rehabilitation Services							
Children's Mental Health Initiative	\$1,800,000	\$1,800,000	\$1,800,000	\$0	\$1,800,000	\$0	\$2,000,000
Family Centered System of Care	5,020,000	5,000,000	5,000,000	0	5,000,000	0	0
Therapeutic Preschool	1,000,000	1,000,000	1,000,000	0	1,000,000	0	0
Community Services - Child Welfare	2,599,999	3,106,230	3,106,230	0	3,106,230	0	(100,000)
Child Care Services	1,400,000	1,400,000	1,400,000	0	1,400,000	0	0
Children's Cabinet Accountability Fund	8,895	550,000	1,091,105 (4)	(541,105)	541,802	0	0
HealthWave (SCHIP portion)	1,000,000	2,000,000	2,000,000	0	2,000,000	0	(100,000)
Smart Start Kansas - Children's Cabinet	2,472,426	3,500,000 (2)	3,727,574 (4)	(8,895)	10,000,000	0	0
Children's Medicaid Increases	3,000,000	3,000,000	3,000,000	0	3,000,000	0	(100,000)
Immunization outreach	500,000	500,000	500,000	0	495,491 (6)	0	0
Family Preservation	2,750,000	2,243,770	2,243,770	0	2,243,770	0	(100,000)
Grants to CMHC's to develop children's programs	2,000,000	2,000,000	2,000,000	0	2,000,000	0	(2,000,000)
School Violence Prevention	228,000	228,000	228,000	0	228,000	0	0
Experimental wrap-around services	0	0	0	0	0	0	0
Disproportionate Share Payments	0	0	0	0	0	0	0
Children's Cabinet Administration	0	250,000	250,000	0	0	0	0
Attendant Care for Independent Living (ACIL)	0	0	0	0	0	0	50,000
Subtotal - SRS	\$23,779,320	\$26,578,000	\$27,346,679	(\$550,000)	\$32,815,293	\$0	(\$350,000)
Department of Education							
Parent Education	\$2,500,000	\$2,500,000	\$2,500,000	\$0	\$2,500,000	\$0	\$0
Four-Year -Old At-Risk Programs	4,500,000	4,500,000	4,500,000	0	4,500,000	0	0
School Violence Prevention	0	0	0	0	0	0	0
Vision Research	300,000	300,000	300,000	0	300,000	0	0
Communities in Schools	0	0	0	0	0	0	0
Mentoring Program Grants	0	0	0	0	0	0	0
Reading Recovery	0	0	0	0	0	0	0
Special Education	1,225,000	1,225,000	1,225,000	0	1,225,000	0	(100,000)
Subtotal - Dept. of Ed.	\$8,525,000	\$8,525,000	\$8,525,000	\$0	\$8,525,000	\$0	(\$100,000)
University of Kansas Medical Center							
Tele-Kid Health Care Link	\$250,002	\$250,000	\$250,000	\$0	\$250,000	\$0	\$0
Pediatric Biomedical Research	2,000,001	0	0	0	0	0	0
Life Science Research	0	0	0	0	0	500,000	0
Subtotal - KU Medical Center	\$2,250,003	\$250,000	\$250,000	\$0	\$250,000	\$500,000	\$0
Emporia State University							
Future Teachers Academy/ National Board Certification	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Regent Schools							
Alternative Teach Certification	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to State General Fund	\$3,873,144	\$1,144,144	\$1,144,144	\$0	\$0	\$0	\$500,000
TOTAL	\$47,529,963	\$47,047,144	\$47,963,327	(\$550,000)	\$52,140,293	\$500,000	\$50,000

	Actual FY 2003	Legislative Approved FY 2004	Gov. Rec. FY 2004	Senate SRS Subcommittee Adjustments FY 2004	Gov. Rec. FY 2005	Senate Ways and Means Committee Adjustments FY 2005	Senate SRS Subcommittee Adjustments FY 2005
Beginning Balance	\$3,757,486	\$461,250	\$2,589,146	\$2,589,146	\$1,004,708	\$1,004,708	\$1,554,708
Released Encumbrances	1,361,623 (1)	460,894	253,889	253,889	0	0	0
KEY Fund Transfer	45,000,000	46,125,000	46,125,000	46,125,000	51,135,585 (5)	51,135,585	51,135,585
Total Available	\$50,119,109	\$47,047,144	\$48,968,035	\$48,968,035	\$52,140,293	\$52,140,293	\$52,690,293
Less: Expenditures and Transfers	47,529,963	47,047,144	47,963,327	47,413,327	52,140,293	52,640,293	52,690,293
ENDING BALANCE	\$2,589,146	\$0	\$1,004,708	\$1,554,708	\$0	(\$500,000)	\$0

(1) The \$1.4 million in released encumbrances in the Governor's Recommendation reflects encumbrances not accounted for in previous years, as well as FY 2003.

(2) Due to a drafting error, \$300,000 CIF was removed from the Smart Start program in FY 2003 instead of FY 2004.

(3) Carry-over of \$147,504 from Prevention Grants was shifted to Graduated Sanctions grants and the SGF portion of the grant was reduced by that amount.

(4) Reflects reappropriations from FY 2003

(5) The statutory transfer in FY 2005 would be \$47,278,125, a difference of \$3,857,460.

(6) Reflects BEST reductions.