

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 10:00 A.M. on June 28, 2005 in Room 514-S of the Capitol.

All members were present except:

Representative Bethell- excused
Representative Newton- excused
Representative Sawyer- excused
Representative Sharp- excused
Representative Weber- excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Assistant
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Sandra Hazlett, Director of Child Welfare, Department of Social and Rehabilitation Services (SRS)
Don Jordan, Acting Commissioner, Juvenile Justice Authority (JJA)
Duane Goossen, Director of the Budget

Others attending:

See attached list.

- Attachment 1 Updated Report on Level V Funding

Chair Neufeld restated to the Committee that the purpose of this meeting is to evaluate and maintain the infrastructure of Level V care at the present time and to continue to increase services for the whole system. Changes in federal rules will force the state to make changes in the system in the future.

Sandra Hazlett, Director of Child Welfare, Department of Social and Rehabilitation Services, in conjunction with Don Jordan, Acting Commissioner of the Juvenile Justice Authority (JJA), presented an updated report on Level V funding which proposes an increase in the per day rate paid to providers, from \$106.50 to \$121.50 for general Level V facilities (Attachment 1). Ms. Hazlett stated that the agencies feel this increase can be justified through the Consumer Price Index (CPI) in securing federal approval on the increase.

The Committee voiced concern that enhanced services are not always available to rural Kansas children and felt it is important to receive assurance from SRS that the needs of these children will be addressed.

Ms. Hazlett indicated that the agency will continue to work on determining the need for specialized services and criteria for determining the enhanced rate. At this time no determination has been made on the rate for enhanced services; however, projected cost would be between \$25 - \$45 per day.

Don Jordan noted that the labels of "All Funds" and "State General Fund (SGF)" on the funds at the bottom of page 1 of Attachment 1, are reversed. Mr. Jordan stated that most providers have indicated that they will continue to serve Level V juveniles and work with SRS and JJA if they have assurance that the per day rates will be raised. Mr. Jordan indicated that the agencies need more time to determine what exact enhanced services are needed, how to identify those children in need of the services, and to move into the program.

Chair Neufeld requested that SRS and JJA continue to work to determine the amount of an increase for

CONTINUATION SHEET

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enhanced services for providers who deal with children who exhibit particularly challenging behavior as well as plans for determining the best way to offer services. Chair Neufeld requested that SRS and JJA present an updated plan to the Joint Legislative Budget Committee when the Committee meets at the Capitol on July 20, 2005. In addition, the Committee requested information on the status of those children in Level V care who have been moved because of the closing of a facility due to the present rate reimbursement.

Duane Goossen, Director of the Budget, stated that approximately \$2 million SGF will be necessary to fund the \$15 per day rate increase for Level V services as proposed by SRS and JJA. Mr. Goossen indicated that no legislation is necessary at this time to allocate these funds which could be re-allocated from the double appropriation of \$2.8 million of the Adoption Contract in the SRS FY 2006 budget; however, a budget revision will be necessary when the 2006 Legislature convenes in January. Mr. Goossen indicated that legislative authority would be necessary at that time to move a portion of these funds from SRS to JJA, making it necessary for JJA to move forward with the care of Level V juveniles with the assumption that funds would be officially appropriated to their budget when the Legislature convenes in January 2006.

The Chair assured Mr. Goossen that the Committee will cooperate with the Division of the Budget and the agencies to re-appropriate the funds to keep the Level V program intact and make those revisions during the 2006 legislative session.

Chair Neufeld noted that the present situation has been caused due to the new SRS contract established by the contractors. Level V beds were removed from the contract and are now a state-funded function. Chair Neufeld noted that it is important in setting up the program to not provide an incentive for judges and contractors to place children in the Level V system unnecessarily, but to maintain a high level of services to make sure the children are not overlooked nor neglected.

The meeting was adjourned at 10:40 a.m. The next meeting of the Committee will be "on call of the Chair".



Melvin Neufeld

JJA and SRS have been working with key stakeholders to explore a rate increase for Level V placements. An actual cost study of Level V placements has not been done in some time. However, actual costs of service are planned to be studied in the next few months. JJA and SRS recognize the loss of Level V beds is a situation that needs to be addressed.

The following are solutions proposed by JJA and SRS:

- Raise the daily base payment rate from \$106.50 to \$121.50 a day to account for cost of living increases
- JJA and SRS will promptly meet to determine the amount of an increase for enhanced services for providers who deal with children who exhibit particularly challenging behavior. JJA and SRS will work with the providers who offer these enhanced services to determine an appropriate rate increase. Definitions of children who would be eligible for these enhanced services and what services providers must offer to receive the enhanced rate will also be developed.
- SRS and JJA will continue to meet with all providers to determine the most beneficial and efficient way to serve Kansas children.
- JJA and SRS will determine the amount of the rate increase and the fiscal effect of the rate increase on the respective agency's budgets. SRS and JJA will agree on the amount that each agency will need. JJA will ask for a supplemental appropriation in the agency's revised budget request to fund the rate increase. The same amount will be lapsed from the SRS budget.

Current Costs and Average daily number of kids in Level V placements:

Type of Service	Daily Rate	SRS Kids	JJA Kids
Residential Foster Care—Traditional Level V	\$106.50	159	320
Special Level V for the High Risk	\$115.36	55	0
Level V for Dually Diagnosed	\$115.36	7	0
Current Costs		SRS	JJA
SGF		\$4,137,059	\$5,859,118
All Funds		\$8,791,324	\$12,439,200

Estimated costs with base rate increase to \$121.50

Type of Service	Daily Rate	SRS Costs	JJA Costs
Residential Foster Care—Traditional Level V	\$121.50	1,209,975 SGF 553,405 AF	1,752,000 SGF 855,601 AF

It is estimated that approximately 165 children would be effected by a rate increase for enhanced services. The total cost of a rate increase is expected to be no more than 2.0 million SC⁷

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DATE 6-28-2005
ATTACHMENT 1