

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on February 19, 2007, in Room 514-S of the Capitol.

All members were present except:
Representative Tom Sawyer - excused

Committee staff present:
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Susan Kannarr, Legislative Research Department
Jim Wilson, Revisor of Statutes
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Others attending:
See attached list.

- Attachment 1 Information as requested from Legislative Division of Post Audit
- Attachment 2 Budget Committee Report on Kansas Neurological Institute, Parsons State Hospital and Training Center, Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, Kansas Health Policy Authority and Department of Social and Rehabilitation Services

Chair Schwartz informed the Committee that information in response to questions posed to Barbara Hinton, Legislative Division of Post Audit, with regard to the audit presentation on Postsecondary Educational Institutions: Reviewing Tuition Rates Being Charged to Non-Resident Students in Kansas, was distributed to the Committee (Attachment 1).

Chair Schwartz recognized Representative Craft, who appeared to request the introduction of legislation on behalf of the County Attorney's office in Geary County that would change the classification on the use of the drug, ecstasy, from a misdemeanor to a severity Level 4 felony.

Representative Feuerborn moved to introduce legislation regarding a classification change for the drug, ecstasy, a controlled substance. The motion was seconded by Representative Lane. Motion carried.

Representative Tafanelli moved to approve the minutes, as written, of February 6, February 7, February 8 and February 9. The motion was seconded by Representative Williams. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Neurological Institute, Parsons State Hospital and Training Center, Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, Kansas Health Policy Authority and Department of Social and Rehabilitation Services for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 2). The motion was seconded by Representative Tafanelli. Motion carried.

Representative Ballard, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Neurological Institute for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Bethell. Motion carried.

During discussion concerning the Kansas Neurological Institute (KNI), the Budget Committee noted that they did not have discussion on the possible closing of KNI. At this time, KNI is currently at 98 percent of capacity. The Budget Committee felt that the level of service required for the residents at KNI cannot be met in the community, noting that KNI provides a necessary service for these

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 19, 2007, in Room 514-S of the Capitol.

individuals.

Representative Ballard, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Parsons State Hospital and Training Center on FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Bethell. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Larned State Hospital for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Ballard.

Representative Ballard made a substitute motion to amend the Budget Committee recommendation on the Larned State Hospital for FY 2008 by requesting a review of the enhancement request in Item No. 4 at Omnibus. The motion was seconded by Representative Bethell. Motion carried.

The Budget Committee noted the shortage of nurses and the disparity between salaries at local hospitals and state hospitals.

Representative Bethell moved to adopt the Budget Committee report on Larned State Hospital for FY 2008 as amended. The motion was seconded by Representative Ballard. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Osawatomie State Hospital for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Ballard. Motion carried.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Rainbow Mental Health Facility for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Ballard. Motion carried.

Representative Kelsey, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Health Policy Authority (KHPA) for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Bethell. Motion carried.

No action was taken on the Department of Social and Rehabilitation Services FY 2008 budget because of the time element. Discussion and action will continue at the next meeting of the full Committee.

The meeting was adjourned at 10:45 a.m. The next meeting of the Committee is scheduled for 9:00 a.m. on February 20, 2007.



Sharon Schwartz, Chair

House Appropriations Committee

February 19, 2007

9:00 A.M.

NAME	REPRESENTING
Dick Lipman Idelsd	Budget
Danni Rose	KCSL
Bob Harder	UMC-KS
Ron Seeber	Ken Law Firm
Michael Hooper	Journey & Assoc.
Luke Thompson	KHPA
Amy Campbell	KMH
Robin Gammets	Child Welfare Cas.
Bruce Luber	Children's Alliance



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February 13, 2007

Representative Sharon Schwartz, Chair
House Appropriations Committee
Room 517-S, Capitol Building
Topeka, KS 66612

Dear Representative Schwartz:

At yesterday's House Appropriations Committee we presented some information regarding tuition for non-resident students from our audit *Postsecondary Educational Institutions: Reviewing Tuition Rates Being Charged To Non-Resident Students in Kansas*. Two Committee members had questions about the audit.

Representative McLeland asked a question about Community College tuition rates for in-district, out-district and non-resident students.

I have attached the schools' fiscal year 2007 tuition and fee schedules, as compiled by the Kansas Board of Regents. As you can see, no school has a lower tuition rate for non-resident students than for out-district students. Non-resident students are always charged the same tuition rate or a higher tuition rate than students from Kansas.

Representative Yoder asked a question about the 60 "immigration status pending" students in Figure 1-3 on page 10 of the audit report.

Those 60 students were reported by the following schools:

Institution	Number Reported
ESU	1
FHSU	2
Butler County CC	38
Cloud County CC	4
Independence CC	14
Kansas City CC	1
Total	60

HOUSE APPROPRIATIONS

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ATTACHMENT 1

During the audit, we contacted the schools and they explained that these were students who had resident VISA applications in process with the United States Citizenship and Immigration Services (USCIS). The schools told us they reviewed the students' immigration documentation to make sure all was in order, and decided to grant these students the resident tuition rate even though the USCIS hadn't issued final action. According to the school officials, final action by USCIS can take a long time and is a multi-step process.

Please let me know if I can provide additional information.

Sincerely,

A handwritten signature in cursive script that reads "Barb Hinton".

Barbara J. Hinton
Legislative Post Auditor

CC: Alan Conroy, Legislative Research
Jim Wilson, Revisor's Office

**KANSAS COMMUNITY COLLEGES
FY 2007 TUITION AND FEES SCHEDULE**

Institution	Residence	Tuition per credit hour	Fees per credit hour	Fees per student	Room Charges per year	Board Charges per year	Room and Board Charges if combined
ALLEN COUNTY CC	Resident	\$40.00	\$16.00		\$2,600.00	\$1,500.00	\$3,600.00
	Non-resident	\$40.00	\$16.00				
	Allen Co. Resident	\$37.00	\$16.00				
	International	\$129.00	\$16.00				
BARTON COUNTY CC	Resident	\$49.00	\$18.00				\$3,619.00
	Non-resident	\$68.00	\$18.00				
	International	\$127.00	\$18.00				
	On-line course	\$125.00	\$18.00				
BUTLER COUNTY CC	Resident	\$56.50	\$14.00	\$2.00	\$3,086.00	\$1,334.00	
	Non-resident	\$101.50	\$14.00	\$2.00			
	Butler Co. Resident	\$45.50	\$14.00	\$2.00			
	International	\$176.50	\$14.00	\$2.00			
CLOUD COUNTY CC	Resident	\$56.00	\$18.00				\$3,780.00
	Non-resident	\$123.00	\$18.00				
	International	\$123.00	\$18.00				
	Non Resident (1st year)	\$78.00	\$18.00				
COFFEYVILLE CC	Resident	\$25.00	\$32.50		\$2,700.00	\$1,390.00	
	Non-resident	\$65.00	\$32.50				
	International	\$65.00	\$94.50				
COLBY CC	Resident	\$48.00	\$24.00				\$3,622.00
	Non-resident	\$87.00	\$24.00				
	International	\$102.00	\$24.00				
	NE/CO Border Co.	\$58.00	\$24.00				
COWLEY COUNTY CC	Resident	\$48.00	\$19.00				\$3,530.00
	Non-resident	\$100.00	\$19.00				
	Cowley Co. Resident	\$43.00	\$19.00				
	Oklahoma Resident	\$48.00	\$19.00				
	International	\$149.00	\$19.00				
DODGE CITY CC	Resident	\$35.00	\$30.00				\$4,090.00
	Non-resident	\$45.00	\$40.00				
	International	\$100.00	\$45.00				
	Audit students pay \$100.00 per credit hour for tuition						
FORT SCOTT CC	Resident	\$36.00	\$25.00	\$2.00			\$3,820.00
	Non-resident	\$92.00	\$25.00	\$2.00			
	Contiguous State	\$64.00	\$25.00	\$2.00			
	International	\$114.00	\$25.00	\$2.00			
	Resident - On-Line Course	\$36.00	\$45.00	\$2.00			
GARDEN CITY CC	Resident	\$39.00	\$21.00		\$2,050.00	\$2,100.00	\$4,150.00
	Non-resident	\$65.00	\$21.00				
	International	\$65.00	\$21.00				
HIGHLAND CC	Resident	\$47.00	\$25.00		\$2,400.00	\$1,680.00	
	Doniphan Co. Resident	\$37.00	\$25.00				
	Non-resident	\$98.00	\$25.00				
	Non-res. within 150 mi.	\$60.00	\$25.00				
	International	\$242.00	\$25.00				
HUTCHINSON CC	Resident	\$52.00	\$15.00		\$2,312.00	\$2,000.00	\$4,312.00
	Non-resident	\$88.00	\$15.00				
	International	\$96.75	\$25.00				
INDEPENDENCE CC	Resident	\$25.00	\$25.00				\$4,100.00
	Non-resident	\$65.00	\$25.00				
	Border St.	\$32.50	\$25.00				
	International	\$102.00	\$25.00				
JOHNSON COUNTY CC	Resident	\$64.00	\$14.00		N/A	N/A	N/A
	Johnson Co. Resident	\$49.00	\$14.00				
	Non-resident	\$130.00	\$14.00				
KANSAS CITY KS CC	Resident	\$49.00	\$10.00		N/A	N/A	N/A
	Non-resident	\$147.00	\$10.00				
	International	\$147.00	\$10.00				
LABETTE CC	Resident	\$41.00	\$28.00		N/A	N/A	N/A
	Non-resident	\$66.00	\$28.00				
	Border St.-OK, MO, AR	\$62.00	\$28.00				
NEOSHO COUNTY CC	Resident	\$40.00	\$41.00				\$3,840.00
	Non-resident	\$40.00	\$56.00				
	Neosho Co. Resident	\$40.00	\$21.00				
	International	\$113.00	\$56.00				
PRATT CC	Resident	\$42.00	\$29.00		\$2,183.00	\$2,109.00	
	Non-resident	\$42.00	\$29.00				
	International	\$85.00	\$29.00				
	Out-District-Fee - \$50.00 for in-state students, \$100.00 for out-of-state students, and \$150.00 for international students per semester						
SEWARD COUNTY CC	Resident	\$40.00	\$22.00				\$2,000.00
	Non-resident	\$50.00	\$22.00				
	International	\$63.00	\$22.00				

**KANSAS COMMUNITY COLLEGES
FY 2007 TUITION AND FEES SCHEDULE**

Institution	Residence	Tuition per credit hour	Fees per credit hour	Fees per student	Room Charges per year	Board Charges per year	Room and Board Charges if combined
	Seward Online Course	\$64.00	\$22.00				
	EduKan	\$115.00	\$22.00				

7/14/2006

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FY 2007 and FY 2008

HOUSE SOCIAL SERVICES BUDGET COMMITTEE

**Kansas Neurological Institute
Parsons State Hospital and Training Center
Larned State Hospital
Osawatomie State Hospital
Rainbow Mental Health Facility
Kansas Health Policy Authority
Social and Rehabilitation Services**



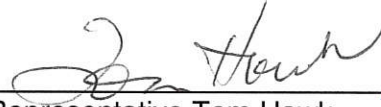
Representative Bob Bethell, Chair



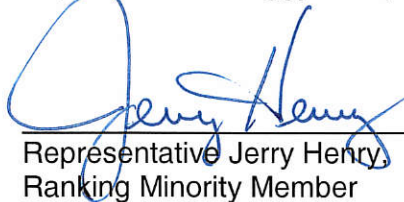
Representative Pat George



Representative Peggy Mast, Vice-Chair



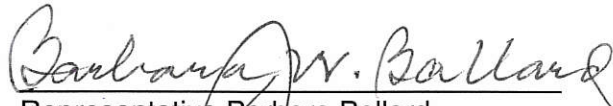
Representative Tom Hawk



Representative Jerry Henry,
Ranking Minority Member



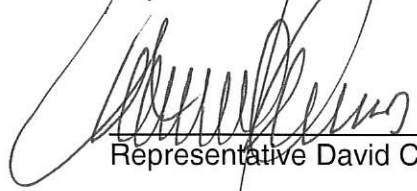
Representative Dick Kelsey



Representative Barbara Ballard



Representative Marc Rhoades



Representative David Crum

HOUSE APPROPRIATIONS

DATE 2-19-2007
ATTACHMENT 2

House Budget Committee Report

Agency: Kansas Neurological Institute **Bill No.** HB **Bill Sec.**

Analyst: Kannarr **Analysis Pg. No.** Vol.1 - pg. 246 **Budget Page No.** 254

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,285,109	\$ 12,285,109	\$ 0
Other Funds	14,902,062	14,902,062	0
Subtotal - Operating	<u>\$ 27,187,171</u>	<u>\$ 27,187,171</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 55,169	\$ 55,169	\$ 0
Other Funds	64,831	64,831	0
Subtotal - Capital Improvements	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 27,307,171</u></u>	 <u><u>\$ 27,307,171</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 575.2	 575.2	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>575.2</u></u>	<u><u>575.2</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2007 operating expenditures of \$27,187,171, including \$12,285,109 from the State General Fund. The estimate is an all funds decrease of \$65,058, or 0.2 percent, and a State General Fund increase of \$312, 0.0 percent, as compared to the budget approved by the 2006 Legislature. The FY 2007 budget reflects essentially flat spending from FY 2006 and no supplemental funding is requested.

Governor's Recommendation

The Governor concurs with the agency estimate.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Neurological Institute **Bill No.** HB

Bill Sec.

Analyst: Kannarr

Analysis Pg. No. Vol. 1 - pg. 246

Budget Page No. 254

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,675,161	\$ 13,257,791	\$ (820,730)
Other Funds	14,902,427	14,970,790	(68,363)
Subtotal - Operating	<u>\$ 27,577,588</u>	<u>\$ 28,228,581</u>	<u>\$ (889,093)</u>
Capital Improvements:			
State General Fund	\$ 55,534	\$ 55,534	0
Other Funds	64,466	64,466	0
Subtotal - Capital Improvements	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 0</u>
 TOTAL	<u><u>\$ 27,697,588</u></u>	<u><u>\$ 28,348,581</u></u>	<u><u>\$ (889,093)</u></u>
 FTE Positions	575.2	575.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>575.2</u></u>	<u><u>575.2</u></u>	<u><u>0.0</u></u>

Agency Request

The agency requests FY 2008 expenditures of \$27,577,588, including \$12,675,161 from the State General Fund. The request is an all funds increase of \$390,417, or 1.4 percent, and a State General Fund increase of \$390,052, or 3.2 percent, above the revised FY 2007 estimate.

The request includes a State General Fund enhancement of \$238,100 for replacement vehicles. The remainder of the increase from FY 2007 is related to increases in salaries and wages expenditures as a result of the annualization of the salary plan approved by the 2006 Legislature for FY 2007.

Governor's Recommendation

The Governor recommends expenditures of \$28,228,581, including \$13,257,791 from the State General Fund. The recommendation is an all funds increase of \$650,993, or 2.4 percent, and a State General Fund increase of \$582,630, or 4.6 percent, above the agency request. The Governor recommends \$857,793, including \$789,430 from the State General Fund, for step movement for classified state employees, a 4.0 percent merit pool for unclassified employees, a 1.5 percent base salary adjustment, and an increase in longevity pay. The recommendation includes funding of \$31,300 from the State General Fund for the purchase of two vehicles which represents a portion of the agency's enhancement request.

House Budget Committee Recommendation

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

1. Delete \$857,793, including \$789,430 from the State General Fund for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$31,300 from the State General Fund to remove recommended funding to replace two vehicles for consideration at Omnibus.
3. The Budget Committee notes the following information about the Kansas Neurological Institute (KNI), located in Topeka.

KNI serves 164 persons, 98 percent of whom are categorized in the severe to profound range of mental retardation. Most residents require intensive physical and medical supports. Most are unable to walk or speak, and about two-thirds of residents have seizure disorders. Residents live in one of 24 homes in 5 lodges on the campus and are served through a person-centered approach designed to meet the individual needs and desires of the residents. In addition to caring for residents who live at the facility, KNI operates three other programs designed to assist persons with developmental disabilities living in the community.

- KNI operates one of three seating clinics in Kansas providing individually designed seating for persons using wheelchairs and providing assistive technology support to persons in the community. The seating clinic served 121 individuals in FY 2006 and expects to serve 135 individuals in FY 2007. Assistive technology was provided to 112 people in FY 2006 and the agency anticipates serving 120 in FY 2007.
 - Dental services are provided to persons living in the community who are unable to access needed care. Thus far in FY 2007, 107 people have utilized these services. KNI has staff with unique skills and experience that can be used to assist with developing new community-based dental services made possible by funding approved by the 2006 Legislature for persons on the Medicaid Home and Community Based Services waivers when the plan to provide services is approved by the federal government.
 - Beginning in FY 2006, KNI began providing behavioral consultation and support to people receiving community based services. Thus far in FY 2007, 17 people have used these services.
4. The Budget Committee notes the severity of the disabilities of the population living at KNI, as described in item 3 above, and is concerned whether there is capacity in the community to serve these individuals appropriately. In addition, the Budget Committee notes that the severity of the disabilities, and the required medical care, makes it costly to serve these individuals at the institution. These factors would make it difficult to move these persons into the community.

5. The Budget Committee notes the services provided to persons living in the community including a seating clinic, dental services and behavioral consultations (described in item 3 above) and notes the importance of these services.

House Budget Committee Report

Agency: Parsons State Hospital and Training Center **Bill No.** HB **Bill Sec.**
Analyst: Kannarr **Analysis Pg. No.** Vol. 1 - pg. 264 **Budget Page No.** 318

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,809,007	\$ 8,809,007	\$ 0
Other Funds	14,302,098	14,302,098	0
Subtotal - Operating	<u>\$ 23,111,105</u>	<u>\$ 23,111,105</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 56,121	\$ 56,121	\$ 0
Other Funds	52,900	52,900	0
Subtotal - Capital Improvements	<u>\$ 109,021</u>	<u>\$ 109,021</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 23,220,126</u></u>	<u><u>\$ 23,220,126</u></u>	<u><u>\$ 0</u></u>
FTE Positions	467.2	467.2	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>467.2</u></u>	<u><u>467.2</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2007 operating expenditures of \$23.1 million, including \$8.8 million from the State General Fund. The estimate is an all funds decrease of \$61,168, or 0.3 percent, and a State General Fund decrease of \$8,268, or 0.1 percent, below the amount approved by the 2006 Legislature. The budget represents essentially flat spending from FY 2006 and no supplemental requests are included in the agency's budget. The requested budget is estimated to allow the agency to operate at an average daily census of 198 patients for FY 2007.

Governor's Recommendation

The Governor concurs with the agency estimate.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Parsons State Hospital and Training Center **Bill No.** HB **Bill Sec.**

Analyst: Kannarr **Analysis Pg. No.** Vol. 1 - pg. 264 **Budget Page No.** 318

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 9,527,762	\$ 9,478,886	\$ (750,409)
Other Funds	14,913,258	14,302,098	0
Subtotal - Operating	<u>\$ 24,441,020</u>	<u>\$ 23,780,984</u>	<u>\$ (750,409)</u>
Capital Improvements:			
State General Fund	\$ 60,714	\$ 60,714	0
Other Funds	52,900	52,900	0
Subtotal - Capital Improvements	<u>\$ 113,614</u>	<u>\$ 113,614</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 24,554,634</u></u>	<u><u>\$ 23,894,598</u></u>	<u><u>\$ (750,409)</u></u>
FTE Positions	497.2	467.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>497.2</u></u>	<u><u>0.0</u></u>	<u><u>0.0</u></u>

Agency Request

The agency requests FY 2008 operating expenditures of \$24,441,020, including \$9,527,762 from the State General Fund. The request is an all funds increase of \$1.3 million, or 5.8 percent, and a State General Fund increase of \$0.7 million, 8.2 percent, above the FY 2007 estimate. The request reflects the annualization of salary enhancements approved for FY 2007. The request includes enhancements of \$1.2 million, including \$0.6 million from the State General Fund, and 30.0 FTE positions to reopen one of the living units and replace aging vehicles. The requested budget is estimated to allow the agency to operate at an average daily census of 198 patients for FY 2008.

Governor's Recommendation

The Governor recommends expenditures of \$23,780,984, including \$9,478,886 from the State General Fund, which is an all funds increase of \$669,879, or 2.9 percent, and a State General Fund increase of \$669,879, or 7.6 percent, above the FY 2007 recommendation. The recommendation is an all fund decrease of \$660,036, or 2.7 percent, and a State General Fund decrease of \$48,876, or 0.5 percent, below the agency request. The Governor's FY 2008 recommendation includes the addition of \$712,809 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The Governor recommends \$37,600 from the State General Fund for the purchase of two replacement vehicles, but does not recommend funding to reopen a living unit. The recommendation reflects the acceptance of the

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agency's proposed reduced resource budget and a shift of funding from State General Fund to special revenue funds resulting in a State General Fund savings of \$197,765.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendations with the following adjustments and comments:

1. Delete \$712,809, all from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$37,600, all from the State General Fund, to remove recommended funding to replace two vehicles for consideration at Omnibus.
3. The Budget Committee notes the following information about Parsons State Hospital and Training Center (PSH&TC).

PSH&TC is budgeted to serve 188 persons in FY 2007 and FY 2008 with an anticipated Average Daily Census of 198 residents. Residents live in ten residential units, each of which house approximately 21 persons, except for the dual diagnosis unit which has an average census of ten. Just over half of the residents are categorized in the severe to profound range of mental retardation. In addition to their mental retardation, 93 percent of PSH&TC residents present significant behavioral challenges or symptoms of emotional disturbance. Last fiscal year, 19 persons were placed from PSH&TC to community service settings and 21 persons were admitted.

PSH&TC also provides a research-based treatment program for persons with developmental disabilities who have a history of sexual offenses. Currently, the hospital works with 53 persons and 13 outpatients in assessment and treatment programs designed to reduce the probability of new offenses.

The hospital's Dual Diagnosis Treatment and Training Services (DDT&TS) provides treatment and consultation for persons with developmental disabilities and severe mental illness. The DDT&TS has an active caseload of 76 in the community in addition to 10 residents at the hospital. The program provides on-site delivery of psychological services, as well as direct training to parents and staff of community service providers.

The Parsons Research Center and the Kansas University Center on Developmental Disabilities (KUCDD) are also located on the PSH&TC campus. These programs have a 50-year history at PSH&TC employing 50 faculty and staff with \$4.3 million in contracts and grant awards.

4. The Budget Committee notes the agency's enhancement request for \$1,018,600, including \$407,400 from the State General Fund, and 30.0 FTE positions to reopen one of the living cottages closed in FY 2002 due to budget reductions. According to the agency, the reopening of Willow cottage is necessary to relieve overcrowding in other living cottages which is causing increased behavior problems and risk of patient harm. The Budget Committee notes that the Average Daily Census has increased since the closure of this cottage in FY 2002. Finally, the Budget Committee notes the Governor did not recommend the

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funding for this enhancement and recommends the item be further reviewed at Omnibus.

House Budget Committee Report

Agency: Larned State Hospital **Bill No.** HB **Bill Sec.**

Analyst: Kannarr **Analysis Pg. No.** Vol. 1 - pg. 283 **Budget Page No.** 296

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 39,741,197	\$ 39,741,197	\$ 0
Other Funds	11,433,957	11,433,957	0
Subtotal - Operating	<u>\$ 51,175,154</u>	<u>\$ 51,175,154</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 51,175,154</u></u>	<u><u>\$ 51,175,154</u></u>	<u><u>\$ 0</u></u>
FTE Positions	978.2	978.2	0.0
Non FTE Uncl. Perm. Pos.	16.0	16.0	0.0
TOTAL	<u><u>994.2</u></u>	<u><u>994.2</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency estimates FY 2007 operating expenditures of \$51.2 million, including \$39.7 million from the State General Fund. The estimate is an increase of \$800,027 from the State General Fund which calculates to an all funds increase of 1.6 percent and a State General Fund increase of 2.1 percent. The increase is a result of the following:

- A supplemental request of \$187,742 from the State General Fund and 12.0 FTE positions for the Sexual Predator Treatment/Transition program;
- A transfer of \$524,153 from the State General Fund and 8.0 non-FTE positions for the Sexual Predator Transition House Services from the Department of Social and Rehabilitation Services to the hospital budget; and
- Additional funding of \$88,132 from the State General Fund to fully fund the salary enhancements approved by the 2006 Legislature.

Governor's Recommendation

The Governor concurs with the agency estimate.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.

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House Budget Committee Report

Agency: Larned State Hospital **Bill No.** HB

Bill Sec.

Analyst: Kannarr **Analysis Pg. No.** Vol.1 - pg. 283

Budget Page No. 296

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 41,520,484	\$ 41,871,494	\$ (1,816,941)
Other Funds	11,433,957	11,433,957	0
Subtotal - Operating	\$ 52,954,441	\$ 53,305,451	\$ (1,816,941)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 52,954,441	 \$ 53,305,451	 \$ (1,816,941)
 FTE Positions	 988.2	 978.2	 0.0
Non FTE Uncl. Perm. Pos.	16.0	0.0	0.0
TOTAL	1,004.2	978.2	0.0

Agency Request

The agency requests FY 2008 operating expenditures of \$53.0 million, including \$41.5 million from the State General Fund. The request is a State General Fund increase of \$1,779,287, or 4.5 percent, and an all funds increase of the same amount which calculates to a 3.5 percent increase.

The request includes enhancements of \$1,653,683 from the State General Fund and 22.0 FTE positions. Of the FTE positions requested, 12.0 were also requested as a supplemental in FY 2007 for the last half of the fiscal year, resulting in an increase of 10.0 FTE above the current fiscal year estimate. The remainder of the increase is accounted for by general increases in cost indices for supplies and services.

Governor's Recommendation

The Governor recommends expenditures of \$53,305,441, including \$41,871,484 from the State General Fund, which is an all funds increase of \$2,130,287, or 4.2 percent, and a State General Fund increase of \$2,130,287, or 5.4 percent, above the FY 2007 recommendation. The recommendation is an all funds increase of \$351,000, or 0.7 percent, and a State General Fund increase of the same amount, which equates to a 0.8 percent increase, above the agency request.

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The Governor recommendation includes the following:

- The Governor's FY 2008 recommendation includes the addition of \$1,564,228 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.
- The Governor recommends enhancements of \$440,455 from the State General Fund and 12.0 FTE positions for an increase in the Sexual Predator Treatment/Transition program and the purchase of four replacement vehicles. The recommendation is a decrease of \$1,213,228, or 73.4 percent, and 10.0 FTE below the amount requested by the agency for enhancements.

House Budget Committee Recommendation

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

1. Delete \$1,564,228, all from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$62,600, all from the State General Fund, to remove recommended funding to replace four vehicles for consideration at Omnibus.
3. Delete \$190,113, all from the State General fund, to remove funding for 12.0 FTE positions in the Sexual Predator Treatment Program (SPTP) added for the second half of FY 2007 for consideration at Omnibus. The Budget Committee notes the rising census in the SPTP which is fully supported by the State General Fund. As a result, the agency requested additional security staffing for the recently opened Jung building. According to testimony, of the residents presently assigned to SPTP, more than two thirds have been received within the past four years. The steady increase in referrals to the program and the length of time it takes to complete the program combine to create a continuing budget and public policy challenge. At the beginning of FY 2007, the SPTP's physical capacity was 152 beds and the census at the end of August 2006 was 151 residents on the Larned campus. With the opening of the Jung building in the current fiscal year, the physical capacity is 217 beds. The forecast is that there will be 159 clients at the end of FY 2007 and 169 at the end of FY 2008. In addition, the Budget Committee was told that the Sexual Predator Transition Program located at Osawatomie State Hospital, which is included in the Larned State Hospital (LSH) budget, may also require additional resources as clients are referred to those phases of treatment. The Budget Committee acknowledges that additional funding will be needed to support the Treatment and Transitions programs but would like additional information to determine the resources needed.
4. The Budget Committee notes the agency's enhancement request for \$230,420 from the State General Fund in increase salaries for Licensed Practical Nurses (LPN's) in order to improve recruitment and retention. According to the budget information presented, only 59 percent of the agency's LPN positions are filled due to difficulty in hiring.

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The Budget Committee is concerned about the ability of the hospital to provide patient care given the large number of vacancies in these position and about the hospital's ability to fill these positions without salary increases.

5. The Budget Committee notes the significant amount of testimony received expressing concern about the availability of inpatient treatment for mentally ill adults and children. Highlighted in the testimony is the critical role the state mental health hospitals play in the mental health treatment system. Conferees commented on the increasing admissions to the state hospitals which must operate within a set budget and number of beds regardless of the demand. As a result, many conferees expressed concern over the need to accommodate the increased demand by reducing the length of stay for individuals. One issue discussed in relation to increasing admissions was the significant decrease in the private psychiatric beds that was not anticipated when mental health reform downsizing was initiated. Several conferees noted the interim Legislative Budget Committee report which recommended that SRS and stakeholders work to determine what the role of the state mental health hospitals should be and the number of inpatient beds needed to provide services to meet the needs of the citizens of Kansas.
6. In addition to increasing capacity at state hospitals, the Budget Committee notes testimony it received in support of increasing inpatient psychiatric capacity in communities and stresses the importance of these resources as a part of the continuum of mental health services.

The interim Legislative Budget Committee recommended additional funding for SRS to enter into contractual relationships with local hospitals who have the capacity to provide inpatient services. In response, SRS testified to the Budget Committee that it has begun discussions with other providers regarding the possibility of entering into contractual arrangements to provide acute care, inpatient mental health services. The agency reported that these discussions are promising, especially for children and youth with preliminary cost estimates between \$375 and \$450 per day per youth. The estimated total to provide these types of services is \$2.5 million. In its testimony, SRS indicated that if these contractual arrangements are successful and are funded, children and adolescent services provided by Rainbow Mental Health Facility (RMHF) and LSH could be shifted to private providers and the units freed up to serve more adults thereby relieving census issues at all the state mental health hospitals. The Budget Committee was also informed that SRS intends to retain access to at least an equal number of children's inpatient beds as are at the state hospitals currently if the external contracting is successful. In addition, the agency reported that it has worked with ComCare and Via Christi in Wichita to ensure Via Christi continues to provide care to civilly committed individuals and to provide an overflow capability when Osawatomie State Hospital (OSH) and LSH are both at capacity.

The Budget Committee believes that bringing additional inpatient resources into the system is critical. In addition, having beds for youth that may be closer to home than the current state hospitals (RMHF and LSH) provide would help alleviate concerns about access to mental health services for those families.

House Budget Committee Report

Agency: Osawatomie State Hospital **Bill No.** HB

Bill Sec.

Analyst: Kannarr

Analysis Pg. No. Vol. 1 - pg. 307

Budget Page No. 314

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 10,928,135	\$ 9,743,729	\$ 0
Other Funds	13,568,214	13,568,214	0
Subtotal - Operating	\$ 24,496,349	\$ 23,311,943	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 24,496,349	\$ 23,311,943	\$ 0
FTE Positions	436.6	404.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	436.6	404.6	0.0

Agency Estimate

The agency estimates FY 2007 operating expenditures of \$24.5 million, including \$10.9 million from the State General Fund. The estimate is an all funds increase of \$1.4 million, or 6.3 percent, and a State General Fund increase of \$1.4 million, or 15.3 percent, above the budget approved by the 2006 Legislature. The estimate includes:

- A supplemental request of \$1,406,620 from the State General Fund and 37.0 FTE positions.
- Additional State General Fund financing of \$42,447 to fully fund the salary plan approved by the 2006 Legislature.
- An increase of 38.0 FTE positions which reflects the supplemental request for 37.0 FTE and 1.0 FTE position shifted from the Department of Social and Rehabilitation Services central office to address federal survey issues.
- A shift of \$1,571,255 from Title XIX to Fee Fund expenditures due to concerns about the availability of sufficient Title XIX funding.

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Governor's Recommendation

The Governor recommends expenditures of \$23.3 million, including \$9.7 million from the State General Fund. The recommendation is an all funds increase of \$264,661, or 1.1 percent, and a State General Fund increase of the same amount, which equates to an increase of 2.8 percent above the amount approved by the 2006 Legislature. The Governor's recommendation is an all funds decrease of \$1,184,406, or 4.8 percent, and a State General Fund decrease of the same amount which equates to a decrease of 10.8 percent below the agency estimate. The Governor recommends supplementals of \$222,214 from the State General Fund to cover holiday and overtime pay and 5.0 FTE positions to increase active treatment. This is a decrease of \$1,184,406 below the agency's requested supplementals and represents the entire change from the agency estimate.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Osawatomie State Hospital **Bill No.** HB

Bill Sec.

Analyst: Kannarr

Analysis Pg. No. Vol. 1 - pg. 307

Budget Page No. 314

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,152,621	\$ 11,619,198	\$ (818,948)
Other Funds	13,568,214	13,582,428	(14,214)
Subtotal - Operating	\$ 25,720,835	\$ 25,201,626	\$ (833,162)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 25,720,835	\$ 25,201,626	\$ (833,162)
FTE Positions	436.6	419.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	436.6	419.6	0.0

Agency Request

The agency requests FY 2008 operating expenditures of \$25.7 million, including \$12.2 million from the State General Fund. The request is an all funds increase of \$1.2 million, or 5.0 percent, and a State General Fund increase of the same amount which equates to an 11.2 percent increase, above the FY 2007 estimate.

The request includes an enhancement package of \$2.5 million from the State General Fund and 37.0 FTE positions which is described below. Absent the enhancement, the request is an all funds decrease of \$1.3 million, or 5.3 percent, and a State General Fund decrease of the same amount which equates to an 12.0 percent decrease below the FY 2007 estimate.

Governor's Recommendation

The Governor recommends expenditures of \$25.2 million, including \$11.6 million from the State General Fund. The recommendation is an all funds increase of \$1,889,683, or 8.1 percent, and a State General Fund increase of \$1,875,469, or 19.2 percent, above the FY 2007 recommendation. As compared to the agency request, the recommendation is an all funds decrease of \$519,209, or 2.0 percent, and a State General Fund decrease of \$533,423, or 4.4 percent. The following adjustments are made to the agency request:

- The Governor's FY 2008 recommendation includes the addition of \$729,309, including \$715,095 from the State General Fund, for the 1.5 percent base salary

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adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.

- The Governor recommends enhancements of \$1,286,202 from the State General Fund and 20.0 FTE positions to cover holiday and overtime pay, increase active treatment and purchase a replacement vehicle. The recommendation is a decrease of \$1,248,518, or 49.3 percent, and 17.0 FTE positions below the agency's enhancement request.

House Budget Committee Recommendation

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

1. Delete \$729,309, including \$715,095 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$18,800, all from the State General Fund, to remove recommended funding to replace one vehicle for consideration at Omnibus.
3. Delete \$85,053, all from the State General Fund, to remove recommended funding for overtime and holiday pay for consideration at Omnibus.
4. The Budget Committee notes the funding and positions included in the Governor's recommendation to help maintain federal certification and continue receiving Medicaid funding. According to testimony, OSH was cited by the Centers for Medicare and Medicaid Services (CMS) in its May 2006 survey for deficiencies in the level of active treatment for patients. The hospital was able to implement a corrective action plan using internal resources and received certification. The hospital requested additional resources in FY 2007 and FY 2008 to address the need for more staff to maintain minimal staff coverage on each unit, continue to provide active treatment to meet the needs of the patients and comply with CMS rules, and serve the increased number of admissions and increased census at these facilities. The Budget Committee recommends these positions be retained to address these issues and ensure continued federal funding for the hospital. The Budget Committee is concerned that without these additional resources, the hospital may not be able to sustain the required level of treatment and be decertified by the CMS, resulting in the loss of Federal Medicaid funding for the hospital which is estimated to be \$8.7 million in FY 2008. In contrast, additional recommended funding is \$960,135 from the State General Fund and 15.0 FTE positions.
5. The Budget Committee notes the significant amount of testimony received expressing concern about the availability of inpatient treatment for mentally ill adults and children. Highlighted in the testimony is the critical role the state mental health hospitals play in the mental health treatment system. Conferees commented on the increasing admissions to the state hospitals which must operate within a set budget and number of beds regardless of the demand. As a result, many conferees expressed concern over the need to accommodate the increased demand by reducing the length of stay for individuals. One issue

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discussed in relation to increasing admissions was the significant decrease in the private psychiatric beds that was not anticipated when mental health reform downsizing was initiated. Several conferees noted the interim Legislative Budget Committee report which recommended that SRS and stakeholders work to determine what the role of the state mental health hospitals should be and the number of inpatient beds needed to provide services to meet the needs of the citizens of Kansas.

6. In addition to increasing capacity at state hospitals, the Budget Committee notes testimony it received in support of increasing inpatient psychiatric capacity in communities and stresses the importance of these resources as a part of the continuum of mental health services.

The interim Legislative Budget Committee recommended additional funding for SRS to enter into contractual relationships with local hospitals who have the capacity to provide inpatient services. In response, SRS testified to the Budget Committee that it has begun discussions with other providers regarding the possibility of entering into contractual arrangements to provide acute care, inpatient mental health services. The agency reported that these discussions are promising, especially for children and youth with preliminary cost estimates between \$375 and \$450 per day per youth. The estimated total to provide these types of services is \$2.5 million. In its testimony, SRS indicated that if these contractual arrangements are successful and are funded, children and adolescent services provided by Rainbow Mental Health Facility (RMHF) and Larned State Hospital (LSH) could be shifted to private providers and the units freed up to serve more adults thereby relieving census issues at all the state mental health hospitals. The Budget Committee was also informed that SRS intends to retain access to at least an equal number of children's inpatient beds as are at the state hospitals currently if the external contracting is successful. In addition, the agency reported that it has worked with ComCare and Via Christi in Wichita to ensure Via Christi continues to provide care to civilly committed individuals and to provide an overflow capability when OSH and LSH are both at capacity.

The Budget Committee believes that bringing additional inpatient resources into the system is critical. In addition, having beds for youth that may be closer to home than the current state hospitals (RMHF and LSH) provide would help alleviate concerns about access to mental health services for those families.

House Budget Committee Report

Agency: Rainbow Mental Health Facility **Bill No.** HB

Bill Sec.

Analyst: Kannarr

Analysis Pg. No. Vol. 1 - pg. 328

Budget Page No. 324

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 4,454,799	\$ 4,057,197	\$ 0
Other Funds	3,686,974	3,686,974	0
Subtotal - Operating	\$ 8,141,773	\$ 7,744,171	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 8,141,773	\$ 7,744,171	\$ 0
FTE Positions	126.2	117.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	126.2	117.2	0.0

Agency Estimate

The agency estimates FY 2007 operating expenditures of \$8.1 million, including \$4.5 million from the State General Fund. The estimate is an all funds increase of \$510,968, or 6.7 percent, and a State General Fund increase of \$520,968, 13.2 percent, above the budget approved by the 2006 Legislature. The estimate includes a supplemental request of \$508,472 from the State General Fund and 11.0 FTE positions and \$12,496 from the State General Fund to fund the pay plan approved by the 2006 Legislature.

Governor's Recommendation

The Governor recommends expenditures of \$7,744,171, including \$4,057,197 from the State General Fund. The recommendation is an all funds increase of \$113,366, or 1.5 percent, and a State General Fund increase of \$123,366, or 3.1 percent, above the amount approved by the 2006 Legislature. As compared to the agency estimate, the recommendation is an all funds decrease of \$397,602, or 4.9 percent, and a State General Fund decrease of \$397,602, or 8.9 percent. The Governor recommends supplemental funding of \$110,870 from the State General Fund and 2.0 FTE, a decrease of \$397,602 and 9.0 FTE below the supplemental funding requested by the agency.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Rainbow Mental Health Facility **Bill No.** HB

Bill Sec.

Analyst: Kannarr

Analysis Pg. No. Vol. 1 - pg. 328

Budget Page No. 324

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 4,738,659	\$ 4,593,937	\$ (244,117)
Other Funds	3,686,974	3,741,994	(55,020)
Subtotal - Operating	\$ 8,425,633	\$ 8,335,931	\$ (299,137)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 8,425,633	 \$ 8,335,931	 \$ (299,137)
 FTE Positions	 126.2	 122.2	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	126.2	122.2	0.0

Agency Request

The agency requests FY 2008 operating expenditures of \$8.4 million, including \$4.7 million from the State General Fund. The request is a State General Fund increase of \$283,860, or 6.4 percent, which equates to an overall all funds increase of 3.5 percent above the FY 2007 estimate. Included in the request is an enhancement package of \$759,672 from the State General Fund and 11.0 FTE positions. The difference between the FY 2007 estimate and the FY 2008 request is almost entirely the result of the full year funding of the 11.0 FTE positions as opposed to the half-year of funding in the supplemental request.

Governor's Recommendation

The Governor recommends expenditures of \$8,335,931, including \$4,593,937 from the State General Fund. The recommendation is an all funds decrease of \$89,702, or 1.1 percent, and a State General Fund decrease of \$144,722, or 3.1 percent, below the agency request. As compared to FY 2007, the Governor's recommendation is an all fund increase of \$591,760, or 7.6 percent, and a State General Fund increase of \$536,740, or 13.2 percent.

- The Governor's FY 2008 recommendation includes the addition of \$231,594, including \$176,574 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.

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- The Governor recommends enhancements of \$438,376 from the State General Fund and 7.0 FTE positions to fund overtime and holiday pay and increase active treatment standards.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with the following adjustments and comments:

1. Delete \$231,594, including \$176,574 from the State General Fund for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$67,543, all from the State General Fund, to remove funding for overtime and holiday pay recommended by the Governor for review at Omnibus.
3. The Budget Committee notes the funding and positions included in the Governor's recommendation to help maintain federal certification and continue receiving Medicaid funding. According to testimony, RMHF was cited by the Centers for Medicare and Medicaid Services (CMS) in its May 2006 survey for deficiencies in the level of active treatment for patients. The hospital was able to implement a corrective action plan using internal resources and received certification. The hospital requested additional resources in FY 2007 and FY 2008 to address the need for more staff to maintain minimal staff coverage on each unit, continue to provide active treatment to meet the needs of the patients and comply with CMS rules, and serve the increased number of admissions and increased census at these facilities. The Budget Committee recommends these positions be retained to address these issues and ensure continued federal funding for the hospital. The Budget Committee is concerned that without these additional resources, the hospital may not be able to sustain the required level of treatment and be decertified by the CMS, resulting in the loss of Federal Medicaid funding for the hospital. In FY 2008, this funding is estimated to be approximately \$2.7 million. The Governor's recommendation for the additional positions for FY 2008, is \$259,963 from the State General Fund and 5.0 FTE positions.
4. The Budget Committee notes the significant amount of testimony received expressing concern about the availability of inpatient treatment for mentally ill adults and children. Highlighted in the testimony is the critical role the state mental health hospitals play in the mental health treatment system. Conferees commented on the increasing admissions to the state hospitals which must operate within a set budget and number of beds regardless of the demand. As a result, many conferees expressed concern over the need to accommodate the increased demand by reducing the length of stay for individuals. One issue discussed in relation to increasing admissions was the significant decrease in the private psychiatric beds that was not anticipated when mental health reform downsizing was initiated. Several conferees noted the interim Legislative Budget Committee report which recommended that Social and Rehabilitation Services (SRS) and stakeholders work to determine what the role of the state mental health hospitals should be and the number of inpatient beds needed to provide services to meet the needs of the citizens of Kansas.

5. In addition to increasing capacity at state hospitals, the Budget Committee notes testimony it received in support of increasing inpatient psychiatric capacity in communities and stresses the importance of these resources as a part of the continuum of mental health services.

The interim Legislative Budget Committee recommended additional funding for SRS to enter into contractual relationships with local hospitals who have the capacity to provide inpatient services. In response, SRS testified to the Budget Committee that it has begun discussions with other providers regarding the possibility of entering into contractual arrangements to provide acute care, inpatient mental health services. The agency reported that these discussions are promising, especially for children and youth with preliminary cost estimates between \$375 and \$450 per day per youth. The estimated total to provide these types of services is \$2.5 million. In its testimony, SRS indicated that if these contractual arrangements are successful and are funded, children and adolescent services provided by Rainbow Mental Health Facility (RMHF) and Larned State Hospital (LSH) could be shifted to private providers and the units freed up to serve more adults thereby relieving census issues at all the state mental health hospitals. The Budget Committee was also informed that SRS intends to retain access to at least an equal number of children's inpatient beds as are at the state hospitals currently if the external contracting is successful. In addition, the agency reported that it has worked with ComCare and Via Christi in Wichita to ensure Via Christi continues to provide care to civilly committed individuals and to provide an overflow capability when Osawatomie State Hospital (OSH) and LSH are both at capacity.

The Budget Committee believes that bringing additional inpatient resources into the system is critical. In addition, having beds for youth that may be closer to home than the current state hospitals (RMHF and LSH) provide would help alleviate concerns about access to mental health services for those families.

House Budget Committee Report

Agency: Kansas Health Policy Authority **Bill No.** HB

Bill Sec.

Analyst: Kannarr

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Budget Page No. 187

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 426,744,298	\$ 443,403,541	\$ 0
Other Funds	959,732,879	875,429,935	0
Subtotal - Operating	<u>\$ 1,386,477,177</u>	<u>\$ 1,318,833,476</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	<u><u>\$ 1,386,477,177</u></u>	<u><u>\$ 1,318,833,476</u></u>	<u><u>\$ 0</u></u>
 FTE Positions*	206.8	193.7	0.0
Non FTE Uncl. Perm. Pos.	9.9	9.9	0.0
TOTAL	<u><u>216.7</u></u>	<u><u>203.6</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency** estimates FY 2007 operating expenditures of \$1.4 billion, including \$426.7 million from the State General Fund, and 206.8 FTE positions. The estimate is an all funds increase of \$14.2 million, or 1.0 percent, and a State General Fund increase of \$9.7 million, or 2.3 percent, above the amount approved by the 2006 Legislature. The State General Fund estimate includes:

- supplemental requests of \$3.5 million;
- reappropriations and transfers of \$4.6 million;
- additional expenditures of \$1.9 million;
- additional funding of \$13,474 for the pay plan approved by the 2006 Legislature; and
- net transfers of \$346,560 to the Department of Social and Rehabilitation Services.

Governor's Recommendation

The **Governor** recommends expenditures of \$1,318,833,477, including \$443,403,541 from the State General Fund. The recommendation is an all funds decrease of \$67,643,700, or 4.9 percent, and a State General Fund increase of \$16,659,243, or 3.9 percent, from the agency

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estimate. As compared to the approved budget, the recommendation is an all funds decrease of \$53,381,908, or 3.9 percent, and a State General Fund increase of \$26,329,153, or 6.3 percent. The recommendation includes the following:

- The Governor recommends a portion of the supplementals requested by the agency totaling \$3,310,255, including \$1,471,402 from the State General Fund, and 12.0 FTE positions. The recommendation is a decrease of \$4,265,338 all funds and a State General Fund decrease of \$2,027,568 below the agency's supplemental request.
- The Governor recommends Medicaid assistance expenditures of \$1,182,000,000, including \$405,000,000 from the State General Fund, which reflects the revised estimates of the November 2006 consensus caseload estimating group. The revised estimate is an all funds decrease of \$46,081,600, or 3.8 percent, and a State General Fund increase of \$25,344,329, or 6.7 percent, above the amount approved by the 2006 Legislature.
- The Governor recommends State Children's Health Insurance Program (SCHIP) expenditures of \$69,302,363, including \$19,130,917 from the State General Fund, the same amount requested by the agency. No supplementals are recommended for the SCHIP program.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governors recommendation for FY 2007.

House Budget Committee Report

Agency: Kansas Health Policy Authority **Bill No.** HB

Bill Sec.

Analyst: Kannarr

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Budget Page No. 187

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 431,457,689	\$ 489,339,735	\$ (11,062,782)
Other Funds	958,584,575	900,414,180	(3,001,050)
Subtotal - Operating	<u>\$ 1,390,042,264</u>	<u>\$ 1,389,753,915</u>	<u>\$ (14,063,832)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	<u><u>\$ 1,390,042,264</u></u>	<u><u>\$ 1,389,753,915</u></u>	<u><u>\$ (14,063,832)</u></u>
 FTE Positions	233.8	204.7	(11.0)
Non FTE Uncl. Perm. Pos.	9.9	0.0	0.0
TOTAL	<u><u>243.7</u></u>	<u><u>204.7</u></u>	<u><u>(11.0)</u></u>

Agency Request

The **agency** requests FY 2008 expenditures of \$1,390,042,264, including \$431,457,689 from the State General Fund. The request is an all funds increase of \$3,565,087, or 0.3 percent, and a State General Fund increase of \$4,713,391, or 1.1 percent, above the FY 2007 estimate. The request includes:

- Enhancements of \$33,323,642, including \$14,264,273 from the State General Fund, and 52.0 FTE positions which are described following this summary.
- Medicaid assistance expenditures of \$1,248,050,759, including \$387,467,851 from the State General Fund. The request is an all funds increase of \$3,972,397, or 0.3 percent, and a State General Fund increase of \$2,054,602, or 0.5 percent, above the revised FY 2007 estimate.
- State Children's Health Insurance Program (SCHIP) expenditures of \$69,302,363, including \$17,130,917 from the State General Fund, the same amount as FY 2007.

Governor's Recommendation

The **Governor** recommends expenditures of \$1,389,753,915, including \$489,339,735 from the State General Fund. The recommendation is an all funds decrease of \$288,349 and a State General Fund increase of \$57,882,046, or 13.4 percent, from the agency request. As compared to FY 2007, the recommendation is an all funds increase of \$70,920,438, or 5.4 percent, and a State General Fund increase of \$45,936,194, or 10.4 percent. The recommendation includes the following:

- The addition of \$375,024, including \$143,671 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.
- Enhancements requested by the agency totaling \$16,749,063, including \$7,265,513 from the State General Fund, and 23.0 FTE positions.
- Medicaid assistance expenditures of \$1,255,737,483, including \$447,294,993 from the State General Fund, reflecting November 2006 initial estimates for FY 2008 expenditures, an enhancement for the Healthy Kansas First Five initiative and an enhancement for the Childhood Obesity initiative.
- State Children's Health Insurance (SCHIP) expenditures of \$69,302,363, including \$19,130,917 from the State General Fund, the same amount requested by the agency.
- Additional expenditures of \$5.0 million from the State General Fund to replace a reduction of funding of the same amount from the Children's Initiatives Fund (CIF) in the Medicaid assistance and State Children's Health Insurance program.

House Budget Committee Recommendation

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

1. Delete \$375,024, including \$143,671 from the State General Fund for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$86,545, including \$40,553 from the State General Fund, and 1.0 FTE position to remove additional staff recommended by the Governor for the HealthWave Clearinghouse and review at Omnibus.
3. Delete \$385,796, including \$141,027 from the State General Fund, and 10.0 FTE positions to remove additional administrative staff recommended by the Governor and review at Omnibus. The KHPA provided testimony that the additional positions are needed to fulfill the mission assigned to it by the 2005 Legislature. In addition, the Budget Committee received detailed information from the agency about the specific staff needed. The Budget Committee notes the importance of the additional staff but recommends an examination of the number of staff

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transferred from other agencies and organizations before determining the number of additional FTE's needed.

4. Delete \$478,984, including \$192,538 from the State General Fund, to remove additional funding for data management activities recommended by the Governor and review at Omnibus. These activities are intended to develop a common data analytic interface to consolidate multiple data sets and help the agency analyze data to support decision making regarding health programs.
5. Delete \$1.0 million, including \$500,000 from the State General Fund, to remove funding for the Enhanced Care Management program recommended by the Governor and review at Omnibus. This program is a pilot project in Sedgwick County to provide enhanced primary care case management services to high-risk Medicaid beneficiaries.
6. Delete \$1.0 million, including \$750,000 from the State General Fund, to remove funding for Health Information Exchange Initiatives recommended by the Governor and review at Omnibus. These initiatives are designed to improve efficiency, quality of care, and patient safety, as well as to help inform health care consumers.
7. Delete \$10.0 million, including \$4.0 million from the State General Fund, to remove funding for the Healthy Kansas First Five Initiative and review at Omnibus. This initiative would expand HealthWave coverage to children in families with incomes up to 235 percent of the federal poverty level and allow families with higher incomes to purchase coverage with no state participation for families above 300 percent of the poverty level.
8. Delete \$737,483, including \$294,993 from the State General Fund, to remove funding for the Childhood Obesity initiative recommended by the Governor and review at Omnibus. The Budget Committee notes the importance of addressing obesity both as a health issue and as a way to address health care costs. The Budget Committee believes that addressing the issue with children is critical to the success of efforts to address obesity in the population. Further, the Budget Committee notes that the agency requested \$1,474,965, including \$589,986 from the State General Fund for this initiative and believes the full amount should be considered for inclusion.
9. Delete \$5.0 million from the State General Fund and increase Children's Initiatives Fund (CIF) expenditures by the same amount to reverse recommendations by the Governor to shift Medicaid and State Children's Health Insurance Program expenditures from CIF to the State General Fund financing. The Governor's recommendation used the \$5.0 million CIF freed up by the shift to finance early childhood initiatives at the Department of Social and Rehabilitation Services.
10. The Budget Committee expresses continued concern about the effect of the new Presumptive Disability on vulnerable populations and recommends Omnibus review. Further, the Budget Committee recommends that MediKan benefits should be continued until further discussions can be had to determine the appropriate actions to be taken to address persons who are encountering difficulties completing the current screening and eligibility process. The Budget Committee notes the very vulnerable nature of the population seeking these services who may be required to seek services at community clinics or

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emergency rooms. Finally, the Budget Committee notes that KHPA began studying the issue once it was discovered the number of people who were not successful under the current process and that they are committed to continuing MediKan until issues with the process can be resolved or alternatives developed.

11. The Budget Committee is concerned about the number of persons who have left Medicaid because of new federal citizenship and identification rules and recommends additional review of the issue at Omnibus. According to information received by the Budget Committee, the Deficit Reduction Act of 2005 requires verification of both citizenship and identification of all new federally funded medical benefits applicants and current recipients effective July 1, 2006. The rules apply to Medicaid, State Children's Health Insurance Program and MediKan programs. Applicants or current beneficiaries can prove their citizenship and identity through providing primary documents. If a primary document is not provided, two separate documents must be obtained—one to establish identity and one to establish citizenship. According to KHPA, the increased level of documentation required has dramatically increased the workload of eligibility determination staff and created delays for persons attempting to enroll in the programs. The Budget Committee was told that between 18,000 and 20,000 Kansans have lost their Medicaid benefits due to the state's compliance with a new federal law. The agency testified that staff have re-engineered enrollment and utilized electronic verification where appropriate, but will not be able to address the new workload without additional resources. Further, the Budget Committee was informed that many of the people who have lost coverage will be eligible for the program once the eligibility process is completed and that the agency will work to get these persons enrolled. In addition, the Budget Committee was informed that additional dollars may be needed for primary care safety net clinics to provide services to people awaiting eligibility determination. The KHPA is preparing to send a letter to those awaiting determination to inform them of the location and availability of safety net clinics. Finally, the Budget Committee was informed that representatives from KHPA and others will be meeting with the Kansas Congressional delegation to express concerns about the effect these provisions have on the ability of the state to provide services and on the citizens of Kansans who are affected.
12. The Budget Committee notes that the agency requested \$8.8 million, including \$3.5 million from the State General Fund, to provide dental services to adults in the Medicaid program but that the Governor did not recommend the funding. Further, the Budget Committee recommends a review of oral health issues in Omnibus as it believes dental services are critically important to the overall health of individuals.
13. The Budget Committee was informed that the President's budget for FY 2008 contains cuts for Medicaid and for rural hospitals and requests additional information regarding these issues in Omnibus.
14. The Budget Committee notes that the federal Deficit Reduction Act poses both opportunities and challenges for states for their Medicaid programs.

House Budget Committee Report

Agency: Social and Rehabilitation Services **Bill No.** HB

Bill Sec.

Analyst: Kannarr

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Budget Page No. 365

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 564,020,534	\$ 542,355,961	\$ 0
Other Funds	840,133,766	860,695,961	0
Subtotal - Operating	\$ 1,404,154,300	\$ 1,403,051,922	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	5,340,156	5,340,156	0
Subtotal - Capital Improvements	\$ 5,340,156	\$ 5,340,156	\$ 0
TOTAL	\$ 1,409,494,456	\$ 1,408,392,078	\$ 0
FTE Positions	3,813.6	3,670.6	0.0
Non FTE Uncl. Perm. Pos.	65.6	65.6	0.0
TOTAL	3,879.2	3,736.2	0.0

Agency Estimate

The agency estimates FY 2007 operating expenditures of \$1.4 billion, including \$564.0 million from the State General Fund. The estimate is an all funds increase of \$50.1 million, or 3.7 percent, and a State General Fund increase of \$36.9 million, or 7.0 percent, above the amount approved by the 2006 Legislature.

The State General Fund estimate includes supplemental requests of \$32.5 million; a State General Fund reappropriation of \$4.8 million; a transfer of \$53,439 to the Kansas Health Policy Authority; a transfer of \$524,153 to Larned State Hospital for the Sexual Predator Transition Program; and additional funding of \$206,688 for the salary plan approved by the 2006 Legislature.

Governor's Recommendation

The Governor recommends FY 2007 expenditures of \$1.4 billion, including \$542.4 million from the State General Fund. The recommendation is an all funds increase of \$49.0 million, or 3.6 percent, and a State General Fund increase of \$15.3 million, or 2.9 percent, above the amount approved by the 2006 Legislature.

The Governor's recommendation is an all funds decrease of \$1.1 million, or 0.1 percent, and a State General Fund decrease of \$21.7 million, or 3.8 percent, below the agency request. The recommendation includes the following adjustments to the agency request:

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- Supplementals of \$1,500,000, a decrease of \$31,044,882, or 95.4 percent, below the agency request;
- additional federal grant awards of \$2,888,726 awarded to the agency after the budget submission;
- increases in special revenue fund expenditures of \$30.1 million to reflect additional federal fund received and carry forward balances from FY 2006; and
- adjustments to reflect the November 2006 consensus caseload estimates for entitlement programs.

House Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation.