

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 13, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Ty Masterson - excused

Committee staff present:

Alan Conroy, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Estelle Montgomery, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department  
Cody Gorges, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Melinda Gaul, Chief of Staff  
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Senator Pat Apple  
Ray Dalton, Deputy Secretary, Department of Social and Rehabilitation Services (SRS)

Others attending:

See attached list.

**Introduction of proposed legislation**

Senator Kultala moved to introduce legislation concerning abolishing Kansas Technology Enterprise Corporation and transferring their powers and duties to the Department of Commerce and Board of Regents (9rs0670). The motion was seconded by Senator Lee. Motion carried on a voice vote. Senator McGinn requested to be recorded as voting "no".

Senator Schmidt moved to introduce legislation regarding fees for Board of Healing Arts (9rs0973). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Schmidt moved to introduce legislation regarding pensions and retirement for the Kansas fire and police retirement system (HB 2107). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

**Referral of legislation**

The Chairman referred **SB 221** to the Joint Committee on Kansas Security for review.

**Discussion and Action on SB 205 - Prohibiting the development finance authority from refunding any bonds for any state agency unless specifically approved by an act of the legislature.**

Chairman Emler reminded the Committee that Senator Vratil had offered an amendment during discussion of **SB 205** on March 5, 2009. The Vratil amendment would allow the State Finance Council to act as a matter of legislative delegation when the Legislature is not in session. The Chairman noted that the Committee recommended adding language to the Vratil amendment after the word "thereto" stating "except that such approval may be given while the Legislature is in session".

Senator Kelly presented an amendment to **SB 205 (Attachment 1)**. The amendment would add language to allow for the refunding of bonds only if such refunding resulted in a lower interest rate and allow for approval by the State Finance Council even if the Legislature is in session.

## CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 13, 2009, in Room 545-N of the Capitol.

Senator Vratil moved to amend **SB 205** with the proposed Vratil amendment and further add language to the amendment after the word "thereto" stating "except that such approval may be given while the Legislature is in session". The motion was seconded by Senator Wysong. Motion carried on a vote of 6-4.

Senator Vratil moved to recommend **SB 205** favorable for passage as amended. The motion was seconded by Senator Taddiken. Motion carried on a voice vote.

### **Correction on Subcommittee Report on Kansas Historical Society**

Senator Wysong moved to amend the Subcommittee report on the Kansas Historical Society by deleting an additional \$119,484 State General Fund, to achieve the target reduction of 10.0 percent below the Governor's FY 2009 recommendation. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Wysong noted that a revised reduction priority list has been added to the Subcommittee report.

### **Subcommittee Report on Social and Rehabilitation Services (SRS) Hospitals**

Senator McGinn, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the SRS Hospitals for FY 2010 with notations and adjustments (Attachment 2).

Senator McGinn moved to amend the Subcommittee report on the Larned State Hospital by adding language to Item No. 4 indicating that legislation has been introduced. The motion was seconded by Senator Wysong. Motion carried on a voice vote.

Senator McGinn presented a minority report regarding the Subcommittee report on the FY 2010 Larned State Hospital and FY 2010 Parsons State Hospital and Training Center (Attachment 3).

Senator McGinn moved to adopt the Subcommittee Report on the Governor's budget recommendations for the SRS Hospitals for FY 2010 with notations and adjustments as amended. The motion was seconded by Senator Lee. Motion carried on a voice vote. Senator Wysong requested to be recorded as voting "no".

### **Subcommittee Report on State Department of Education**

Senator Emler, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the State Department of Education for FY 2010 with notations and adjustments (Attachment 4).

Senator Vratil presented a minority report on the Subcommittee report on the State Department of Education (Attachment 5).

Senator Schodorf moved to amend the Subcommittee report on the State Department of Education by adding language to request a review of the funding for the Kansas Career Pipeline at Omnibus. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Emler moved for the adoption of the Subcommittee report on the Governor's budget recommendations for the State Department of Education for FY 2010 with notations and adjustments as amended. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

### **Hearing on SB 294 - Amendments to the Kansas whistleblowers act; employee suggestion program.**

Jill Wolters, Revisor, explained that **SB 294** amends the whistleblowers act to include other types of action which is disciplinary action (Attachment 6). The bill reinstates the state employee suggestion program which sunset on July 30, 2006. There is no sunset included in **SB 294**.

There were no proponents, neutrals or opponents to come before the Committee.

## CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 13, 2009, in Room 545-N of the Capitol.

The hearing on **SB 294** was closed.

Senator Kelly moved to table **SB 294** and take no action. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

### **Hearing on SB 310 - SRS prohibited from placing more than six sexually violent predators in any one county on transitional release or conditional release.**

Jill Wolters, Revisor, explained that **SB 310** would limit the number of predators, to no more than 6, who could be placed in a county on transitional release or conditional release (Attachment 7). This limitation would take effect on January 1, 2009. Current statute directs that persons who are sexually violent predators are committed to the custody of SRS for treatment. Following treatment in custody, a person may reach transitional release or conditional release.

Senator Pat Apple appeared before the Committee in support of **SB 310** (Attachment 8). The Senator stated that the Legislature's original intent was to locate transition houses in communities across the state. Currently, all level 6 and 7 predators are in one location on the campus of Osawatomi State Hospital. The number of predators in these levels is growing. The Community feels it is unfair and unsafe to locate all in one location. Additionally, there is a school on the grounds of the Osawatomi State Hospital and families living in close proximity to the State Hospital. A number of letters from interested parties was attached to Senator Apple's testimony. Senator Apple stated that, although the community leaders have contacted the Governor's office and SRS, it has been difficult to get answers from anyone about the program.

Ray Dalton, Deputy Secretary, Department of Social and Rehabilitation Services (SRS), presented testimony as neutral on **SB 310** (Attachment 9). Mr. Dalton noted that the Sexual Predator Treatment Program (SPTP) is a seven-phase program with offenders moving through the various phases. Offenders in the 6 and 7 phase of the program are on the grounds of the Osawatomi State Hospital. Some of the offenders who are sent to Osawatomi State Hospital, are returned to Larned State Hospital because of unsuccessful adjustment. A total of 19 residents have been referred from Larned State Hospital to the transitional program at Osawatomi State Hospital. Of those, 7 have been returned to the Larned campus. Two residents have completed the program and achieved final release. Mr. Dalton felt that the participants in the program are chaperoned and closely supervised wherever they go.

Responding to questions from the Committee, Mr. Dalton stated that the \$850,000 for another facility as noted in the fiscal note on **SB 310** is the same amount as budgeted for the Osawatomi State Hospital and includes staff and related items only. Housing costs are not included in this amount.

The Committee voiced concerns with possible conflicts between this legislation and 2006 **SB 506**. Other concerns include the cost of finding another provider, required zoning changes and start-up costs for another location. The Committee also voiced concern that locating the current SPTP program on the grounds of the Osawatomi State Hospital, could be out-of-compliance with the law as to where such facilities could be located.

There were no other conferees to come before the Committee.

The hearing on **SB 310** was closed.

Chairman Emler appointed a Subcommittee consisting of Senator Umbarger, Chair and Senators Lee, Wysong and Apple to review the conditions of 2006 **SB 506** and **SB 310** and provide a report of their findings to the Committee at a later date.

### **Adjournment**

The next meeting is scheduled for March 16, 2009.

The meeting was adjourned at 12:15 p.m.

**SENATE WAYS & MEANS COMMITTEE  
GUEST LIST**

DATE: March 13, 2009

NAME	REPRESENTING
Wendy Ellen Conlee	Ks Career Pipeline
Mark Tallman	KASB
Bill Reardon	KCKs PS.
Missy Taylor	Kansas Families for Education
Chris Austin	KHA
Ligh Keck	Hein Law firm
MARK BOZANYAK	CAPITOL STRATEGIES
Dodie Wellshear	USA / Kansas
Bill Brady	Capitol Strategies
MARK DESETTI	KNERT
Terry Heidner	KDOT
Val DeFever	SQ E
Sherrlene Jones-Sontag	AAMS
David Kauffman	KU
Rob Mealy	RENNER & Assoc.
Kyle Kench	KVC Behavioral Health
Nancy Zogleman	Polsinelli
Doug Bowman	CCECDS
Dale M Dennis	KSD E
Ron Witches	KSD E
Debbie A. White	KS Historical Society
Justin Moyer	KHPA
Mike Hammond	HAMMOND

**SENATE WAYS & MEANS COMMITTEE  
GUEST LIST**

DATE: March 13, 2009

NAME	REPRESENTING
Patrick Hurley	DOA
Gavin Young	DOA
Josh Smith	Intern, Sen. Pyle
Jill Aplin	Division of the Budget
Carolyn Spindler	155 St No Ave
Jenni Lee	KCSL
Patti Woods	SRS
Ray Dalton	SRS
Laura Howard	SRS
Lori Weeks	SRS
Amy Perrod	DOB
Julie Thomas	DOB

## SENATE BILL No. 205

By Committee on Ways and Means

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9 AN ACT concerning the development finance authority; relating to the  
10 refunding of bonds; amending K.S.A. 2008 Supp. 74-8905 and re-  
11 pealing the existing section.  
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2008 Supp. 74-8905 is hereby amended to read as  
15 follows: 74-8905. (a) The authority may issue bonds, either for a specific  
16 activity or on a pooled basis for a series of related or unrelated activities  
17 or projects duly authorized by a political subdivision or group of political  
18 subdivisions of the state in amounts determined by the authority for the  
19 purpose of financing projects of statewide as well as local importance,  
20 capital improvement facilities, educational facilities, health care facilities  
21 and housing developments. Nothing in this act shall be construed to au-  
22 thorize the authority to issue bonds or use the proceeds thereof to:

23 (1) Purchase, condemn or otherwise acquire a utility plant or distri-  
24 bution system owned or operated by a regulated public utility;

25 (2) finance any capital improvement facilities or educational facilities  
26 which are being financed by the issuance of general obligation or utility  
27 revenue bonds of a political subdivision, except that the acquisition by  
28 the authority of general obligation or utility revenue bonds issued by  
29 political subdivisions with the proceeds of pooled bonds shall not violate  
30 the provisions of the foregoing; or

31 (3) purchase, acquire, construct, reconstruct, improve, equip, fur-  
32 nish, repair, enlarge or remodel property for any swine production facility  
33 on agricultural land which is owned, acquired, obtained or leased by a  
34 corporation, limited liability company, limited partnership, corporate  
35 partnership or trust.

36 Nothing in this subsection (a) shall prohibit the issuance of bonds by  
37 the authority when any statute specifically authorizes the issuance of  
38 bonds by the authority or approves any activity or project of a state agency  
39 for purposes of authorizing any such issuance of bonds in accordance with  
40 this section and provides an exemption from the provisions of this sub-  
41 section (a).

42 (b) The authority may issue bonds for activities and projects of state  
43 agencies as requested by the secretary of administration. Research facil-

Senate Ways & Means Cmte  
Date 3-13-2009  
Attachment /

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1 ities of state educational institutions shall be subject to the provisions of  
 2 this subsection (b). No bonds may be issued pursuant to this act for any  
 3 activity or project of a state agency unless the activity or project either  
 4 has been approved by an ~~appropriation or other~~ act of the legislature or  
 5 has been approved by the state finance council acting on this matter which  
 6 is hereby characterized as a matter of legislative delegation and subject  
 7 to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c, and  
 8 amendments thereto. ~~When requested to do so by the secretary of ad-~~  
 9 ~~ministration,~~ The authority may issue bonds for the purpose of refunding,  
 10 whether at maturity or in advance of maturity, any outstanding bonded  
 11 indebtedness of any state agency, *on and after the effective date of this*  
 12 *act, only upon specific approval for the proposed refunding enacted by*  
 13 *an act of the legislature. Upon request by the president of the senate or*  
 14 *the speaker of the house of representatives pursuant to such specific ap-*  
 15 *proval, the authority may issue such bonds for the purpose of refunding.*  
 16 The revenues of any state agency which are pledged as security for any  
 17 bonds of such state agency which are refunded by refunding bonds of the  
 18 authority may be pledged to the authority as security for the refunding  
 19 bonds.

if such refunding results in a lower interest rate or

by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c, and amendments thereto. Approval by the state finance council may be given when the legislature is in session.

20 (c) The authority may issue bonds for the purpose of financing in-  
 21 dustrial enterprises, transportation facilities, agricultural business enter-  
 22 prises, educational facilities, health care facilities, housing developments,  
 23 research facilities or any combination of such facilities, or any interest in  
 24 facilities, including without limitation leasehold interests in and mort-  
 25 gages on such facilities, whether located within or outside of Kansas. *The*  
 26 *authority may additionally issue bonds for the purpose of financing a hall*  
 27 *of fame, museum or tourist destination of national significance, as deter-*  
 28 *mined by the secretary of commerce. Such authority to issue bonds for a*  
 29 *hall of fame, museum or tourist destination of national significance shall*  
 30 *expire on December 31, 2007.* No less than 30 days prior to the issuance  
 31 of any bonds authorized under this act with respect to any project or  
 32 activity within Kansas which is to be undertaken for the direct benefit of  
 33 any person or entity which is not a state agency or a political subdivision,  
 34 written notice of the intention of the authority to provide financing and  
 35 issue bonds therefor shall be given by the president of the authority to  
 36 the governing body of the city in which the project or activity is to be  
 37 located. If the project or activity is not proposed to be located within a  
 38 city, such notice shall be given to the governing body of the county. No  
 39 bonds for the financing of the project or activity shall be issued by the  
 40 authority for a one-year period if, within 15 days after the giving of such  
 41 notice, the governing body of the political subdivision in which the project  
 42 or activity within Kansas is proposed to be located shall have adopted an  
 43 ordinance or resolution stating express disapproval of the project or ac-

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1 tivity and shall have notified the president of the authority of such dis-  
2 approval. The authority shall not issue bonds for the purpose of financing  
3 a project or activity outside Kansas unless the authority has determined  
4 that the issuance of such bonds provides a benefit to Kansas or its people  
5 and that the owner or operator thereof or an affiliate has a presence or  
6 impact in Kansas.

7 (d) The authority may issue bonds for the purpose of establishing and  
8 funding one or more series of venture capital funds in such principal  
9 amounts, at such interest rates, in such maturities, with such security, and  
10 upon such other terms and in such manner as is approved by resolution  
11 of the authority. The proceeds of such bonds not placed in a venture  
12 capital fund or used to pay or reimburse organizational, offering and ad-  
13 ministrative expenses and fees necessary to the issuance and sale of such  
14 bonds shall be invested and reinvested in such securities and other in-  
15 struments as shall be provided in the resolution under which such bonds  
16 are issued. Moneys in a venture capital fund shall be used to make venture  
17 capital investments in new, expanding or developing businesses, includ-  
18 ing, but not limited to, equity and debt securities, warrants, options and  
19 other rights to acquire such securities, subject to the provisions of the  
20 resolution of the authority. The authority shall establish an investment  
21 policy with respect to the investment of the funds in a venture capital  
22 fund not inconsistent with the purposes of this act. The authority shall  
23 enter into an agreement with a management company experienced in  
24 venture capital investments to manage and administer each venture cap-  
25 ital fund upon terms not inconsistent with the purposes of this act and  
26 such investment policy. The authority may establish an advisory board to  
27 provide advice and consulting assistance to the authority and the man-  
28 agement company with respect to the management and administration of  
29 each venture capital fund and the establishment of its investment policy.  
30 All fees and expenses incurred in the management and administration of  
31 a venture capital fund not paid or reimbursed out of the proceeds of the  
32 bonds issued by the authority shall be paid or reimbursed out of such  
33 venture capital fund.

34 (e) The authority may issue bonds in one or more series for the pur-  
35 pose of financing a redevelopment plan project that is approved by the  
36 authority in accordance with K.S.A. 74-8921 and 74-8922, and amend-  
37 ments thereto, or by Johnson or Labette county in accordance with the  
38 provisions of this act.

39 (f) After receiving and approving the feasibility study required pur-  
40 suant to K.S.A. 74-8936, and amendments thereto, the authority may  
41 issue bonds in one or more series for the purpose of financing a multi-  
42 sport athletic project in accordance with K.S.A. 74-8936 through 74-8938,  
43 and amendments thereto. If the project is to be constructed in phases, a



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1 similar feasibility study shall be performed prior to issuing bonds for the  
2 purpose of financing each subsequent phase.

3 (g) The authority may issue bonds for the purpose of financing resort  
4 facilities, as defined in subsection (a) of K.S.A. 32-867, and amendments  
5 thereto, in an amount or amounts not to exceed \$30,000,000 for any one  
6 resort. The bonds and the interest thereon shall be payable solely from  
7 revenues of the resort and shall not be deemed to be an obligation or  
8 indebtedness of the state within the meaning of section 6 of article 11 of  
9 the constitution of the state of Kansas. The authority may contract with  
10 a subsidiary corporation formed pursuant to subsection (v) of K.S.A. 74-  
11 8904, and amendments thereto, or others to lease or operate such resort.  
12 The provisions of K.S.A. 32-867, 32-868, 32-870 through 32-873 and 32-  
13 874a through 32-874d, and amendments thereto, shall apply to resorts  
14 and bonds issued pursuant to this subsection.

15 (h) The authority may use the proceeds of any bond issues herein  
16 authorized, together with any other available funds, for venture capital  
17 investments or for purchasing, leasing, constructing, restoring, renovat-  
18 ing, altering or repairing facilities as herein authorized, for making loans,  
19 purchasing mortgages or security interests in loan participations and pay-  
20 ing all incidental expenses therewith, paying expenses of authorizing and  
21 issuing the bonds, paying interest on the bonds until revenues thereof are  
22 available in sufficient amounts, purchasing bond insurance or other credit  
23 enhancements on the bonds, and funding such reserves as the authority  
24 deems necessary and desirable. All moneys received by the authority,  
25 other than moneys received by virtue of an appropriation, are hereby  
26 specifically declared to be cash funds, restricted in their use and to be  
27 used solely as provided herein. No moneys of the authority other than  
28 moneys received by appropriation shall be deposited with the state  
29 treasurer.

30 (i) Any time the authority is required to publish a notification pur-  
31 suant to the tax equity and fiscal responsibility act of 1982, the authority  
32 shall further publish such notification in the Kansas register and on the  
33 Kansas development finance authority website.

34 (j) Any time the authority issues private activity bonds, as defined in  
35 K.S.A. 74-5059, and amendments thereto, pursuant to this section, the  
36 authority shall publish notification of such issuance at least 14 days prior  
37 to any bond hearing in the official county newspaper of the county in  
38 which the project or activity financed by such bonds are located and in  
39 the Kansas register.

40 Sec. 2. K.S.A. 2008 Supp. 74-8905 is hereby repealed.

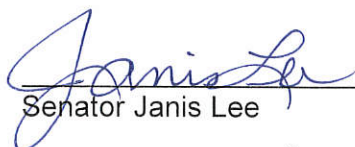
41 Sec. 3. This act shall take effect and be in force from and after its  
42 publication in the Kansas register.

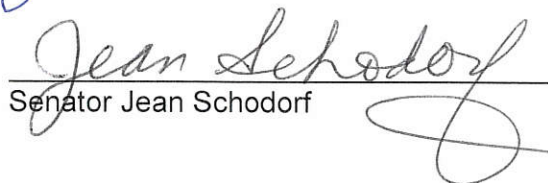
FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

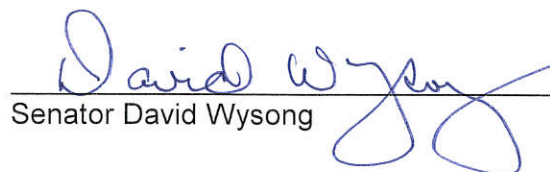
Parsons State Hospital  
Kansas Neurological Institute  
Rainbow Mental Health Facility  
Osawatomie State Hospital  
Larned State Hospital

\_\_\_\_\_  
Senator Carolyn McGinn, Chair

  
\_\_\_\_\_  
Senator Janis Lee

  
\_\_\_\_\_  
Senator Jean Schodorf

\_\_\_\_\_  
Senator Dwayne Umbarger

  
\_\_\_\_\_  
Senator David Wysong

Senate Ways & Means Cmte

Date 3-13-2009

Attachment 2

## House Budget Committee Report

**Agency:** Parsons State Hospital and Training Center      **Bill No.** HB      **Bill Sec.**  
**Analyst:** Montgomery      **Analysis Pg. No. Vol.-**      **Budget Page No. 211**

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 11,370,186	\$ 10,424,288	\$ 322,956
Other Funds	14,718,172	14,257,026	427,112
Subtotal - Operating	<u>\$ 26,088,358</u>	<u>\$ 24,681,314</u>	<u>\$ 750,068</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	113,670	113,670	0
Subtotal - Capital Improvements	<u>\$ 113,670</u>	<u>\$ 113,670</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 26,202,028</u></u>	<u><u>\$ 24,794,984</u></u>	<u><u>\$ 750,068</u></u>
FTE Positions	497.2	497.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>497.2</u></u>	<u><u>497.2</u></u>	<u><u>0.0</u></u>

### Agency Request

Parsons State Hospital and Training Center is one of two residential treatment, training and care facilities operated by the State of Kansas to serve developmentally disabled persons whose circumstances require specialized residential service provisions. The Center's mission is to serve the habilitation, rehabilitation and residential care needs of each person referred or admitted in ways that fulfill standards of quality and effectiveness and thus enable each person to acquire greater control and additional options for meeting their needs. An individualized treatment plan focusing on clients' needs, wants, and interests is developed for each client in the institution in order to enhance their quality of life. In addition, Parsons State Hospital serves as the statewide resource center for persons with a dual diagnosis of developmental disability and psychiatric impairment in order to provide more appropriate treatment service for these individuals.

Parsons State Hospital and Training Center is primarily funded through three basic sources. The first is the State General Fund, which consists of money collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments, Social Security, and insurance. The third source is federal Title XIX funding, which is earned by the developmental disability institutions through Medicaid reimbursements for services provided based on a daily room rate. The Title XIX funding is transferred to the SRS central pool and is then redistributed among the five state hospitals in amounts equal to their approved appropriations.

The **agency** requests FY 2010 operating expenditures of \$26,088,358, including \$11,370,186 from the State General Fund. The request is an all funds increase of \$453,309, all from the State General Fund, or 1.8 percent, above the FY 2009 revised estimate. The request

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would fund 497.2 FTE positions. Enhancements totaling \$350,341, all from the State General Fund, are requested for pay adjustments related to a policy change in compensation for overtime hours, an increase in physician salaries, and compensation adjustments for increases in outside medical and utility costs.

### **Governor's Recommendation**

The **Governor** recommends operating expenditures of \$24,681,314, including \$10,424,288 from the State General Fund. The request is an all funds decrease of \$651,504, or 2.6 percent, below the FY 2009 recommendation, and a reduction of \$1,407,044, or 5.4 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's three enhancement requests. In addition, the Governor recommends reducing \$119,371, including \$58,107 from the State General Fund, to capture savings from a nine-month moratorium on employer contributions to the KPERs Death & Disability Fund and \$827,134, and \$427,252 from the State General Fund, for a seven payroll period moratorium on healthcare employer contributions for state employees. Further, the Governor recommends transferring the special revenue fund savings of \$946,505 from the combined moratoriums to the State General Fund.

### **House Budget Committee Recommendation**

The **Committee** concurs with the Governor's recommendation with the following adjustments and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$827,134, including \$427,252 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill.
2. **KPERs Death and Disability Moratorium.** Add \$53,055, including \$25,825 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERs Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERs Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Annualization of FY 2009 Approved Reductions.** Delete \$130,121, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. The Committee recommends that the Legislature review the agency's enhancement requests and budget at Omnibus to ensure that critical services and proper safety measures are maintained for the agency's patients and staff.
5. The Committee recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.

6. The Committee recognizes that the staffing needs of this agency are critical and at great risk of impacting the quality of treatment having been severely weakened by cost-saving strategies of "artificial shrinkage" as the only way to cover the operating expenditures of drugs, utilities and food when those expenses exceed the allocated budget. Absent requisite funding in the face of continued cuts in funding for basic expenses, further staff cuts to provide necessary funds will negatively impact the quality of treatment. Patient stays will likely become shorter, producing an increased risk of premature discharges, problematic challenges for community treatment services, and subsequent recidivism.

### House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the Budget Committee recommendation.

### Senate Subcommittee Report

**Agency:** Parsons State Hospital and Training Center      **Bill No.** SB      **Bill Sec.**  
**Analyst:** Montgomery      **Analysis Pg. No. Vol.-**      **Budget Page No.** 211

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
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<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	113,670	113,670	0
Subtotal - Capital Improvements	<u>\$ 113,670</u>	<u>\$ 113,670</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 26,202,028</u></u>	<u><u>\$ 24,794,984</u></u>	<u><u>\$ 750,068</u></u>
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<b>TOTAL</b>	<u><u>497.2</u></u>	<u><u>497.2</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2010 operating expenditures of \$26,088,358, including \$11,370,186 from the State General Fund. The request is an all funds increase of \$453,309, all from the State General Fund, or 1.8 percent, above the FY 2009 revised estimate. The request would fund 597.2 FTE positions. Enhancements totaling \$350,341, all from the State General Fund, are requested for

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pay adjustments related to a policy change in compensation for overtime hours, an increase in physician salaries, and compensation adjustments for increases in outside medical and utility costs.

### **Governor's Recommendation**

The **Governor** recommends operating expenditures of \$24,681,314, including \$10,424,288 from the State General Fund. The request is an all funds decrease of \$651,504, or 2.6 percent, below the FY 2009 recommendation, and a reduction of \$1,407,044, or 5.4 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's three enhancement requests. In addition, the Governor recommends reducing \$119,371, including \$58,107 from the State General Fund, to capture savings from a nine-month moratorium on employer contributions to the KPERS Death & Disability Fund and \$827,134, and \$427,252 from the State General Fund, for a seven payroll period moratorium on healthcare employer contributions for state employees. Further, the Governor recommends transferring the special revenue fund savings of \$946,505 from the combined moratoriums to the State General Fund.

### **Senate Subcommittee Recommendation**

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$827,134, including \$427,252 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$53,055, including \$25,825 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Annualization of FY 2009 Approved Reductions.** Delete \$130,121, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. The **Committee** recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.

## House Budget Committee Report

**Agency:** Kansas Neurological Institute      **Bill No.** HB      **Bill Sec.**  
**Analyst:** Montgomery      **Analysis Pg. No.** Vol.-      **Budget Page No.** 205

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 12,620,281	\$ 11,396,168	\$ 269,654
Other Funds	17,493,248	16,858,046	596,359
Subtotal - Operating	<u>\$ 30,113,529</u>	<u>\$ 28,254,214</u>	<u>\$ 866,013</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	124,895	124,895	0
Subtotal - Capital Improvements	<u>\$ 124,895</u>	<u>\$ 124,895</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 30,238,424</u></u>	<u><u>\$ 28,379,109</u></u>	<u><u>\$ 866,013</u></u>
FTE Positions	570.2	570.2	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>571.2</u></u>	<u><u>571.2</u></u>	<u><u>0.0</u></u>

### Agency Request

The Kansas Neurological Institute (KNI) provides treatment for developmentally disabled adults. The agency's mission is "to support each person who lives at KNI to have a meaningful life," which is accomplished by ensuring well-being, providing opportunities for choice, promoting personal relationships, encouraging participation in the community, and recognizing individuality. The agency has developed a person-centered approach to patient treatment, which focuses on the desires of the resident and not just on the assessments of the various professional disciplines. Many KNI residents require intensive physical and medical supports. Most are unable to speak, about two-thirds have seizure disorders, and about one-third are unable to eat by mouth and receive their nutrition through feeding tubes. Patients at KNI live in 24 homes in five residential lodges. In addition, KNI provides dental services to persons with developmental disabilities living in the community who are unable to access needed care.

KNI is primarily funded through four sources. The first is the State General Fund, which consists of funds collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments, Social Security, and insurance. The third source is Federal Title XIX Funding, which is earned by the developmental disability institutions as Medicaid reimbursements for services provided based on a daily room rate. The Title XIX funding is transferred to the SRS central pool and is then redistributed among the five state hospitals in amounts equal to their approved appropriations. The fourth major source of funding is through the Foster Grandparent Program, which is funded by various federal grants.

The **agency** requests FY 2010 operating expenditures of \$30,113,529, including \$12,620,281 from the State General Fund. The request is an all funds increase of \$922,172, or 3.2

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percent, and a State General Fund increase of \$922,172, or 7.9 percent, above the FY 2009 revised estimate. The request would fund 570.2 FTE positions. The request includes a salaries and wages shrinkage rate of 5.0 percent. Enhancements totaling \$661,459, all from the State General Fund, are requested for pay adjustments related to a policy change in compensation for overtime hours, an increase in physician salaries, and for increases in outside medical and utility costs.

### **Governor's Recommendation**

The **Governor** recommends operating expenditures of \$28,254,214, including \$11,396,168 from the State General Fund. The request is an all funds decrease of \$351,845, or 1.2 percent, below the FY 2009 recommendation, and a reduction of \$1,859,315, or 6.2 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's three enhancement requests. In addition, the Governor recommends reducing \$194,128, with \$62,105 from the State General Fund, to capture savings from a nine-month moratorium on employer contributions to the KPERS Death & Disability Fund and \$946,746, with \$380,961 from the State General Fund, for a seven payroll period moratorium on healthcare employer contributions for state employees. Further, the Governor recommends transferring the captured special revenue fund savings of \$1,078,260 from the combined moratoriums to the State General Fund.

### **House Budget Committee Recommendation**

The **Committee** concurs with the Governor's recommendation with the following adjustments and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$946,246, including \$380,961 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill.
2. **KPERS Death and Disability Moratorium.** Add \$58,677, including \$27,603 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Annualization of FY 2009 Approved Reductions.** Delete \$138,910, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. The Committee recommends that the legislature review the agency's enhancement requests and budget at Omnibus to ensure that critical services and proper safety measures are maintained for the agency's patients and staff.



5. The Committee recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.
6. The Committee recognizes that the staffing needs of this agency are critical and at great risk of impacting the quality of treatment having been severely weakened by cost-saving strategies of "artificial shrinkage" as the only way to cover the operating expenditures of drugs, utilities and food when those expenses exceed the allocated budget. Absent necessary funding in the face of continued cuts in funding for basic expenses, further staff cuts to provide necessary funds will negatively impact the quality of treatment. Patient stays will likely become shorter, producing an increased risk of premature discharges, problematic challenges for community treatment services, and subsequent recidivism.

**House Appropriations Committee Recommendation**

The House Appropriations Committee concurs with the Budget Committee recommendation.

**Senate Subcommittee Report**

**Agency:** Kansas Neurological Institute      **Bill No.** SB      **Bill Sec.**  
**Analyst:** Montgomery      **Analysis Pg. No.** Vol.-      **Budget Page No.** 205

<u>Expenditure Summary</u>	<u>Agency Request FY 10</u>	<u>Governor's Recommendation FY 10</u>	<u>Senate Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 12,620,281	\$ 11,396,168	\$ 269,654
Other Funds	17,493,248	16,858,046	596,359
Subtotal - Operating	<u>\$ 30,113,529</u>	<u>\$ 28,254,214</u>	<u>\$ 866,013</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	124,895	124,895	0
Subtotal - Capital Improvements	<u>\$ 124,895</u>	<u>\$ 124,895</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 30,238,424</u></u>	<u><u>\$ 28,379,109</u></u>	<u><u>\$ 866,013</u></u>
FTE Positions	570.2	570.2	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>571.2</u></u>	<u><u>571.2</u></u>	<u><u>0.0</u></u>

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## Agency Request

The **agency** requests FY 2010 operating expenditures of \$30,113,529, including \$12,620,281 from the State General Fund. The request is an all funds increase of \$922,172, or 3.2 percent, and a State General Fund increase of \$922,172, or 7.9 percent, above the FY 2009 revised estimate. The request would fund 570.2 FTE positions. The request includes a salaries and wages shrinkage rate of 5.0 percent. Enhancements totaling \$661,459, all from the State General Fund, are requested for pay adjustments related to a policy change in compensation for overtime hours, an increase in physician salaries, and for increases in outside medical and utility costs.

## Governor's Recommendation

The **Governor** recommends operating expenditures of \$28,254,214, including \$11,396,168 from the State General Fund. The request is an all funds decrease of \$351,845, or 1.2 percent, below the FY 2009 recommendation, and a reduction of \$1,859,315, or 6.2 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's three enhancement requests. In addition, the Governor recommends reducing \$194,128, with \$62,105 from the State General Fund, to capture savings from a nine-month moratorium on employer contributions to the KPERS Death & Disability Fund and \$946,746, with \$380,961 from the State General Fund, for a seven payroll period moratorium on healthcare employer contributions for state employees. Further, the Governor recommends transferring the captured special revenue fund savings of \$1,078,260 from the combined moratoriums to the State General Fund.

## Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$946,246, including \$380,961 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$58,677, including \$27,603 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Annualization of FY 2009 Approved Reductions.** Delete \$138,910, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.

4. The **Committee** recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.

## House Budget Committee Report

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

**Bill Sec.**

**Analyst:** Montgomery

**Analysis Pg. No. Vol.-**

**Budget Page No. 213**

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 6,517,250	\$ 5,525,712	\$ (83,343)
Other Funds	2,586,974	2,617,377	24,473
Subtotal - Operating	<u>\$ 9,104,224</u>	<u>\$ 8,143,089</u>	<u>\$ (58,870)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 9,104,224</u></u>	<u><u>\$ 8,143,089</u></u>	<u><u>\$ (58,870)</u></u>
FTE Positions	122.2	122.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>122.2</u></u>	<u><u>122.2</u></u>	<u><u>0.0</u></u>

### Agency Request

The Rainbow Mental Health Facility (RMHF) provides psychiatric services to adults with a mental illness who have been screened and approved for inpatient state hospitalization by community mental health centers. The facility currently serves adult patients from five counties and has a capacity of 50 beds. In FY 2008, RMHF ceased treatment of adolescents and children and began admitting adults only. In FY 2001, administrative services for RMHF were consolidated with Osawatomie State Hospital. The two hospitals currently have a shared administrative team, including the superintendent, who oversees both facilities.

Rainbow Mental Health Facility is primarily funded from three basic sources. The first is the State General Fund, which consists of money collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments, Social Security, and insurance. The third source is federal Title XIX funding, which is earned as disproportionate share hospital (DSH) funding at the state mental health hospitals. The DSH program allows extra Medicaid payments to hospitals serving a disproportionate number of Medicaid-eligible and low income patients. The federal disproportionate share payments received by the state have declined dramatically in recent years due to both restrictions placed on the payments by the federal government and other federal changes. The Title XIX funding is transferred to the SRS central pool and is then redistributed among the five state hospitals in amounts equal to their approved appropriations.

The **agency** requests FY 2010 operating expenditures of \$9,104,224, including \$6,517,250 from the State General Fund. The request is an all funds increase of \$605,225, or 7.1 percent, and a State General Fund increase of \$605,225, or 10.2 percent, above the FY 2009 revised estimate.

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Four enhancements totaling \$750,439, all from the State General Fund, are requested for FY 2010, to fund a policy change for overtime, increases in food, pharmacy, utilities, and outside medical costs, and increases in physicians' salaries.

### **Governor's Recommendation**

The **Governor** recommends operating expenditures of \$8,143,089, including \$5,525,712 from the State General Fund. The request is an all funds increase of \$159,608, or 2.0 percent, above the FY 2009 recommendation, and a reduction of \$961,135, or 10.6 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's four enhancement requests. In addition, the Governor recommends reducing the budget by \$63,160 to capture savings from a nine-month moratorium of employer contributions to the KPERS Death & Disability Fund and \$330,967 from a seven payroll period moratorium of healthcare employer contributions for state employees. Further, the Governor recommends transferring the savings of \$394,127 from the combined moratoriums to the State General Fund.

### **House Budget Committee Recommendation**

The **Committee** concurs with the Governor's recommendation with the following adjustments and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$176,603, including \$154,364 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$15,153, including \$12,919 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Annualization of FY 2009 Approved Reductions.** Delete \$67,456, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. Delete \$183,170 from the State General Fund to reduce the base budget for FY 2010 by 3.0 percent.
5. The Committee further recommends that the legislature review the agency's enhancement requests and budget at Omnibus to ensure that critical services and proper safety measures are maintained for the agency's patients and staff.

6. The Committee recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.
7. The Committee recognizes that the staffing needs of this agency are critical and at great risk of impacting the quality of treatment having been severely weakened by cost-saving strategies of "artificial shrinkage" as the only way to cover the operating expenditures of drugs, utilities and food when those expenses exceed the allocated budget. This agency has 15 of 122.2 positions unfilled. Absent necessary funding in the face of continued cuts in funding for basic expenses, further staff cuts to provide necessary funds will negatively impact the quality of treatment. Patient stays will likely become shorter, producing an increased risk of premature discharges, problematic challenges for community treatment services, and subsequent recidivism.

### House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the Budget Committee recommendation.

### Senate Subcommittee Report

**Agency:** Rainbow Mental Health Facility    **Bill No.** SB    **Bill Sec.**  
**Analyst:** Montgomery    **Analysis Pg. No.** Vol.-    **Budget Page No.** 213

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 6,517,250	\$ 5,525,712	\$ 99,827
Other Funds	2,586,974	2,617,377	24,473
Subtotal - Operating	<u>\$ 9,104,224</u>	<u>\$ 8,143,089</u>	<u>\$ 124,300</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 9,104,224</u></u>	<u><u>\$ 8,143,089</u></u>	<u><u>\$ 124,300</u></u>
FTE Positions	122.2	122.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>122.2</u></u>	<u><u>122.2</u></u>	<u><u>0.0</u></u>

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## Agency Request

The **agency** requests FY 2010 operating expenditures of \$9,104,224, including \$6,517,250 from the State General Fund. The request is an all funds increase of \$605,225, or 7.1 percent, and a State General Fund increase of \$605,225, or 10.2 percent, above the FY 2009 revised estimate. Four enhancements totaling \$750,439, all from the State General Fund, are requested for FY 2010, to fund a policy change for overtime, increases in food, pharmacy, utilities, and outside medical costs, and increases in physicians' salaries.

## Governor's Recommendation

The **Governor** recommends operating expenditures of \$8,143,089, including \$5,525,712 from the State General Fund. The request is an all funds increase of \$159,608, or 2.0 percent, above the FY 2009 recommendation, and a reduction of \$961,135, or 10.6 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's four enhancement requests. In addition, the Governor recommends reducing the budget by \$63,160 to capture savings from a nine-month moratorium of employer contributions to the KPERS Death & Disability Fund and \$330,967 from a seven payroll period moratorium of healthcare employer contributions for state employees. Further, the Governor recommends transferring the savings of \$394,127 from the combined moratoriums to the State General Fund.

## Senate Subcommittee Recommendation

The **Senate Subcommittee** concurs with the Governor's recommendation with the following adjustment:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$176,603, including \$154,364 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill.
2. **KPERS Death and Disability Moratorium.** Add \$15,153, including \$12,919 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Annualization of FY 2009 Approved Reductions.** Delete \$67,456, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. The **Committee** recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.

## House Budget Committee Report

Agency: Osawatomie State Hospital Bill No. HB

Bill Sec.

Analyst: Montgomery Analysis Pg. No. Vol.-

Budget Page No. 209

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 19,879,433	\$ 16,990,433	\$ 353,523
Other Funds	10,112,208	10,146,103	130,290
Subtotal - Operating	<u>\$ 29,991,641</u>	<u>\$ 27,136,536</u>	<u>\$ 483,813</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<b>TOTAL</b>	<u><u>\$ 29,991,641</u></u>	<u><u>\$ 27,136,536</u></u>	<u><u>\$ 483,813</u></u>
FTE Positions	441.4	441.4	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>441.4</u></u>	<u><u>441.4</u></u>	<u><u>0.0</u></u>

### Agency Request

Osawatomie State Hospital (OSH) serves people from 46 counties who require inpatient psychiatric treatment or non-medical detoxification for substance abuse. The Adult Psychiatric Program provides inpatient services for people 18 years of age and older. No services are offered for children or adolescents. During FY 1997, the Chemical Dependency Program at OSH was closed. Social Detoxification Service was established to provide short-term detoxification services to persons who would then receive chemical dependency treatment in the community. Certain support services are provided to both the Osawatomie Correctional Facility and the Rainbow Mental Health Facility (RMHF). In FY 2001, administrative services for OSH were consolidated with RMHF. The two hospitals currently have a shared administrative team, including the superintendent who oversees both facilities.

OSH operates a 30-bed Crisis Stabilization Unit (CSU) and three Acute Care Units (ACU). The CSU serves individuals who may be stabilized in a short period of time and returned to the community within 14 days or less. The ACU's have a target length of stay of 30 days or less. OSH delayed the opening of an additional remodeled 30-bed crisis stabilization unit approved in FY 2007. The delay avoids the need for an additional \$1.5 million in FY 2010 to annualize costs, including 49 FTE positions. In addition to these facilities, the Sexual Predator Treatment Program Transition House is located on the grounds of OSH but is administered and funded by Larned State Hospital.

Osawatomie State Hospital is primarily funded from three basic sources. The first is the State General Fund, which consists of money collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments,

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Social Security, and insurance. The third source is federal Title XIX funding, which is earned as disproportionate share hospital (DSH) funding at the state mental health hospitals. The DSH program allows extra Medicaid payments to hospitals serving a disproportionate number of Medicaid-eligible and low income patients. The federal disproportionate share payments received by the state have declined dramatically in recent years due to both restrictions placed on the payments by the federal government and other federal changes. The Title XIX funding is transferred to the SRS central pool and is then redistributed among the five state hospitals in amounts equal to their approved appropriations.

The **agency** estimates FY 2010 operating expenditures of \$29,991,641 including \$19,879,433 from the State General Fund. The estimate is an all funds increase of \$1,721,061, or 6.1 percent, above FY 2009 revised estimate and a State General Fund increase of \$1,721,061, or 9.5 percent, above the FY 2009 revised estimate. The request would fund 441.4 FTE positions. The agency requests three enhancements for FY 2010 totaling \$2,079,377, all from the State General Fund.

### **Governor's Recommendation**

The **Governor** recommends operating expenditures of \$27,136,536, including \$16,990,433 from the State General Fund. The request is an all funds increase of \$592,537, or 2.2 percent, above the FY 2009 recommendation, and a reduction of \$2,855,105, or 9.5 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's three enhancement requests. In addition, the Governor recommends reducing \$211,052 to captures savings from a nine-month moratorium of employer contributions to the KPERS Death & Disability Fund and \$1,196,300 from a seven payroll period moratorium of healthcare employer contributions for state employees. Further, the Governor recommends transferring the savings of \$323,928 from the combined moratoriums to the State General Fund.

### **House Budget Committee Recommendation**

The **Committee** concurs with the Governor's recommendation with the following adjustments and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$657,769, including \$538,531 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$52,426, including \$41,374 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.

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3. **Annualization of FY 2009 Approved Reductions.** Delete \$226,382, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. The Committee expresses concern about adequate inpatient capacity to meet the needs of Kansans with mental illness and believe that a top priority, to be reviewed at Omnibus is funding the opening of and proper FTE positions for the remodeled 30-bed crisis stabilization unit that was delayed in FY 2009 and FY 2010 due to budget constraints.
5. The Committee further recommends that the Legislature review the agency's enhancement requests and budget at Omnibus to ensure that critical services and proper safety measures are maintained for the agency's patients and staff.
6. The Committee recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.
7. The Committee recognizes that the staffing needs of this agency are critical and at great risk of impacting the quality of treatment having been severely weakened by cost-saving strategies of "artificial shrinkage" as the only way to cover the operating expenditures of drugs, utilities and food when those expenses exceed the allocated budget. Absent requisite funding in the face of continued cuts in funding for basic expenses, further staff cuts to provide necessary funds will negatively impact the quality of treatment. Patient stays will likely become shorter, producing an increased risk of premature discharges, problematic challenges for community treatment services, and subsequent recidivism.

### House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the Budget Committee recommendation. \_\_\_\_\_

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### Senate Subcommittee Report

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

**Bill Sec.**

**Analyst:** Montgomery

**Analysis Pg. No.** Vol.-

**Budget Page No.** 209

<u>Expenditure Summary</u>	<u>Agency Request FY 10</u>	<u>Governor's Recommendation FY 10</u>	<u>Senate Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 19,879,433	\$ 16,990,433	\$ 353,523
Other Funds	10,112,208	10,146,103	130,290
Subtotal - Operating	<u>\$ 29,991,641</u>	<u>\$ 27,136,536</u>	<u>\$ 483,813</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 29,991,641</u></u>	<u><u>\$ 27,136,536</u></u>	<u><u>\$ 483,813</u></u>
FTE Positions	441.4	441.4	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>441.4</u></u>	<u><u>441.4</u></u>	<u><u>0.0</u></u>

#### Agency Request

The **agency** estimates FY 2010 operating expenditures of \$29,991,641 including \$19,879,433 from the State General Fund. The estimate is an all funds increase of \$1,721,061, or 6.1 percent, above FY 2009 revised estimate and a State General Fund increase of \$1,721,061, or 9.5 percent, above the FY 2009 revised estimate. The request would fund 441.4 FTE positions. The agency requests three enhancements for FY 2010 totaling \$2,079,377, all from the State General Fund.

#### Governor's Recommendation

The **Governor** recommends operating expenditures of \$27,136,536, including \$16,990,433 from the State General Fund. The request is an all funds increase of \$592,537, or 2.2 percent, above the FY 2009 recommendation, and a reduction of \$2,855,105, or 9.5 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's three enhancement requests. In addition, the Governor recommends reducing \$211,052 to captures savings from a nine-month moratorium of employer contributions to the KPERs Death & Disability Fund and \$1,196,300 from a seven payroll period moratorium of healthcare employer contributions for state employees. Further, the Governor recommends transferring the savings of \$323,928 from the combined moratoriums to the State General Fund.

2-18

## Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$657,769, including \$538,531 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$52,426, including \$41,374 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Annualization of FY 2009 Approved Reductions.** Delete \$226,382, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. The **Committee** recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.

## House Budget Committee Report

**Agency:** Larned State Hospital      **Bill No.** HB      **Bill Sec.**  
**Analyst:** Montgomery      **Analysis Pg. No. Vol.-**      **Budget Page No. 207**

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 48,800,897	\$ 41,602,066	\$ 957,199
Other Funds	12,764,542	13,029,905	154,677
Subtotal - Operating	<u>\$ 61,565,439</u>	<u>\$ 54,631,971</u>	<u>\$ 1,111,876</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<b>TOTAL</b>	<u><u>\$ 61,565,439</u></u>	<u><u>\$ 54,631,971</u></u>	<u><u>\$ 1,111,876</u></u>
FTE Positions	1,015.2	976.2	0.0
Non FTE Uncl. Perm. Pos.	23.9	16.9	0.0
<b>TOTAL</b>	<u><u>1,039.1</u></u>	<u><u>993.1</u></u>	<u><u>0.0</u></u>

### Agency Request

Larned State Hospital (LSH) provides psychiatric treatment and limited detox facilities to children, adolescents, and adults from the 59 western counties of the state through collaborative efforts with consumers, community based mental health providers, the judicial system, and Department of Corrections. The State Security Hospital serves the entire state as a secure setting for criminal forensic patients during evaluation and treatment, and non-forensic patients with severe behavioral problems who may be transferred from other hospitals. The Sexual Predator Treatment Program (SPTP) provides treatment for convicted sex offenders who have completed their prison sentences and have been civilly committed under the Kansas Sexual Predator Law because of ongoing danger to the community. The Sexual Predator Transition House Program is located on the grounds of Osawatomie State Hospital but is funded in the LSH budget. The Transition House Program accepts clients in Phases 6 and 7 of their treatment and who have been deemed ready for transition from the Treatment Program. Larned State Hospital also provides various support services for Larned Juvenile Correctional Facility, Larned Correctional Mental Health Facility, and the Kansas Soldiers' Home at Fort Dodge.

Larned State Hospital is primarily funded from four sources. The first is the State General Fund, which consists of money collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments, Social Security, and insurance. The third source is federal Title XIX funding, which is earned as disproportionate share hospital (DSH) funding at the state mental health hospitals. The DSH program allows extra Medicaid payments to hospitals serving a disproportionate number of Medicaid-eligible and low income patients. The federal disproportionate share payments received by the state have declined dramatically in recent years due to both restrictions placed on the payments by the federal

government and other federal changes. The Title XIX funding is transferred to the SRS central pool and is then redistributed among the five state hospitals in amounts equal to their approved appropriations. The fourth source is federal education monies provided to support the on-grounds school.

The **agency** requests FY 2010 operating expenditures of \$61,565,439, including \$48,800,897 from the State General Fund. The request is an all funds increase of \$3,502,460, or 6.0 percent, and a State General Fund increase of \$3,500,848, or 7.7 percent, above the FY 2009 revised estimate. Six enhancements totaling \$5,478,481, all from the State General Fund, and 46.0 FTE positions, are requested for FY 2010.

### **Governor's Recommendation**

The **Governor** recommends operating expenditures of \$54,631,971, including \$41,602,066 from the State General Fund. The recommendation is an all funds decrease of \$662,324, or 1.2 percent, below the FY 2009 recommendation, and a State General Fund decrease of \$508,393, or 1.2 percent, below the agency's FY 2009 request. The Governor recommends one of the agency's enhancement requests totaling of \$323,928, all from the State General Fund, and 6.0 FTE positions to expand the Sexual Predator Treatment Program Transition House located on the Osawatomie State Hospital campus. In addition, the Governor recommends reducing the budget by \$250,976, including \$229,387 from the State General Fund, to capture savings from a nine-month moratorium on employer contributions to the KPERS Death & Disability Fund and \$1,021,751, including \$1,288,316 from the State General Fund, for a seven payroll period moratorium on health care employer contributions for state employees. Further, the Governor recommends transferring the savings of \$1,272,727 from the combined moratoriums to the State General Fund.

### **House Budget Committee Recommendation**

The **Committee** concurs with the Governor's recommendation with the following adjustments and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$1,527,939, including \$1,382,857 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescision bill.
2. **KPERS Death and Disability Moratorium.** Add \$111,545, including \$101,950 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescision bill. The action still captures five months of savings from the moratorium in FY 2010.

3. **Annualization of FY 2009 Approved Reductions.** Delete \$527,608, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. The Committee recognizes the urgent needs created by increasing the waiting-list for admissions and forensic evaluations and the safety concerns related to the increasing the census in the Sexual Predator Treatment program. The Committee recommends that the legislature review the agency's enhancement requests at Omnibus. The enhancements are summarized below:
  - An **enhancement request** of \$339,000 to establish a mobile satellite evaluator program and fund 3.0 FTE positions to complete 93 outpatient forensic evaluations annually that would have historically been completed during an inpatient stay at the Larned State Security Program or Osawatomie State Hospital. The intent of the program is to reduce the number of individuals referred to the agency by District Courts, thereby reducing the waiting list for admissions. The program would conduct "competency to stand trial" and "sex predator" evaluations in local county jails to individuals being held for misdemeanor and felony charges and those going through the Sexually Violent Predator determination process. In addition, the enhancement request includes two annual competency evaluator training sessions for Community Mental Health Center (CMHC) staff and increase reimbursements to CMHC's for completed competency evaluations.
  - An **enhancement request** of \$1,948,895 to fund an increase in census in the Sexual Predator Treatment Program (SPTP) which would raise the capacity to 180 patients and fund 37.0 FTE positions to handle the increase in census. Currently, the agency has sufficient funds to serve up to 160 patients. The program has exceeded its current budget capacity as of August 2008 by six patients. The 37.0 FTE positions include direct care staff, support, and therapy positions.
5. The Committee recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.
6. The Committee recognizes that the staffing needs of this agency are critical and at great risk of impacting the quality of treatment having been severely weakened by cost-saving strategies of "artificial shrinkage" as the only way to cover the operating expenditures of drugs, utilities and food when those expenses exceed the allocated budget. Absent necessary funding in the face of continued cuts in funding for basic expenses, further staff cuts to provide necessary funds will negatively impact the quality of treatment. Patient stays will likely become shorter, producing an increased risk of premature discharges, problematic challenges for community treatment services, and subsequent recidivism.

### House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the Budget Committee recommendation.

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### Senate Subcommittee Report

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

**Analyst:** Montgomery      **Analysis Pg. No.** Vol.-      **Budget Page No.** 207

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 48,800,897	\$ 41,602,066	\$ 957,199
Other Funds	12,764,542	13,029,905	154,677
Subtotal - Operating	<u>\$ 61,565,439</u>	<u>\$ 54,631,971</u>	<u>\$ 1,111,876</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 61,565,439</u></u>	<u><u>\$ 54,631,971</u></u>	<u><u>\$ 1,111,876</u></u>
FTE Positions	1,015.2	976.2	0.0
Non FTE Uncl. Perm. Pos.	23.9	16.9	0.0
<b>TOTAL</b>	<u><u>1,039.1</u></u>	<u><u>993.1</u></u>	<u><u>0.0</u></u>

#### Agency Request

The **agency** requests FY 2010 operating expenditures of \$61,565,439, including \$48,800,897 from the State General Fund. The request is an all funds increase of \$3,502,460, or 6.0 percent, and a State General Fund increase of \$3,500,848, or 7.7 percent, above the FY 2009 revised estimate. Six enhancements totaling \$5,478,481, all from the State General Fund, and 46.0 FTE positions, are requested for FY 2010.

#### Governor's Recommendation

The **Governor** recommends operating expenditures of \$54,631,971, including \$41,602,066 from the State General Fund. The recommendation is an all funds decrease of \$662,324, or 1.2 percent, below the FY 2009 recommendation, and a State General Fund decrease of \$508,393, or 1.2 percent, below the agency's FY 2009 request. The Governor recommends one of the agency's enhancement requests totaling of \$323,928, all from the State General Fund, and 6.0 FTE positions to expand the Sexual Predator Treatment Program Transition House located on the Osawatomi State Hospital campus. In addition, the Governor recommends reducing the budget by \$250,976, including \$229,387 from the State General Fund, to capture savings from a nine-month moratorium on employer contributions to the KPERS Death & Disability Fund and \$1,021,751, including \$1,288,316 from the State General Fund, for a seven payroll period moratorium on health care employer contributions for state employees. Further, the Governor recommends transferring the savings of \$1,272,727 from the combined moratoriums to the State General Fund.

2-23



## Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$1,527,939, including \$1,382,857 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$111,545, including \$101,950 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Annualization of FY 2009 Approved Reductions.** Delete \$527,608, all from the State General Fund, to annualize FY 2009 reductions, excluding one-time reductions, approved by the 2009 Legislature.
4. The **Committee** recommends a bill introduction amending K.S.A. 59-29a11 to add a new section that would direct the Secretary of Social Rehabilitation Services to reintegrate no more than six sexually violent predators in any one county on transitional release or conditional release.
5. The **Committee** recommends that all FY 2010 reductions to the agency's budget be absorbed in the Department of Social Rehabilitation Services (SRS) budget to ensure critical services are maintained for the patients of this agency.

## Minority Report

### FY 2010 Larned State Hospital FY 2010 Parsons State Hospital and Training Center

I am submitting a minority report because of the inability of the subcommittee to reach consensus on recommended savings by closing portions of two hospitals with the following explanations and recommendations:

1. The State mental health and developmental disabilities hospitals are the safety net for individuals in Kansas. All state hospitals have seen a continually growing number of patients for treatment, while length of stay is decreasing with readmission rates on the rise. By privatizing some current services, the state could save money that could be redirected to more efficient Community Mental Health Care systems.

2. If the Parsons State Hospital and Training Center consolidated a recently opened cottage with an older unit, putting approximately 20.0 clients under the same roof, such an action would save \$1,018,600, including \$407,440 from the State General Fund, and reduce 30.0 FTE positions in the facility.

3. Through closing the children's beds at the Larned State Hospital and privatizing them, the state would realize \$948,122 annual savings in State General Funds. This gives the State of Kansas an opportunity to increase efficiencies without decreasing services in the catchment area. This would include closing a 30.0 Rated Bed Capacity unit. SRS Average Daily Census is around 9.0 children/adolescents. Savings would only be achieved by closing the entire unit. Concerns about lost jobs and a lost resource would be addressed by ensuring the privatized unit is located within the Larned State Hospital catchment area and jobs lost by closing the current unit would re-appear in the private sector where those jobs currently do not exist.

4. The Community Mental Health Care system has faced cuts in funding for the uninsured and underinsured since FY 2008. By closing the Children's Unit and privatizing it, this frees up almost \$1.0 million after the costs of privatizing are addressed. That \$1 million could be redirected to the Community Mental Health Care system to address their funding shortfalls. This shift in funding would be consistent with the Legislature's previous actions during any hospital closure activities, where funding is re-directed to community based services.

5. The 2008 Legislature appropriated \$400,000 to plan for future construction of a new 30 bed crisis stabilization unit at Larned State Hospital, which replaces the 19 beds taken offline. For FY 2010, it is estimated that \$8.7 million is needed for the construction of the new crisis stabilization unit. If we were to close the Children's Unit at Larned State Hospital and privatize it in the community, the current unit at Larned State Hospital could then be freed up to use for the new 30 bed crisis stabilization unit, saving the State \$8.7 million in what it would need to spend on a new unit.

I recommend these adjustments be included in the Larned State Hospital and Parsons State Hospital and Training Center budget for FY 2010.



Senate Ways & Means Cmte

Date 3-13-2009

Attachment 3

FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

State Department of Education

  
\_\_\_\_\_  
Senator Jay Emler, Chair

  
\_\_\_\_\_  
Senator Janis Lee

  
\_\_\_\_\_  
Senator Jean Schodorf

  
\_\_\_\_\_  
Senator Ruth Teichman

  
\_\_\_\_\_  
Senator John Vratil

Senate Ways & Means Cmte  
Date 3-13-2009  
Attachment 4

## House Budget Committee Report

**Agency:** Department of Education **Bill No.** HB 2373

**Bill Sec.** 57

**Analyst:** Cussimano

**Analysis Pg. No. Vol.-**

**Budget Page No.** 270

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010*	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 3,373,002,035	\$ 3,035,659,435	\$ 10,782,332
Other Funds	536,504,349	726,547,636	259,871
Subtotal - Operating	<u>\$ 3,909,506,384</u>	<u>\$ 3,762,207,071</u>	<u>\$ 11,042,203</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<b>TOTAL</b>	<u><u>\$ 3,909,506,384</u></u>	<u><u>\$ 3,762,207,071</u></u>	<u><u>\$ 11,042,203</u></u>
FTE Positions	214.0	213.2	0.0
Non FTE Uncl. Perm. Pos.	71.2	71.1	0.0
<b>TOTAL</b>	<u><u>285.2</u></u>	<u><u>284.3</u></u>	<u><u>0.0</u></u>

\*The Governor's FY 2010 recommendation has been adjusted to reflect Governor Sebelius Budget Amendment (GBA) No. 1, which is a \$103.7 million reduction in State General Funds for education and an increase of \$138.7 million in all other funds. It is also a reduction of \$53.5 million from the State General Fund and an increase of \$53.5 million in all other funds for special education.

### Agency Request

The **agency** requests FY 2010 operating expenditures of \$3.9 billion, an increase of \$129.9 million, or 3.4 percent, above the revised FY 2009 estimate. Included in this amount are State General Fund expenditures of \$3.4 billion, an increase of \$125.8 million, or 3.9 percent, above the revised FY 2009 estimate. The budget includes \$37.2 million, all from the State General Fund, for funding added by the Legislature to increase the Base State Aid Per Pupil (BSAPP) from \$4,433 to \$4,492, an increase of \$59, as provided in 2008 SB 531. The request would fund 214.0 FTE positions, a decrease of 1.0 FTE from the revised FY 2009 estimate. The decrease is due to the shifting on a 0.5 FTE classified position, the elimination of two-part time non-FTE positions due to the shift, and elimination of a 0.231 non-FTE unclassified position. The request includes sixteen enhancements, of which three are within the agency's operating budget and 13 are within aid and other assistance. The operating budget enhancements total \$903,970, including \$860,648 from the State General Fund, and 3.0 new FTE positions. The aid and other assistance enhancements total \$97.3 million, including \$91.0 million from the State General Fund. Absent this enhancement, the agency request is \$3.8 billion, including \$3.3 billion from the State General Fund, an increase of \$33.0 million, or 0.9 percent, above the revised FY 2009 estimate.

4-2

## Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures of \$3.7 billion, a decrease of \$183.3 million, or 4.7 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's operating budget enhancements and in aid and other assistance, recommends \$5.8 million, all in capital improvement state aid, for increased state costs associated with bonding. The Governor recommends the agency's reduced resource package and makes further reductions of \$3.17 million, including \$1.95 million from the State General Fund. Overall the recommendation is decrease of \$40.6 million, or 1.1 percent, below the Governor's FY 2009 recommendation.

The Governor does not concur with the November 2008 consensus estimates and instead recommends maintaining funding at the 2009 approved level. Based on this recommendation, BSAPP would be funded at \$4,345, a decrease of \$147, or 3.4 percent, below the November 2008 consensus estimate of \$4,492.

## House Budget Committee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$455,053, including \$217,623 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$10,723,472, including \$10,701,031 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Accept GBA No. 1, Item 4. Fiscal Stabilization - Education.** The Budget Committee accepts GBA No. 1, Item 4 to reduce State General Fund expenditures by \$103,700,000 and utilize fiscal stabilization funding of \$138,700,000 from the American Recovery and Reinvestment Act in FY 2010. This is an increase of \$35,000,000 which was added by the Governor to increase the BSAPP to the FY 2009 level of \$4,400.
4. **Accept GBA No. 1, Item 5. Special Education.** The Budget Committee accepts GBA No. 1, Item 5 to reduce State General Fund expenditures in Special Education by \$53,500,000 and utilize funding of \$53,500,000 from the American Recovery and Reinvestment Act in FY 2010.
5. The Budget Committee requests the Department of Education report to the Budget Committee and House Appropriations Committee prior to Omnibus regarding how the fiscal stabilization funding is intended to be used and distributed.

4-3

6. **Association Memberships.** Delete \$136,322, all from the State General Fund, for association memberships. The agency proposed to eliminate annual membership dues to the Education Commission of the States, the National Association of State Boards of Education and the Council of Chief State School Officers in their submitted reduced resource budget.
7. **General State Aid.** Delete the transfer of \$100,000 from the Children's Initiatives Fund to the State General Fund for General State Aid (Four Year Old At-Risk program) in FY 2010. Instead, the funding for the program should remain within the Children's Initiatives Fund.
8. **State Safety Fund (Driver's Education).** Delete the transfer of \$2.9 million from the State Safety Fund for the Driver's Education program to the State General Fund in FY 2010. Currently, the State Safety Fund receives a portion of fees collected when driver's licenses are renewed and those funds are deposited in the State Safety Fund and used to reimburse schools for driver training courses.
9. **Motorcycle Safety Fund.** Delete the transfer of \$132,587 from the Motorcycle Safety Fund to the State General Fund in FY 2010.

### House Committee Recommendation

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

1. Review funding for the Education Compact for Military Families at Omnibus.
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### Senate Subcommittee Report

Agency: Department of Education Bill No. SB 304

Bill Sec. 57

Analyst: Cussimano

Analysis Pg. No. Vol.-

Budget Page No. 270

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10*	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,373,002,035	\$ 3,035,659,435	\$ 10,918,654
Other Funds	536,504,349	726,547,636	279,871
Subtotal - Operating	<u>\$ 3,909,506,384</u>	<u>\$ 3,762,207,071</u>	<u>\$ 11,198,525</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>\$ 3,909,506,384</u>	 <u>\$ 3,762,207,071</u>	 <u>\$ 11,198,525</u>
 FTE Positions	 214.0	 213.2	 0.0
Non FTE Uncl. Perm. Pos.	71.2	71.1	0.0
TOTAL	<u>285.2</u>	<u>284.3</u>	<u>0.0</u>

\*The Governor's FY 2010 recommendation has been adjusted to reflect Governor Sebelius Budget Amendment (GBA) No. 1, which is a \$103.7 million reduction in State General Funds for education and an increase of \$138.7 million in all other funds. It is also a reduction of \$53.5 million from the State General Fund and an increase of \$53.5 million in all other funds for special education.

### Agency Request

The **agency** requests FY 2010 operating expenditures of \$3.9 billion, an increase of \$129.9 million, or 3.4 percent, above the revised FY 2009 estimate. Included in this amount are State General Fund expenditures of \$3.3 billion, an increase of \$125.8 million, or 3.9 percent, above the revised FY 2009 estimate. The budget includes \$37.2 million, all from the State General Fund, for funding added by the Legislature to increase the Base State Aid Per Pupil (BSAPP) from \$4,433 to \$4,492, an increase of \$59, as provided in 2008 SB 531. The request would fund 214.0 FTE positions, a decrease of 1.0 FTE from the revised FY 2009 estimate. The decrease is due to the shifting on a 0.5 FTE classified position, the elimination of two-part time non-FTE positions due to the shift, and elimination of a 0.231 non-FTE unclassified position. The request includes sixteen enhancements, of which three are within the agency's operating budget and 13 are within aid and other assistance. The operating budget enhancements total \$903,970, including \$860,648 from the State General Fund, and 3.0 new FTE positions. The aid and other assistance enhancements total \$97.3 million, including \$91.0 million from the State General Fund. Absent this enhancement, the agency request is \$3.8 billion, including \$3.3 billion from the State General Fund, an increase of \$33.0 million, or 0.9 percent, above the revised FY 2009 estimate.

4-5

## Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures of \$3.7 billion, a decrease of \$183.3 million, or 4.7 percent, below the agency's FY 2010 request. The Governor does not recommend the agency's operating budget enhancements and in aid and other assistance, recommends \$5.8 million, all in capital improvement state aid, for increased state costs associated with bonding. The Governor recommends the agency's reduced resource budget and makes further reductions of \$3.17 million, including \$1.95 million from the State General Fund. Overall the recommendation is a decrease of \$40.6 million, or 1.1 percent, below the Governor's FY 2009 recommendation.

The Governor does not concur with the November 2008 consensus estimates and instead recommends maintaining funding at the 2009 approved level. Based on this recommendation, BSAPP would be funded at \$4,345, a decrease of \$147, or 3.4 percent, below the November 2008 consensus estimate of \$4,492.

## Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$455,053, including \$217,623 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$10,723,472, including \$10,701,031 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Accept GBA No. 1, Item 4. Fiscal Stabilization - Education.** The Budget Committee accepts GBA No. 1, Item 4 to delete State General Fund expenditures by \$103,700,000 and add fiscal stabilization funding of \$138,700,000 from the American Recovery and Reinvestment Act in FY 2010. This is an increase of \$35,000,000 which was added by the Governor to increase the BSAPP to the FY 2009 level of \$4,400.
4. **Accept GBA No. 1, Item 5. Special Education.** The Budget Committee accepts GBA No. 1, Item 5 to delete State General Fund expenditures in Special Education by \$53,500,000 and add funding of \$53,500,000 from the American Recovery and Reinvestment Act in FY 2010.

4-6



5. **Vehicle Replacement.** Add \$20,000, all from the Service Clearing Fund, to replace one vehicle in FY 2010. The Committee further notes the agency's process for replacing vehicles and commends the agency on their planning and fiscal responsibility.
6. **State Safety Fund (Driver's Education).** Delete the transfer of \$2.9 million from the State Safety Fund for the Driver's Education program to the State General Fund in FY 2010. Currently, the State Safety Fund receives a portion of fees collected when driver's licenses are renewed and those funds are deposited in the State Safety Fund and used to reimburse schools for driver training courses.
7. **Motorcycle Safety Fund.** Delete the transfer of \$132,587 from the Motorcycle Safety Fund to the State General Fund in FY 2010.
8. **American Recovery and Reinvestment Act.** The Subcommittee notes, and emphasizes, the temporary nature of the funding provided under the American Recovery and Reinvestment Act. While the funding provides immediate budgetary relief to the state in FY 2009, FY 2010, and FY 2011, it also allows expenditures to grow for three years. After that period of time, federal stimulus will be cut off, without additional federal dollars in place to offset State General Fund financed expenditures. If no revenue growth is available to keep up with the additional expenditure growth, the fiscal situation that the state is currently experiencing may be even more difficult than it is today. The adoption of the GBA represents a short-term fix to school funding, while potentially allowing a long-term problem to worsen.

## Senate Education Subcommittee

### Department of Education FY 2010

#### Minority Report

The Senate Education Subcommittee should have considered, and recommended, reductions in the Department of Education appropriation for programs and services that were listed in the Legislative Post Audit report "Low Priority Programs in Kansas: Identifying Them and Costs Associated with Operating Them" as a "buy last" item. Specifically, the Subcommittee should have considered the following programs and services:

- Professional Development
  - \$1.75 million, all from the State General Fund
  - The Governor recommended eliminating funding for this program in FY 2010.
  
- Teacher Mentoring
  - \$1.65 million, all from the State General Fund
  - The Governor recommended reducing funding for this program by \$200,000 resulting in a funding level of \$1.45 million.
  
- National Board Certification
  - \$285,000, all from the State General Fund
  - The agency submitted this as a reduced resource package in FY 2010 but the Governor did not eliminate the funding.
  
- After School Programs for Middle School Students
  - \$400,000, all from the State General Fund
  - Could be replaced by Title I funds
  
- After School Enhancement Grant
  - \$375,000, all from the State General Fund
  - Could be replaced by Title I funds
  
- Kansas Historical Society
  - \$50,000, all from the State General Fund
  
- Kansas Teacher of the Year
  - \$10,000, all from the State General Fund
  
- Kansas Association for Conservation and Environmental Education
  - \$35,000, all from the State General Fund
  
- Communities in Schools
  - \$35,000, all from the State General Fund

Senate Ways & Means Cmte

Date 3-13-2009

Attachment 5

- Educable Deaf/Blind
  - \$110,000, all from the State General Fund
- Agriculture in the Classroom
  - \$35,000, all from the State General Fund
- Declining Enrollment
  - \$50,000, all from the State General Fund
- Kansas Career Pipeline
  - \$207,620, all from the State General Fund
  - The Governor recommended eliminating funding for this program in FY 2010.

The elimination of these programs would create a \$5.0 million savings, all from the State General Fund, which would be better utilized to increase the Base State Aid Per Pupil. Furthermore, it is important to keep in mind that Kansas is expected to receive \$93 million in increased Title I education funding.



---

Senator John Vratil

MEMORANDUM

To: Senator Emler, Chairman, and Members of the Ways and Means Committee  
From: Jill Wolters, Senior Assistant Revisor  
Date: March 13, 2009  
Subject: Senate Bill No. 294, whistleblowers act and state employee award program

SB 294 amends the whistleblowers act to include other types of action which is disciplinary action. Such action would include a warning of possible demotion, transfer, reassignment, suspension or reprimand not just the current actual demotion, transfer, reassignment, suspension or reprimand. The amendment also defines "public contractor".

Currently, supervisors are not allowed to prohibit employees from speaking with a member of the legislature or an auditing agency. This amendment would add the attorney general and further state that supervisors are not allowed to take any disciplinary action against employees for speaking with a member of the legislature, the attorney general or an auditing agency

If the board finds that disciplinary action taken was unreasonable, the board shall order relief for the employee as the board considers appropriate, including, but not limited to, reinstatement to the employee's former position, back pay and reestablishment of any employee benefits for which the employee would otherwise have been eligible if such violation had not occurred. Currently law only states relief as the board considers appropriate.

Public contractors are granted similar protections as state employees. The court would grant relief to those public contractors.

The bill also reinstates the state employee suggestion program which sunset on July 30, 2006.

The bill will become effective upon publication in the statute book.

Senate Ways & Means Cmte  
Date 3-13-2009  
Attachment 6

MEMORANDUM

To: Senator Emler, Chairman, and Members of the Ways and Means Committee  
From: Jill Wolters, Senior Assistant Revisor  
Date: March 13, 2009  
Subject: Senate Bill No. 310, civil commitment of sexually violent predators

In 1994, the Kansas legislature enacted the Kansas sexually violent predators act, KSA 59-29a01 et seq., and amendments thereto. Persons deemed to be sexually violent predators, following statutory procedures, are civilly committed to the custody of SRS for treatment. Following treatment in custody, a person may reach transitional release (defined as a halfway house, work release, sexually violent predator treatment facility or other placement designed to assist the person's adjustment and reintegration into the community once released from commitment) or conditional release (residing outside a facility with an established treatment plan).

SB 310 would limit the number of predators, to no more than 6, who could be placed in a county on transitional release or conditional release. This limitation would take effect on January 1, 2009.

The bill will become effective upon publication in the Kansas Register.

Senate Ways & Means Cmte  
Date 3-13-2009  
Attachment 7

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

PAT APPLE

SENATOR, TWELFTH DISTRICT  
PO BOX 1  
LOUISBURG, KANSAS 66053  
(913) 837-5285  
Office: STATE CAPITOL BUILDING—242-E  
TOPEKA, KANSAS 66612  
(785) 296-7368  
1-800-432-3924

COUNTIES  
ANDERSON, FRANKLIN,  
LINN & MIAMI

COMMITTEE ASSIGNMENTS

CHAIRMAN: UTILITIES  
VICE CHAIRMAN: ETHICS AND ELECTIONS  
TRANSPORTATION  
ASSESSMENT AND TAXATION

pat.apple@patapple.org  
pat.apple@senate.ks.gov

Testimony Presented To  
The Senate Ways and Means Committee  
by Senator Pat Apple  
March 13, 2009  
concerning Senate Bill 310

Thank you for the opportunity to testify in support of Senate Bill 310.

Senate Bill 310 will cap the number of sexual predators in the Sexual Predator Transition House Program at six per county. Please find attached a letter to Governor Sebelius and Secretary Jordon, information from SRS about the program and statute 59-29a11.

The legislature's original intent was to locate transition houses in communities across the state to provide family and other support to increase the success of the program. The current plan of housing all level 6 and 7 predators in one location, the campus of Osawatomie State Hospital, is unacceptable. It is extremely unfair and dangerous to burden one community with the entire work release program. If allowed to grow from 6 to 10 then would 16 be acceptable? How about 24, 36 or 50? Please send a message to SRS and have them develop a plan that is equitable. There are homes just outside the hospital grounds with bicycles on the front porch, a facility within 1/4 mile that provides services for children, there is a school on the grounds of the hospital for children with special needs and patients from the hospital routinely are allowed to walk the grounds of the hospital alone. Please protect our children and vulnerable adults by not allowing this program to expand at just one location.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read "Pat Apple". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Senator Pat Apple

Senate Ways & Means Cmte

Date 3-13-2009

Attachment 8

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

PAT APPLE  
SENATOR, TWELFTH DISTRICT  
PO BOX 1  
LOUISBURG, KANSAS 66053  
(913) 837-5285  
Office: STATE CAPITOL BUILDING—242-E  
TOPEKA, KANSAS 66612  
(785) 296-7368  
1-800-432-3924

COUNTIES  
ANDERSON, FRANKLIN,  
LINN & MIAMI  
  
COMMITTEE ASSIGNMENTS  
CHAIRMAN: UTILITIES  
VICE CHAIRMAN: ETHICS AND ELECTIONS  
TRANSPORTATION  
ASSESSMENT AND TAXATION

pat.apple@patapple.org  
pat.apple@senate.ks.gov

March 11, 2009

The Honorable Kathleen Sebelius  
300 SW 10th Ave  
Topeka, KS 66612

The Honorable Don Jordon  
Kansas Department of Social and Rehabilitation Services  
915 SW Harrison, 6th Floor  
Topeka, KS

Dear Governor Sebelius and Secretary Jordon,

I am writing you on behalf of Kansans of the 12th Senate District to ask that you reverse your policy decision to expand the Sexual Predator Treatment Program's Transition House (THS) located on the Osawatomie State Hospital campus by locating all predators in Phases Six and Seven there. This policy decision goes against the original structure of the sexual predator treatment program. When Kansas Legislature established the state's Sexual Predator Treatment Program in 1994, it was determined the THS phases would be located in various locations throughout Kansas so those in the program might have family and other support systems close by to help them make the transition back into society. In 2005, SRS made attempts in both Douglas and Leavenworth counties to develop a community-based group home but failed when residents successfully filed an injunction because the group home did not have the proper zoning permit.

Secretary Jordon indicated that instead of fighting the communities the state decided to focus the expanded program on the Osawatomie State Hospital campus. Because the patients would live on state property, there was no need to seek the community's support or blessing.

My constituents are outraged that without even a courtesy call to area law enforcement, local officials or schools to advise them of this decision, the THS program at Osawatomie campus could soon expand dramatically from its original intended size.

Please accept the attached petition with more than 800 signatures asking you to reverse your policy decision to expand the work release program for sexual predators at the Osawatomie campus; place them as originally intended, in locations across Kansas; and return the number of predators at the THS program in Osawatomie to the original cap of six. Locating the entire work release program for sexually violent offenders in one location places the citizens of that area at substantial risk and unfairly burdens the community resources in dealing with this increased population. Many mental

8-2

health care professionals have indicated that the likelihood of rehabilitation of sexually violent predators such as the ones in the state's Sex Predator Treatment Program is less than one percent.

Please remember the violent behavior of these men and the deep concern they would offend again required involuntary civil commitment. Please do not allow this experimental program to expand at the expense of our community and endangerment of our children.  
Thank you for your thoughtful consideration.

Sincerely,

Senator Pat Apple  
12th Senate District

PA/jw

Attachment



**59-29a11. Transitional release, conditional release or final discharge; subsequent discharge petitions, limitations; prohibition of location of facilities; facilities subject to zoning.**

(a) Nothing in this act shall prohibit a person from filing a petition for transitional release, conditional release or final discharge pursuant to this act. However, if a person has previously filed a petition for transitional release, conditional release or final discharge without the secretary of the department of social and rehabilitation services approval and the court determined either upon review of the petition or following a hearing, that the petitioner's petition was frivolous or that the petitioner's condition had not so changed that the person was safe to be at large, then the court shall deny the subsequent petition unless the petition contains facts upon which a court could find the condition of the petitioner had so changed that a hearing was warranted. Upon receipt of a first or subsequent petition from committed persons without the secretary's approval, the court shall endeavor whenever possible to review the petition and determine if the petition is based upon frivolous grounds and if so shall deny the petition without a hearing.

(b) No transitional release or conditional release facility or building shall be located within 2,000 feet of a licensed child care facility, registered family day care home, an established place of worship, any residence in which a child under 18 years of age resides, or the real property of any school upon which is located a structure used by a unified school district or an accredited nonpublic school for student instruction or attendance or extracurricular activities of pupils enrolled in kindergarten or any grades one through 12. This subsection shall not apply to any state correctional institution or facility.

(c) Transitional release or conditional release facilities or buildings shall be subject to all regulations applicable to other property and buildings located in the zone or area that are imposed by any municipality through zoning ordinance, resolution or regulation, such municipality's building regulatory codes, subdivision regulations or other nondiscriminatory regulations.

**History:** L. 1994, ch. 316, § 11; L. 1998, ch. 198, § 6; L. 2006, ch. 214, § 13; June 1.

The Honorable Pat Apple  
Kansas Senate, District 12  
PO Box 626 Louisburg, KS 66053

February 13, 2009

Senator Apple:

During your recent meeting with Secretary Jordan concerning the Sexual Predator Treatment Program (SPTP) located at Larned State Hospital, you requested information about the Transitional House Services (THS) operated on the campus of the Osawatomie State Hospital. Please see attached a detailed program description of the THS component of the SPTP.

Please do not hesitate to contact me if I can be of any further assistance.

Regards,



Patrick Woods  
Director of Governmental Affairs

## Review of Transitional House Services (THS)

- THS is a continuation of the Sexual Predator Treatment Program (SPTP) at Larned State Hospital. THS residents are on Phase 6 and 7 of the program.
- THS is located on the grounds of Osawatomie State Hospital.
- THS accepts clients who have been deemed ready for transition from SPTP to open society. Readiness is determined by the resident's progress through the first five phases of the program and by vote of the Transition Panel.
- The Transition Panel consists of a group of individuals not connected with the program but who have expertise working with sex offenders in a number of related areas, such as inpatient treatment, outpatient therapy, legal, etc. SPTP staff may provide the Panel with input but do not have a vote in the decision process.
- Residents at THS will typically, spend several years here. The duration of a resident's stay at THS depends primarily on his response to treatment, compliance with program rules and ability to adapt to the challenges of a constructive lifestyle.
- THS provides shelter, other supports and transportation to aid the residents transition. In most cases, residents will obtain a job, budget their income, pay bills (including rent), purchase their own transportation and eventually return to living in the community (following a period of court supervision).
- Residents move through THS based on progress through a step system that slowly allows them gradually increasing freedom to exercise good judgment in making decisions. Polygraph examinations are conducted on a routine basis to stress for residents the importance of a transparent lifestyle and honest communication with THS staff and their therapists. The goal of THS is to safely reintegrate residents while placing a priority on community safety.
- Therapy at THS is contracted out to Clinical Associates, P.A. (CA). CA as an agency has provided sex offender evaluation and treatment since 1991 and Drs. Cappo, Witcher and Schlosberg, the three psychologists who work with THS residents, have worked in the field since 1982.
- CA staff are also available 24 hours a day for immediate consultation as necessary. Individual and group therapy sessions are scheduled on a weekly basis for all THS residents. If appropriate, multiple sessions per week are scheduled with each resident although, at a minimum, each will attend at least one group and one individual therapy session per week.
- Residents also participate in "mini-panels" where they appear before Drs. Cappo, Witcher and Schlosberg to discuss critical points in their progress or modifications to their treatment plan.
- CA provides quarterly updates on each THS resident to SPTP and the full Transition Panel. Residents who are failing to progress or who violate THS criteria are evaluated by the full panel for discussion of appropriate action, including return to SPTP at Larned State Hospital.

- There are 12 beds on the grounds of Osawatomie State Hospital, separated from the other programs located at OSH.
- A total of 19 residents have been referred from SPTP at Larned State Hospital to THS.
  - 7 individuals have been returned to the Larned campus as unsuccessful for various reasons
  - Approximately one third of the residents who are referred to THS are found to be unready to progress further at that time.
  - This is an indication the system is working as it should, since a primary goal of THS is to identify the readiness, or not, of a resident to move back into the community.
- Two have completed Transitional Release and Conditional Release (both granted by the Court) and achieved Final Release. Three are in Conditional Release status now.
  - There are no reporting requirements back to the program about residents who achieved conditional or final release. At this point a person is not under supervision of the SPTP.
  - SPTP does not possess definitive data on these individuals.
- One of the residents who achieved final release lives on his family farm near Springfield, Missouri and the other lives in Sedgwick County.
- Two residents were referred to THS and subsequently released by the courts for technical, legal reasons. As a result, these individuals are considered to have never been mandated to SPTP. To our knowledge, one of these persons lives in Sedgwick County and another is in prison in Missouri for a sexual offense committed after he was released from all supervision and treatment.
- The three residents who have completed Transitional Release, and are on conditional release and are being supervised by the courts; we believe one individual resides in Miami County, one in Butler County and one in Johnson County.
- No residents from SPTP who have been in Conditional Release have re-offended.
- There are presently eight residents assigned to various step levels within the THS program. Of those eight, one is presently off-grounds for medical reasons.

Senator Pat Apple,

I strongly endorse limiting the number of sexual predators to be placed on the grounds of the Osawatomi State Hospital campus. I represent the vulnerable children and adults receiving services on this campus.

As the Executive Director of the Elisabeth Layton Center, the community mental health center serving both Miami and Franklin Counties, I am aware that children attend on Alternative School called George York which is located on the hospital campus. There is minimum security on the campus, therefore, sexual predators cannot be prevented from contact with children.

The Elisabeth Layton Center also has an office which is located within walking distance of Osawatomi State Hospital. At this office we treat children with severe and persistent mental illness as outpatients. While I understand the state's need to house and treat sexual predators outside of Larnard as the census is rising, it is unfair to have one area of the state take on all the risk.

I believe there are very few citizens aware of the plan put forward by S.R.S. to add four additional predators to the Osawatomi campus. Thank you for advocating on behalf of our communities.

Sincerely,

Diane Z. Drake, MN ARNP

Executive Director

Diane Zadra Drake, MN, ARNP  
Executive Director  
Elisabeth Layton Center  
785.242.3780 extension 108

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8-8

# City of Paola, Kansas

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March 12, 2009

Senator Pat Apple  
Kansas State Legislature  
State Capitol Building  
Room 242-E  
300 SW 10<sup>th</sup> Street  
Topeka, KS 66612

RE: Senate Bill 310

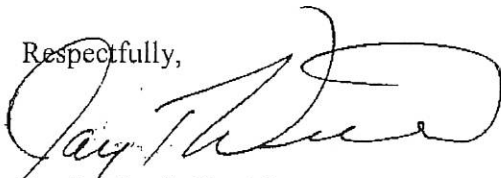
Senator Apple:

On behalf of Mayor Artie Stuteville and the City Council of the City of Paola, I am writing to express the City of Paola's support for Senate Bill 310. This bill would limit to six (6) the number of sexually violent predators to be placed in any one county in Kansas on transitional release or conditional release.

The City of Paola believes SB 310 is important to protect the interests and safety of all the citizens of the Paola community. Law enforcement officials for both the City of Paola and Miami County have expressed their concerns about having large numbers of convicted violent sexual predators released in Miami County.

Thank you for introducing SB 310. It clearly demonstrates your concern for the constituents you serve as well as those of other communities throughout the State of Kansas.

Respectfully,



Jay Wieland, City Manager  
City of Paola





## Louisburg Chamber of Commerce

5 So. Peoria, Suite 103 – P.O. Box 245, Louisburg, KS 66053  
Telephone 913-837-2826 Email, [chamber@louisburgkansas.com](mailto:chamber@louisburgkansas.com)  
[www.louisburgkansas.com](http://www.louisburgkansas.com)

Fax (1 page) to 785-368-6365 for  
immediately delivery to, Senator Pat Apple  
From Louisburg Chamber of Commerce, fax 913-837-5374

March 12, 2009

State Capitol, Room 242-E  
**Kansas Senator Pat Apple**

In regards to Bill 310

Dear Senator Apple,

The Louisburg Chamber of Commerce is against expanding the work release program for sexual predators in the state's Sexual Predator Transition House Program at the Osawatomie State Hospital campus and are in favor of placing them as originally intended, in Osawatomie and throughout cities across Kansas. We request you return the number of predators at the THS program in Osawatomie to the original cap of six. Thank you.

Sincerely,  
(signed)  
Patsy Bortner, Executive Director

8-10

# CITY OF LOUISBURG

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March 12, 2009

Senator, Pat Apple  
Kansas Senate

RE: SB 310

Dear Senator Apple,

We are in support Senate Bill 310, which appropriately caps the sexual offender release program to six individuals per county. As you know, our offices have received numerous calls from concerned residents that are awaiting resolution of this matter. I can assure you that the overwhelming majority of Miami County citizens are supportive of SB 310 as an alternative to the State's original plan.

Sincerely,

Jeff Cantrell  
City Administrator





**Economic Development  
Miami County, Kansas**

**201 S. Pearl, Suite 202  
Paola, KS 66071**

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March 12, 2009

Senator Pat Apple  
State Capitol, Room 242-E  
Topeka, Kansas 66612-1504

Dear Senator Apple,

Thank you for advocating the adoption of Senate Bill 310. This bill would provide the residents of our county, and all of the others in the state, an assurance that their county would not become the state's epicenter for transitional release or conditional release programs serving sexually violent predators.

Our region has been a long-time advocate for the Osawatomie State Hospital. We value not only the services it provides to its clients but the economic impact those jobs have on our region. Please know that our support for this proposed cap does not diminish the value we place on the hospital's current operations.

We appreciate your support of Senate Bill 310.

Thank you,

Janet McRae  
Economic Development Director

---

**Janet McRae, Director**  
jmcrae@miamicountyks.org  
Phone: (913) 294-4045 Fax: (913) 294-9163

8-12

**Letter of support for SB310**

Philip [dudley@classicnet.net]

**Sent:** Thursday, March 12, 2009 6:58 PM  
**To:** Pat Apple  
**Importance:** High

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March 12, 2009

Senator Pat Apple

State Capitol, Room 242-E

Topeka, Kansas 66612-1504

Dear Senator Apple,

Thank you for advocating the adoption of Senate Bill 310. This bill would provide the residents of our county, and all of the others in the state, an assurance that their county would not become the state's epicenter for transitional release or conditional release programs serving sexually violent predators.

Our region has been a long-time advocate for the Osawatomie State Hospital. We value not only the services it provides to its clients but the economic impact those jobs have on our region. Please know that our support for this proposed cap does not diminish the value we place on the hospital's current operations.

We appreciate your support of Senate Bill 310.

Thank you,

Mayor Philip A. Dudley

City of Osawatomie, Kansas

913-755-6411

8-13

# City of Paola, Kansas

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March 12, 2009

Senator Pat Apple  
Kansas State Legislature  
State Capitol Building  
Room 242-E  
300 SW 10<sup>th</sup> Street  
Topeka, KS 66612

RE: Senate Bill 310

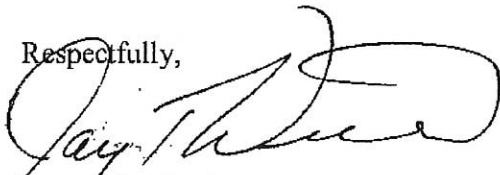
Senator Apple:

On behalf of Mayor Artie Stuteville and the City Council of the City of Paola, I am writing to express the City of Paola's support for Senate Bill 310. This bill would limit to six (6) the number of sexually violent predators to be placed in any one county in Kansas on transitional release or conditional release.

The City of Paola believes SB 310 is important to protect the interests and safety of all the citizens of the Paola community. Law enforcement officials for both the City of Paola and Miami County have expressed their concerns about having large numbers of convicted violent sexual predators released in Miami County.

Thank you for introducing SB 310. It clearly demonstrates your concern for the constituents you serve as well as those of other communities throughout the State of Kansas.

Respectfully,



Jay Wieland, City Manager  
City of Paola



8-14



DEPARTMENT OF SOCIAL  
AND REHABILITATION SERVICES

Don Jordan, Secretary

Senate Ways & Means Committee  
March 13, 2009

SB 310- Transitional Release/Conditional Release of  
Sexually Violent Predators

Disability & Behavioral Health Services  
Ray Dalton, Deputy Secretary

For Additional Information Contact:  
Patrick Woods, Director of Governmental Affairs  
Docking State Office Building, 6<sup>th</sup> Floor North  
(785) 296-3271

Senate Ways & Means Cmte  
Date 3-13-2009  
Attachment 9

# SB 310 – Transitional Release/Conditional Release of Sexually Violent Predators

Senate Ways & Means Committee  
March 13, 2009

Chairman Emler and members of the Committee, I am Ray Dalton, Deputy Secretary of Social and Rehabilitation Services. Thank you for the opportunity to talk with you today about SB 310.

As you know this bill will affect the Transitional House Services (THS) provided under the Sexual Predator Treatment Program operated by SRS. I would like to first just provide a quick overview of the entire program and then provide some information concerning the Transition portion of the program.

## Overview

The Sexual Predator Treatment Program (SPTP) was established in 1994 by the Sexual Predator Act (K.S.A. 59-29a01) to provide treatment for convicted sex offenders who have finished their prison sentences, and who have been civilly committed by the courts to the SPTP inpatient treatment program at Larned State Hospital (LSH). The SPTP was given a dual mission. First, SPTP's goal is to protect the public from any further victimization by sexual offenders committed to the program. Second, SPTP is required to provide a program of treatment which meets the constitutionally required Turay standards (attached) and which would assist motivated offenders to reduce their risk for re-offense to the point that they could safely live in open society and become contributing citizens.

The SPTP is comprised of 7 phases of treatment: 1) orientation and preliminary identification of issues; 2) academic learning of principles; 3) application of principles; 4) completion of inpatient issues and development of a relapse prevention plan; 5) reintroduction to open society and preparation of transition; and two transitional phases; phase 6) demonstration of ability to perform transition tasks (getting a job, paying bills, outpatient therapy, etc.) and 7) formal transition (ordered by the court). Phases 1 through 5 are located at LSH; phases 6 and 7 are located at Osawatomie State Hospital.

## Transitional Phases 6 and 7

Phases Six and Seven are on the grounds of Osawatomie State Hospital. Experience has shown that the movement to a new environment, with a new set of rules, responsibilities and privileges, presents a significant challenge to the SPTP resident. We believe these phases are a key component of our program mandate of "no new victims", as it provides an environment where the residents are given enough freedom to determine if they have successfully changed, while still providing enough oversight and structure to ensure the protection of Kansas citizens.

Phase Six represents the opportunity for the resident to demonstrate, in a way that protects the safety of Kansas citizens, that he can translate the skills he began to acquire in Phases 1- 5, to a real-world environment. The goal of Phase Six is to gauge the ability of the resident to safely handle responsibilities of society such as finding employment, managing income, paying bills and structuring one's own time. THS staff initially escort the resident to group and individual therapy, job interviews, medical appointments, etc. Eventually, as the resident earns greater responsibility through his behavior, a resident will simply be transported to and from his job and other appointments. To advance from this phase, a resident must maintain the following: a daily activities log acceptable to THS staff; positive reports, for at least 6 months, from his therapy provider; involvement, for at least 3 consecutive months, in a healthy support activity approved by his therapist; employment for at least 6 consecutive months; satisfactory living and self-management skills, as judged by THS staff; and pass any scheduled maintenance polygraphs.

Phase Seven - Phase Six may be seen as the dress rehearsal for Phase Seven. Phase Seven is formally called Transition and must be approved by the court. The goal of Phase Seven is for the resident to demonstrate to the court that his risk for reoffending has declined to the point where he may safely be given his conditional release. This is accomplished by the resident living in an apartment separate from the rest of THS, though still on the grounds of the hospital. The resident is also encouraged to purchase his own transportation at this point. The resident operates somewhat independently of the program, though still subject to polygraphs, review of his daily log, random spot checks and contacts with his employer. During this phase, the resident must do the following tasks: successfully complete any maintenance polygraphs; continue to maintain all the tasks of Phase Six – employment, a budget, etc; show evidence of the development of a support network; development of a conditional release plan, which must be approved by the court; identification of treatment providers and polygraphist who will provide regular reports to the court once the resident has been placed in conditional release; and approval by the court for conditional release.

#### **Information concerning Transitional Phase Residents.**

Residents at THS will typically spend several years there. The duration of a resident's stay at THS depends primarily on his response to treatment, compliance with program rules and ability to adapt to the challenges of a constructive lifestyle.

A total of 19 residents have been referred from SPTP at Larned State Hospital to THS. Seven individuals have been returned to the Larned campus as unsuccessful for various reasons. Approximately one third of the residents who are referred to THS are found to be unready to progress further at that time. This is an indication the system is working as it should, since a primary goal of THS is to identify the readiness, or not, of a resident to move back into the community.

Two residents have completed Transitional Release and Conditional Release (both granted by the Court) and achieved Final Release.

Three residents are in Conditional Release status now. There are no reporting requirements back to the program about residents who achieved conditional or final release. At this point a person is not under supervision of the SPTP. SPTP does not possess definitive data on these individuals.

One of the residents who achieved final release lives on his family farm near Springfield, Missouri and the other lives in Sedgwick County.

Two residents were referred to THS and subsequently released by the courts for technical, legal reasons. As a result, these individuals are considered to have never been mandated to SPTP. To our knowledge, one of

these persons lives in Sedgwick County and another is in prison in Missouri for a sexual offense committed after he was released from all supervision and treatment.

The three residents who have completed Transitional Release are on conditional release and are being supervised by the courts. We believe one individual resides in Miami County, one in Butler County and one in Johnson County.

No residents from SPTP who have been in Conditional Release have ever been charged with any new offenses.

There are presently eight residents assigned to various step levels within the THS program. Of those eight, one is presently off-grounds for medical reasons.

### **Growth of the Program**

Both the SPTP on the Larned Campus as well as the THS on the OSH campus have been growing, as I have testified to you before, along with the reasons why.

SRS recognizes the importance of thoughtful and prudent planning when it comes to the operation and expansion of THS, for the sake of public safety. SRS has taken steps around the expansion of THS beyond the grounds of OSH, while being mindful of the laws regarding K.S.A. 59-29a11.

In 2005, SRS made attempts in both Douglas and Leavenworth counties to develop a community based, group home for SPTP residents in transition who were older, frail, and required 24/7 assistance with daily living skills. This was SRS' first attempt at expanding the THS concept into the community beyond the grounds of SRS owned property.

In January, 2005 an experienced community based provider of persons with special needs was awarded the contract to provide one on one 24/7 care to one elderly SPTP resident who had reached the Transitional Living Phase of the SPTP program. The group home was located in rural Leavenworth County. Leavenworth County successfully filed an injunction to cease operation based on the technicality that the group home had not sought a zoning permit to operate a group home for sex predators. The group home was closed less than 24 hours of its opening. The case was appealed to the Kansas Supreme Court and the decision from the 1st District Court was upheld.

During the 2006 Legislative session, SB 506 was passed that amended KSA 59-29a11 that made sex predator transitional release and conditional release facilities subject to zoning ordinances, resolutions or regulations, building codes, etc. These amendments also put restrictions on where such facilities can be located – not within 2,000 feet of a licensed child care facility, registered family day care home, places of worship, any residence in which a child under 18 resides, schools, etc.

In August 2006, SRS issued a Request for Proposal (RFP) for a community based provider and group home that included the new laws outlined in K.S.A. 59-29a11, there were no responses to this RFP. In October 2006, another RFP was issued, two responses were received, neither met the requirements of K.S.A. 59-29a11 and they were unable to follow through with timely plans to meet those requirements.

  
DEPARTMENT OF SOCIAL  
AND REHABILITATION SERVICES

So as you can see the following language from the KSA 59-29a11, has added additional limitations in our ability to find other locations for the transitional services program.

*"KSA 59-29a11 (b) No transitional release or conditional release facility or building shall be located within 2,000 feet of a licensed child care facility, registered family day care home, an established place of worship, any residence in which a child under 18 years of age resides, or real property of any school upon which is located a structure used by a unified school district or an accredited nonpublic school for student instruction or attendance or extracurricular activities of pupils enrolled in kindergarten or any grades one through 12. This subsection shall not apply to any state correctional institution or facility.*

*(c) Transitional release or conditional release facilities or buildings shall be subject to all regulations applicable to other property and buildings located in the zone or area that are imposed by any municipality through zoning ordinance, resolution or regulation, such municipality's building regulatory codes, subdivision regulations or other nondiscriminatory regulations."*

We would ask that if this bill is passed the restrictions in paragraphs (b) and (c) be reconsidered in order for us to have a better chance of finding additional areas for transitional house services.

I will end by reiterating our understanding of the importance of thoughtful and prudent planning when it comes to the operation and expansion of THS, for the sake of public safety.

I will be glad to answer any questions you might have.