



DCCCA
IMPROVING LIVES

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Committee on Taxation
Proponent Testimony on HB 2494
January 27, 2022

Chairman Smith and Members of the Committee

DCCCA has served Kansas communities, families, and children for 48 years.

As a behavioral health provider of mental health and substance use disorder treatment services we serve any Kansan, including the uninsured and underinsured. DCCCA provides family preservation services, recruits, trains, and supports foster homes across the state, and works with hundreds of community coalitions to develop substance abuse and mental health preventative services. DCCCA maintains offices across the state in Pittsburg, Mission, Lawrence, Topeka, Wichita, Pratt, Hays, and Winfield and employs nearly 250 staff to support our mission to provide social and community services that improve the safety, health, and well-being of those we serve.

In particular, we are one of the three designated women's programs in Kansas. Our work with pregnant women who have behavioral health needs is one of our significant contributions to the state. We provide treatment and housing to pregnant women in a residential setting. After mothers deliver their babies, they remain in our treatment program. Childcare services are provided while postpartum mothers continue to receive treatment and make the transition back into the community. Our services, our investment in human capital, and infrastructure are all required and expensive. The value of our work is evident in the women we help succeed in treatment. Our



services enable mothers to deliver their babies and begin lifelong bonds with their children, avoiding the trauma and stress of separation for both mom and baby if a child is taken into custody. Because of our programs, mothers and families are given a vastly improved chance for success. One additional value to the state of Kansas is that these babies, delivered to mothers with substance use disorder issues are not going into the custody of the state in the child welfare system. The annual cost for one child in the child welfare system is almost \$25,000 per year. The capital construction sales tax exemption in HB 2494 will help construction of an expanded facility and transitional housing.

DCCCA is requesting this sales tax exemption to assist in furthering our mission. With decades in between rate increases, funding for substance use disorder services has not kept pace with mental health services because the mental health system already benefits from a sales tax exemption under state statute. Nor has funding kept pace with higher costs incurred with treating higher acuity levels of individuals. There is a growing gap between the cost of providing services and current reimbursement rates for services.

Additionally, COVID related costs impact us as operator of three residential programs on a massive level. Unlike nursing facilities, hospitals, and other



congregate living space, residential SUD facilities did not receive direct COVID relief funds. We carried and sustained the costs of residential programs without the direct federal aid and received only a small portion of aid through the Kansas Department of Aging and Disability Services. Finally, regarding capital, we continue to invest in the communities we serve and the sales tax exemption in this bill allows us to maintain safety and regulatory requirements as we enhance our communities and assist our clients in their recovery.

In the fiscal note provided to the Department of Revenue, DCCCA referenced the ability to save \$255,688 on an annual, ongoing basis. This could allow DCCCA to provide an additional 1,291 days of substance use treatment in one of our residential facilities, or extend 4-6 month in-home family preservation types of services to an additional 44 families with substance use disorders, supporting those families while keeping their children safely at home. As a registered 501(c)(3), savings realized from one-time building projects would allow DCCCA to update and expand necessary facilities at a lower initial cost, allowing those funds to be re-deployed as services.

We considered seeking this exemption before COVID and the experiences of the last two years have affirmed our need to maximize the resources we



possess, seek and use all the tools we can, and continue our mission to serve pregnant mothers, foster families, and our fellow citizens that must address substance use disorders.

In conclusion, we believe our work and mission and commitment equals those whom the Legislature has awarded with a sales tax exemption. We appreciate your support and advancement of HB 2492. I would be happy to stand for any questions the committee may have.

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Additional questions may also be directed to Stuart Little, Little Government Relations, stuartjlittle@mac.com
