State Institutions for Intellectual Disabilities

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	$ 26,136,363	$ 26,239,276	$ 25,416,418	$ 30,173,714	$ 23,296,995
Other Funds	29,767,515	31,848,368	33,047,807	31,528,594	34,117,149
Subtotal	*$ 55,903,878*	*$ 58,087,644*	*$ 58,464,225*	*$ 61,702,308*	*$ 57,414,144*
Capital Improvements:					
State General Fund	$ 21,239	$ 0	$ 0	$ 0	$ 0
Other Funds	91,991	0	0	0	0
Subtotal	*$ 113,230*	*$ 0*	*$ 0*	*$ 0*	*$ 0*
TOTAL	**$ 56,017,108**	**$ 58,087,644**	**$ 58,464,225**	**$ 61,702,308**	**$ 57,414,144**
Percentage Change:					
Operating Expenditures					
State General Fund	5.0 %	0.4 %	(2.8) %	15.0 %	(8.3) %
All Funds	2.9	3.9	4.6	6.2	(1.8)
FTE Positions	914.7	914.7	914.7	914.7	914.7

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

Agency Overview

The State Institutions for Intellectual Disabilities (I/D Institutions) serve individuals diagnosed with intellectual and developmental disabilities who require specialized residential service provisions. There are two residential treatment, training, and care facilities operated by the State of Kansas: Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (Parsons). Both facilities are state agencies administered by the Kansas Department for Aging and Disability Services (KDADS), pursuant to KSA 39-1904.

The I/D Institutions' mission is to improve the lives of residents by connecting the individuals they serve to appropriate supports and services. The general philosophy of the I/D Institutions is to promote the autonomy of the residents it serves through support and assistance to allow residents to make choices and achieve personal goals.

KNI was established in 1959 on 183 acres formerly occupied by the Winter Veterans Hospital. The resident population at KNI is growing older and faces increasingly complex medical, physical, and behavioral support challenges. Patients at KNI live in 20 homes in 4 residential lodges. The statutes governing KNI are KSA 76-17c01 to 76-17c08.

Parsons was opened in 1903 as Parsons State Hospital to treat the epileptic. In 1953, the program was changed to provide residential services for children with intellectual disabilities, and the name was changed to the Parsons State Training School. Its name was changed a few years later to the Parsons State Hospital and Training Center to more accurately describe the treatment programs. The statutes governing Parsons are KSA 76-1401 to 76-1415.

MAJOR ISSUES FROM PRIOR YEARS

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas State School for the Deaf, the Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, state developmental disability hospitals, and the Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature. The Commission recommended the Kansas Department of Social and Rehabilitation Services (SRS), later renamed the Department for Children and Families, review the residents at KNI who met the requirements for placement in the community or for transfer to Parsons and that KNI be closed. The Commission also recommended the remaining residents at Parsons be reviewed for placement in the community. In addition, the Commission recommended that when the Governor prepared his Executive Reorganization Order (ERO) to carry out the recommendations concerning the closure of KNI and downsizing of Parsons, the ERO be written as clearly and strongly as possible to ensure any savings go to expand funding for the Home and Community Based Services for the Developmentally Disabled Waiver.

The Governor chose not to accept the Commission's recommendation for KNI and Parsons. However, the Governor agreed that serving individuals in the community can lead to a better quality of life and encouraged SRS to consolidate resources on the developmental disability hospital campuses and identify individuals who could be better served in the community. As a result, KNI consolidated one home on its campus in fiscal year (FY) 2009, another in FY 2010, and another in FY 2014.

During the **2011 Session**, the Governor recommended the closure of KNI for FY 2012. The Governor estimated it would take the agency 23 months to close the facility. The deletion of $658,832 from all funds, including $277,039 from the State General Fund (SGF), represented the savings the Governor estimated as a result of a recommendation to begin the closure of the agency for FY 2012. The 2011 Legislature restored the funding. This addition by the 2011 Legislature fully funded the operation of the agency for FY 2012 and eliminated the Governor's plan to close the KNI facility.

Also during the **2011 Session**, the Senate Committee on Ways and Means recommended SRS reject closure or downsizing plans for KNI and to continue operations at the facility. Further, the Committee requested an independent audit to investigate and identify 1) management and service efficiencies that could be implemented for KNI and Parsons that would create cost-savings at the facilities while maintaining current operations and care, and 2) additional programs and resources the two developmental disability facilities could implement to assist the entire developmental disabilities community and help reduce Home and Community Based Services for Individuals with Developmental Disabilities Waiver expenditures. The Committee directed SRS to fund the independent audit and report the audit findings to the Senate Committee on Ways and Means chairperson on September 1, 2011. The audit, conducted by the Legislative Division of Post Audit, was presented to the Legislative Post Audit Committee on December 13, 2011.

The **2013 Legislature** deleted $753,000, including $301,000 SGF, and 12.0 FTE positions, as part of the consolidation of a cottage on the KNI campus for FY 2014 and FY 2015.

The **2015 Legislature** implemented KNI's reduced resource option to delete 11.5 FTE positions in FY 2015, 10.0 FTE positions for FY 2016, and 14.0 FTE positions for FY 2017, and transfer the savings under statutory authority to the KDADS Home and Community Based Services Developmentally Disabled Waiver in the amount of $800,000 in FY 2015, $1.5 million for FY 2016, and $1.5 million for FY 2017.

Also during the **2015 Session,** the Legislature added $500,000, all from the Title XIX Fund, in FY 2015 for increased operating expenditures by Parsons in assisting Osawatomie State Hospital with its plan of correction following the surveys by the federal Centers for Medicare and Medicaid Services in Fall 2014.

The **2016 Legislature** added $973,000 in FY 2016 and $1.0 million for FY 2017, all SGF, from moneys transferred from Larned State Hospital and added 10.0 FTE positions in both years to expand the Sexual Predator Treatment Program Transition Unit at Parsons. The Legislature also deleted $117,068, all SGF, and transferred the same amount to KDADS in FY 2016 and FY 2017 to reallocate a portion of the funding for a Forensic Psychologist position between the agencies.

The **2017 Legislature** added funding for a 2.5 percent adjustment for all state employees with less than five years of service (except select groups); a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff for FY 2018 and FY 2019. For the I/D Institutions, the Legislature added $1.1 million, all SGF, for both FY 2018 and FY 2019.

The **2018 Legislature** added $548,522, including $239,907 SGF, for salary adjustments for FY 2019 equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives and one step for employees who received approximately one step on the Statewide Pay Matrix in FY 2018.

Also during the **2018 session,** the Legislature added $559,765, all SGF, to provide funding for 12.0 FTE support staff positions due to Parsons experiencing an increased number of patients requiring one-to-one or two-to-one care for extended periods of time for FY 2019. The agency used the funding to fill vacant unfunded FTE positions, so no additional FTE positions were added.

The **2019 Legislature** added $1.8 million, all SGF, and deleted $1.6 million, all from the federal Title XIX Fund, to replace a projected shortfall of federal funding in FY 2019. The Legislature added $1.8 million, all SGF, to decrease salary shrinkage at I/D Institutions for FY 2020. Also, the Legislature added $1.3 million, including $657,044 SGF, for a 2.5 percent salary adjustment for most state employees for FY 2020.

The **2020 Legislature** ratified the Governor's emergency declaration in response to the COVID-19 pandemic, which resulted in periodic closures of state facilities to mitigate disease spread. Furthermore, guidance from the federal Centers for Disease Control and Prevention indicated that congregated populations at hospitals and correctional facilities were vulnerable to

COVID-19 viral infections among residents and staff due to close proximity and underlying conditions.

AVERAGE DAILY CENSUS

Average daily census represents the average number of patients in a hospital over a fiscal year for the I/D Institutions.

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Projected	FY 2022 Projected
KNI	142	137	132	132	132
Parsons	161	161	157	155	155
Total	303	298	289	287	287

ADMISSIONS

The chart below shows admissions for the I/D Institutions.

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Projected	FY 2022 Projected
KNI	6	4	4	4	4
Parsons	15	7	7	5	6
Total	21	11	11	9	10

SEPARATIONS

The chart below shows separations due to discharge and death for the I/D Institutions.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Projected	FY 2021 Projected
KNI	9	7	4	4	4
Parsons	13	10	13	6	6
Total	22	17	17	10	10

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agencies** request a total revised estimate of $58.1 million, including $26.2 million from the State General Fund (SGF), for expenditures at the I/D Institutions in FY 2021. This is an all funds increase of $2.1 million, or 3.8 percent, above the FY 2021 approved amount. This includes an SGF increase of $734,689, or 2.9 percent, and a special revenue funds increase of $1.4 million, or 4.5 percent, above the FY 2021 approved amount. The increase is primarily due to the supplemental request related to raising the salaries of direct support positions as well as increases in employer contributions for group health insurance. Both hospitals anticipate increased spending on personal protective equipment (PPE) and cleaning supplies in an effort to decrease potential exposure to COVID-19. The increase is partially offset by COVID-19-related decreases, particularly in expenditures related to off-campus activities including resident recreation and travel for doctor appointments. The revised estimate also include 914.7 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** recommends expenditures of $58.5 million, including $25.4 million SGF, for expenditures at the I/D Institutions in FY 2021. This is an all funds increase of $376,581, or 0.6 percent, above the agency's FY 2021 revised request. This includes an SGF decrease of $822,858, or 3.1 percent, and an all other funds increase of $1.2 million, or 3.8 percent, from the agencies' FY 2021 revised estimate. The increase is due to federal funds awarded to all state hospitals by the Strengthening People and Revitalizing Kansas (SPARK) Taskforce. These funds were provided to each of the state hospitals for hazard pay bonuses to compensate front-line workers for their continued potential exposure to COVID-19. The increases are partially offset by the Governor not recommending Parsons' supplemental request to increase direct support salaries.

FY 2022 – Budget Year. The **agencies** request $61.7 million, including $30.2 million SGF, for expenditures at the I/D Institutions. This is an all funds increase of $3.6 million, or 6.2 percent, above the FY 2021 revised estimate. The increase includes an SGF increase of $3.9 million, or 15.0 percent, above the FY 2021 revised estimate and a special revenue funds decrease of $319,774, or 1.0 percent, below the FY 2021 revised estimate. The increase is primarily attributed to both hospitals requesting an enhancement to increase the salary for direct care positions. The hospitals have indicated historically high turnover related to the position duties combined with low starting salaries, which enables competition from the private sector and other state agencies. The increase also includes additional expenditures for repairing infrastructure at Parsons, as well as fluctuations in utilities at both hospitals. The request also include 914.7 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** recommends expenditures of $57.4 million, including $23.3 million SGF, for expenditures at the I/D Institutions for FY 2022. This is an all funds decrease of $4.3 million, or 6.9 percent, below the agency's FY 2022 request. This includes an SGF decrease of $6.9 million, or 22.8 percent, and an all other funds increase of $2.6 million, or 8.2 percent, from the agencies' FY 2022 request. The decrease is due primarily to the Governor not including the agencies' enhancement requests to increase direct care staff salaries. Contributing to the decrease is the Governor's adoption of the agencies' reduced resources budget. The agencies do anticipate receiving federal Title XIX funds to offset the loss of SGF.

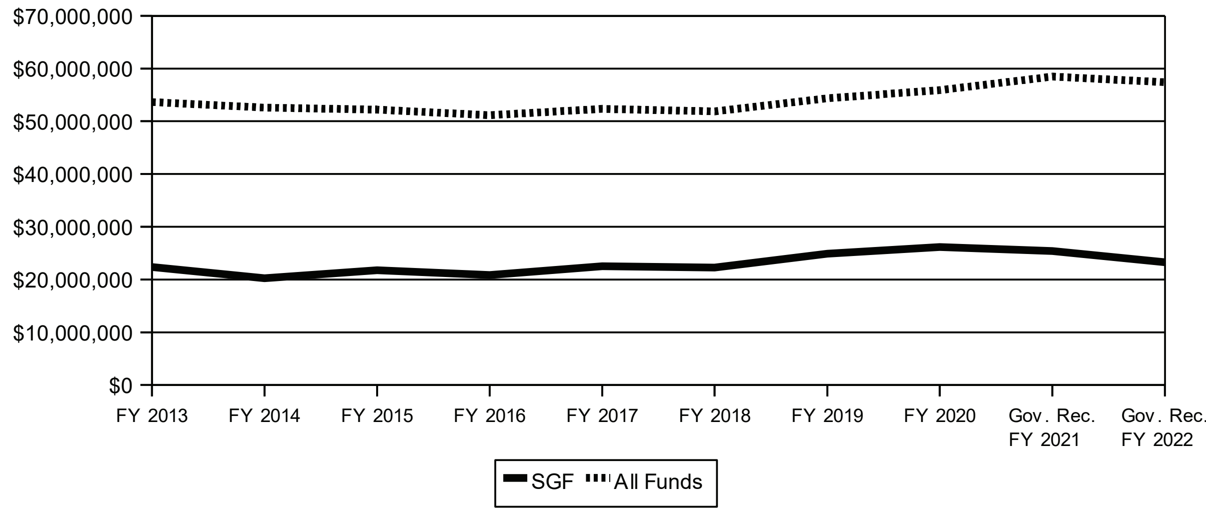
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
(KNI) Number of On-site Medical Clinic Visits	696	284	500	426	700	700
(KNI) Number of On-site Medical Unit Admissions	22	14	20	14	25	25
(Parsons) Percent of Residents Employed in Work Programs at PSH&TC or in the Community*	91.2 %	93.8 %	94.4 %	100.0 %	100.0 %	100.0 %
(Parsons) Percent of Residents Participating in Community-based Leisure Activities*	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	$ 51.9	$ 54.4	$ 56.2	$ 55.9	$ 58.5	$ 57.4
FTE Positions	912.9	914.7	914.7	914.7	914.7	914.7

OPERATING EXPENDITURES
FY 2013 – FY 2022



OPERATING EXPENDITURES
FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	$ 22,368,115	15.2 %	$ 53,638,637	0.4 %	957.9
2014	20,242,312	(9.5)	52,595,286	(1.9)	940.4
2015	21,757,695	7.5	52,212,396	(0.7)	928.9
2016	20,851,666	(4.2)	51,145,692	(2.0)	914.9
2017	22,521,518	8.0	52,344,275	2.3	912.9
2018	22,274,529	(1.1)	51,872,546	(0.9)	912.9
2019	24,882,758	11.7	54,352,613	4.8	914.7
2020	26,136,363	5.0	55,903,878	2.9	914.7
2021 Gov. Rec.	25,416,418	(2.8)	58,464,225	4.6	914.7
2022 Gov. Rec.	23,296,995	(8.3)	57,414,144	(1.8)	914.7
Ten-Year Change Dollars/Percent	$ 928,880	4.2 %	$ 3,775,507	7.0 %	(43.2)

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate				Governor's Recommendation			
	Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Kansas Neurological Institute	$ 26,410,252	$ 26,377,963	$ 28,806,827	$ 2,428,864	9.2 %	$ 26,947,791	$ 26,641,098	$ (306,693)	(1.1)%
Parsons State Hospital and Training Center	29,493,626	31,709,681	32,895,481	1,185,800	3.7	31,516,434	30,773,046	(743,388)	(2.4)
TOTAL	**$ 55,903,878**	**$ 58,087,644**	**$ 61,702,308**	**$ 3,614,664**	**6.2 %**	**$ 58,464,225**	**$ 57,414,144**	**$ (1,050,081)**	**(1.8)%**
By Major Object of Expenditure:									
Salaries and Wages	$ 47,218,584	$ 49,573,961	$ 53,319,020	$ 3,745,059	7.6 %	$ 48,839,272	$ 49,030,856	$ 191,584	0.4 %
Contractual Services	4,496,945	4,394,793	4,423,329	28,536	0.6	5,506,063	4,423,329	(1,082,734)	(19.7)
Commodities	3,459,143	3,436,055	3,445,524	9,469	0.3	3,436,055	3,445,524	9,469	0.3
Capital Outlay	726,708	682,835	514,435	(168,400)	(24.7)	682,835	514,435	(168,400)	(24.7)
Debt Service	1,904	0	0	0	--	0	0	0	--
Subtotal - Operations	*$ 55,903,284*	*$ 58,087,644*	*$ 61,702,308*	*$ 3,614,664*	*6.2 %*	*$ 58,464,225*	*$ 57,414,144*	*$ (1,050,081)*	*(1.8)%*
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	594	0	0	0	--	0	0	0	--
TOTAL	**$ 55,903,878**	**$ 58,087,644**	**$ 61,702,308**	**$ 3,614,664**	**6.2 %**	**$ 58,464,225**	**$ 57,414,144**	**$ (1,050,081)**	**(1.8)%**
Financing:									
State General Fund	$ 26,136,363	$ 26,239,276	$ 30,173,714	$ 3,934,438	15.0 %	$ 25,416,418	$ 23,296,995	$ (2,119,423)	(8.3)%
Hospital Fee Funds	1,996,145	2,474,436	2,474,436	0	0.0	2,474,436	2,474,436	0	0.0
Title XIX Funds	27,105,282	28,932,172	28,599,534	(332,638)	(1.1)	29,020,341	31,188,089	2,167,748	7.5
All Other Funds	666,088	441,760	454,624	12,864	2.9	1,553,030	454,624	(1,098,406)	(70.7)
TOTAL	**$ 55,903,878**	**$ 58,087,644**	**$ 61,702,308**	**$ 3,614,664**	**6.2 %**	**$ 58,464,225**	**$ 57,414,144**	**$ (1,050,081)**	**(1.8)%**

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of $25.8 million for the I/D Institutions in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of $88,169, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and

- A decrease of $397,286 as a result of the Governor's July SGF allotment.

These adjustments change the FY 2021 approved SGF amount to $25.5 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET

	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	$ 25,504,587	$ 26,239,276	$ 734,689	$ 25,416,418	$ (88,169)
All Other Funds	30,475,489	31,848,368	1,372,879	33,047,807	2,572,318
TOTAL	**$ 55,980,076**	**$ 58,087,644**	**$ 2,107,568**	**$ 58,464,225**	**$ 2,484,149**
FTE Positions	914.7	914.7	0.0	914.7	0.0

The **agencies** request a total revised estimate of $58.1 million, including $26.2 million SGF, for expenditures at the I/D Institutions in FY 2021. This is an all funds increase of $2.1 million, or 3.8 percent, above the FY 2021 approved amount. This includes an SGF increase of $734,689, or 2.9 percent, and a special revenue funds increase of $1.4 million, or 4.5 percent, above the FY 2021 approved amount. The revised estimate also include 914.7 FTE positions, which is the same as the FY 2021 approved number.

The increase is primarily due to Parsons' supplemental request to raise the salaries of direct support positions as well as increases in employer contributions for group health insurance, resulting from the hospitals anticipating vacant positions being filled. Both hospitals anticipate increased spending on personal protective equipment (PPE) and cleaning supplies in an effort to decrease potential exposure to COVID-19. The increase is partially offset by COVID-19-related decreases, particularly in expenditures related to off-campus activities including resident recreation and travel for doctor appointments. The revised estimate is broken up by state hospital below:

- **Kansas Neurological Institute.** KNI requests a revised estimate of $26.4 million, including $11.1 million SGF, in FY 2021. This is an all funds increase of $27,293, or 0.1 percent, above the FY 2021 approved amount. This includes a special revenue funds increase of $27,293, or 0.1 percent, above the approved amount. The revised estimate also includes 437.5 FTE positions, which is the same as the FY 2021 approved number;

  The general increase is primarily the result of increased employer contributions to group health insurance. This is the result of the agency anticipating all new employees will receive health insurance through the State Employee Health Plan. Offsetting the increase is a decrease in contractual services due to the conclusion of a contact with the University of Kansas to provide process improvement services across all of the state hospitals. Also included is a decrease in expenditures for the recruitment of nurses, which was based on COVID-19 data when the hospital submitted its budget;

- **Parsons State Hospital and Training Center.** Parsons requests a revised estimate of $31.7 million, including $15.2 million SGF, in FY 2021. This is an all funds increase of $2.1 million, or 7.0 percent, above the FY 2021 approved amount. This includes an SGF increase of $734,689, or 5.1 percent, and a special revenue funds increase of $1.3 million, or 8.9 percent, above the approved amount. The revised estimate also includes 477.2 FTE positions, which is the same as the FY 2021 approved number; and

  The increase in expenditures is primarily due to the hospital's supplemental request to increase the base salary for direct support positions, as well as providing COVID-19 bonuses for those positions working directly with residents. The increase is also related to the replacement of several technology systems that the hospital considers outdated, including computers and telephone systems. The overall increase is partially offset by decreases in expenditures related to off-campus activities and appointments, resulting from the hospital attempting to minimize potential COVID-19 exposure.

The **Governor** recommends expenditures of $58.5 million, including $25.4 million SGF, for expenditures at the I/D Institutions in FY 2021. This is an all funds increase of $376,581, or 0.6 percent, above the agencies' FY 2021 revised estimate. This includes an SGF decrease of $822,858, or 3.1 percent, and an all other funds increase of $1.2 million, or 3.8 percent, above the agency's FY 2021 revised estimate. The increase is due to federal funds awarded to all state hospitals by the SPARK Taskforce. These funds were provided to each of the state hospitals for hazard pay bonuses to compensate front line workers for their continued potential exposure to COVID-19. The increases are partially offset by the Governor not recommending Parsons' supplemental request to increase direct support salaries. The recommendation by state hospital is listed below:

- **Kansas Neurological Institute.** The Governor recommends expenditures of $26.9 million, including $11.1 million SGF, for expenditures at KNI in FY 2021. This is an all funds increase of $569,828, or 2.2 percent, above the agency's FY 2021 revised estimate. The increase is due to the award of federal Coronavirus Relief Funds from the SPARK Taskforce. The funds were awarded to all state hospitals for implementing emergency public health measures and providing hazard pay to staff; and

- **Parsons State Hospital and Training Center.** The Governor recommends expenditures of $31.5 million, including $14.3 million SGF, for expenditures at Parsons in FY 2021. This is a all funds decrease of $193,247, or 0.6 percent, below the agency's FY 2021 revised estimate. This includes an SGF decrease of $822,858, or 5.4 percent, and an all other funds increase $629,611, or 3.8 percent, from the agency's FY 2021 revised estimate. The decrease also includes the lapse of reappropriations from FY 2020 for COVID-19 related expenditures that were reimbursed with federal Coronavirus Relief Fund moneys. The decrease is due primarily to the Governor not recommending the agency's supplemental request to increase the starting salaries of direct care workers in FY 2021. This decrease is partially offset by an increase related to the award of Coronavirus Relief Fund moneys from the SPARK Taskforce. The funds were awarded to all state hospitals for implementing emergency public health measures and providing hazard pay to staff.

Supplemental Detail

FY 2021 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
(Parsons) Direct Support Salary Increase	$ 734,689	$ 734,689	0.0	$ 0	$ 0	0.0

The **agencies** request $734,689, all SGF, for one supplemental.

Parsons State Hospital and Training Center Direct Support Salary Increase. Parsons requests $734,689, all SGF, to provide salary increases for direct support staff. Parsons indicates that this increase would affect approximately 322.50 FTE positions. The increase is targeted at Mental Health/Developmental Disability Technicians, Activity Specialists, Client Training Supervisors/Training Program Managers, and Safety and Security Chief and Officers. Currently, the base salary for Mental Health/Developmental Disability Technician positions is $12.35 per hour; Parsons aims to increase the base salary to $14.66 per hour, with comparable increases for the remaining position types. The supplemental would support an increase in the base salary, including fringe benefits, for the last nine pay periods in FY 2021.

Parsons indicates it traditionally faces competition with the private sector, particularly with the factories located within the city. According to the agency, the residents at Parsons have unique behavioral issues, which the agency believes creates a risk of danger for its staff. It believes that the combination of this risk and a low starting salary are the main factors contributing to high staff turnover. Parsons believes that by increasing the salary for these positions, it would assist in retaining current staff and attract potential candidates for vacancies.

The **Governor** does not recommend Parsons' supplemental request in FY 2021. While the Governor did not recommend Parsons' request, the Governor did recommends a state employee 2.5 percent pay increase in FY 2022, which would include Parsons.

Governor's Allotments

On June 29, 2020, the Governor announced State General Fund allotments or reductions for FY 2021 of $374.5 million. Included in the Governor's allotted budget were $146.7 million in human services caseload adjustments, $79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, $46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and $101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled $397,286. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
July Allotment			
KNI - Death and Disability	$ (60,855)	$ (60,855)	0.0
Parsons - Death and Disability	(78,425)	(78,425)	0.0
KNI - COVID Relief Swap	(161,067)	(161,067)	0.0
Parsons - COVID Relief Swap	(96,939)	(96,939)	0.0
TOTAL	**$ (397,286)**	**$ (397,286)**	**0.0**

KPERS Death and Disability Contributions. The Governor's June 29th Allotment Plan included $139,280, all SGF, related to the suspension of KPERS Death and Disability employer contributions. This includes $60,855 for KNI and $78,425 for Parsons.

COVID-19 Relief Swap. The Governor's June 29th Allotment Plan included $258,006, all SGF, related to COVID-19-related expenses that were reimbursed with federal COVID-19 relief funds.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 61,702,308	$ 57,414,144	$ (4,288,164)
FTE Positions	914.7	914.7	0.0
Change from FY 2021:			
Dollar Change:			
State General Fund	$ 3,934,438	$ (2,119,423)	
All Other Funds	(319,774)	1,069,342	
TOTAL	**$ 3,614,664**	**$ (1,050,081)**	
Percent Change:			
State General Fund	15.0 %	(8.3) %	
All Other Funds	(1.0)	3.2	
TOTAL	**6.2 %**	**(1.8) %**	
Change in FTE Positions	0.0	0.0	

The **agencies** request $61.7 million, including $30.2 million SGF, for expenditures at the I/D Institutions. This is an all funds increase of $3.6 million, or 6.2 percent, above the FY 2021 revised estimate. The increase includes an SGF increase of $3.9 million, or 15.0 percent, and a special revenue funds decrease of $319,774, or 1.0 percent, from the FY 2021 revised estimate. The request also include 914.7 FTE positions, which is the same as the FY 2021 approved number.

The increase is primarily attributed to both hospitals requesting an enhancement to increase the salary for its direct care positions. The hospitals have indicated historically high turnover related to the position duties combined with low starting salaries creates competition with the private sector and other state agencies. The increase also includes additional expenditures for repairing infrastructure at Parsons, as well as fluctuations in utilities at both hospitals. The revised estimate is broken up by state hospital below:

- **Kansas Neurological Institute.** KNI requests $28.8 million, including $13.5 million SGF for FY 2022. This is an all funds increase of $2.4 million, or 9.2 percent, above the FY 2021 revised estimate. This includes an SGF increase of $2.4 million, or 21.8 percent, and a special revenue funds increase of $21,865, or 0.1 percent, above the FY 2021 revised estimate. The request includes 437.5 FTE positions, which is the same number as the FY 2021 revised estimate;

  The increase is attributed to the agency's enhancement request to increase the salaries of its direct support positions. As indicated above, the agency has historically experienced high turnover. The agency believes that the turnover is related to both the difficulty in the position as well as low salaries, which creates competition with other state agencies and the private sector. Outside of the enhancement request, the hospital generally anticipates expenditures remaining at the same funding levels as FY 2021;

- **Parsons State Hospital and Training Center.** Parson requests $32.9 million, including $16.7 million SGF for FY 2022. This is an all funds increase of $1.2 million, or 3.7 percent, above the FY 2021 revised estimate. This includes an SGF increase of $1.5 million, or 10.0 percent, and a special revenue funds decrease of $332,639, or 2.0 percent, from the FY 2021 revised estimate. The request also includes 477.2 FTE positions, which is the same number as the FY 2021 revised estimate; and

  The increase is primarily attributed to the hospital's enhancement request to increase salaries for its direct support positions. The FY 2022 enhancement is for the entire fiscal year, whereas the FY 2021 request only accounted for the final nine pay periods. The increase is also due to fluctuations in utilities and maintenance throughout the year. The increase is partially offset by the expenditures to replace the hospital's telephone system in FY 2021 that did not reoccur in FY 2022.

The **Governor** recommends expenditures of $57.4 million, including $23.3 million SGF, for expenditures at the I/D Institutions for FY 2022. This is an all funds decrease of $4.3 million, or 6.9 percent, below the agencies' FY 2022 request. This includes an SGF decrease of $6.9 million, or 22.8 percent, and an all other funds increase of $2.6 million, or 8.2 percent, from the agencies' FY 2022 requests. The decrease is due primarily to the Governor not including the agencies' enhancement requests to increase direct care staff salaries. Contributing to the decrease is the Governor's adoption of the agencies' reduced resources budget. However, the agencies anticipate receiving federal Title XIX funds to offset the loss of SGF moneys. The recommendation by state hospital is listed below:

- **Kansas Neurological Institute.** The Governor recommends expenditures of $26.6 million, including $10.2 million SGF, for expenditures at KNI for FY 2022. This is an all funds decrease of $2.2 million, or 7.5 percent, below the agency's FY 2022 request. This includes an SGF decrease of $3.3 million, or 24.4 percent, and an all other funds increase of $1.1 million, or 7.4 percent, from the agency's FY 2022 request. The decrease is due to the Governor not recommending the agency's enhancement request to raise the starting salary for direct care workers, as well as the Governor adopting the agency's reduced resources budget. The increase in all other funds is related to the agency's anticipating replacement of the $1.1 million SGF in its reduced resources budget with federal Title XIX funds; and

- **Parsons State Hospital and Training Center.** The Governor recommends expenditures of $30.8 million, including $13.1 million SGF, for expenditures at Parsons for FY 2022. This is an all funds decrease of $2.1 million, or 6.5 percent, below the agency's FY 2022 request. This includes an SGF decrease of $3.6 million, or 21.5 percent, and an all other funds increase of $1.5 million, or 9.0 percent, from the agency's FY 2022 request. The decrease is due to the Governor not recommending the agency's enhancement request to raise the starting salary for direct care workers, as well as the Governor adopting the agency's reduced resources budget. The increase in all other funds is related to the agency's anticipating replacement of the $1.5 million SGF in its reduced resources budget with federal Title XIX funds.

Enhancement Detail

FY 2022 ENHANCEMENTS						
	Agency Estimate			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
(KNI) Direct Support Salary Increase	$ 2,165,729	$ 2,165,729	0.0	$ 0	$ 0	0.0
(Parsons) Direct Support Salary Increase	2,122,435	2,122,435	0.0	0	0	0.0
TOTAL	**$ 4,288,164**	**$ 4,288,164**	**0.0**	**$ 0**	**$ 0**	**0.0**

The **agency** requests $4.3 million, all from the SGF, for enhancements to increase the starting salary for direct support staff at both KNI and Parsons.

Kansas Neurological Institute Direct Support Salary Increase. KNI requests $2.2 million, all SGF, to provide a salary increase with a proportionate increase in fringe benefits for direct support positions stationed in the living units. KNI indicates that this would affect approximately 307.50 FTE positions. The increase is targeted at Mental Health/Developmental Disability Technicians, Developmental Disability Specialists, Activity Specialists, and Client Training Supervisors. Currently, the base starting salary for Mental Health/Developmental Disability Technicians positions is $12.35 per hour, and KNI aims to increase the base salary to $14.66 per hour, with comparable increases for the remaining categories. The enhancement would support an increase in the base salary, including fringe benefits, for the entirety of FY 2022.

The agency reports that this would make those positions competitive with similar positions at Osawatomie State Hospital. The agency indicates that they have traditionally experienced turnover due to competition with surrounding state agencies as well as the private sector. KNI indicates that a majority of its residents have significant medical issues, which require specialized care, and similar to Parsons, several of the residents have unique behavioral needs that require different specialized care. KNI believes its residents' specialized needs, when combined with lower starting salaries, contribute to its high rate of turnover. However, the hospital believes that by increasing the salary for these positions, it would assist in retaining current staff and attract potential candidates for vacancies.

Parsons State Hospital and Training Center Direct Support Salary Increase. Parsons requests $2.1 million, all from the SGF, to continue the salary increases proposed in its FY 2021 supplemental request. Parsons indicates that this increase would affect approximately 322.50 FTE positions. The enhancement would support an increase in the base salary, including fringe benefits, for the entirety of FY 2022

The **Governor** does not recommend the agencies' enhancement requests. While the Governor did not recommend the agencies' enhancement request, the Governor did recommend a state employee 2.5 percent pay plan, which includes the agencies.

FY 2022 Reduced Resources

FY 2022 REDUCED RESOURCES						
	Agency Recommendation			Governor's Recommendation		
Item	SGF	All Funds	FTE	SGF	All Funds	FTE
(KNI) Increased FMAP Savings	$ (1,325,451)	$ 0	0.0	$ (1,325,451)	$ 0	0.0
(Parsons) Increased FMAP Savings	(1,456,010)	0	0.0	(1,456,010)	0	0.0
TOTAL	**$ (2,781,461)**	**$ 0**	**0.0**	**$ (2,781,461)**	**$ 0**	**0.0**

The **agency** submits a reduced resources budget of $2.8 million SGF for FY 2022. The reduced resources budget relates to the increased Federal Medical Assistance Percentage (FMAP). The FMAP indicates the amount of federal moneys received per state moneys utilized for Medicaid expenditures. Due to the COVID-19 pandemic, the President signed the Families First Coronavirus Response Act, which among other things, provided for a temporary 6.2 percent increase to the FMAP with a corresponding decrease in state match. As of October 2020, the rate was 59.68 percent, and with the temporary increase, the FMAP became 65.88 percent. The temporary increase extends until the last day of the calender quarter in which the COVID-19 related public health emergency is declared ended.

Kansas Neurological Institute Estimated Increased FMAP Savings. KNI submits a reduced resources budget of $1.3 million SGF for FY 2022. Due to the increased FMAP, the hospital anticipates $1.3 million SGF originally approved for FY 2021 by the 2020 Legislature would not be utilized; instead, the State would receive $1.3 million in Title XIX funds that would be utilized. The $1.3 million SGF amount that was originally approved would reappropriate into FY 2022. It is the elimination of that reappropriation that the agency proposes to meet its reduced resources target.

Parsons State Hospital and Training Center Estimated Increased FMAP Savings. Parsons submits a reduced resources budget of $1.5 million SGF for FY 2022. Due to the increased FMAP, the hospital anticipates $1.5 million SGF originally approved for FY 2021 by the 2020 Legislature would not be utilized; instead, the State would receive $1.5 million in Title XIX funds that would be utilized. The $1.5 million SGF amount that was originally approved would reappropriate into FY 2022. It is the elimination of that reappropriation that the agency proposes to meet its reduced resource target.

The **Governor** recommends the adoption of the agencies' reduced resources budget for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding $31.5 million, including $11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding $10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of $40 per year of service, with a 10-year minimum ($400) and a 25-year maximum ($1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2021 payment is $3.0 million, including $1.1 million SGF. For FY 2022, the estimated cost is $3.1 million, including $1.1 million SGF. **For this agency, FY 2021 longevity payments total $166,919, including $74,654 SGF, and FY 2022 longevity payments total $170,608, including $67,455 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of $177.3 million, including $158.7 million SGF, for FY 2022. The Governor’s recommendation would also incorporate $25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency’s budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor’s allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at $46.7 million in contributions from the SGF. Included in this amount were savings of approximately $40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of $46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Funds	48.9 %	40.6 %
Title XIX Funds	46.4	54.3
Hospital Fee Funds	4.0	4.3
All Other Funds	0.7	0.8
TOTAL	**100.0 %**	**100.0 %**

(*Note:* Totals may not add due to rounding.)

Kansas Neurological Institute Fee Fund

KSA 76-17c01a provides the superintendent of the KNI shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Kansas Neurological Institute Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	$ 67,741	$ 538,012	$ 538,012	$ 378,385	$ 378,385
Revenue	1,259,973	1,164,809	1,164,809	1,267,160	1,267,160
Transfers in	0	0	0	0	0
Funds Available	*$ 1,327,714*	*$ 1,702,821*	*$ 1,702,821*	*$ 1,645,545*	*$ 1,645,545*
Less:					
Expenditures	$ 789,702	$ 1,324,436	$ 1,324,436	$ 1,324,436	$ 1,324,436
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	**$ 538,012**	**$ 378,385**	**$ 378,385**	**$ 321,109**	**$ 321,109**
Ending Balance as Percent of Expenditures	68.1%	28.6%	28.6%	24.2%	24.2%
Month Highest Ending Balance	June $ 1,118,562	June $ 786,687	June $ 786,687	June $ 667,606	June $ 667,606
Month Lowest Ending Balance	July $ 597,164	July $ 419,164	July $ 419,987	July $ 356,414	July $ 356,414

Parsons State Hospital and Training Center Fee Fund Analysis

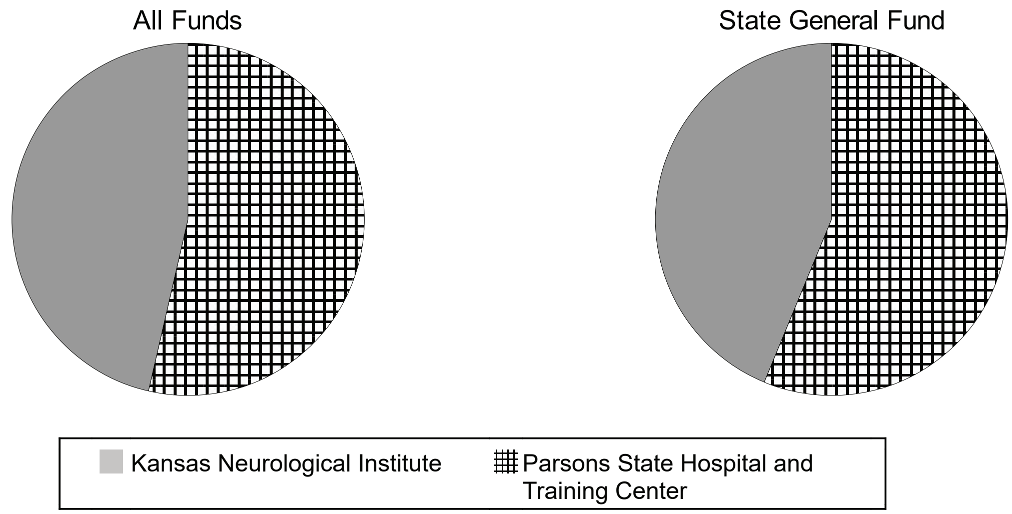
KSA 76-1409a provides that the superintendent of the Parsons shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Parsons State Hospital and Training Center Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	$ 137,757	$ 75,082	$ 75,082	$ 0	$ 0
Revenue	1,143,768	1,074,918	1,074,918	1,150,000	1,150,000
Transfers in	0	0	0	0	0
Funds Available	*$ 1,281,525*	*$ 1,150,000*	*$ 1,150,000*	*$ 1,150,000*	*$ 1,150,000*
Less:					
Expenditures	$ 1,206,443	$ 1,150,000	$ 1,150,000	$ 1,150,000	$ 1,150,000
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	**$ 75,082**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Ending Balance as Percent of Expenditures	6.2%	0.0%	0.0%	0.0%	0.0%
Month Highest Ending	April	April	April	April	April
Balance	$ 461,654	$ 0	$ 0	$ 0	$ 0
Month Lowest Ending	July	July	July	July	July
Balance	$ 0	$ 0	$ 0	$ 0	$ 0

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Kansas Neurological Institute	$ 26,641,098	46.4 %	$ 10,192,906	43.8 %
Parsons State Hospital and Training Center	30,773,046	53.6	13,104,089	56.2
TOTAL	**$ 57,414,144**	**100.0 %**	**$ 23,296,995**	**100.0 %**

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Kansas Neurological Institute	437.5	437.5	437.5	437.5	437.5
Parsons State Hospital and Training Center	477.2	477.2	477.2	477.2	477.2
TOTAL	**914.7**	**914.7**	**914.7**	**914.7**	**914.7**

(*Note:* For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)

A. Kansas Neurological Institute

The Kansas Neurological Institute (KNI) provides treatment for adults with intellectual and developmental disabilities. Such individuals have conditions that originate early in life, most often before birth. Developmental disabilities often require some level of ongoing support throughout a lifetime. As a result, those living in state developmental disability hospitals tend to remain at the facility for much longer than patients at the state mental health hospitals. Therefore, the state developmental disability hospitals are both treatment centers and homes for those individuals who are not served in the community.

KNI was established in 1959 on 183 acres formerly occupied by the Winter Veterans Hospital. 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 in addition to the assessments of the various professional disciplines.

Many KNI residents require intensive physical and medical supports. Most residents 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. The resident population at KNI is growing older and facing increasingly complex medical, physical, and behavioral support challenges. Patients at KNI live in 20 homes in 4 residential lodges. In addition, KNI provides dental services to persons with developmental disabilities living in the community.

PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
(KNI) Number of On-site Medical Clinic Visits	696	284	500	426	700	700
(KNI) Number of On-site Medical Unit Admissions	22	14	20	14	25	25
Agency Expenditures						
All Funds (Dollars in Millions)	$ 24.9	$ 25.7	$ 26.5	$ 26.6	$ 26.9	$ 26.4
FTE Positions	435.7	437.5	437.5	437.5	437.5	437.5

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	$ 21,583,540	$ 22,018,850	$ 22,018,850	$ 24,433,804	$ 22,268,075
Contractual Services	2,458,722	2,228,013	2,797,841	2,241,923	2,241,923
Commodities	2,021,151	1,953,100	1,953,100	1,953,100	1,953,100
Capital Outlay	346,344	178,000	178,000	178,000	178,000
Debt Service	0	0	0	0	0
Subtotal - Operations	*$ 26,409,757*	*$ 26,377,963*	*$ 26,947,791*	*$ 28,806,827*	*$ 26,641,098*
Aid to Local Units	0	0	0	0	0
Other Assistance	495	0	0	0	0
TOTAL	**$ 26,410,252**	**$ 26,377,963**	**$ 26,947,791**	**$ 28,806,827**	**$ 26,641,098**
Financing:					
State General Fund	$ 11,529,506	$ 11,075,181	$ 11,075,181	$ 13,491,180	$ 10,192,906
All Other Funds	14,880,746	15,302,782	15,872,610	15,315,647	16,448,192
TOTAL	**$ 26,410,252**	**$ 26,377,963**	**$ 26,947,791**	**$ 28,806,827**	**$ 26,641,098**
FTE Positions	437.5	437.5	437.5	437.5	437.5

The **agency** requests a revised estimate of $26.4 million, including $11.1 million SGF, for expenditures at KNI in FY 2021. This is an all funds increase of $27,293, or 0.1 percent, above the FY 2021 approved amount. This includes a special revenue funds increase of $27,293, or 0.1 percent, above the approved amount. The revised estimate also includes 437.5 FTE positions, which is the same as the FY 2021 approved number.

The increase is primarily the result of increased employer contributions to group health insurance. This is the result of the agency budgeting vacant positions to include health insurance through the State Employee Health Plan. Partially offsetting the increase is a decrease in contractual services due to the conclusion of a contract with the University of Kansas to provide process improvement services across all of the state hospitals. Also included is a decrease in expenditures for the recruitment of nurses, which was based off of COVID-19 data when the hospital submitted its budget. The revised estimate is detailed below by major category of expenditure:

- **Salaries and Wages.** The revised estimate includes $22.0 million, including $9.4 million SGF, for salaries and wages in FY 2021. This is an all funds increase of $660,465, or 3.1 percent, above the approved amount. This includes an SGF increase of $388,198, or 4.3 percent, and a special revenue funds increase of $272,267, or 2.2 percent, above the FY 2021 approved amount;

  The increase in SGF is primarily due to agency turnover. The agency has historically reported high turnover, which it indicates is due to competition with both surrounding state agencies and the private sector. While there is a general decrease in salaries due to the agency filling vacant positions at lower salaries, the decrease is partially offset by the agency budgeting for new employees to receive health insurance through the state employee health plan;

The increase in special revenue funds is due to the agency shifting administrative expenditures for the Foster Grandparent Program from the contractual services category to the salaries and wages category. The Foster Grandparent Program is a federally funded therapeutic effort that joins residents with local volunteers for leisure activities. After consulting with the Department of Administration, the agency concluded that salaries and wages was the more appropriate category for these expenditures;

- **Contractual Services.** The revised estimate includes $2.2 million, including $871,361 SGF, for contractual services expenditures in FY 2021. This is an all funds decrease of $658,081, or 22.8 percent, below the approved amount. This includes an SGF decrease of $570,839, or 39.6 percent, and a special revenue funds decrease of $87,242, or 6.0 percent, below the FY 2021 approved amount;

  The decrease in SGF is due primarily to the conclusion of a contract with the University of Kansas to bring nurses into the hospital to observe staff and make suggestions for process improvement. This was a contract over the course of several years which was up for renewal in FY 2021. Noting increasing costs for the services, KDADS did not renew the contract. The agency also anticipated decreased expenditures for recruiting nurses. The agency indicated that at the time of budgeting, the COVID-19 cases were low, and therefore it anticipated decreasing its recruitment efforts, specifically for nursing staff;

  The decrease in special revenue funds is primarily due to the agency re-categorizing expenditures for the Foster Grandparent Program as salaries and wages. After consulting with the Department of Administration, the agency agreed that salaries and wages was the most appropriate category for those expenditures. The increase was partially offset by a shift in the agency funding certain contractual services expenditures from Title XIX funds;

- **Commodities.** The revised estimate includes $2.0 million, including $774,482 SGF, for commodities expenditures in FY 2021. This is an all funds increase of $81,509, or 4.4 percent, above the approved amount. This includes an SGF increase of $207,241, or 36.5 percent, and a special revenue funds decrease of $125,732, or 9.6 percent, from the FY 2021 approved amount;

  The SGF increase in primarily due to increased expenditures in medical supplies for residents. These supplies includes nebulizers, catheters, oxygen, and feeding bags. The agency indicates that its residents are generally older, and as the population continues to age, it experiences increased spending for medical supplies. The agency also anticipates increased expenditures for PPE and cleaning supplies related to the COVID-19 pandemic due to the necessity that staff work one on one with residents; and

- **Capital Outlay.** The revised estimate includes $178,000, including $38,000 SGF, for capital outlay expenditures in FY 2021. This is an all funds decrease of $56,600, or 24.1 percent, below the approved amount. This includes an SGF decrease of $24,600, or 39.3 percent, and a special revenue fund decrease of $32,000, or 18.6 percent, below the FY 2021 approved amount;

  The overall decrease is primarily attributed to the agency reevaluating its software needs and determining that previous planned updates were no longer necessary. The decrease is also attributed to the agency reevaluating residents' insurance policies and determining certain medical supplies originally purchased by the agency were eligible for under the residents' insurance.

The **Governor** recommends expenditures of $26.9 million, including $11.1 million SGF, for expenditures at KNI in FY 2021. This is an increase of $569,828, or 2.2 percent above the agency's FY 2021 revised estimate. The increase is due to the award of federal Coronavirus Relief Fund moneys from the SPARK Taskforce. The funds were awarded to all state hospitals for implementing emergency public health measures and providing hazard pay to staff.

The **agency** requests $28.8 million, including $13.5 million SGF, for expenditures at KNI for FY 2022. This is an all funds increase of $2.4 million, or 9.2 percent, above the FY 2021 revised estimate. This includes an SGF increase of $2.4 million, or 21.8 percent, and a special revenue funds increase of $12,865, or 0.1 percent, above the approved amount. The request also includes 437.5 FTE positions, which is the same number as the FY 2021 revised estimate.

The increase is attributed to the agency's enhancement request to increase the salaries of its direct support positions. As indicated previously, the agency has historically experienced high turnover. The agency believes that the turnover is related to both the demands of the positions as well as low salaries, which creates competition with other state agencies and the private sector. Outside of the enhancement request, the hospital generally anticipates expenditures remaining at the same funding levels as FY 2021. The request is detailed below by major category of expenditure:

- **Salaries and Wages.** The request includes $24.4 million, including $11.6 million SGF, for salaries and wages expenditures for FY 2022. This is an all funds increase of $2.4 million, or 11.0 percent, above the FY 2021 revised estimate. This includes an SGF increase of $2.2 million, or 23.7 percent, and a special revenue funds increase of $186,539, or 1.5 percent, above the FY 2021 revised estimate;

  The increase is attributable to the agency's enhancement request to raise the starting salaries of its direct care support workers. As described in more detail previously, the agency has indicated historical challenges with retaining direct care workers. As a result, the agency requested an additional $2.2 million for salaries and wages to increase the starting salary for specialists from $12.35 to $14.66 per hour, with comparable increases for other direct support positions. Yearly increases in employer contributions for health insurance and retirement benefits also contribute to the increase;

- **Contractual Services.** The request includes $2.2 million, including $845,077 SGF, for contractual services expenditures for FY 2022. This is an all funds increase of $13,910, or 0.6 percent, above the FY 2021 revised estimate. This includes an SGF decrease of $26,284, or 3.0 percent, below the FY 2021 revised estimate and a special revenue fund increase of $40,194, or 3.0 percent, above the FY 2021 revised estimate;

  The overall increase is due to the anticipated increases in utilities for the agency's campus. The shifts between SGF and special revenue funding is due to the agency utilizing its fee fund and other Title XIX funds for expenditures that are sometimes funded through SGF. According to the agency, when budgeting, it attempts to find areas where it can utilize special revenue funds first before relying on the SGF;

- **Commodities.** The request includes $2.0 million, including $958,350 SGF, for commodities expenditures for FY 2022. This is the same as the FY 2021 revised estimate. While there is no overall difference, this includes an SGF increase of $183,868, or 23.7 percent, above the FY 2021 revised estimate and a special revenue funds decrease of $183,868, or 15.6 percent, below the FY 2021 revised estimate;

  The shift between funding sources is the result of the agency utilizing the SGF for expenditures related to the direct care of residents and the protection of its staff from COVID-19 exposure. Traditionally, the agency attempts to utilize its fee fund or Title XIX funds prior to using the SGF. However, according to the agency, it budgeted to fund these through the SGF so that there was a reliable funding source for expenditures related directly to care and protection; and

- **Capital Outlay.** The request includes $178,000, including $68,000 SGF, for capital outlay expenditures for FY 2022. This is the same as the FY 2021 revised estimate. While there is no overall difference, this includes an SGF increase of $30,000, or 78.9 percent, above the FY 2021 revised estimate and a special revenue fund decrease of $30,000, or 21.4 percent, below the FY 2021 revised estimate;

  The shift between funding sources is the result of the agency utilizing the SGF for expenditures related to the direct care of residents. As indicated above, the agency traditionally attempts to utilize its fee fund and Title XIX funds prior to using the SGF. However, the agency indicated that it budgeted to fund these through the SGF so that there was a reliable funding source for expenditures related directly to the care of residents.

The **Governor** recommends expenditures of $26.6 million, including $10.2 million SGF, for expenditures at KNI for FY 2022. This is an all funds decrease of $2.2 million, or 7.5 percent, below the agency's FY 2022 request. This includes an SGF decrease of $3.3 million, or 24.4 percent, and an all other funds increase of $1.1 million, or 7.4 percent, above the agency's FY 2022 request. The decrease is due to the Governor not recommending the agency's enhancement request to raise the starting salary for direct care workers, as well as the Governor adopting the agency's reduced resources budget. The increase in all other funds is related to the agency's anticipating replacement of $1.1 million SGF in its reduced resources budget with federal funds.

B. Parsons State Hospital and Training Center

Parsons State Hospital and Training Center is one of two residential treatment, training, and care facilities operated by the State of Kansas to serve individuals with intellectual and developmental disabilities whose circumstances require specialized residential service provisions. The Parsons State Hospital was opened in 1903 to treat patients who are epileptic. In 1953, the program was changed to provide residential services for children with intellectual disabilities, and the name was changed to the Parsons State Training School. Its name was changed a few years later to the Parsons State Hospital and Training Center (Parsons) to more accurately describe the treatment programs. Parsons' 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 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 services for these individuals. The facility has a budgeted bed capacity of 188 patients.

PERFORMANCE MEASURES

Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
(Parsons) Percent of Residents Employed in Work Programs at PSH&TC or in the Community*	91.2 %	93.8 %	94.4 %	100.0 %	100.0 %	100.0 %
(Parsons) Percent of Residents Participating in Community-based Leisure Activities*	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	$ 27.3	$ 28.8	$ 29.7	$ 29.5	$ 31.5	$ 30.8
FTE Positions	477.2	477.2	477.2	477.2	477.2	477.2

PARSONS STATE HOSPITAL AND TRAINING CENTER
SUMMARY OF EXPENDITURES FY 2020 – FY 2022

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	$ 25,635,044	$ 27,555,111	$ 26,820,422	$ 28,885,216	$ 26,762,781
Contractual Services	2,038,223	2,166,780	2,708,222	2,181,406	2,181,406
Commodities	1,437,992	1,482,955	1,482,955	1,492,424	1,492,424
Capital Outlay	380,364	504,835	504,835	336,435	336,435
Debt Service	1,904	0	0	0	0
Subtotal - Operations	*$ 29,493,527*	*$ 31,709,681*	*$ 31,516,434*	*$ 32,895,481*	*$ 30,773,046*
Aid to Local Units	0	0	0	0	0
Other Assistance	99	0	0	0	0
TOTAL	**$ 29,493,626**	**$ 31,709,681**	**$ 31,516,434**	**$ 32,895,481**	**$ 30,773,046**
Financing:					
State General Fund	$ 14,606,857	$ 15,164,095	$ 14,341,237	$ 16,682,534	$ 13,104,089
All Other Funds	14,886,769	16,545,586	17,175,197	16,212,947	17,668,957
TOTAL	**$ 29,493,626**	**$ 31,709,681**	**$ 31,516,434**	**$ 32,895,481**	**$ 30,773,046**
FTE Positions	477.2	477.2	477.2	477.2	477.2

The **agency** requests a revised estimate of $31.7 million, including $15.2 million SGF, for expenditures at Parsons in FY 2021. This is an all funds increase of $2.1 million, or 7.0 percent, above the FY 2021 approved amount. This includes an SGF increase of $734,689, or 5.1 percent, and a special revenue funds increase of $1.3 million, or 8.9 percent, above the approved amount. The revised estimate also includes 477.2 FTE positions, which is the same as the FY 2021 approved number.

The increase in expenditures is primarily due to the hospital's supplemental request to increase the base salary for direct support positions, as well as to provide COVID-19 bonuses for those positions working directing with residents. The increase is also related to the replacement of several technology systems that the hospital considered outdated, including computers and telephone systems. The overall increase is partially offset by decreases in expenditures related to off-campus activities and appointments, resulting from the hospital minimizing potential COVID-19 exposure. The revised estimate is detailed below by major category of expenditure:

- **Salaries and Wages.** The revised estimate includes $27.6 million, including $13.3 million SGF, for salaries and wages expenditures in FY 2021. This is an all funds increase of $1.67 million, or 6.5 percent, above the approved amount. This includes an SGF increase of $1.0 million, or 8.2 percent, and a special revenue funds increase of $667,867, or 4.9 percent, above the FY 2021 approved amount;

  The increase is primarily attributed to Parsons' supplemental request for increasing the base salary for direct support positions. As described above, the agency has historically experienced high turnover among its direct support positions. The agency indicated that low starting salaries contribute to turnover, and that increasing salaries would assist in addressing the issue. Also contributing to the increases are hazard pay bonuses, which were awarded to direct support workers working one-on-one with residents during the COVID-19 pandemic;

- **Contractual Services.** The revised estimate includes $2.2 million, including $1.3 million SGF, for contractual services expenditures in FY 2021. This is an all funds decrease of $80,970, or 3.6 percent, below the approved amount. This includes an SGF decrease of $94,571, or 6.9 percent, and a special revenue funds increase of $13,601, or 1.5 percent, above the FY 2021 approved amount;

  The decrease is the result of multiple factors, including the conclusion of a contract with the University of Kansas to provide consulting services for the state hospitals. For the past several years, the university brought individuals to the state hospital to observe and make recommendations for process improvement. After reviewing the costs of the services and the benefits to the state hospitals, KDADS did not renew the contract;

  Another contributing factor is decreased expenditures for off-campus activities, such as: training for staff and related meetings; escorting residents on home visits and doctor appointments; and recreational outings for residents. The agency indicates it would normally contract with third parties to support various recreational activities for residents. However, given the ongoing COVID-19 pandemic, such activities were limited;

- **Commodities.** The revised estimate includes $1.5 million, including $499,322 SGF, for commodities expenditures in FY 2021. This is an all funds increase of $57,655, or 4.0 percent, above the approved amount. This includes an SGF decrease of $275,328, or 35.5 percent, and a special revenue fund increase of $332,983, or 51.2 percent, above the FY 2021 approved amount;

The increase is primarily attributed to the hospital purchasing PPE. According to the agency, a majority of its staff work directly with residents, and as such it believes there is a need for PPE to ensure the safety of staff and residents; and

- **Capital Outlay.** The revised estimate includes $504,835, including $120,700 SGF, for capital outlay expenditures in FY 2021. This is an all funds increase of $428,357, or 560.1 percent, above the approved amount. This includes an SGF increase of $97,222, or 414.1 percent, and a special revenue funds increase of $331,135, or 624.8 percent, above the FY 2021 approved amount;

  The increase is primarily attributed to the hospital replacing outdated technology systems, mainly its telephone system and a phased plan to replace its computers. According to the agency, the telephone switch and voicemail system have been in operation since the 1990s. The hospital also indicates that many of its computers and laptops no longer support software upgrades, which it believes may create security issues. As a result, the hospital seeks to replace its computer leases on a rolling basis over the course of several years.

The **Governor** recommends expenditures of $31.5 million, including $14.3 million SGF, for expenditures at Parsons in FY 2021. This is a all funds decrease of $193,247, or 0.6 percent, below the agency's FY 2021 revised estimate. This includes an SGF decrease of $822,858, or 5.4 percent, and an all other funds increase $629,611, or 3.8 percent, from the agency's revised estimate. The decrease is due primarily to the Governor not recommending the agency's supplemental request to increase the starting salaries of direct care workers in FY 2021. The decrease also includes the lapse of reapproriations from FY 2020 to account for COVID-19 related expenditures that were reimbursed with federal Coronavirus Relief Fund moneys This decrease is partially offset by an increase from the award of Coronavirus Relief Fund moneys from the SPARK Taskforce. The funds were awarded to the state hospitals for implementing emergency public health measures and providing hazard pay to staff.

The **agency** requests $32.9 million, including $16.7 million SGF, for expenditures at Parsons for FY 2022. This is an all funds increase of $1.2 million, or 3.7 percent, above the FY 2021 revised estimate. This includes an SGF increase of $1.5 million, or 10.0 percent, above the FY 2021 revised estimate and a special revenue funds decrease of $332,639, or 2.0 percent, below the FY 2021 revised estimate. The request also includes 477.2 FTE positions, which is the same number as the FY 2021 revised estimate.

The increase is primarily attributed to the hospital's enhancement request to increase salaries for its direct support positions. The FY 2022 enhancement is for the entire fiscal year, whereas the FY 2021 revised estimate only accounted for the final nine pay periods. The increase is also due to fluctuations in utilities and maintenance throughout the year. The increase is partially offset by the expenditures to replace the hospital's telephone system in FY 2021 that did not reoccur for FY 2022. The request is detailed below by major category of expenditure:

- **Salaries and Wages.** The request includes $28.9 million, including $14.6 million SGF, for salaries and wages expenditures for FY 2022. This is an all funds increase of $1.3 million, or 4.8 percent, above the FY 2021 revised estimate. This includes an SGF increase of $1.4 million, or 10.3 percent, above the FY 2021 revised estimate and a special revenue funds decrease of $37,939, or 0.3 percent, below the FY 2021 revised estimate;

  The increase is attributed to the the agency's enhancement request to increase the salaries for its direct support positions. The agency's supplemental request for FY 2021 was for the final nine pay periods of the fiscal year. The enhancement for FY 2022 would apply the increase for an entire year. The increase is partially offset by decreased COVID-19-related bonuses awarded in FY 2021 that are not anticipated to reoccur in FY 2022;

- **Contractual Services.** The request includes $2.2 million, including $1.3 million SGF, for contractual services expenditures for FY 2022. This is an all funds increase of $14,626, or 0.7 percent, above the FY 2021 revised estimate. This includes an SGF increase of $79,594, or 6.3 percent, and a special revenue fund decrease of $64,968, or 7.2 percent, below the FY 2021 revised estimate;

  The increase is primarily attributed to increases in utilities for the entire campus. The hospital estimates its utility costs based off of the previous year's usage and any anticipated rate increases. The increase also includes maintenance expenses for the campus' various operational equipment, such as fire alarms, boilers, and elevators;

- **Commodities.** The request includes $1.5 million, including $551,123 SGF, for commodities expenditures for FY 2022. This is an all funds increase of $9,469, or 0.6 percent, above the FY 2021 revised estimate. This includes an SGF increase of $51,801, or 10.4 percent, above the FY 2021 revised estimate and a special revenue fund decrease of $42,332, or 4.3 percent, below the FY 2021 revised estimate;

  The increase is primarily attributed to the agency anticipating increasing expenditures for cleaning supplies, building supplies, and vehicle parts. The agency indicates that given the age and state of many of the campus building, it has experienced increased costs to repair and replace equipment as issues arise. The increase is partially offset by decreased spending for recreational supplies for resident activities;

- **Capital Outlay.** The request includes $336,435, including $139,700 SGF, for capital outlay expenditures for FY 2022. This is an all funds decrease of $168,400, or 33.4 percent, below the FY 2021 revised estimate. This includes an SGF increase of $19,000, or 15.7 percent, above the FY 2021 revised estimate and a special revenue fund decrease of $187,400, or 48.8 percent, below the FY 2021 revised estimate; and

  The decrease is primarily attributed to expenditures to replace the hospital's telephone system occurring in FY 2021 that did not reoccur in FY 2022. The hospital anticipates other expenditures to continue at the FY 2021 spending levels, with fluctuations for replacing small equipment and some of the hospital's older vehicles.

The **Governor** recommends expenditures of $30.8 million, including $13.1 million SGF, for expenditures at Parsons for FY 2022. This is an all funds decrease of $2.1 million, or 6.5 percent, below the agency's FY 2022 request. This includes an SGF decrease of $3.6 million, or 21.5 percent, and an all other funds increase of $1.5 million, or 9.0 percent, from the agency's FY 2022 request. The decrease is due to the Governor not recommending the agency's enhancement request to raise the starting salary for direct care workers, as well as the Governor adopting the agency's reduced resources budget. The increase in all other funds is related to the agency's anticipating replacement of $1.5 million SGF in its reduced resources budget with federal funds.