

Approved: March 30, 1993
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on March 23, 1993 in Room 123-S of the Capitol.

All members were present except: Senator Vancrum

Committee staff present: Leah Robinson, Legislative Research Department
Scott Rothe, Legislative Research Department
Norm Furse, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

HB 2047 -- APPROPRIATIONS FOR FY94, DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES AND STATE MENTAL HEALTH AND MENTAL RETARDATION INSTITUTIONS

The Chairman announced that only the mental health hospitals section of **HB 2047** would be heard today. The mental retardation portion will be heard March 26 and the portion pertaining to the Department of Social and Rehabilitation Services will be heard on March 31.

LARNED STATE HOSPITAL (Attachment 1)

The FY93 and FY94 subcommittee reports were reviewed by Senator Kerr. He told members that the subcommittee believed that efficiencies might be realized through the bidding of school contracts.

OSAWATOMIE STATE HOSPITAL (Attachment 2)

Senator Kerr presented the FY93 and FY94 subcommittee reports. There was discussion regarding the benefits and expense of the drug Clozaril (item 2, Attachment 2-5). Senator Kerr stated that it is becoming the major expenditure and major issue in all the mental health and mental retardation institutions. It was noted that the appropriation for Clozaril is established in a proviso.

RAINBOW MENTAL HEALTH FACILITY (Attachment 3)

Senator Kerr reviewed the FY93 and FY94 subcommittee reports. There were no questions.

TOPEKA STATE HOSPITAL (Attachment 4)

The FY93 and FY94 subcommittee reports were presented by Senator Kerr. He explained that the net effect of the House and Senate action regarding direct care and activities therapies staffing in FY94 is an increase of 11 FTE positions (currently employed) and 20.25 special projects positions above the Governor's recommendation. In answer to a concern regarding the ratio of staff to patients, Senator Kerr stated that the House and Senate subcommittees believed that the positions provided would meet the requirements of the Joint Commission on Accreditation of Healthcare Organizations.

Senator Salisbury expressed concern that the 20 bed behavioral treatment unit requested by the agency had not been funded. Senator Kerr noted that TSH now has the option of sending dangerous patients to Larned State Hospital.

In answer to concerns regarding the subcommittee's recommendation for Clozaril, Senator Kerr noted that this agency's current budget for the drug is small and the subcommittee believes that recommendation 6 will not cause any patient to be taken off the drug. Senator Kerr moved, Senator Salisbury seconded, that the FY94 subcommittee reports for Osawatomie State Hospital and Topeka State Hospital be amended by requesting that

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 23, 1993.

specific goals be established regarding Clozaril usage and a report be provided to the 1994 Legislature. The motion carried on a voice vote.

It was moved by Senator Kerr and seconded by Senator Brady that the FY93 subcommittee reports for the Larned, Osawatomie, and Topeka State Hospitals and Rainbow Mental Health Facility, the FY94 subcommittee reports for Larned State Hospital and Rainbow Mental Health Facility, and the amended FY94 subcommittee reports for Osawatomie and Topeka State Hospitals be adopted. The motion carried on a voice vote.

SRS -- COMMUNITY MENTAL HEALTH SERVICES (Attachment 5)

Senator Kerr presented the FY93 and FY94 subcommittee reports. Senator Rock, in response to item 3, Attachment 5-6), expressed his opinion that in order to accomplish reform, the needs of those on waiting lists and in Nursing Facilities for Mental Health and in Intermediate Care Facilities for the Mentally Retarded should be addressed. Senator Kerr agreed, but explained that reform has begun at this level because it is controlled by the federal government.

It was moved by Senator Kerr and seconded by Senator Brady that the FY93 and FY94 subcommittee reports be adopted. The motion carried on a voice vote.

APPROVAL OF MINUTES

Senator Lawrence moved, Senator Brady seconded, that the minutes of the March 17 and 18, 1993 meetings be approved. The motion carried on a voice vote.

INTRODUCTION OF BILLS

It was moved by Senator Moran and seconded by Senator Karr that bill draft 3 RS 1270 as requested by Senator Hardenburger be introduced. The motion carried on a voice vote.

Senator Salisbury moved, Senator Morris seconded, the introduction of bill draft 3 RS 1271 as requested by the librarians. The motion carried on a voice vote.

Senator Kerr moved, Senator Karr seconded, that bill draft 3 RS 1174 as requested by the Kansas Highway Patrol be introduced. The motion carried on a voice vote.

SB 350 -- KANSAS PUBLIC BROADCASTING COUNCIL CREATED, GRANTS TO PUBLIC TELEVISION AND RADIO STATIONS

The Chairman noted that a hearing on SB 350 was held March 19, 1993 and asked for the Committees' wishes concerning the bill. A balloon (Attachment 6) containing technical amendments recommended by the Broadcasting Commission was distributed and reviewed by the staff revisor. It was moved by Senator Kerr and seconded by Senator Moran that SB 350 be amended by adopting the balloon contained in Attachment 6. The motion carried on a voice vote.

It was moved by Senator Salisbury and seconded by Senator Rock that SB 350 be conceptually amended in Sec. 11 to reflect that the Legislature has the ability to make funding adjustments. The motion carried on a voice vote.

At the request of the Commission, Senator Petty moved, Senator Salisbury seconded, that SB 350 be amended by the deletion of New Sec. 12. (c)

Senator Salisbury moved, Senator Kerr seconded, that SB 350 be further amended by deleting New Sec. 2, by revising the following sections that make reference to New Sec. 2, and by including language that the Council could develop their own guidelines subject to rules and regulations. The motion carried on a voice vote.

Senator Rock noted that one reason for the unanimous support for SB 350 is the increase in funding from the amount of \$630,298 recommended by the Governor to the Council's request of \$850,000. Staff reviewed the increased appropriations for all the public radio and television stations found in the FY94 subcommittee report on the Public Broadcasting Commission (HB 2064). Senator Moran noted that the subcommittee added no monies to the budget of the Commission anticipating the passage of this bill. The Chairman stated that the amount of funding that is duplicated from the university system will be reviewed during Omnibus if SB 350 passes.

It was moved by Senator Karr and seconded by Senator Moran that SB 350 be amended by deleting the word "members" from New Sec. 13 (g), page 7, line 13 and inserting the word "stations" and by deleting the words

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 23, 1993.

“of the Kansas public broadcasting council” from lines 13 and 14 of the same section. The motion carried on a voice vote.

Senator Morris moved that **SB 350** as amended be recommended favorable for passage. The motion was seconded by Senator Lawrence and carried on a roll call vote.

The Chairman adjourned the meeting at 12:10 P.M.

The next meeting is scheduled for March 24, 1993.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: March 23, 1993

[illegible]

H.B. 2047

SENATE SUBCOMMITTEE ON:

Larned State Hospital
Osawatomie State Hospital
Rainbow Mental Health Facility
Topeka State Hospital
SRS -- Community Mental Health Services



Senator Dave Kerr
Subcommittee Chair



Senator Bill Brady



Senator Robert Vancrum

SWAM
March 23, 1993
Attachment 1

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 2087

Bill Sec. 20

Analyst: Porter

Analysis Pg. No. 613

Budget Page No. 416

<u>Expenditure Summary</u>	<u>Agency Est. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 21,218,308	\$ 20,579,182	\$ --
General Fees Fund	1,305,139	1,468,436	--
Title XIX Fund	9,295,446	9,295,446	--
Fed. Education Fund	99,741	99,741	--
Subtotal -- Operating	\$ 31,918,634	\$ 31,442,805	\$ --
Capital Improvements:			
State Inst. Bldg. Fund	799,071	799,071	--
Title XIX Fund	50,000	50,000	--
GRAND TOTAL	<u>\$ 32,767,705</u>	<u>\$ 32,291,876</u>	<u>\$ --</u>
FTE Positions	928.1	928.1	--
Average Daily Census	542	532	--

Agency Estimate/Governor's Recommendation

Larned State Hospital estimates FY 1993 operating expenditures of \$31,918,634, a decrease of \$3,072 in federal education funds from the amount approved by the 1992 Legislature. State General Fund financing is in the amount appropriated by the 1992 Legislature as adjusted by Finance Council action. Estimated expenditures from the hospital fee fund are \$296,243 less than the approved amount, with a corresponding increase in estimated expenditures from Title XIX funds. Federal Title XIX funding of \$50,000 appropriated as an operating expenditure for physical modifications to the Special Security Program is reflected as capital improvement funding rather than as an operating expenditure.

The Governor recommends FY 1993 expenditures for state operations of \$31,442,805, a reduction of \$475,829 from the agency estimate. A reduction of \$639,126 is recommended from the agency expenditure estimate from the State General Fund and the agency fee fund expenditure limitation is increased by \$163,297, from the estimate of \$1,305,139 to \$1,468,436. The Governor concurs with the agency estimate for capital improvement projects.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

<u>Expenditure Summary</u>	<u>House Adj. FY 93</u>	<u>House Rec. FY 93</u>	<u>Senate Subcommittee Adj. FY 93</u>
Operating Expenditures:			
State General Fund	\$ --	\$ 20,579,182	\$ --
General Fees Fund	--	1,468,436	--
Title XIX Fund	--	9,295,446	--
Fed. Education Fund	--	99,741	--
Subtotal -- Operating	\$ --	\$ 31,442,805	\$ --
Capital Improvements:			
State Inst. Bldg. Fund	--	799,071	--
Title XIX Fund	--	50,000	--
GRAND TOTAL	\$ --	\$ 32,291,876	\$ --
FTE Positions	--	928.1	--
Average Daily Census	--	532	--

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole.

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 2047

Bill Sec. 4

Analyst: Porter

Analysis Pg. No. 613

Budget Page No. 416

Expenditure Summary	Agency Req. FY 94	Gov. Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,673,983	\$ 17,284,848*	\$ 136,387
General Fees Fund	1,147,849	1,407,947	--
Title XIX Fund	11,479,367	13,798,694	--
Fed. Education Fund	99,741	99,741	--
SRS Contingency Fund	--	--	109,910
Subtotal -- Operating	\$ 34,400,940	\$ 32,591,230	\$ 246,297
Capital Improvements:			
State Inst. Bldg. Fund	895,700	750,000	--
Title XIX Fund	--	--	--
GRAND TOTAL	\$ 35,296,640	\$ 33,341,230	\$ 246,297
FTE Positions	953.1	928.1	10.0
Average Daily Census	532	532	--

* Includes adjustment for Budget Amendment No. 1, Item 21, which adds \$51,658 from the State General Fund to correct the salaries and wages recommendation.

Agency Request/Governor's Recommendation

Larned State Hospital requests an FY 1994 operating budget of \$34,400,940, an increase of \$2,482,306, or 7.8 percent, above the FY 1993 estimate. The requested amount would include funding for the following initiatives and program modifications for FY 1994: funding for 10.0 FTE position associated with the hospital's attempt to attain certification of the Adult Treatment Facility; funding for the addition of a Family Services Program for the Youth Center at Larned (YCAL), including 5.0 additional FTE positions; and funding for 8.0 additional FTE positions for YCAL and 2.0 additional FTE positions for the hospital.

The Governor's recommendation for state operations in FY 1994 of \$32,539,572 is a reduction of \$1,861,368 from the agency request. The recommendation includes a reduction of \$4,440,793 from the agency request for State General Fund expenditures, and increases in expenditures from the fee fund (\$260,098) and the Title XIX fund (\$2,319,327). Reductions are from the requests for salaries and wages (\$992,196), contractual services (\$285,702), commodities (\$207,388), and capital outlay (\$376,082).

The Governor does not recommend any of the positions associated with the agency's proposal to seek certification of the Adult Treatment Center. The Governor's recommendation

includes a downward adjustment of \$216,000 to the agency estimate for fee fund receipts, which is the amount the agency had anticipated would be generated in additional Medicare receipts if the Adult Treatment Facility were certified. Although the Governor's recommendation includes an increase of \$2,319,327 in Title XIX expenditures rather than reducing Title XIX receipts by the \$476,856 the agency estimated would be generated by certification, the increase appears unrelated to this issue. Receipts to the SRS Title XIX pool and transfers from the pool appear to have been adjusted on a systemwide basis, rather than on an institution by institution basis.

The Governor does not recommend any of the positions or operating expenditures associated with YCAL Family Services Component, the additional 8.0 FTE requested for the YCAL program, or the 2.0 additional positions requested for the hospital.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

1. Add \$109,910 from the SRS Contingency Fund (retroactive disproportionate share funds) and 10.0 FTE positions to allow the hospital to seek certification of the 90-bed Adult Treatment Center. Although the entire hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), only a portion of the hospital is certified by the federal Health Care Financing Administration (HCFA) and is currently eligible to receive full federal Medicare and Medicaid funding. The amount recommended would fund the 10.0 FTE positions for the second half of FY 1994, allowing the hospital time to prepare for its annual HCFA survey, which the hospital anticipates would occur in March, 1994.

The agency appeal included a request for full year funding of \$219,820 (including 5.5 percent turnover) for the positions, which include 2.0 RN III positions, 3.0 Licensed Mental Health Technician (LMHT) positions, and 5.0 Mental Health Aide positions. The agency estimates that certification of the adult facility would generate additional annual federal funding of \$692,586 (\$216,000 from Medicare and \$476,856 from Medicaid), for a projected net monetary gain of approximately \$472,766 per year. The additional federal funding generated by certification of the adult treatment facility would not be received by the hospital until several months after attaining certification. The Subcommittee notes that the recommended funding would provide one-time start-up costs for certification of the adult facility; assuming the adult facility attains certification, the positions can be funded in the future from the increased Medicare and Medicaid receipts.

2. Add \$112,853 from the State General Fund for drugs and pharmaceutical supplies, which would increase the amount recommended for this purpose to \$512,853. The Subcommittee notes that the Governor's recommendation of \$400,000 for drugs and pharmaceutical supplies is a reduction of \$151,103 from the agency request of \$551,103 and is below FY 1992 actual expenditures of \$491,635. The Subcommittee recommendation would fund the agency request of \$155,925 for Clozapine (Clozaril), which is considered to be a treatment

breakthrough for severely ill schizophrenic patients. The Subcommittee's recommendation also would provide funding of \$356,928 for other drugs, which is the amount the agency had requested for FY 1993.

The Subcommittee recommends that a proviso be added to the appropriations bill stating that \$155,925 of the amount appropriated for the agency may be used only for the purchase of Clozaril and that this amount of funding shall not be used for any other purpose. This same proviso was included in the FY 1993 appropriations bill approved by the 1992 Legislature.

3. The Subcommittee notes that the Subcommittee report approved by the 1992 Legislature noted several reasons for increasing expenditures for pharmaceuticals and directed the mental health hospitals to review the issue of drug utilization and report any findings and suggestions to the 1993 Legislature. The Subcommittee was informed that several additional factors are impacting the cost of drugs, including the federal Food and Drug Administration's (FDA) elimination of a number of manufacturers of generic drugs and an associated reduction in the number of generic drugs available; an increase in the number of medications available from a single source, such as Clozaril; and the impact of Omnibus Budget and Reconciliation Act of 1990 (OBRA 90) provisions requiring that the discounted, or "best price" for drugs which was traditionally offered to hospitals must also be offered to the Medicaid program. Instead of decreasing the prices paid for pharmaceuticals by government agencies, manufacturers eliminated or significantly reduced the discounted prices formerly offered to hospitals. The Subcommittee recommends that the agency continue to monitor drug utilization and prices.
4. The Subcommittee recommends the introduction of legislation allowing the state mental health hospitals to establish key deposit funds. The Subcommittee was informed that, for many years, Larned State Hospital has required new employees to pay a security deposit when they are issued keys to the hospital buildings. The deposit is returned to those employees who return their keys upon termination of employment, and interest from the key deposit fund is periodically transferred to the hospital fee fund. The deposit charged was increased from \$1 to \$10 on April 1, 1992. A subsequent Legislative Post Audit compliance and control audit noted that the key deposit fund was not authorized by statute and recommended that the fund be closed out.

Hospital officials stated that the deposit has encouraged employees to safeguard keys and has helped to control access to hospital buildings. The Subcommittee notes that some of the other mental health hospitals expressed interest in establishing a key deposit fund, and recommends that the proposed legislation be drafted so that a key deposit fund may be established by any of the hospitals finding such a fund to be beneficial. The Subcommittee further recommends that \$10 be established as the maximum deposit allowed.

5. Add \$23,534 from the State General Fund to allow the agency to employ one or more additional pharmacists on a temporary basis. The agency had requested \$47,069 and an additional FTE pharmacist position to assist the agency's three pharmacists, who currently average 300 work units per day, including filling prescriptions, reviewing monthly rewritten prescriptions, and other duties. According to the agency, industry recommended standards for work units are 100 to 125 per day.
6. The Subcommittee received information regarding steps taken by the hospital to enhance the therapeutic environment of the Special Security Program buildings, as recommended in a July 1991 JCAHO survey of the hospital. One of the objections noted by surveyors was that doors to patient rooms on the security units were locked at night. The Subcommittee notes that hospital officials have determined that, with the present level of staffing, five of the thirty patient rooms on each of the four units of Dillon building can remain unlocked at night. The Subcommittee notes that, if this effort toward compliance with federal survey requirements is not sufficient for surveyors, this issue may need further consideration.
7. The Subcommittee concurs with Budget Amendment No. 1, Item 21, which would add \$51,658 from the State General Fund to correct the amount recommended for employee retirement benefits.
8. The Subcommittee notes that the amounts recommended by the Governor for the school contracts negotiated by each of the hospitals with local school districts include no funding for a teacher salary increase in FY 1994. The Subcommittee anticipates that this issue and any adjustments made necessary by a change in the categorical aid rate will be addressed either as a Governor's Budget Amendment item or as an Omnibus item.

Expenditure Summary	House Adj. FY 94	House Rec. FY 94	Senate Subcommittee Adj. FY 94
Operating Expenditures:			
State General Fund	\$ 136,387	\$ 17,421,235	\$ --
General Fees Fund	--	1,407,947	--
Title XIX Fund	--	13,798,694	--
Fed. Education Fund	--	99,741	--
SRS Contingency Fund	109,910	109,910	--
Subtotal -- Operating	\$ 246,297	\$ 32,837,527	\$ --
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
GRAND TOTAL	\$ 246,297	\$ 32,837,527	\$ --
FTE Positions	10.0	938.1	--
Average Daily Census	--	532	--

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole with the following addition:

1. The Subcommittee reviewed funding and personnel included for the school contract negotiated by the hospital with the Larned school district. The Subcommittee was informed that, as a pilot project beginning with the 1993 - 1994 school contract, Topeka State Hospital will work with the Division of Purchases toward submitting a request for proposal (RFP) in an attempt to solicit bids for its school contract. The Subcommittee urges the other state hospitals to work with the Division of Purchases as soon as possible, and recommends that the agency examine the ratio of administrative personnel to classroom personnel included in the Larned contract.
2. The Subcommittee notes that it reviewed the results of a classification and salary study of direct care and correctional classes which was recommended by the Legislative Budget Committee in regard to Proposal No. 16, a 1992 interim topic concerning security issues at state institutions. The study addressed concerns regarding the salaries of direct care personnel assigned to security and non-security units at Larned State Hospital and salaries of personnel employed at the adjoining correctional mental health facility. The Subcommittee concludes that no action regarding salary issues is necessary at this time.

SUBCOMMITTEE REPORT

Agency: Osawatomie State Hospital

Bill No. 2087

Bill Sec. 21

Analyst: Porter

Analysis Pg. No. 626

Budget Page No. 456

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,009,643	\$ 10,492,086	\$ --
General Fees Fund	2,389,092	2,820,130	--
Title XIX Fund	7,824,935	7,824,935	--
Fed. Education Funds	51,900	51,900	--
Subtotal	<u>\$ 21,275,570</u>	<u>\$ 21,189,051</u>	<u>\$ --</u>
Capital Improvements:			
State Inst. Bldg. Fund	252,494	120,594	--
GRAND TOTAL	<u><u>\$ 21,528,064</u></u>	<u><u>\$ 21,309,645</u></u>	<u><u>\$ --</u></u>
FTE Positions	621.5	621.5	--
Average Daily Census	270	260	--

Agency Estimate/Governor's Recommendation

Osawatomie State Hospital estimates FY 1993 operating expenditures of \$21,275,570, which reflects an increase of \$4,646 in federal education funds from the amount approved by the 1992 Legislature as adjusted by State Finance Council action. State General Fund financing is as approved. Estimated expenditures from the hospital fee fund are \$633,202 more than the approved amount with a corresponding decrease of \$633,202 in estimated expenditures from the federal Title XIX fund.

The Governor recommends FY 1993 operating expenditures of \$21,189,051, a net reduction of \$86,519 from the agency estimate. The recommendation includes a reduction of \$517,557 from the agency estimate for State General Fund financing and an increase of \$431,038 from the agency estimate for Fee Fund financing. Reductions are recommended from the agency estimates for salaries and wages (\$17,445), contractual services (\$8,450), and commodities (\$60,624).

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

SWAM
March 23, 1993
Attachment 2

Expenditure	House Adj. FY 93	House Rec. FY 93	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 10,492,086	\$ --
General Fees Fund	--	2,820,130	--
Title XIX Fund	--	7,824,935	--
Fed. Education Funds	--	51,900	--
Subtotal	\$ --	\$ 21,189,051	\$ --
Capital Improvements:			
State Inst. Bldg. Fund	--	120,594	--
GRAND TOTAL	\$ --	\$ 21,309,645	\$ --
FTE Positions	--	621.5	--
Average Daily Census	--	260	--

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole.

SUBCOMMITTEE REPORT

Agency: Osawatomie State Hospital

Bill No. 2047

Bill Sec. 5

Analyst: Porter

Analysis Pg. No. 626

Budget Page No. 456

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 10,666,897	\$ 9,584,904	\$ 87,809
General Fees Fund	1,701,043	1,776,971	--
Title XIX Fund	9,709,579	10,119,579	--
Fed. Education Funds	40,900	40,900	--
Subtotal	<u>\$ 22,118,419</u>	<u>\$ 21,522,354</u>	<u>\$ 87,809</u>
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
GRAND TOTAL	<u><u>\$ 22,118,419</u></u>	<u><u>\$ 21,522,354</u></u>	<u><u>\$ 87,809</u></u>
FTE Positions	602.5	601.5	--
Average Daily Census	270	260	--

Agency Request/Governor's Recommendation

The FY 1994 request of \$22,118,419 for operating expenditures is an increase of \$842,849, or 4.0 percent, above the FY 1993 estimate. The majority of the increase, or \$605,300, is for salaries and wages. One new FTE position, an Office Assistant III, is requested for FY 1994 at a cost of \$20,200 only if payroll payments are changed from monthly to biweekly. No major new programs or initiatives are anticipated for FY 1994. Twenty FTE positions will be eliminated for FY 1994 because of the closing of a 20-bed adult ward by the end of FY 1993.

The Governor recommends FY 1994 funding of \$21,522,354 for operating expenditures, a reduction of \$596,065 from the agency request. The recommendation includes a reduction of \$1,081,993 from the request for State General Fund financing and increases of \$75,928 from the request for Fee Fund financing and \$410,000 from the request for Title XIX financing. Reductions are recommended from the agency requests for salaries and wages (\$305,663), contractual services (\$67,922), commodities (\$88,210), and capital outlay (\$134,270). The Governor does not recommend the additional 1.0 FTE position requested for FY 1994 and concurs with the elimination of 20.0 FTE positions in conjunction with the FY 1993 closure of a 20-bed adult ward.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. The Subcommittee received testimony from the agency regarding the 5.5 percent turnover rate included in the Governor's recommendation for FY 1994. The agency stated that it anticipates a turnover rate of 4.0 to 5.0 percent, similar to the rates it experienced prior to the staffing reductions associated with mental health reform which occurred in the last three years and prior to the time the agency began holding positions open to force turnover savings. The Subcommittee shares the agency's concern regarding the FY 1994 turnover rate, but agrees with the agency that it can address the issue in its FY 1994 budget appeals to the Governor and to the 1994 Legislature if it finds it cannot meet the rate recommended by the Governor.
2. Add \$87,809 from the State General Fund for drugs and pharmaceutical supplies, which would increase the amount recommended for this purpose to \$437,640. The Subcommittee recommendation would restore the \$37,809 reduction from the agency request for pharmaceuticals recommended by the Governor and would provide an additional \$50,000 for the prescription drug Clozapine (Clozaril), which is considered to be a treatment breakthrough for severely ill schizophrenic patients. The agency noted that, although its FY 1994 budget submission included funding of \$50,000 for Clozaril, current year usage and a review of patients who could potentially benefit from the drug indicate that a total of \$183,960 would be a more realistic FY 1994 request.

In addition to the funding added for Clozaril, the Subcommittee recommends that funding of \$35,000 included in the Governor's recommendation for two capital outlay items (carpeting for the central medical records office [\$10,000] and a diagnostic engine analyzer [\$25,000]) be shifted from capital improvements and used for the purchase of Clozaril. The recommendations of the Subcommittee result in total funding of \$135,000 for Clozaril in FY 1994 (\$50,000 included in the Governor's recommendation; \$50,000 added for this purpose by the Subcommittee; and \$35,000 shifted from capital outlay items).

The Subcommittee recommends that a proviso be added to the appropriations bill stating that \$135,000 of the amount appropriated for the agency may be used only for the purchase of Clozaril and that this amount of funding shall not be used for any other purpose. This same proviso was included in the FY 1993 appropriations bill approved by the 1992 Legislature.

3. The Subcommittee notes that the amounts recommended by the Governor for the school contracts negotiated by each of the hospitals with local school districts include no funding for a teacher salary increase in FY 1994. The Subcommittee anticipates that this issue and any adjustments made necessary by a change in the categorical aid rate will be addressed either as a Governor's Budget Amendment item or as an Omnibus item.

Expenditure	House Adj. FY 94	House Rec. FY 94	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 87,809	\$ 9,672,713	\$ --
General Fees Fund	--	1,776,971	--
Title XIX Fund	--	10,119,579	--
Fed. Education Funds	--	40,900	--
Subtotal	\$ 87,809	\$ 21,610,163	\$ --
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
GRAND TOTAL	\$ 87,809	\$ 21,610,163	\$ --
FTE Positions	--	601.5	--
Average Daily Census	--	260	--

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole with the following additions:

1. As noted in the Larned State Hospital report, the Subcommittee recommends that Osawatomie officials work with the Division of Purchases toward developing a request for proposal in an attempt to solicit bids for its school contract.
2. The Subcommittee notes that the House recommendation includes funding for the pharmaceutical drug Clozaril in excess of the amount requested in the agency's original budget submission. Although the Subcommittee concurs with that recommendation, which is based on revised estimates of the number of patients who could potentially benefit from the drug and increased experience with the dosages required, the Subcommittee recommends that Osawatomie officials report to the 1994 Legislature regarding Clozaril usage. The agency should specify what goals it expected to achieve with Clozaril usage and should report its level of success toward achieving those goals.

3. Make a technical adjustment to the appropriations bill to reflect the recommendations of the Governor and the House.

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility

Bill No. 2087

Bill Sec. 22

Analyst: Porter

Analysis Pg. No.

Budget Page No.

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Subcommittee Adjustments
Operating Expenditures			
State General Fund	\$ 1,582,549	\$ 1,763,706	\$ --
General Fees Fund	235,022	235,022	--
Title XIX Fund	3,011,362	3,011,362	--
Federal Education Funds	37,880	37,880	--
Subtotal	\$ 4,866,813	\$ 5,047,970	\$ --
Capital Improvements:			
State Institutions Building Fund	\$ 8,513	\$ 8,513	\$ --
GRAND TOTAL	\$ 4,875,326	\$ 5,056,483	\$ --
FTE Positions	129.0	129.0	--
Average Daily Census (Inpatient Only)	48	48	--

Agency Estimate/Governor's Recommendation

Rainbow Mental Health Facility estimates FY 1993 expenditures of \$4,866,812, as approved by the 1992 Legislature. The FY 1993 estimate reflects the shift of 7.0 FTE positions from Osawatomie State Hospital (6.0 positions) and Larned State Hospital (1.0 position), but does not reflect the transfer of \$100,000 in State General Fund financing from Larned State Hospital. The transfers are described below.

Transfers of Positions and Funding from Larned and Osawatomie State Hospitals. In July, 1992, a Health Care Financing Administration (HCFA) survey cited Rainbow as deficient in the area of nursing personnel. An analysis of Rainbow staffing determined that five additional registered nurse (RN) positions, seven additional mental health aide positions, and one additional office assistant would be necessary to maintain HCFA certification. SRS chose to reallocate staffing among the institutions as an alternative to requesting a supplemental appropriation for Rainbow in FY 1993.

The Governor recommends FY 1993 state operations funding of \$5,047,970, an increase of \$181,157 in State General Fund financing above the agency estimate. The seven positions shifted from the Osawatomie and Larned budgets are included in the Rainbow budget.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor.

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Attachment 3

Expenditure	House Adj. FY 93	House Rec. FY 93	Senate Subcommittee Adjustments
Operating Expenditures			
State General Fund	\$ --	\$ 1,763,706	\$ --
General Fees Fund	--	235,022	--
Title XIX Fund	--	3,011,362	--
Federal Education Funds	--	37,880	--
Subtotal	\$ --	\$ 5,047,970	\$ --
Capital Improvements:			
State Institutions Building Fund	\$ --	\$ 8,513	\$ --
GRAND TOTAL	\$ --	\$ 5,056,483	\$ --
FTE Positions	--	129.0	--
Average Daily Census (Inpatient Only)	--	48	--

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole.

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility Bill No. 2047 Bill Sec. 7

Analyst: Porter Analysis Pg. No. Budget Page No.

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures			
State General Fund	\$ 1,929,195	\$ 1,632,969	\$ --
General Fees Fund	219,494	219,494	--
Title XIX Fund	3,391,168	3,414,544	--
Federal Education Funds	37,880	37,880	--
Subtotal	\$ 5,577,737	\$ 5,304,887	\$ --
Capital Improvements:			
State Institutions Building Fund	\$ --	\$ --	--
GRAND TOTAL	\$ 5,577,737	\$ 5,304,887	\$ --
FTE Positions	136.5	130.0	--
Average Daily Census (Inpatient Only)	48	48	--

Agency Request/Governor's Recommendation

The FY 1994 request of \$5,577,737 is an increase of \$710,925, or 14.6 percent, above the FY 1993 estimate. The agency requests a total of 136.5 FTE positions. The request includes 7.5 new positions in addition to retaining the 7.0 positions shifted from Larned and Osawatomie in FY 1993. The 6.0 positions shifted from Osawatomie are deleted from the Osawatomie budget in FY 1994 because of the closure of an adult unit. The 1.0 position shifted from Larned to Rainbow for FY 1993 is included in the Larned budget in FY 1994. Rainbow requests three new direct care positions for FY 1994: 1.0 FTE RN III (\$31,100, excluding fringe benefits), and 2.0 FTE Mental Health Aides (\$15,138 each, excluding fringe benefits, for a total of \$30,276). (Staff Note: These positions are included in the agency's salaries and wages base, as are all positions transferred in FY 1993.)

Rainbow also requests 4.5 additional positions, as follows: a Management Analyst II (\$25,919, excluding fringe benefits) for technology planning, acquisition, coordination, and training; a Keyboard Operator III (\$17,550, excluding fringe benefits) for the Reimbursement Office; a 0.5 FTE Physician (\$50,000, excluding fringe benefits) to provide physical examinations on patients admitted to Rainbow and to provide other medical care; a Custodial Worker (\$13,077, excluding fringe benefits) and a Maintenance and Repair Technician I (\$15,908, excluding fringe benefits) for the Engineering and Protection Department.

The Governor recommends FY 1994 state operations funding of \$5,304,887, a reduction of \$272,850 from the agency request. Financing from the agency Fee Fund is as requested, with a

reduction of \$296,226 from the agency's request for State General Fund financing and an increase of \$23,376 in Title XIX financing. The seven positions shifted from the Osawatomie and Larned budgets in FY 1993 remain in Rainbow's salaries and wages base in FY 1994. One additional new position, an RN III, is included in the recommendation. The Governor does not recommend the remaining 6.5 new positions requested for FY 1994.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor with the following adjustment:

1. The Subcommittee notes that the amounts recommended by the Governor for the school contracts negotiated by each of the hospitals with local school districts include no funding for a teacher salary increase in FY 1994. The Subcommittee anticipates that this issue and any adjustments made necessary by a change in the categorical aid rate will be addressed either as a Governor's Budget Amendment item or as an Omnibus item.

Expenditure	House Adj. FY 94	House Rec. FY 94	Senate Subcommittee Adjustments
Operating Expenditures			
State General Fund	\$ --	\$ 1,632,969	\$ --
General Fees Fund	--	219,494	--
Title XIX Fund	--	3,414,544	--
Federal Education Funds	--	37,880	--
Subtotal	\$ --	\$ 5,304,887	\$ --
Capital Improvements:			
State Institutions Building Fund	--	\$ --	--
GRAND TOTAL	\$ --	\$ 5,304,887	\$ --
FTE Positions	--	130.0	--
Average Daily Census (Inpatient Only)	--	48	--

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole with the following addition:

1. As noted in the Larned State Hospital report, the Subcommittee recommends that Rainbow officials work with the Division of Purchases toward developing a request for proposal in an attempt to solicit bids for its school contract.

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 2087

Bill Sec. 23

Analyst: Porter

Analysis Pg. No. 652

Budget Page No. 568

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,023,783	\$ 7,999,739	\$ --
General Fees Fund	4,198,602	4,198,602	--
Title XIX Fund	9,099,822	9,099,822	--
Federal Education Funds	100,818	100,818	--
Subtotal -- Operating	\$ 21,423,025	\$ 21,398,981	\$ --
Capital Improvements:			
State Institutions Bldg. Fund	\$ 232,034	\$ 232,034	\$ --
Title XIX Fund	337,066	337,066	--
Rental Property Rehab. and Repair Fund ^(a)	159,861	159,861	--
TOTAL	\$ 22,151,986	\$ 22,127,942	\$ --
FTE Positions	605.5	605.5	--
Average Daily Census	300	270	

a) The Rental Property Rehabilitation and Repair Fund was created by the 1991 Legislature to allow the hospital to spend a portion of the rent paid to it to finance repair work done to the hospital buildings rented by various components of Social and Rehabilitation Services (SRS). The fund is included in the SRS budget in FY the approved 1993 budget. The Governor's recommendation transfers the fund back to the Topeka State budget in FY 1993 and FY 1994.

Agency Estimate/Governor's Recommendation

Topeka State Hospital estimates FY 1993 operating expenditures of \$21,423,025, a reduction of \$525,741 from the amount approved by the 1992 Legislature as adjusted by Finance Council action. The reduction reflects several funding shifts rather than a decrease in operating expenditures and includes the following funding shifts: a reduction of \$188,674 in State General Fund financing because the SRS Division of Youth Services will pay for its portion of the cost of the school contract rather than later reimbursing Topeka State for the cost; a shift from state operations to capital improvements of \$337,067 in Title XIX funding authorized for hospital lighting (\$259,700) and rekeying (\$77,367); and a reduction of \$336,959 from fee fund approved expenditures with a corresponding increase of \$336,959 in Title XIX expenditures.

1. **Federal Surveys.** Topeka State is currently accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and is certified by the Health Care Financing

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Attachment 4

Administration (HCFA). In May 1992, Topeka State was surveyed by JCAHO and was awarded accreditation for three years, contingent upon compliance with several recommendations noted in the report. These include some references to medical records issues, such as monitoring and analyzing patterns and trends in several areas; limited resources and space in the pharmacy and some documentation issues in regard to pharmacy related areas; and references to treatment plans and daily living and learning needs of the mentally retarded patient population. In reference to staffing, the accreditation decision report states that "there is insufficient staff coverage by physicians, registered nurses, social workers, rehabilitation, and pharmacy staff." The hospital is scheduled for a focused, or limited, survey in April 1993.

In June 1992, the hospital passed its annual HCFA survey. According to hospital officials, the surveyors expressed significant concerns about the adequacy of staff coverage on all wards with the current number of staff.

2. Average Daily Census. Although the FY 1993 approved budget was based on an average daily census of 250, the agency estimates an FY 1993 average daily census of 300. For the first four months of FY 1993, the hospital has averaged the following daily census numbers: July, 290; August, 274; September, 276; and October, 278. It should be noted, however, that the census on patient wards may fluctuate from day to day and that staffing may be adjusted to accommodate for patient population changes. The high and low daily census numbers for the first four months of FY 1993 are as follows: July, 310 and 255; August, 289 and 259; September, 289 and 250; and October, 289 and 252.

The Governor recommends FY 1993 operating funds of \$21,398,981, a reduction of \$24,044 from the agency estimate for State General Fund financing. The Governor recommends that the Rental Property Rehabilitation and Repair Fund be included in the Topeka State Hospital budget rather than in the SRS budget. The Governor recommends an FY 1993 average daily census of 270.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor with the following observation:

1. The Subcommittee observes that the Subcommittee report approved by the 1992 Legislature noted a concern with the hospital's average daily census and that the census appears to remain a problem in the current year. The FY 1993 budget approved by the 1992 Legislature included an average daily census of 250. Although the Governor's recommendation for FY 1993 includes a reduction of \$24,044 from budget approved by the 1992 Legislature, the current year recommendation increases the average daily census to 270. For the first seven months of FY 1993 the hospital has averaged the following daily census numbers: July, 290; August, 274; September, 276; October, 278; November, 263; December, 271; and January, 288.

Both a May 1992 Joint Commission on Accreditation of Healthcare Organizations (JCAHO) survey and a June 1992 Health Care Financing Administration (HCFA) survey noted concerns about the adequacy of staff coverage on all wards. The Subcommittee was informed that JCAHO surveyors will return for a focused survey of the hospital's staffing on March 12, 1993. The hospital and

the Department of Social and Rehabilitation Services (SRS) are attempting to address the staffing issue by reallocating 6.0 FTE positions and an amount of funding to be determined by SRS and the institutions from Osawatomie State Hospital to Topeka State Hospital. The 6.0 FTE positions and funding to be reallocated from Osawatomie are not positions which would have been eliminated because of mental health reform and would represent a real reduction from the Osawatomie salaries and wages base.

Expenditure	House Adj. FY 93	House Rec. FY 93	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 7,999,739	\$ --
General Fees Fund	--	4,198,602	--
Title XIX Fund	--	9,099,822	--
Federal Education Funds	--	100,818	--
Subtotal -- Operating	\$ --	\$ 21,398,981	\$ --
Capital Improvements:			
State Institutions Bldg. Fund	\$ --	\$ 232,034	\$ --
Title XIX Fund	--	337,066	--
Rental Property Rehab. and Repair Fund	--	159,861	--
TOTAL	\$ --	\$ 22,127,942	\$ --
FTE Positions	--	605.5	--
Average Daily Census		270	

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole.

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 2047

Bill Sec. 8

Analyst: Porter

Analysis Pg. No. 652

Budget Page No. 568

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 7,887,392	\$ 6,796,983	\$ 771,798
General Fees Fund	3,621,512	3,621,512	59,319
Title XIX Fund	10,951,104	11,101,104	--
Federal Education Funds	100,818	100,818	--
SRS Contingency Fund	--	--	787,414
Subtotal -- Operating	\$ 22,560,826	\$ 21,620,417	\$ 1,618,531
Capital Improvements:			
State Institutions Bldg. Fund	\$ 18,900	\$ --	\$ --
Title XIX Fund	--	--	--
Rental Property Rehab. and Repair Fund ^(a)	--	135,788	--
TOTAL	\$ 22,579,726	\$ 21,756,205	\$ 1,618,531
FTE Positions	609.5	594.5	15.0
Average Daily Census	291	250	*

a) The Rental Property Rehabilitation and Repair Fund was created by the 1991 Legislature to allow the hospital to spend a portion of the rent paid to it to finance repair work done to the hospital buildings rented by various components of Social and Rehabilitation Services (SRS). The fund is included in the SRS budget in FY the approved 1993 budget. The Governor's recommendation transfers the fund back to the Topeka State budget in FY 1993 and FY 1994.

* The Subcommittee recommends an FY 1994 ending census of 268 or fewer patients.

Agency Request/Governor's Recommendation

The FY 1994 funding request for state operations of \$22,560,826 is an increase of \$1,137,801, or 5.3 percent, above the FY 1993 state operations estimate of \$21,423,025. Requested funding for FY 1994 includes the following program modifications and staffing increases:

1. Mental Health Reform. Pursuant to mental health reform legislation enacted by the 1990 Legislature (1990 Sub. for H.B. 2586), Topeka State Hospital will reduce its adolescent population by 20 beds prior to the end of FY 1993. By the end of FY 1994, the hospital is scheduled to eliminate 20 to 30 adult beds.

2. Staffing. The FY 1994 request includes funding for 609.5 FTE positions, an increase of 4.0 FTE positions above the FY 1993 limitation of 605.5 FTE positions. The 4.0 new positions requested are 3.0 Safety and Security Officer I positions and a Secretary I position, at a cost of \$74,647, excluding fringe benefits. The agency states that the three additional officers would allow the hospital to have three security officers per shift, which, allowing for training, vacation, and sick leave time, would ensure that the hospital has two or more officers on the grounds at all times. The 1992 Legislature approved funding of \$100,000 for enhanced security staffing at the hospital, but did not approve additional FTE positions.

Although the hospital's bed capacity will be reduced by 20 adolescent beds by the end of FY 1993, the agency requests no reduction in FTE for FY 1994 because of staffing concerns cited in JCAHO and HCFA surveys. Staffing would be shifted from the adolescent to the adult program. Approximately 21.5 FTE staff positions are associated with each of the four adolescent units.

3. Average Daily Census. Although the budget document states that the FY 1994 budget is based on an average daily census of 273, the agency projects an FY 1994 average daily census of 291.

The Governor recommends FY 1994 operating expenditures funding of \$21,620,417, a reduction of \$940,409 from the agency request. Reductions are from the agency requests for salaries and wages (\$304,819), contractual services (\$195,297), commodities (\$275,074), and capital outlay (\$165,219). State General Fund financing of \$6,796,983 is a reduction of \$1,090,409 from the agency request and Title XIX financing of \$11,101,104 is an increase of \$150,000 above the agency request. The Governor does not recommend the 4.0 positions requested for security staffing and recommends a further reduction of 11.0 FTE positions from the agency request. The Governor recommends an FY 1994 average daily census of 250.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor with the following adjustments:

1. Add \$203,117 (\$143,798 State General Fund and \$59,319 Fee Fund) and restore 11.0 FTE direct care positions. Although the hospital's bed capacity will be reduced by 20 adolescent beds by the end of FY 1993 as a result of mental health reform legislation enacted by the 1990 Legislature (1990 Sub. for H.B. 2586), the hospital requested that it be allowed to retain the FTE positions associated with the adolescent unit scheduled for closure. The Governor's recommendation eliminates 11.0 of these positions. The Subcommittee concurs that the staffing and average daily census concerns noted in the FY 1993 Subcommittee report justify restoration of these positions. The Subcommittee further notes that FY 1993 is the first year of mental health reform in the Topeka State Hospital catchment area and that a reduction in the number of adolescent beds was specified as a target for this year. The Subcommittee observes that the majority of the census problem has been on the adult wards and that the problem could have been alleviated somewhat if the first year of mental health reform had focused on reduction of the adult census.

The Subcommittee's recommendation concerning all staffing and funding issues noted in this report are based on both a concern for patient treatment issues and retention of accreditation and certification. Loss of accreditation or certification would result in a potential loss of approximately \$4,088,000 in Medicaid funding. Because of the current disproportionate share cap, loss of accreditation or certification would result in only a minimal loss or no loss of disproportionate share funds. However, if the cap were lifted, the potential loss of disproportionate share funds could be in excess of \$53,000,000.

The Subcommittee notes that this funding and funding added in item 3 to reduce the turnover rate would give the hospital the staffing and resources to adequately serve an average of 270 patients in FY 1994. The Subcommittee notes that these adjustments are necessary because the hospital's census for the current year is in excess of that recommended by the Governor, and that the increased census on the adult wards is expected to continue in FY 1994. The Subcommittee explored adding funding to accelerate community mental health programs so that the Topeka State census could be reduced to the FY 1994 average daily census of 250 recommended by the Governor. However, the Subcommittee was informed that, even if an additional \$1,500,000 were added for community services in FY 1994, those services could not be in place in time to accommodate the reduction from Topeka State anticipated by the Governor's recommendation.

2. Add \$787,414 from the SRS Contingency Fund (retroactive disproportionate share funds) and allow the hospital authority for 27.0 FTE special projects positions for direct care and activities therapies staffing in FY 1994. The special projects positions and funding will be eliminated from the hospital budget at the end of FY 1994. The Subcommittee was informed that this amount of funding is necessary both for certification and accreditation concerns and to address the average daily census issue. As noted previously, other funding added for staffing issues is intended to provide adequate staffing for an average daily census of 270; funding and staffing added in this item is intended to provide adequate services for the hospital's actual and anticipated average daily census of approximately 288 patients. The Subcommittee expects that the hospital will reduce at least 20 beds by the end of FY 1994 from its January 1993 census of 288. This would result in an FY 1994 ending census of 268. The Subcommittee received testimony that a reduction of an additional 10 beds could be possible, and encourages the hospital to work toward that goal.

The Subcommittee intends that the positions and funding be added only for FY 1994, until census reductions can be made through mental health reform. The Subcommittee stresses that it intends to reduce census, not to increase the salaries and wages base for the hospital.

3. Add \$237,485 from the State General Fund to reduce the turnover rate from 6.7 percent (\$1,302,583) to 5.5 percent (\$1,065,098). The agency stated that the imposition of a 6.7 percent turnover rate would mean that approximately 40 positions (at an average cost of \$32,565 per position) would have to remain open for the entire fiscal year.

The Subcommittee intends that this funding, as well as other amounts added for staffing, be spent for no purpose other than for salaries and wages. The Subcommittee recommends that the agency report on its staffing efforts and expenditures from the additional funding to the 1994 Legislature.

4. Add \$24,432 from the State General Fund and 4.0 FTE positions to allow the hospital to hire three safety and security officers and 1.0 FTE for clerical support rather than using temporary employees for this purpose. The Governor's recommendation includes funding of \$64,813 (without fringe benefits) to hire temporary workers for this purpose. The 1992 Legislature added \$100,000 for safety and security staffing, but did not recommend additional FTE positions. The Subcommittee was informed that the hospital is using temporary safety and security personnel for FY 1993, but that permanent FTE positions are preferable for a number of reasons. The agency states that, while 200 hours of training are necessary for safety and security officers, temporary employees are allowed to work only 999 hours per year. Therefore, approximately 20 percent of the hours the employee would be allowed to work in the first year in this position would be spent in training. Moreover, the hospital anticipates that a permanent and stable safety and security staff would be more familiar with hospital facilities, procedures, and patient issues.
5. Add \$96,464 from the State General Fund for the FY 1994 school contract. The Governor's recommendation for FY 1994 is a reduction of \$105,958 from the amount recommended for FY 1993 and a reduction of \$97,371 from the agency request. The FY 1994 agency request included a reduction of two teachers from all school programs associated with the FY 1993 reduction of 20 adolescent beds. Although it appears that the Governor intended to fund the school contracts for each of the mental health hospitals at the FY 1993 level and make a later recommendation for a teacher salary increase, the amount recommended by the Governor is well below the FY 1993 level of funding and would not allow the hospital sufficient funding for the FY 1994 contract.

The Subcommittee anticipates that the issue of teacher salary increases and any adjustments made necessary by a change in the categorical aid rate will be addressed either as a Governor's Budget Amendment item or as an Omnibus item.

6. Add \$269,619 from the State General Fund for drugs and pharmaceutical supplies. The Subcommittee notes that the agency appeal included a request for an additional \$56,117 for drugs, including Clozaril. The Subcommittee recommendation would provide total funding in the amount of \$692,117, which was the amount included in the agency budget request.

The Subcommittee recommends that a proviso be added to the appropriations bill stating that \$380,462 of the amount appropriated for the agency may be used only for the purchase of Clozaril and that this amount of funding shall not be used for any other purpose. This same proviso was included in the FY 1993 appropriations bill approved by the 1992 Legislature.

7. The Subcommittee notes that it received a request from the agency for additional staffing and funding for a 20 bed behavior treatment unit for patients who have been assessed as presenting a danger to themselves and others because of violent or destructive behaviors. The request included 35.0 additional FTE positions, FY 1993 funding of \$297,519, and FY 1994 funding of \$1,057,694. The Subcommittee notes that it did not receive this request in time to sufficiently address this issue and recommends that the hospital address this concern to the Senate Subcommittee and as a Governor's Budget Amendment request.
8. Make a technical adjustment to add expenditure authority of \$135,788 to the Topeka State Hospital budget for the Topeka State Hospital rehabilitation and repair fund. Although this fund was included in the Topeka State budget in the Governor's recommendation, the fund is included in the SRS budget in the bill.

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee with the following additions:

1. The Committee recommends that SRS report to the Senate Subcommittee regarding whether current funding for the state mental health hospitals compares to the amounts projected in the plan for financing which was presented to the Legislature in conjunction with mental health reform legislation. The agency should include the amounts added by the House Subcommittee and should also include some adjustments based on the pay plan increases added for state employees since FY 1990. The agency should also address how revised projected expenditures compare to expenditures projected in the original mental health reform plan for financing.
2. The Committee recommends the introduction of legislation allowing the Secretary of SRS the authority to adopt rules and regulations providing the Secretary the discretion to admit patients to a state hospital other than the state hospital located in the catchment area in which the proposed patient resides. The proposed legislation would allow the Secretary to make some adjustments to the current definition of catchment areas so that, if one of the hospitals is over its recommended census, admissions could be diverted to another of the state hospitals.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the House Committee.

Expenditure	House Adj. FY 94	House Rec. FY 94	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 771,798	\$ 7,568,781	\$ (162,016)
General Fees Fund	59,319	3,680,831	--
Title XIX Fund	--	11,101,104	--
Federal Education Funds	--	100,818	--
SRS Contingency Fund	787,414	787,414	(121,418)
Subtotal -- Operating	\$ 1,618,531	\$ 23,238,948	\$ (283,434)
Capital Improvements:			
State Institutions Bldg. Fund	\$ --	\$ --	\$ --
Rental Property Rehab. and Repair Fund	--	135,788	--
TOTAL	<u>\$ 1,618,531</u>	<u>\$ 23,374,736</u>	<u>\$ --</u>
FTE Positions	15.0	609.5	(4.0)
Average Daily Census	*	*	**

* The House recommends an FY 1994 ending census of 268 or fewer patients.

** The Senate Subcommittee recommends an FY 1994 average daily census of 273 and an ending census of 258.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole with the following adjustments:

1. Delete \$196,853 from the SRS Contingency Fund (retroactive disproportionate share funds) and 6.75 special projects positions from the funding and positions added by the House Subcommittee to address the hospital's projected average daily census in excess of that recommended by the Governor. While the House recommendation is based upon an FY 1994 reduction of 20 beds and the possible reduction of an additional 10 beds, the Senate Subcommittee recommendation is based on the expectation that the additional 10 beds will be eliminated during FY 1994. The Subcommittee recommendation is based an FY 1994 beginning census of 288, an ending census of 258, and an average daily census of 273.
2. Delete \$12,016 in State General Fund financing from the amount added by the House for drugs and pharmaceutical supplies based on the Subcommittee's expectation that an additional 10 beds will be eliminated during FY 1994.
3. Add \$75,435 from the SRS Contingency Fund (retroactive disproportionate share funds) for equipment to establish a unit dose drug distribution system. Recent federal surveyors have noted that the hospital's current drug distribution system

is not consistent with Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standards of practice. A JCAHO survey report issued following a May 1992 survey stated that "pharmacy services are insufficient due to insufficient staffing and limited resources and space," that "storage procedures for medications are antiquated," and that drug areas on the nursing units "are lacking in space for drug preparation and storage." The Subcommittee received testimony indicating that the other state hospitals have been able to implement at least partial unit dose systems. Testimony also indicated that the unit dose system is designed to decrease medication errors and has been effective in helping to contain drug costs, since individually packaged medications which are not used by the patient for whom they are prescribed can be returned to the hospital pharmacy. The recommended funding would provide medication carts and exchange cassettes, packaging equipment for solid and liquid dosage form drugs, and related computer equipment.

4. The Subcommittee recommends that the 4.0 FTE security positions authorized by the House be made special projects positions. The Subcommittee concurs with the conclusions reached by the House regarding the problems associated with the positions being classified as temporary employees, but recommends that the need for these positions be reviewed annually in light of the census reductions anticipated at the hospital.
5. The Subcommittee was informed that, as a pilot project beginning with the 1993 -- 1994 school contract, Topeka State Hospital will work with the Division of Purchases in submitting a request for proposal (RFP) in an attempt to solicit bids for its school contract. The Subcommittee endorses this attempt to obtain a cost effective school contract.
6. Delete \$150,000 from the State General Fund added for the pharmaceutical drug Clozaril. The Subcommittee notes that the remaining \$230,462 budgeted for Clozaril exceeds the amounts budgeted for Clozaril in the Larned and Osawatomie budgets.

SUBCOMMITTEE REPORT

Agency: SRS -- *Community Mental Health Services*

Bill No. 2087

Bill Sec. 17

Analyst: Howard

Analysis Pg. No. 582

Budget Page No. 546

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	House Sub. Adjustments
All Funds:			
State Operations	\$ 216,457,566	\$ 204,764,429	\$ --
Local Aid	56,060,011	56,060,011	--
Other Assistance	926,858,413	924,491,432	--
Subtotal -- Operating	1,199,375,990	\$ 1,185,315,872	\$ --
Capital Improvements	6,597,638	6,718,657	--
TOTAL	<u>\$ 1,205,973,628</u>	<u>\$ 1,192,034,529</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 86,768,271	\$ 80,655,985	\$ --
Local Aid	47,938,715	43,450,485	--
Other Assistance	248,642,451	251,911,782	--
Subtotal -- Operating	383,349,437	\$ 376,018,252	\$ --
Capital Improvements	339,263	339,263	--
TOTAL	<u>\$ 383,688,700</u>	<u>\$ 376,357,515</u>	<u>\$ --</u>
FTE Positions	3,955.7	3,917.0	--

Note: Table includes expenditures in agency request and Governor's recommendation for the entire SRS budget.

Agency Estimate/Governor's Recommendation

The Division of Mental Health and Retardation Services estimates expenditures of \$24,655,990 for mental health services in FY 1993, including \$21,221,359 from the State General Fund.

The Governor concurs with the agency estimate for FY 1993.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

SWAM
March 23, 1993
Attachment 5

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendations of the Committee.

Expenditure	House Adj. FY 93	House Rec. FY 93	Senate Sub. Adjustments
All Funds:			
State Operations	\$ --	\$ 204,764,429	\$ --
Local Aid	--	56,060,011	143,398
Other Assistance	--	924,491,432	--
Subtotal -- Operating	--	\$ 1,185,315,872	\$ 143,398
Capital Improvements	--	6,718,657	--
TOTAL	\$ --	\$ 1,192,034,529	\$ 143,398
State General Fund:			
State Operations	\$ --	\$ 80,655,985	\$ --
Local Aid	--	43,450,485	143,398
Other Assistance	--	251,911,782	--
Subtotal -- Operating	--	\$ 376,018,252	\$ 143,398
Capital Improvements	--	339,263	--
TOTAL	\$ --	\$ 376,357,515	\$ 143,398
FTE Positions	--	3,917.0	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House with the following adjustment:

1. Add \$143,398 in federal funds associated with a new grant to the agency for wrap-around services to provide new services for children and adolescents experiencing severe emotional disturbances to prevent expensive out-of-home placement of children.

SUBCOMMITTEE REPORT

Agency: SRS -- *Community Mental Health Services*

Bill No. 2047

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 582

Budget Page No. 546

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	House Sub. Adjustments
All Funds:			
State Operations	\$ 251,376,577	\$ 213,255,017	\$ --
Local Aid	69,610,613	61,809,212	1,000,000
Other Assistance	1,083,190,497	990,200,803	(200,000)
Subtotal -- Operating	1,404,177,687	\$ 1,265,265,032	\$ 800,000
Capital Improvements	16,657,656	4,002,648	--
TOTAL	\$ 1,420,835,343	\$ 1,269,267,680	\$ 800,000
State General Fund:			
State Operations	\$ 104,010,489	\$ 86,898,538	\$ --
Local Aid	66,002,398	49,174,617	589,557
Other Assistance	341,901,740	282,497,384	(200,000)
Subtotal -- Operating	511,914,627	\$ 418,570,539	\$ 389,557
Capital Improvements	6,957,759	73,313	--
TOTAL	\$ 518,872,386	\$ 418,643,852	\$ 389,557
 FTE Positions	 4,375.2	 3,903.5	 --

Note: Table includes expenditures in agency request and Governor's recommendation for the entire SRS budget.

Agency Request/Governor's Recommendation

The Division of Mental Health and Retardation Services requests \$30,224,675 for mental health services in FY 1994, including \$26.6 million from the State General Fund. The request includes funding for 2.0 FTE new positions. The request also includes funding to expand mental health reform to the Larned catchment area, and includes a request of \$622,564 for various grant enhancements. The request is an increase of \$5,568,685 from the FY 1993 estimate.

The Governor recommends expenditures of \$28,890,555 for mental health services in FY 1994, a reduction of \$1.3 million from the agency request. The recommendation includes funding of \$4.3 million associated with the expansion of mental health reform to the Larned catchment area. The other requested new initiatives are not recommended.

House Subcommittee Recommendation

FY 1993. The House Subcommittee concurs with the recommendations of the Governor.

FY 1994. The House Subcommittee concurs with the recommendations of the Governor with the following adjustments:

1. Add \$289,557 from the State General Fund to mental health reform and reduce \$289,557 from federal block grant funds. The Subcommittee received information that there is a shortfall in mental health block grant funds of \$342,821, including \$289,557 for mental health reform and \$53,264 for administration.
2. Add \$200,000 from the State General Fund in mental health grants, and delete \$200,000 from the State General Fund in medical assistance to shift funding for the Emergency Treatment Center in Sedgwick County to the Division of Mental Health and Retardation Services. The Emergency Treatment Center is a holding unit in Wichita which has been very effective in keeping persons out of Topeka State Hospital. This budget recommendation reflects the transfer of administrative responsibilities over the grant funds to the Division of Mental Health and Retardation Services.
3. Add \$100,000 from the State General Fund to match \$400,000 in federal vocational rehabilitation funds to provide funding to expand vocational services for adults with severe and persistent mental illness. This recommendation would allow for the development of vocational services in the community to assist the mentally ill in acquiring and maintaining employment.
4. The Subcommittee reviewed a report from SRS prepared in response to recommendations from the 1992 House Subcommittee. The Department was directed to report to the 1993 Legislature regarding a plan to downsize Nursing Facility for Mental Health (NF-MH) beds. This report, as well as recommendations by Dr. Charles Rapp, in his evaluation of the Kansas Mental Health Reform Act, suggest study of the inclusion of NF-MH facilities into mental health reform.

The NF-MH program began in the early 1980s as an alternative to placing individuals with mental illness in psychiatric hospitals or traditional nursing homes. As originally conceived, these facilities were to have provided care for elderly Kansans with mental illness. Currently, over half of the patients served in NF-MH facilities are under the age of 65. Current annual costs in the SRS Medical Assistance budget exceed \$7.0 million from the State General Fund for clients under the age of 65 (for whom no federal Medicaid matching funds are available) in NF-MH facilities. Kansas currently licenses 24 NF-MH facilities with an approximate bed capacity of 1,200. Except for an NF-MH operated by the Johnson County Mental Health Center, all of the facilities are private for profit facilities with admission and discharge decisions made by private physicians.

The Subcommittee recognizes that this is a complex issue needed much greater in depth study. The Subcommittee therefore recommends the following:

- a. Add \$700,000 from the SRS Contingency Fund (retroactive disproportionate share funds) for a pilot project to close an NF-MH facility in FY 1994 and reduce the number of beds in the system by approximately 39. The community mental health center in the catchment area would be responsible for screening and provision of community-based services. This recommendation amounts to double funding of a facility for one-year after which time the NF-MH would be closed and the existing funding would be diverted to community services. The Subcommittee believes the pilot project would provide an opportunity to learn how to downsize nursing homes in a responsible fashion and would have the added benefit of reducing the number of NF-MH facilities in the state by one by the end of FY 1994. In addition, there would be actual savings in the second year because of the receipt of federal match for certain services in the community currently funded entirely from State General Fund dollars.
5. The Subcommittee recommends that the Senate Subcommittee review the status of mental health reform in the Topeka catchment area to determine whether additional resources or acceleration of mental health reform is necessary to meet targeted census goals at Topeka State Hospital.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendations of the Committee.

Expenditure	House Adj. FY 94	House Rec. FY 94	Senate Sub. Adj.
All Funds:			
State Operations	\$ --	\$ 213,255,017	\$ --
Local Aid	1,000,000	62,809,212	(578,274)
Other Assistance	(200,000)	990,000,803	--
Subtotal -- Operating	\$ 800,000	\$ 1,266,065,032	\$ (578,274)
Capital Improvements	--	4,002,648	--
TOTAL	\$ 800,000	\$ 1,270,067,680	\$ (578,274)
State General Fund:			
State Operations	\$ --	\$ 86,898,538	\$ --
Local Aid	589,557	49,764,174	--
Other Assistance	(200,000)	282,297,384	--
Subtotal -- Operating	\$ 389,557	\$ 418,960,096	\$ --
Capital Improvements	--	73,313	--
TOTAL	\$ 389,557	\$ 419,033,409	\$ --
 FTE Positions	 --	 3,903.5	 --

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House with the following exceptions:

1. Add \$121,726 in federal funds associated with a new grant to the agency for wrap-around services to provide new services for children and adolescents experiencing severe emotional disturbances to prevent expensive out-of-home placement of children.
2. The Subcommittee is supportive of the new funding of \$200,000 from the State General Fund recommended by the House for vocational services for the mentally ill. These funds will allow MHRS to access up to \$800,000 in matching federal vocational rehabilitation funds. The Subcommittee further recommends that the Department set specific measurable goals for the results to be achieved by this new funding. The Subcommittee expects a report to the 1994 Legislature which details the accomplishments from this funding and sets specific measurable goals for future years.
3. Delete \$700,000 from the SRS Contingency Fund added by the House for a pilot project to close a Nursing Facility for Mental Health (NF-MH). Although the Subcommittee concurs that the issue of NF-MH facilities and services needs to be reviewed in the context of mental health reform, the Subcommittee believes that it is premature to commence the process of NF-MH closure at this time.

Mental Health reform has only begun in the Topeka State Hospital catchment area in FY 1993 and will commence in the Larned catchment area in FY 1994. The mental health system is experiencing major changes as a result of mental health reform. These changes impact the entire delivery system including state hospitals, NF-MH facilities, and community mental health centers. The Subcommittee believes that it is important to focus efforts on continued implementation of mental health reform including planned bed closures at the state hospitals, and gatekeeping and community services development in the community. The Subcommittee believes it is premature to begin reform of the NF-MH system prior to implementation of mental health reform in all three catchment areas, and success at stabilizing state hospital census and achieving planned census reductions at all hospitals. In addition, the Subcommittee is not convinced that the proposed project, which would likely close the only nonprofit NF-MH in the state, would serve as a true pilot project.

SENATE BILL No. 350

By Committee on Ways and Means

2-17

PROPOSED AMENDMENTS FOR CONSIDERATION
BY SENATE WAYS AND MEANS
MARCH 19, 1993

SWAM
March 23, 1993
Attachment 6

AN ACT creating the Kansas public broadcasting council; prescribing powers, duties and functions therefor; providing for state grants to certain public radio and television stations serving Kansas and for related purposes; abolishing the Kansas public broadcasting commission; amending K.S.A. 1992 Supp. 75-4912 and repealing the existing section; also repealing K.S.A. 75-4901, 75-4905, 75-4906, 75-4909, 75-4910 and 75-4911 and K.S.A. 1992 Supp. 75-4907.

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

New Section 1. Sections 1 through 16 and amendments thereto shall be known and be cited as the Kansas public broadcasting council act.

New Sec. 2. (a) The legislature of Kansas hereby finds and declares that:

(1) Public radio and television stations provide a valuable educational, cultural and informational service to the people of Kansas;

(2) such stations offer an essential forum for public discourse on important issues of public policy and the conduct of government;

(3) the presence of a sound public broadcasting system enhances the quality of life for Kansas citizens;

(4) the provision of a public broadcasting service at a level of quality comparable to that available in other states is important for economic development and stability of the tax base of Kansas;

(5) public broadcasting can be a cohesive force as it explores and celebrates the diversity of cultures, lifestyles and traditions of the people of Kansas;

(6) high quality public broadcasting service should be provided to every part of Kansas; and

(7) encouragement of public broadcasting furthers the general welfare of the people and the state of Kansas.

(b) The legislature hereby declares that the full accomplishment of the matters specified in subsection (a) is an objective of public broadcasting stations and wishes to establish a system for encouraging the accomplishment of that objective.

New Sec. 3. As used in this act:

1 (a) "Kansas public television station" or "television station" means
2 a noncommercial public television broadcasting station licensed as
3 such by the federal communications commission which operates from
4 a community located in Kansas and meets the minimum criteria for
5 receipt of a community service grant set by the corporation for public
6 broadcasting. These terms also include public television station
7 KCPT, which provides primary service to five Kansas counties.

8 (b) "Kansas public radio station" or "radio station" means a non-
9 commercial public radio broadcasting station which is licensed as
10 such by the federal communications commission and which operates
11 from a community located in Kansas and meets the minimum criteria
12 for receipt of community service grants as set by the corporation for
13 public broadcasting.

14 (c) "Eligible station" means a radio station or television station
15 which has been fully qualified under the grant criteria of the cor-
16 poration for public broadcasting for a period of four years prior to
17 applying for a grant under this act. Any station seeking to become
18 eligible after the effective date of this act must comply with the
19 requirements of section 10 and amendments thereto as a condition
20 of eligibility. In the event that the corporation for public broadcasting
21 ceases to exist, or its community service grant program should ter-
22 minate, or the eligibility criteria for community service grants should
23 be lowered, then the criteria for eligibility for such grants which
24 were extant on July 1, 1992, shall be applicable for purposes of this
25 act and the methods of calculating and reporting financial information
26 for all purposes shall be those extant on that date.

27 (d) "Station" means any eligible radio station or television station.

28 (e) "Nonfederal, nonlicensee financial support" means the total
29 sum of nonfederal financial support reported to the corporation for
30 public broadcasting under its community service grant program, mi-
31 nus any amount of noncash or in-kind funds included, and minus
32 any cash support provided by the licensee of the station, and minus
33 any grants received from state sources.

34 (f) "Population covered" means the total population in the coun-
35 ties covered by each eligible station and its associated transmitters
36 or translators as reported in the most recent United States decennial
37 census. The counties covered by each station are to be determined
38 as set forth in section 13 and amendments thereto.

39 (g) (1) "Per capita earned revenue" for each radio station is the
40 radio station's nonfederal, nonlicensee financial support divided by
41 the population covered, yielding the revenue that radio station has
42 generated per capita.

43 (2) "Per capita earned revenue" for each television station is the

1 television station's total nonfederal, nonlicensee financial support di-
2 vided by the number of weekly cume households as reported in the
3 most recent "PBS All-Station Cume Report," yielding the revenue
4 that television station has generated per viewing household.

5 New Sec. 4. (a) Each eligible station shall certify to the secretary
6 of administration, in such form and at such time as the secretary
7 shall require, its nonfederal, nonlicensee financial support for the
8 prior fiscal year. Upon acceptance by the secretary of administration,
9 such certification shall constitute the basis for grants provided under
10 this act. The secretary of administration shall have the authority to
11 ascertain that the amounts certified as nonfederal, nonlicensee fi-
12 nancial support are accurate, audited and comparable in method of
13 calculation.

14 (b) Funds appropriated for the purposes of this act shall be ap-
15 propriated to the department of administration for distribution in
16 accordance with this act.

17 New Sec. 5. Funds appropriated for the purpose of making
18 grants under this act shall be divided into two grant pools, with 75%
19 of such appropriated funds constituting a grant pool for public tel-
20 evision stations and 25% of such appropriated funds constituting a
21 grant pool for public radio stations.

22 New Sec. 6. (a) Two basic service grant pools shall be established
23 for basic service grants as follows: A television basic service grant
24 pool consisting of 85% of the grant pool for television, and a radio
25 basic service grant fund consisting of 85% of the grant pool for radio.
26 Each such basic service grant pool shall be divided into as many
27 units as necessary to provide basic service grants to each eligible
28 station as follows:

29 (1) If the population density within an eligible station's service
30 area, as determined by the average population density of all counties
31 within that area, is 50% or more of the mean population density of
32 the state, that station shall receive a basic service grant of five units;

33 (2) if the average population density within an eligible station's
34 service area, as determined by the mean population density of all
35 counties within that service area, is less than 50% of the mean
36 population density of the state, that station shall receive a basic
37 service grant of 10 units; and

38 (3) KCPT-TV shall receive a basic service grant of four units.

39 (b) The service areas of each station and the counties to be
40 included in each service area shall be certified to the secretary of
41 administration in the manner set forth in subsection (e) of section
42 13 and amendments thereto.

43 New Sec. 7. Two incentive grant pools shall be established as

second

fund amounts

from the grant pools under section 5 and amendments thereto

fund amount

amount

11

fund amounts

from the grant pools under section 5 and amendments thereto

1 follows: A television incentive grant [pool] consisting of 15% of the [] fund amount
2 grant pool for television, and a radio incentive grant [pool] consisting
3 of 15% of the grant pool for radio. Each eligible station shall receive
4 an annual incentive grant amounting to a pro rata share of the
5 incentive grant [pool] for which the station is eligible. This share shall [] fund amount
6 bear the same proportion to the incentive grant [pool] from which
7 the share is allocated as the station's per capita earned revenue bore
8 in the second prior fiscal year to the aggregate per capita earned
9 revenue of all eligible stations in such incentive grant [pool]. [] fund amount

10 New Sec. 8. Appropriations may be made in any year for specific
11 projects by more than one eligible station. Such cooperative project
12 grants shall be distributed by the secretary of administration to the
13 Kansas public broadcasting council under the terms of section 13
14 and amendments thereto.

15 New Sec. 9. Appropriations may be made in any year for the
16 purchase of equipment to be used by an eligible station, or by several
17 such stations, or by the Kansas public broadcasting council except
18 that any grant made to an individual station must be in compliance
19 with section 13 and amendments thereto.

20 New Sec. 10. (a) Notwithstanding any other provision of this act,
21 no station shall be allocated more than 45% of the total funds in
22 the grant pool applicable to the station. Those funds not obligated
23 by virtue of this limitation shall be returned to the incentive grant
24 pool applicable to the station for distribution to the remaining stations
25 in accordance with the provisions of section 7 and amendments
26 thereto.

27 (b) Institutional licensees eligible to receive grants under this act
28 shall not use funds provided under this act to supplant funds cur-
29 rently provided from other sources.

30 New Sec. 11. Each eligible station and its station licensee shall
31 certify to the secretary of administration when applying for a grant
32 under this act that any funds received pursuant to this act shall not
33 supplant or cause to be reduced any other sources of funding for
34 the station and that the licensee is in compliance with the provisions
35 of section 10 and amendments thereto regarding reduction of funding
36 from institutional sources. Applicants shall also certify that funds
37 received pursuant to this act will be used solely for the operation
38 of a public broadcasting station and not for general institutional
39 overhead, parent organization expenses or for any other purpose not
40 directly related to the operation of a public broadcasting station.

41 New Sec. 12. (a) There is hereby created a body politic and
42 corporate to be known as the Kansas public broadcasting council.
43 The Kansas public broadcasting council is hereby constituted a public

1 instrumentality and the exercise of the authority and powers conferred by this act shall be deemed and held to be the performance
2 of an essential governmental function.

3 (b) The Kansas public broadcasting council shall be governed by
4 a council of directors. The council of directors shall consist of one
5 representative of each station eligible to receive grants under this
6 act.

7 (c) The council of directors shall organize by electing a chair-
8 person and a vice-chairperson at the first meeting after the effective
9 date of this act and shall organize biennially thereafter in accordance
10 with this subsection. The first-elected chairperson shall be a director
11 representing a television station and the first-elected vice-chairperson
12 shall be a director representing a radio station. The chairperson and
13 vice-chairperson shall each have a term of two years and one of such
14 officers shall be a director representing a television station and the
15 other such officer shall be a director representing a radio station, in
16 accordance with this subsection. At each succeeding organization
17 election, (1) if the outgoing chairperson is a director representing a
18 television station, then the director elected as chairperson shall represent
19 a radio station, or, if the outgoing chairperson is a director
20 representing a radio station, then the director elected as chairperson
21 shall represent a television station, and (2) if the outgoing vice-
22 chairperson is a director representing a radio station, then the director
23 elected as vice-chairperson shall represent a television station,
24 or, if the outgoing vice-chairperson is a director representing a television
25 station, then the director elected as vice-chairperson shall
26 represent a radio station.

27 (d) The Kansas public broadcasting council shall function under
28 such bylaws as shall be written by its initial council of directors and
29 amended from time to time, except that such bylaws shall be in
30 conformity with the applicable laws of the state of Kansas and this
31 act.

32 (e) The provisions of K.S.A. 75-4317 through 75-4320a and
33 amendments thereto, which relate to open meetings, and the open
34 records act are applicable to the Kansas public broadcasting council.

35 New Sec. 13. (a) The Kansas public broadcasting council shall
36 report annually to the appropriate committees of the legislature on
37 the following matters:

38 (1) The services provided to the people of Kansas with funds
39 appropriated pursuant to this act in the prior fiscal year, particularly
40 with respect to the goals of public broadcasting as set forth in section
41 2 and amendments thereto;

42 (2) the need and justification for appropriations in the current
43

or the law in effect prior to the effective date of this act,
in the second

1 and future years;

2 (3) the need for justification for construction of any new public
3 broadcasting facilities;

4 (4) the methods used to assure the financial integrity of any
5 station receiving a grant under the provisions of this act; and

6 (5) the ways in which the members of the Kansas public broad-
7 casting council have cooperated, in the previous fiscal year, to pro-
8 vide a more efficient, relevant and cost-effective service for the
9 people of Kansas.

10 (b) The Kansas public broadcasting council shall present, as a
11 part of its annual report to the legislature, a comprehensive plan
12 setting forth the service goals and operational plans for public broad-
13 casting in Kansas during the ensuing three years, such plans having
14 been developed by and voted upon by the directors of the Kansas
15 public broadcasting council. This plan shall be updated each year to
16 take into account changing needs, technologies and operational
17 circumstances.

18 (c) The Kansas public broadcasting council shall certify to the
19 secretary of administration, following a vote of the council's directors
20 thereon, that any station seeking eligibility for a grant under this
21 act and which was not in operation prior to the effective date of this
22 act, is essential and necessary for the provision of service to the
23 people of Kansas. This requirement for certification shall also apply
24 to any station eligible for a grant on the effective date of this act,
25 if such station subsequently becomes ineligible and later seeks to
26 again become eligible for a grant. No station for which such certi-
27 fication is required shall be eligible to receive a grant under the
28 terms of this act unless such certification has been provided.

29 (d) In the event of any conflict between stations with respect to
30 eligibility for grants or the amount of such grants, the issue shall
31 be studied and resolved by the directors of the Kansas public broad-
32 casting council. The decision of that body shall be binding on the
33 secretary of administration with respect to distribution of grants.

34 (e) The Kansas public broadcasting council shall provide to the
35 secretary of administration a list of the counties covered by each
36 station eligible to receive a grant under this act, together with the
37 population in that county as reported in the most recent United
38 States decennial census. This report shall be the basis for calculation
39 of each station's basic service grant and incentive grant.

each

and the population density of each county

40 (f) The Kansas public broadcasting council shall review the pro-
41 posal of any station or group of stations seeking an equipment grant
42 under the terms of section 9 and amendments thereto and shall
43 prioritize all requests for equipment grants, taking into account the

1 costs of such equipment, the benefits such equipment would supply
2 to the people of Kansas, the urgency of the request with respect to
3 maintenance of existing services, the relevance of the equipment
4 grant request to the provisions of the long-range plan submitted by
5 the council and such other factors as may be relevant. The Kansas
6 public broadcasting council shall present the council's prioritized list
7 of equipment grant requests to the legislature as a part of the annual
8 budget process and shall support those grant requests in the council's
9 annual report to the legislature.

10 (g) The Kansas public broadcasting council shall have the power
11 to accept grants or appropriations from the federal government or
12 the state of Kansas, or any agency or instrumentality thereof, to be
13 used for the purchase of equipment for use by the members of the
14 Kansas public broadcasting council as the directors shall determine.
15 Nothing in this act shall preclude the Kansas public broadcasting
16 council from utilizing such equipment for the generation of revenue
17 for the support of Kansas public broadcasting activities, nor shall the
18 Kansas public broadcasting council be precluded from raising funds
19 from other sources for the support of the council's activities.

20 (h) The Kansas public broadcasting council shall have the financial
21 operations of the council audited annually by a certified public ac-
22 countant and shall make its audited financial statement available to
23 the legislature upon request.

24 (i) The Kansas public broadcasting council shall have no power
25 or authority to compel any Kansas public television station or Kansas
26 public radio station to broadcast any program or programs, whether
27 or not funded in whole or in part by the council, nor shall the
28 council have any power to forbid any station to broadcast any program
29 acquired from any other source. The Kansas public broadcasting
30 council shall have no regulatory authority over any individual station,
31 the programming of any station or program scheduling for any station.

32 New Sec. 14. (a) Funds appropriated to the department of ad-
33 ministration pursuant to this act are provided on a ministerial basis
34 only and are to be distributed under the formulae set forth in this
35 act upon compliance with the eligibility criteria set forth in this act.

36 (b) Nothing in this act shall give any officer, employee, agent or
37 elected official of the state of Kansas any authority to influence or
38 attempt to influence or to attempt to influence the content or sched-
39 uling of any program produced or broadcast by any eligible station,
40 whether or not such influence is intended to be related in any way
41 to receipt of a grant under this act.

42 Sec. 15. K.S.A. 1992 Supp. 75-4912 is hereby amended to read
43 as follows: 75-4912. (a) The activities of the Kansas public broad-

secretary of administration

1 ~~casting commission~~ council in making grants to noncommercial pub-
2 lic television stations and public radio stations serving Kansas for
3 the purpose of providing money for the public television station or
4 public radio station to match federal funds for capital equipment
5 purchases with the proceeds of revenue bonds issued for such pur-
6 pose by the Kansas development finance authority are hereby ap-
7 proved for the purposes of subsection (b) of K.S.A. 74-8905 and
8 amendments thereto and the authorization of the issuance of such
9 bonds by the Kansas development finance authority in accordance
10 with that statute except that no such bonds shall be issued unless
11 the issuance of such bonds is specifically approved by an appropri-
12 ation or other act of the legislature, other than this act. The pro-
13 visions of subsection (a) of K.S.A. 74-8905 and amendments thereto
14 shall not prohibit the issuance of bonds for such purposes and any
15 such issuance of bonds is exempt from the provisions of subsection
16 (a) of K.S.A. 74-8905 and amendments thereto. Bonds issued under
17 this section shall be financed from moneys appropriated for the public
18 television stations and public radio stations.

19 New Sec. 16. (a) On the effective date of this act, the Kansas
20 public broadcasting commission is hereby abolished.

21 (b) On the effective date of this act, all of the records, memo-
22 randa, writings and property of the Kansas public broadcasting com-
23 mission are hereby transferred to the Kansas public broadcasting
24 council established by this act and the council shall have legal custody
25 of the same.

26 Sec. 17. K.S.A. 75-4901, 75-4905, 75-4906, 75-4909, 75-4910 and
27 75-4911 and K.S.A. 1992 Supp. 75-4907 and 75-4912 are hereby
28 repealed.

29 Sec. 18. This act shall take effect and be in force from and after
30 its publication in the statute book.