Approved: March 23, 2011
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on February 21, 2011, in Room 548-S of the Capitol.

All members were present

Committee staff present:

Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Alan Conroy, Director, Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Aaron Klaassen, Senior Fiscal Analyst, Legislative Research Department
Dorothy Hughes, Fiscal Analyst, Legislative Research Department
Brea Short, Intern, Senator McGinn's Office
Jan Lunn, Committee Assistant
Josh Lewis, Chief of Staff

Bill Introductions

Senator Teichman moved introduction of a bill concerning the civil commitment of sexually violent predators (#rs0985). The motion was seconded by Senator Emler and passed on a voice vote.

Senator Emler moved introduction of a bill (#rs0929) concerning the abolishment of the fire marshal office and the transferring of duties, functions to other agencies. Senator Masterson seconded the motion. The motion passed on a voice vote.

Senator Umbarger moved introduction of a bill concerning lightweight roadable vehicles (#rs0980). Senator Emler seconded the motion, which passed on a voice vote.

Subcommittee Reports

Senator McGinn announced the Senate Ways and Means Committee will hear the Office of the Governor Subcommittee report rather than Social and Rehabilitation Services (SRS) today.

Chairperson McGinn recognized Senator Schodorf, Subcommittee Chairperson, to report on the Department on Aging.

Senator Schodorf expressed appreciation to the Subcommittee members for their work and reported on final recommendations concerning the Department on Aging (Attachment 1).

For FY 2011 and FY 2012, the Department on Aging Subcommittee concurred with the Governor's recommendation with adjustments. Discussion was heard concerning the Nursing Facility Provider Assessment fees, a potential Department on Aging reorganization plan, and other points included in the report. Senator Schodorf moved to amend the Department on Aging Subcommittee report to reflect review of all recommendations and adjustments submitted for FY 2011 and FY 2012 prior to finalization of the Mega bill. Senator Teichman seconded the motion, which passed on a voice vote.

Shawn Sulliven, Secretary of the Department on Aging, substantiated that the nursing provider assessment fees legislation passed during the 2010 legislative session can now be implemented.

Senator Schodorf moved adoption of the Department on Aging Subcommittee report for FY 2011 and FY 2012 as amended and including any and all technical adjustments required. Senator Umbarger seconded the motion, which passed on a voice vote.

Senator Schodorf discussed the Subcommittee's recommendations for the following facilities and program:

- Larned State Hospital
- Osawatomie State Hospital

CONTINUATION SHEET

MINUTES OF THE WAYS AND MEANS COMMITTEE on February 21, 2011, 10:30 a.m. 548-S

- Rainbow Mental Health Facility
- Parsons State Hospital
- Kansas Neurological Institute
- Kansas Guardianship Program

Senator Kultala indicated she did not support the subcommittee report on the Kansas Guardianship Program; she did concur with the remaining Subcommittee report and recommendations on the state hospitals/facilities.

Larned State Hospital

Senator Schodorf reported Subcommittee members concurred with the Governor's recommendations in FY 2011 and concurred with the Governor's FY 2012 recommendation with adjustments (<u>Attachment 2</u>). Discussion was heard related to staffing, bed capacity, the impact of closing beds at Rainbow Mental Health Facility, and the challenges ensuring quality services are provided to Kansans who need them.

Senator Schodorf moved to adopt the FY 2011 Subcommittee report as presented. In addition, Senator Schodorf moved to amend the FY 2012 Subcommittee report under page 3, number 3 as follows: "The populated counties such as Johnson, Wyandotte, Shawnee, and Sedgwick typically have the optimal increased resources for affordable housing . . . "to add the following language "to review the Subcommittee recommendations prior to finalization of the Mega bill," to include any and all technical adjustments required, and to adopt the Larned State Hospital FY 2012 Subcommittee report as amended. Senator Kelly seconded the motion, which carried on a voice vote.

Osawatomie State Hospital

Senator Schodorf reported Subcommittee members concurred with the Governor's FY 2011 recommendations and concurred with the FY 2012 recommendations with notations.

Senator Schodorf moved to adopt the FY 2011 Osawatomie State Hospital Subcommittee report as presented. In addition, Senator Schodorf moved to amend the FY 2012 Subcommittee report with the following language: "to review the Subcommittee recommendations prior to finalization of the Mega bill," to include any and all technical adjustments required, and to adopt the Osawatomie State Hospital Subcommittee report as amended. Senator Kelly seconded the motion, which passed on a voice vote.

Senator Schodorf reported Subcommittee members concurred with the Governor's FY 2011 recommendations and concurred with the FY 2012 recommendations with notations. <u>Senator Schodorf moved adoption of the FY 2011 and FY 2012 Rainbow Mental Health Facility Subcommittee report. Senator Francisco seconded the motion, which carried on a voice vote.</u>

Parsons State Hospital and Training Center (PSH&TC)

Senator Schodorf reported Subcommittee members concurred with the Governor's FY 2011 recommendations and concurred with the FY 2012 recommendation with adjustments.

Senator Schodorf moved adoption of the FY 2011 Parsons State Hospital and Training Center Subcommittee report. For FY 2012, she moved to amend the Subcommittee report with the addition of language "to review recommendations prior to finalization of the Mega bill," and to adopt the FY 2012 Subcommittee report as amended. Senator Umbarger seconded the motion, which passed on a voice vote.

Kansas Neurological Institute (KNI)

Senator Schodorf expressed gratitude to all speakers for appearing before the Subcommittee. She reported that the Subcommittee concurred with the FY 2011 Governor's recommendation and the FY 2012 Governor's recommendation including adjustments.

Considerable discussion was heard related to this Subcommittee report, the number of KNI residents identified as those who could be successful in a community-based services environment, and how to replace \$277,039 in SGF funds, which was the Governor's savings estimate should KNI close.

CONTINUATION SHEET

MINUTES OF THE WAYS AND MEANS COMMITTEE on February 21, 2011, 10:30 a.m. 548-S Senator Schmidt suggested that verbiage exists in other reports directing agencies to absorb such reductions within their budgets. She called committee members' attention to the Larned State Hospital FY 2012 Subcommittee notation under #5:

"The Subcommittee notes that sufficient resources are required to ensure that quality state hospital services are available to Kansans who need them. Therefore, the stated hospitals have not submitted reduced resource budgets, but instead, SRS' reduced resource budget includes the reduced resource targets for the state hospitals and SRS strives to absorb budget reduction for their hospitals. The Subcommittee encourages SRS to continue this practice."

Senator Schmidt moved to amend the Subcommittee report directing that SRS absorb the \$277,039 within their budget and incorporate similar language as noted above. Senator Huntington seconded the motion, which carried on a voice vote. Senators Emler and Taddiken requested their "no" votes be recorded in the permanent record.

Senator McGinn expressed concern that the Subcommittee recommendation concerning an independent audit for the purpose of evaluating the overall management and service structure of KNI and PSH&TC may not be possible by the time the Mega bill is finalized. Therefore, <u>Senator McGinn moved an independent audit</u>, as described in the <u>Subcommittee's notation</u>, be completed and provided to the <u>Chairperson of the Senate Ways and Means Committee by September 1, 2011</u>. Senator Francisco seconded the motion, which passed on a voice vote.

Senator Schodorf moved adoption of the FY 2011 Kansas Neurological Institute Subcommittee report. Senator Schmidt seconded the motion, which carried on a voice vote.

Senator Schodorf moved adoption of the FY 2012 Kansas Neurological Institute Subcommittee report as amended. Senator Schmidt seconded the motion, which passed on a voice vote. Senators Emler and Taddiken requested that their "no" votes be recorded in the record.

Kansas Guardianship Program

Senator Schodorf reported Subcommittee members concurred with the Governor's recommendation in FY 2011. In addition, Subcommittee members concurred with the Governor's FY 2012 recommendation with comments and notations including an additional review at Omnibus.

Senator Shodorf moved adoption of the FY 2011 and FY 2012 Kansas Guardianship Program Subcommittee report. Senator Huntington seconded the motion, which passed on a voice vote. Senator Kultala requested that her "no" vote be included in the permanent record.

Office of Governor

Senator Huntington reported that Subcommittee members concurred with the Governor's FY 2012 recommendation with adjustments and observations (<u>Attachment 3</u>). It was suggested to amend the report to reflect review prior to finalization of the Mega bill (instead of Omnibus) of the following issue:

 Possible consolidation of funding for domestic violence prevention grants and Children's Advocacy Center grants into one agency.

Extensive discussion was heard concerning compensation allocated to the Lieutenant Governor, who will provide oversight of health issues relating to the Kansas Department of Health and Environment (KDHE). Senator Huntington reported the Lieutenant Governor will serve as the Coordinator of the Subcabinet Group on Health Policy. David Kensinger, Chief of Staff in the Governor's Office, indicated the Subcabinet Group is comprised of cabinet secretaries whose focus is the provision of health care (SRS, Aging, KDHE, and Department of Corrections).

Senator Teichman emphasized the importance of including the Commissioner of the Kansas Insurance Department in that group and suggested the group be renamed the "Subcommittee Group on Health Policy."

Senator Vratil clarified that the agency's request added \$95,000, from the SGF, to augment the salary of the Lieutenant Governor (equal funding was reduced in the KDHE budget). The Lieutenant Governor's compensation is \$54,000 (with fringe benefits) for FY 2012. The total compensation includes \$36,000 (statutory) with \$18,000 from other funding sources, which

CONTINUATION SHEET

MINUTES OF THE WAYS AND MEANS COMMITTEE on February 21, 2011, 10:30 a.m. 548-S leaves \$77,000 (of the \$95,000 request) remaining. This amount appears to have been shifted to other uses within the Governor's Office. Discussion was heard regarding the lack of transparency when funding is shifted in this manner. Senator Vratil reported an Office of the Extraditor has been created in the Governor's Office, according to information presented during Subcommittee meetings.

Discussion concerning FTE positions ensued. <u>Senator Huntington moved to amend the Office of the Governor Subcommittee report to include a deletion of 3.5 FTE positions. The motion was seconded by Senator Emler.</u>

Senator Kelly requested additional clarification from the Governor's office concerning the deletion of the FTE positions, the role the Lieutenant Governor will play, and whether additional discussion occurred regarding the creation of an additional position for the Lieutenant Governor. Mr. Kensinger responded the plan was a reasonable way to proceed given the precedent established by the previous administration.

Senator Vratil offered a substitute motion to reduce the Senate Subcommittee's adjustment to (3.0) FTE positions instead of the proposed (3.5) FTE positions leaving a 0.5 FTE position for the Coordinator of the Subcabinet Group on Health Policy. Senator Masterson seconded the motion, which carried on a voice vote.

Senator Huntington moved to further amend the Office of the Governor Subcommittee report to:

- reflect the Lieutenant Governor's title as discussed,
- reduce the FTEs to (3.0), leaving a 0.5 FTE position, and
- <u>acknowledge the policy for paying for staff from other agencies was established from a previous administration.</u>

Senator Schodorf seconded the motion.

Senator Kelly indicated several issues require further clarification before finalization of the Mega bill:

- The addition of \$95,000 without knowledge of distribution.
- The cost/expectation for the Office of the Extraditor when the function has existed (as mandated by federal law), and what rationale prompted the transfer of funding from KDHE for a full-time position that has existed.
- The consequence when funds are transferred between agencies and corresponding positions are not.

Senator McGinn suggested adding the language as noted above (Senator Kelly) under the Senate Subcommittee recommendation before point #1. Senator Huntington agreed to add this language to her motion.

Senator Teichman elaborated that the Insurance Commissioner is involved in implementing provisions of the Patient Protection and Affordable Care Act (PPACA). Therefore, she is an integral part of a group charged with developing and monitoring health policy. Discussion followed in which David Kensinger, Chief of Staff of the Governor's Office, suggested renaming the group to "Health Policy Working Group" and to include the Commissioner of Insurance. Senator Teichman made a substitute motion that:

- the "Subcabinet Group on Health Policy" be renamed to "Health Policy Working Group" and to include the Commissioner of the Kansas Department of Insurance (KID) in this group,
- to include Senator Huntington's motion (above) in the substitute motion.
- to include the language concerning the Office of the Extraditor (Senator Kelly's recommendation), and
- to review prior to finalizing the Mega bill.

The motion was seconded by Senator Kultala. The motion passed on a voice vote.

Senator Huntington moved adoption of the Office of the Governor Subcommittee report as amended. Senator Kelly seconded the motion. The motion carried on a voice vote.

The meeting was adjourned at 12:05 p.m.

FY 2012

SENATE WAYS AND MEANS SUBCOMMITTEE

Department on Aging

Senator Jean Schodorf, Chair

Senator Vicki Schmidt

Dware Ulburge

Senator Dwayne Umbarger

Jessie Huntington

Senator Terrie Huntington

Agency: Department on Aging

Bill No. Senate Sub. For HB 2014

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 483

Expenditure Summary		Agency Estimate FY 2011		Governor ecommendation FY 2011	Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$	160,317,724	\$	161,699,701	\$	0
Other Funds		416,410,979		410,855,590	,	0
Subtotal	\$	576,728,703	\$	572,555,291	\$	0
Capital Improvements						
State General Fund	\$	0	\$	0	\$	0
Other Funds		0		0	*	0
Subtotal	\$	0	\$	0	\$	0
TOTAL	\$.	576,728,703	\$	572,555,291	\$	0
FTE positions		214.0		214.0		0.0
Non FTE Uncl. Perm. Pos.		17.3		17.3		0.0
TOTAL		231.3		231.3	_	0.0

Agency Estimate

The **agency** requests a revised 2011 estimate of \$576.7 million, including \$160.3 million from the State General Fund. The revised FY 2011 estimate is an increase of \$80.9 million, or 16.3 percent, above the amount approved by the 2010 Legislature. This includes an increase of \$11.2 million, or 7.5 percent, above the FY 2011 approved amount from the State General Fund. This increase is mainly attributable to four supplemental requests totaling \$87.8 million from all funding sources and \$11.1 million from the State General Fund. Absent the supplemental requests, the agency estimates FY 2011 operating expenditures of \$489.0 million, including \$149.2 million from the State General Fund. The revised estimate would be a decrease of \$6,886,448 from all funds, or 1.4 percent, below the amount approved by the 2010 Legislature and an increase of \$137,451, or 0.1 percent, from the State General Fund above the amount approved by the 2010 Legislature.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$572.6 million, including \$161.7 million from the State General Fund. The recommendation is an increase of \$76.7 million, or 15.5 percent, including a State General Fund increase of \$12.6 million, or 5.2 percent, above the amount approved by the 2010 Legislature. The FY 2011 recommendation is a decrease of \$4.2 million, or 0.7 percent, below the agency's FY 2011 revised estimate but a

State General Fund increase of \$1.4 million, or 0.9 percent, above agency's FY 2011 revised estimate. The decrease is attributable to the Governor not recommending the agency's FY 2011 supplemental requests as submitted and a general operating expenditure reduction of \$143,647 all from the State General Fund for the Senior Care Act (SCA). However, the Governor does recommend the agency's FY 2011 supplemental request to fund and operate the Nursing Facility provider assessment and the Federal Medical Assistance Percentage (FMAP) reduction adjustments to Targeted Case Management, Home and Community Based Services for the Frail Elderly, Nursing Facilities and the Program for All-Inclusive Care but with updated estimated funding.

Senate Subcommittee Recommendation

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

1. The Subcommittee notes the Nursing Facility Provider Assessment that was approved by the 2010 Legislature was approved by the federal Center for Medicare and Medicaid Services (CMS) on February 15, 2011 and can now be implemented. Based on 2010 Senate Substitute for Senate Substitute for Substitute for House Bill 2320, the Nursing Facility Provider Assessment will be retroactive to July 1, 2010. A provider assessment is a mechanism used to maximize the amount of federal funding for the state by generating new state funds. After collection, the additional funds are used to draw down additional federal funds. This results in increased Medicaid payments to providers for Medicaid eligible services in licenced nursing facilities. The increase in rates is already included in the submitted budget.

Agency: Department on Aging

Bill No. --

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 483

Expenditure Summary	 Agency Request FY 2012		Governor ecommendation FY 2012		Senate Subcommittee Adjustments
Operating Expenditures:					
State General Fund	\$ 213,814,222	\$	211,120,608	\$	0
Other Funds	 365,645,049		349,897,245	,	0
Subtotal	\$ 579,459,271	\$	561,017,853	\$	0
Capital Improvements					
State General Fund	\$ 0	\$	0	\$	0
Other Funds	0		0		0
Subtotal	\$ 0	\$	0	\$	0
TOTAL	\$ 579,459,271	\$	561,017,853	\$	0
FTE positions	214.0		164.0		0.0
Non FTE Uncl. Perm. Pos.	17.3		17.3		0.0
TOTAL	 231.3		181.3		0.0

Agency Request

The **agency** requests FY 2012 operating expenditures of \$579.5 million, an increase of \$2.7 million, or 0.5 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$213.8 million, an increase of \$53.5 million, or 33.4 percent, above the revised current year estimate. The request includes 214.0 FTE positions and 17.3 non-FTE positions, the same as the revised current year estimate. The request includes nine enhancement requests totaling \$83.6 million, including \$13.9 million from the State General Fund. Absent the enhancements, the request would be a decrease of \$81.0 million, or 14.0 percent, from all funding sources below the FY 2011 revised estimate and an increase of \$39.6 million, or 24.7 percent, above the FY 2011 revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$561.0 million, including \$211.11 million from the State General Fund. The FY 2012 recommendation is a decrease of \$18.4 million, or 3.2 percent, below the agency's FY 2012 request and a State General Fund decrease of \$2.7 million, or 1.3 percent, below the agency's FY 2012 request. The decrease is almost entirely attributable to the Governor not recommending the agency's FY 2012 enhancement requests as submitted. The recommendation is a decrease of \$11.5 million, or 2.0 percent, but includes a State General Fund increase of \$49.4 million, or 30.6 percent, above the FY 2011 recommendation. The increase is almost entirely attributable to an adjusted

Federal Medical Assistance Percentage (FMAP) for caseload programs. In addition, the Governor recommends the agency's FY 2012 reduced resources of \$1,979,129, including \$1,736,253 from the State General Fund. The recommendation includes the agency's FY 2012 enhancement request to fund and operate the Nursing Facility provider assessment but at the revised level estimated at the October, 2010 Human Consensus Revenue Estimating meeting of \$47,862,653 from all funding sources generated by the Nursing Facility provider assessment. The recommendation includes an additional \$4.7 million, including \$2.0 million from the State General Fund, for the Home and Community Based Services for the Frail Elderly with savings realized in part by reducing the agency's salaries and wages by \$3.0 million, including \$1.2 million from the State General Fund, and 20.0 currently filled FTE positions. In addition, the recommendation eliminates 30.0 vacant FTE positions. This reduced the agency's FTE positions from 214.0 FTE positions to 164.0 FTE positions.

Senate Subcommittee Recommendation

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

1. The Subcommittee directs the agency to utilize any savings realized through the proposed reorganization and downsizing of agency operations to restoring the reduced resource items of a Senior Care Act reduction \$1,333,949, all from the State General Fund, and a Nutrition Program reduction of \$300,000, all from the State General Fund. In addition, after these items are restored, the Subcommittee directs any savings realized through reorganization or downsizing of agency operations to the Home and Community Based Services for the Frail Elderly (HCBS/FE) waiver.

Further, the committee recommends review of the Senior Care Act, Nutrition Program, and HCBS/FE at Omnibus.

The Subcommittee notes the Program for All-Inclusive Care for the Elderly (PACE) coordinates all-inclusive medical and social services that meet the particular needs of eligible seniors who have remained in the community, but who would otherwise need to be in long term care in a nursing facility, for one rate in the form of a monthly "premium". The monthly payment is a fixed amount, regardless of changes in the participant's health status or service needs. PACE providers assume full financial risk for participants' care without limits on the amount, duration, or scope of services.

Therefore, the Subcommittee considers this program to be an effective budgeting instrument and method for reducing state and federal Medicaid expenditures without reducing services or number of individuals served. Contrasted to nursing facility providers, PACE providers have not experienced a rate increase since 2005 and need to maintain a certain caseload to remain in operation. Thus, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$1,402,579, including \$581,930 from the State General Fund, to fund an PACE caseload and rate increase of 3.0 percent. In addition, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$915,000, including \$379,634 from the State General Fund, to add a PACE program to serve Johnson and Wyandotte counties in FY 2012.

3. The Subcommittee notes the Home and Community-Based Services for the Frail Elderly (HCBS/FE) program provides Medicaid eligible customers with the opportunity to receive cost-effective community-based services as an alternative to higher cost nursing facility

care. In addition, the 2010 Legislature approved the a new telehealth service for the HCBS/FE program and \$1,095,000, including \$382,900 from the State General Fund to fund 500 telehealth units across the state. A telehealth pilot study and the Kansas University Medical Center concluded that telehealth technology has a significant effect on the health and well-being of residents with chronic diseases and the cost of care when used at home. The former agency administration decided to use the funding approved for a new telehealth service to fund current HCBS/FE services and not implement the telehealth service as the 2010 Legislature intended.

Therefore, the Subcommittee recommends review at Omnibus of the FY 2012 agency's enhancement request of \$7,598,000, including \$3,152,410 from the State General Fund, to fund the four HCBS/FE services that were suspended in in FY 2010 and implement the telehealth service. The suspended services are estimated to serve 600 seniors a month at a cost of \$903 per month. The services include sleep cycle support, oral health, comprehensive support and assisted technology.

- The Subcommittee notes the Area Agencies on Aging (AAA) plan, develop, coordinate, and arrange for services in their respective geographic area for elder rights programs, including the nursing home ombudsman program, legal services, outreach, public benefit and insurance counseling, elder abuse prevention efforts, and coordinate systems of supportive in-home and community-based services to improve the efficiency of the programs while delivering better coordinated and effective services. The Subcommittee recommends review at Omnibus of the FY 2012 enhancement request of \$750,000, all from the State General Fund, to restore AAA core services to the FY 2009 level. This amount supports core services that are not reimbursed through federal funds.
- The Subcommittee expresses concern that mental health and Home and Community-Based Services for the Frail Elderly (HCBS/FE) issues are not represented fully on the 2011 Lieutenate Governor's Medicaid Reform Task Force. The Subcommittee considers these issues to be vital for reducing state Medicaid expenditures.
- The Subcommittee expresses concern about the long-term base appropriations for the Home and Community-Based Services for the Frail Elderly (HCBS/FE) program when Money Follows the Person (MFP) grants are used to to transfer seniors from nursing facilities to the HCBS/FE program.

The goal of the Money Follows the Person program is to rebalance the long term care budget by shifting spending from institutional budgets to community based services budgets as individuals make the decision to move back into the community. Services are funded at an enhanced 80.0 Federal match to provide the state a way to utilize the savings created by the enhanced Federal match to build capacity in local communities. However, this program is only for the first 365 days the individual receives services in their home community. Therefore, after the first year, the HCBS/FE program must provide services to a larger population with reduced funding though at the normal Medicaid match rate. Thus waiting lists and suspension of services are a budgeting mechanism utilized to stay within the available resources and seniors who would qualify for HCBS/FE waivers might have to be served in comparatively higher cost nursing facilities.

The Subcommittee commends Secretary Shawn Sullivan's efforts to investigate and implement innovative initiatives that consolidate services and create cost-saving collaborations between previously isolated systems.

FY-2012

SENATE WAYS AND MEANS SUBCOMMITTEE

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

Jean Schodorf
Sepator Jean Schodorf, Chair Mit Dehmedt
Senator Vicki Schmidt Duaye Ulbuy Senator Dwayne Umbarger
Lewis Huntington Senator Terrie Huntington

Senator Kelly Kultala

FY 2012

SENATE WAYS AND MEANS SUBCOMMITTEE

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

Senator Kelly Kultala

Agency: Larned State Hospital

Bill No. Senate Sub. for HB 2014

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 210

Expenditure Summary	Agency Estimate FY 2011	Red	Governor commendation FY 2011	 Senate bcommittee djustments
Operating Expenditures:				
State General Fund	\$ 43,155,120	\$	43,155,120	\$ 0
Other Funds	14,383,828		14,383,828	0
Subtotal	\$ 57,538,948	\$	57,538,948	\$ 0
Capital Improvements				
State General Fund	\$. 0	\$	0	\$ 0
Other Funds	0		0	0
Subtotal	\$ 0	\$	0	\$ 0
TOTAL	\$ 57,538,948	\$	57,538,948	\$ 0
FTE positions	975.2		975.2	0.0
Non FTE Uncl. Perm. Pos.	23.0		23.0	0.0
TOTAL	998.2		998.2	0.0

Agency Estimate

The **agency** estimates revised FY 2011 operating expenditures of \$57,538,948 including \$43,155,120 from the State General Fund. The estimate is an all funds decrease of \$1,328,135, or 2.3 percent, and a State General Fund decrease of \$541,281, or 1.2 percent, below the amount approved by the 2010 Legislature. The estimate includes no supplemental requests. The savings realized are from the closure of the Youth Services Program on the LSH campus.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2011 revised estimate.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation.

Agency: Larned State Hospital

Bill No. --

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 210

Expenditure Summary	Agency Request diture Summary FY 2012		Re	Governor commendation FY 2012	Senate Subcommittee Adjustments		
Operating Expenditures:							
State General Fund	\$	46,956,870	\$	44,465,747	\$		0
Other Funds	,	14,383,828	,	14,383,828	•		0
Subtotal	\$	61,340,698	\$	58,849,575	\$		0
Capital Improvements							
State General Fund	\$	0	\$	0	\$		0
Other Funds		0		0			0
Subtotal	\$	0	\$	0	\$,	0
TOTAL	\$	61,340,698	\$	58,849,575	\$		0
FTE positions		975.2		838.2		0.0	
Non FTE Uncl. Perm. Pos.		23.0		23.0		0.0	
TOTAL		998.2		861.2		0.0	

Agency Request

The agency requests FY 2012 operating expenditures of \$61,340,698 including \$46,956,870 from the State General Fund. The estimate is an all funds increase of \$3,801,750, or 6.6 percent, and a State General Fund increase of of the same amount, or 8.8 percent, above the FY 2011 revised estimate. The agency request includes two enhancements for FY 2012 totaling \$2,491,123, all from the State General Fund and 28.8 FTE to open and staff a 16-bed crisis Sexual Predator Treatment Program (SPTP) expansion and an eight bed SPTP transition house program. Absent the enhancement, the FY 2012 operating expenditures for the agency request would be \$58,849,575 including \$44,465,747 from the State General Fund. The request is an all funds increase of \$1,310,627, or 2.3 percent, and a State General Fund increase of the same amount, or 3.0 percent, above the FY 2011 revised estimate. All of the increase is located in salaries and wages due to estimated increase in longevity payments, employer contributions for KPERS and payments to the state health insurance program for employees. In addition, a \$0.30 per hour retention pay in the SPTP program for building trades classifications is included.

Governor's Recommendation

The Governor recommends FY 2012 operating expenditures of \$58,849,575, including \$44,465,747 from the State General Fund. The FY 2012 recommendation is a State General Fund increase of \$1,310,627, or 2.3 percent, above the FY 2011 recommendation. The increase 24 is attributable to estimated additional longevity payments, employer contributions for KPERS, payments to the state health insurance program for employees, and workers compensation. The FY 2012 recommendation is decrease of \$2,491,123, all from the State General Fund, or 4.1 percent, below the FY 2012 agency request. The decrease is attributable to the Governor not recommending the agency's two enhancement requests and 28.8 additional FTE to open and staff a 16-bed crisis SPTP expansion and an eight bed SPTP transition house program. In addition, the recommendation includes elimination of 138.0 vacant FTE positions. This reduced the agency's FTE positions from 976.2 FTE positions to 839.2 FTE positions.

Senate Subcommittee Recommendation

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

1. The Subcommittee expresses concern that the increase in individuals referred to the Sexual Predator Treatment Program (SPTP) and the length of time it takes to complete the program combine to create a continuing budget and public policy challenge. The agency has indicated that an average of 18 individuals are referred to SPTP a year and the program is already operating over its capacity of 200 individuals. The agency indicates that this creates dangerous, high-risk environments for SPTP staff and increased challenges to the civil commitments of the residents due to compliance failures of the *Turay Standards* that establish constitutional guidelines for an institutionally based SPTP program and residents could challenge their civil commitment in court.

Therefore, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$1,618,823, all from the State General Fund, to fund an expansion on the Larned State Hospital (LSH) campus program with the addition of a 16-bed unit located in the Meyer building, which is currently vacant, to accommodate new admissions to the SPTP program. In addition, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$872,300, all from the State General Fund, to fund the start-up and operation of a new sexual predator transition house. The following summarizes the status of the 246 persons committed to the SPTP:

- ° 2 persons have completed the final conditional release stage;
- ° 3 persons are on conditional release;
- 13 persons were released by the courts due to timely filing issues (these issues were later corrected by legislative action);
- ° 14 persons have died;
- ° 15 new commitments have been made so far in FY 2011; and
- ° 214 persons are currently in the SPTP as of December, 2010:
 - 200 on the campus of Larned State Hospital;
 - 6 in DOC (due to parole violations); and

- 8 residing at the Transition House on the campus of Osawatomie State Hospital
- 2. The Subcommittee notes that the Department of Social and Rehabilitation Services (SRS) has indicated that it will be closing 14.0 of the 50.0 beds currently provided by Rainbow Mental Health Facility due to findings of a recent Centers for Medicare and Medicaid Services (CMS) survey. While previous CMS surveys found the facility operating at acceptable client to staff ratios, the recent survey concluded that the facility is operating four units instead of two. Thus, the agency would be considered understaffed according to survey. Therefore, the agency would have to to reduce the number of individuals served or provide additional levels of RN staffing and expenditures of \$820,000, all from the State General Fund, above levels that had previously been found acceptable by CMS surveys. Corrected action alternative plans submitted by the agency were rejected by CMS. In the current fiscal year, 11.0 additional beds have been opened at Larned State Hospital. Therefore, the closure of the Rainbow Mental Health Facility beds will have an overall reduction of 3.0 beds in the state mental health hospital system in the current fiscal year.
- 3. The Subcommittee notes that the 2009 Legislature passed House Substitute for SB 91 which prohibits SRS from placing more than eight sexually violent predators in any one county on transitional release or conditional release and that these patients must be housed only on state property. Further the Subcommittee notes that SRS has testified in the past this policy creates both programmatic and fiscal challenges for SPTP. The more populated counties such as Johnson, Wyandotte, Shawnee, and Sedgwick typically have the optimal resources for affordable housing, employment, and follow-up sex offender treatment, which are critical elements to reduce the risk for reoffending and increase successful reintegration into the community. In addition, current zoning and residency restrictions make it more difficult to place offenders back into the community after treatment. According to SRS, if a court orders an individual to transitional or conditional release and that person cannot be placed because the counties that offer the needed resources have reached the eight person maximum, and no other county can be found to provide the needed services for that individual, SRS and the State of Kansas risk contempt of court charges and lawsuits.
- 4. The Subcommittee notes the state mental health system has seen an increased demand over the last year that will be greater strained by the reduction of 14.0 beds at Rainbow Mental Health Facility. The agency currently operates most treatment days at or near the budgeted capacity and has experienced 83.0 percent of their days over the budgeted bed capacity of 90.0 psychiatric service beds. At times when not over capacity, the facility often operates at capacity. This has required the temporary delay of volunteer admissions twice in the last year and has forced the agency to use private contracts that require greater expenditures for treatment of individuals than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment and creates the possibility for dangerous environments for staff and clients.
- 5. The Subcommittee notes that sufficient resources are required to ensure that quality state hospital services are available to Kansans who need them. Therefore, the state hospitals have not submitted reduced resource budgets, but instead, SRS' reduced resource budget includes the reduced resource targets for the state hospitals and SRS strives to absorb budget reduction for the hospitals. The Subcommittee encourages SRS to continue this practice.

Agency: Osawatomie State Hospital

Bill No. Senate Sub. for HB 2014

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 212

Expenditure Summary		Agency Estimate R FY 2011		Governor commendation FY 2011	Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$	15,872,686	\$	14,701,695	\$	0
Other Funds	·	14,219,702	,	14,219,702	•	0
Subtotal	\$	30,092,388	\$	28,921,397	\$	0
Capital Improvements						
State General Fund	\$	0	\$	0	\$	0
Other Funds		0		0		0
Subtotal	\$	0	\$	0	\$	0
TOTAL	\$	30,092,388	\$	28,921,397	\$	0
FTE positions		441.4		441.4		0.0
Non FTE Uncl. Perm. Pos.		0.0		0.0		0.0
TOTAL		441.4		441.4		0.0

Agency Estimate

The agency estimates FY 2011 operating expenditures of \$30,092,388, including \$15.872.686 from the State General Fund. The estimate is an all funds increase of \$578,221, or 2.0 percent, above the amount approved by the 2010 Legislature. The estimate includes one supplemental request for \$670,991, all from the State General Fund, to fund overtime pay and temporary staffing to provide patient supervision and required active treatment to cover the additional costs of serving a higher number of patients. The agency indicates that the supplemental is needed to relieve pressure on the state mental health hospitals experiencing average daily census populations greater than the system is budgeted to serve. The Department of Social and Rehabilitation Services (SRS) temporarily suspended voluntary admissions to the three Kansas mental health hospitals during May 2010 and July 2010. If the supplemental is not granted, OSH and Rainbow Mental Health Facility (RMHF) will reduce staff coverage below budgeted levels to cover the costs of medication and food needed for the higher patient census requiring service. The agency indicates these reductions could reduce active treatment resulting in extended lengths of stay causing patient census to rise and require delays for involuntary admissions. Reducing staff coverage could also increase the possibility of harm to patients and staff and jeopardize licensing and accreditation. Absent the supplemental request, the agency requests a revised FY 2011 estimate for operating expenditures of \$29,421,397 including \$15,201,695 from the State General Fund. The estimate is an all funds $\sqrt{-7}$ decrease of \$92,776, or 0.3 percent.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$28,921,397 including \$14,701,695 from the State General Fund. The recommendation is a decrease of \$592,770, or 2.0 percent, below the amount approved by the 2010 Legislature including a decrease of \$500,000, or 3.3 percent, from the State General Fund below the amount approved by the 2010 Legislature. The FY 2011 recommendation is a State General Fund decrease of \$1,170,991, or 7.4 percent, below agency's FY 2011 revised estimate. Of the decrease, \$500,000 from the State General Fund is attributable to an increased salaries and wages shrinkage amount. The remaining \$670,991 from the State General Fund is attributable to the Governor not recommending the agency's supplemental request.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation.

Agency: Osawatomie State Hospital

Bill No. --

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 212

Expenditure Summary	Agency Request FY 2012		Re	Governor commendation FY 2012	Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$	18,684,493	\$	14,784,970	\$	0
Other Funds	•	14,219,702	Ψ	14,219,702	Ψ	0
Subtotal	\$	32,904,195	\$	29,004,672	\$	0
Capital Improvements						
State General Fund	\$	0	\$	0	\$	0
Other Funds		0		0		0
Subtotal	\$	0	\$	0	\$	0
TOTAL	\$	32,904,195	\$	29,004,672	\$	0
FTE positions		491.4		396.4		0.0
Non FTE Uncl. Perm. Pos.		0.0		0.0		0.0
TOTAL		491.4		396.4	•	0.0

Agency Request

The **agency** requests FY 2012 operating expenditures of \$32,904,195 including \$18,684,493 from the State General Fund. The estimate is an all funds increase of \$2,811,807, or 9.3 percent, and a State General Fund increase of \$2,811,807 or 17.7 percent, above the FY 2011 revised estimate. The agency request includes one enhancement for FY 2012 totaling \$3,399,523, all from the State General Fund and 50.0 FTE to open and staff a 30-bed crisis stabilization unit. Absent the enhancement, the request is an all funds decrease of \$587,716, or 2.0 percent, and a State General Fund decrease of the same amount, or 3.7 percent, below the FY 2011 revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$29,004,672, including \$14,784,970 from the State General Fund. The recommendation is decrease of \$3,899,523, or 11.9 percent, below the FY 2011 agency revised estimate. Of the decrease, \$500,000 from the State General Fund is attributable to an increased salaries and wages shrinkage amount. The remaining \$3,399,523 decrease from the State General Fund is attributable to the Governor not recommending the agency's enhancement request. The FY 2012 recommendation is \$83,275, all from the State General Fund, above the FY 2011 recommendation. The increase is attributable to estimated additional longevity payments, employer contribution for KPERS, employer contributions to the state health insurance program for employees, and workers

compensation. In addition, the recommendation includes a reduction of 45.0 vacant FTE positions. This reduced the agency's FTE positions from 441.4 FTE positions to 396.4 FTE positions.

Senate Subcommittee Recommendation

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

- 1. The Subcommittee notes that the 2007 legislature approved a 30-bed crisis stabilization unit for the agency but due to budget constraints these additional beds were never opened by the Department of Social and Rehabilitation Services (SRS). The Subcommittee considers this unit to have the potential to relieve pressure on the state mental health hospital system that experiencing average daily census populations greater than the system is budgeted to serve. Therefore, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$3,399,523, all from the State General Fund and 50.0 FTE positions to open and operate a new 30-bed crisis stabilization unit.
- 2. The Subcommittee notes that SRS has indicated that it will be closing 14.0 of the 50.0 beds currently provided by Rainbow Mental Health Facility (RMHF) due to findings of a recent Centers for Medicare and Medicaid Services (CMS) survey. While previous CMS surveys found RMHF operating at acceptable client to staff ratios, the recent survey concluded that RMHF is operating four units instead of two. Thus, RMHF is considered understaffed according to survey. Therefore, the RMHF would have to to reduce the number of individuals served or provide additional levels of RN staffing and expenditures of \$820,000, all from the State General Fund, to staff above levels that had previously been found acceptable by CMS surveys. Corrected action alternative plans submitted by RMHF were rejected by CMS. In the current fiscal year, 11.0 additional beds have been opened at Larned State Hospital. Therefore, the closure of the RMHF beds will have an overall reduction of 3.0 beds in the state mental health hospital system in the current fiscal year.
- 3. The Subcommittee notes the state mental health system has seen an increased demand over the last year that will be greater strained by the reduction of 14.0 beds at RMHF. The agency currently operates most treatment days at or near the budgeted capacity and has experienced 34.0 percent of their days over the budgeted bed capacity of 176.0 beds. At times when not over capacity, the facility often operates at capacity. This has required the temporary delay of volunteer admissions twice in the last year and has forced the agency to use private contracts that require greater expenditures for treatment of individuals than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment and creates the possibility for dangerous environments for staff and clients.
- 4. The Subcommittee notes that sufficient resources are required to ensure quality state hospital services are available to Kansans who need them. Therefore, the state hospitals have not submitted reduced resource budgets, but instead, SRS' reduced resource budget includes the reduced resource targets for the state hospitals and SRS strives to absorb budget reduction for the hospitals. The Subcommittee encourages SRS to 2–10 continue this practice.

Agency: Rainbow Mental Health Facility

Bill No. Senate Sub. for HB 2014

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 216

Expenditure Summary	Agency Estimate FY 2011	Reco	Governor ommendation FY 2011	 Senate Subcommittee Adjustments
Operating Expenditures:				
State General Fund	\$ 5,344,305	\$	4,548,471	\$ 0
Other Funds	4,089,923		4,089,923	0
Subtotal	\$ 9,434,228	\$	8,638,394	\$ 0
Capital Improvements				
State General Fund	\$ 0	\$	0	\$ 0
Other Funds	0		0	0
Subtotal	\$ 0	\$	0	\$ 0
TOTAL	\$ 9,434,228	\$.	8,638,394	\$ 0
FTE positions	122.2		122.2	0.0
Non FTE Uncl. Perm. Pos.	0.0		0.0	0.0
TOTAL	122.2		122.2	0.0

Agency Estimate

The agency estimates FY 2011 operating expenditures of \$9,434,228, including \$5,344,305 from the State General Fund. The estimate is an all funds increase of \$545,895, or 6.1 percent, above the amount approved by the 2010 Legislature. The estimate includes one supplemental request of \$545,895, all from the State General Fund, to fund overtime pay and temporary staffing to provide patient supervision and required active treatment to cover the additional costs of serving a higher number of patients. The agency indicates that the supplemental is needed to relieve pressure on the state mental health hospitals experiencing average daily census populations greater than the system is budgeted to serve. The Department of Social and Rehabilitation Services (SRS) temporarily suspended voluntary admissions to the three Kansas mental health hospitals during May 2010 and July 2010. Absent the supplemental request, the agency requests a revised FY 2011 estimate operating expenditures of \$8,888,333 including \$4,798,470 from the State General Fund. The estimate is an all funds increase of \$274,412, or 3.2 percent, and a State General Fund increase of the same amount, or 6.1 percent, above the amount approved by the 2010 Legislature. The increase is attributable to internal SRS transfers of funds to off-set previous year budget reductions and salaries and wages longevity payments. 2-11

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$8,638,394 including \$4,548,471 from the State General Fund. The recommendation is a State General Fund decrease of \$249,939, or 5.2 percent, below the amount approved by the 2010 Legislature. The FY 2011 recommendation is a State General Fund decrease of \$795,834, or 14.9 percent, below agency's FY 2011 revised estimate. Of the decrease, \$250,000 from the State General Fund is attributable to an increased salaries and wages shrinkage amount. The remaining \$545,834 from the State General Fund is attributable to the Governor not recommending the agency's supplemental request.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation.

Agency: Rainbow Mental Health Facility

Bill No. --

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 216

Expenditure Summary	Agency Request FY 2012		Governor Recommendation FY 2012		Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$	4,621,758	\$	4,621,758	\$	0
Other Funds		4,089,923		4,089,923	,	0
Subtotal	\$	8,711,681	\$	8,711,681	\$	0
Capital Improvements						
State General Fund	\$	0	\$	0	\$	0
Other Funds		0		0		0
Subtotal	\$	0	\$	0	\$	0
TOTAL	\$	8,711,681	\$	8,711,681	. \$	0
FTE positions		122.2		112.2		0.0
Non FTE Uncl. Perm. Pos.		0.0		0.0		0.0
TOTAL		122.2		112.2		0.0

Agency Request

The **agency** requests FY 2012 operating expenditures of \$8,711,681 including \$4,621,758 from the State General Fund. The estimate is an all funds decrease of \$722,547, or 7.7 percent, and a State General Fund decrease of the same amount, or 13.5 percent, below the FY 2011 revised estimate. The decrease is partially attributable to the FY 2011 revised estimate supplemental request of \$545,985, all from the State General Fund, to fund overtime pay and temporary staffing to provide patient supervision and required active treatment to cover the additional costs of serving a higher number of patients. Absent the supplemental in FY 2011, the request is an all funds decrease of \$176,652, or 2.0 percent, and a State General Fund decrease of the same amount, or 3.7 percent, below the FY 2011 revised estimate.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2012 request but with a reduction of 10.0 vacant FTE from the Clinical Services program.

Senate Subcommittee Recommendation

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

- 1. The Subcommittee notes that the Department of Social and Rehabilitation Services (SRS) has indicated that it will be closing 14.0 of the 50.0 beds currently provided by the agency due to findings of a recent Centers for Medicare and Medicaid Services (CMS) survey. While previous CMS surveys found the facility operating at acceptable client to staff ratios, the recent survey concluded that the facility is operating four units instead of two. Thus, the agency is considered understaffed according to survey. Therefore, the agency would have to to reduce the number of individuals served or provide additional levels of RN staffing and expenditures of \$820,000, all from the State General Fund, to staff above levels that had previously been found acceptable by CMS surveys. Corrected action alternative plans submitted by the agency were rejected by CMS. In the current fiscal year, 11.0 additional beds have been opened at Larned State Hospital. Therefore, the closure of the Rainbow Mental Health Facility beds will have an overall reduction of 3.0 beds in the state mental health hospital system in the current fiscal year.
- 2. The Subcommittee notes the state mental health system has seen an increased demand over the last year that will be greater strained by the reduction of 14.0 beds at Rainbow Mental Health Facility. The agency currently operates most treatment days at or near the budgeted capacity and has experienced 36.0 percent of their days over the budgeted bed capacity of 50.0 beds. At times when not over capacity, the facility often operates at capacity. This has required the temporary delay of volunteer admissions twice in the last year and has forced the agency to use private contracts that require greater expenditures for treatment of individuals than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment and creates the possibility for dangerous environments for staff and clients.
- 3. The Subcommittee notes that sufficient resources are required to ensure that quality state hospital services are available to Kansans who need them. Therefore, the state hospitals have not submitted reduced resource budgets, but instead SRS' reduced resource budget includes the reduced resource targets for the state hospitals and SRS strives to absorb budget reduction for the hospitals. The Subcommittee encourages SRS to continue this practice.

Agency: Parsons State Hospital and

Training Center

Bill No. Senate Sub. for HB 2014

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 214

Expenditure Summary	Agency Estimate FY 2011		Re ——	Governor commendation FY 2011	Senate Subcommittee Adjustments
Operating Expenditures:					
State General Fund	\$	10,236,775	\$	10,236,775	\$ 0
Other Funds		15,070,495		15,070,495	0
Subtotal	\$	25,307,270	\$	25,307,270	\$. 0
Capital Improvements					
State General Fund	\$	63,618	\$	63,618	\$ 0
Other Funds		64,935		64,935	0
Subtotal	\$	128,553	\$	128,553	\$ 0
TOTAL	\$	25,435,823	\$	25,435,823	\$ 0
FTE positions		495.2		495.2	0.0
Non FTE Uncl. Perm. Pos.		0.0		0.0	0.0
TOTAL		495.2		495.2	0.0

Agency Estimate

The **agency** requests an FY 2011 revised estimate operating expenditures of \$25,307,270, including \$10,236,775 from the State General Fund. The estimate is an all funds decrease of \$227,393, or 0.9 percent, below the amount approved by the 2010 Legislature. The estimate would include 495.2 FTE positions and does not have any supplemental requests.

Governor's Recommendation

The Governor concurs with the agency's FY 2011 revised estimate.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation.

Agency: Parsons State Hospital and

Bill No. --

Bill Sec. --

Training Center

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 214

Expenditure Summary	Agency Request FY 2012		Re	Governor commendation FY 2012	Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$	10,634,504	\$	10,634,504	\$	0
Other Funds		15,067,779		15,067,779		0
Subtotal	\$	25,702,283	\$	25,702,283	\$	0
Capital Improvements						
State General Fund	\$	66,279	\$	66,279	\$	0
Other Funds		67,651		67,651		0
Subtotal	\$	133,930	\$	133,930	\$	0
TOTAL	\$	25,836,213	\$	25,836,213	\$	0
FTE positions		495.2		455.2		0.0
Non FTE Uncl. Perm. Pos.		0.0		0.0		0.0
TOTAL		495.2		455.2		0.0

Agency Request

The **agency** requests FY 2012 operating expenditures of \$25,702,283 including \$10,634,504 from the State General Fund. The request is an all funds increase of \$395,013, or 1.6 percent, above the FY 2011 revised estimate and a State General Fund increase of \$397,729, or 3.9 percent, above the FY 2011 revised estimate. The request includes 495.2 FTE positions and does not include any enhancement requests.

Governor's Recommendation

The **Governor** recommends the agency's FY 2012 request but with a reduction of 40.0 vacant FTE positions. Therefore, the recommendation includes 455.2 FTE.

Senate Subcommittee Recommendation

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

- 1. The Subcommittee commends the quality and effectiveness of the habilitation, rehabilitation and residential care the agency staff provides for each person admitted to Parsons State Hospital and Training Center (PSH&TC).
- 2. The Subcommittee believes that the current hospital system, including PSH&TC and Kansas Neurological Institute (KNI), should continue operations. In addition, the Subcommittee believes the research based treatment program operated by PSH&TC for individuals with developmental disabilities who have a history of sexual offenses is very beneficial. In addition, the Kansas Research Center and the Kansas University Center on Developmental Disabilities at Parsons that works to prevent unnecessary or inappropriate institutionalization of persons with developmental disabilities through respite care provides essential services to the developmental disability community.
- 3. The Subcommittee recommends an independent audit to evaluate the overall management and service structure of Kansas Neurological Institute (KNI) and PSH&TC. The purpose of the audit would be to identify additional efficiencies that can be implemented to create cost-savings at the facilities. In addition, the independent audit would identify additional programs the facilities could implement to assist the entire developmental disability community and help reduce the Home and Community Based Services waiver for individuals with Developmental Disabilities (HCBS/DD) waiver expenditures.

Agency: Kansas Neurological Institute

Bill No. Senate Sub. for HB 2014

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 208

Expenditure Summary	 Agency Estimate FY 2011	Re	Governor commendation FY 2011	 Senate Subcommittee Adjustments
Operating Expenditures:				
State General Fund	\$ 10,707,006	\$	10,707,006	\$ 0
Other Funds	18,171,059		18,171,059	0
Subtotal	\$ 28,878,065	\$	28,878,065	\$ 0
Capital Improvements				
State General Fund	\$. 0	\$	0	\$. 0
Other Funds	191,305		191,305	0
Subtotal	\$ 191,305	\$	191,305	\$ 0
TOTAL	\$ 29,069,370	\$	29,069,370	\$ 0
FTE positions	546.7		546.7	0.0
Non FTE Uncl. Perm. Pos.	4.0		4.0	0.0
TOTAL	550.7		550.7	0.0

Agency Estimate

The **agency** estimates FY 2011 operating expenditures of \$28,878,065, including \$10,707,006 from the State General Fund. The estimate is an all funds decrease of \$691,135, or 2.3 percent, below the amount approved by the 2010 Legislature and a decrease of \$500,000, or 4.5 percent, below the amount approved by the 2010 Legislature. The State General Fund decrease is attributable to an internal shift of funds to Osawatomie State Hospital by the Department of Social and Rehabilitation Services (SRS). The additional all funds decreases are attributable to the removal of the Dietary Services program and minor reorganization of employees to meet budgetary requirements. The estimate would fund 546.7 FTE positions which is the same as the approved and does not include any supplemental requests. In addition, the estimate includes a capital improvements request for \$191,305 from the federal Title XIX fund for the Department of Administration's state energy conservation improvement project expenditures.

Governor's Recommendation

The Governor concurs with the agency's FY 2011 revised estimate.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation.

Agency: Kansas Neurological Institute

Bill No. --

Bill Sec. --

Analyst: Montgomery

Analysis Pg. No. --

Budget Page No. 208

Expenditure Summary	 Agency Request FY 2012		Governor Recommendation FY 2012		Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$ 11,067,220	\$	10,490,181	\$	277,039	
Other Funds	18,171,059		18,089,266		381,793	
Subtotal	\$ 29,238,279	\$	28,579,447	\$	658,832	
Capital Improvements						
State General Fund	\$ 0	\$	0	\$	0	
Other Funds	191,305		191,305		0	
Subtotal	\$ 191,305	\$	191,305	\$	0	
TOTAL	\$ 29,429,584	\$	28,770,752	\$	658,832	
FTE positions	546.7		485.7		0.0	
Non FTE Uncl. Perm. Pos.	4.0		4.0		0.0	
TOTAL	550.7		489.7		0.0	

Agency Request

The **agency** requests FY 2012 operating expenditures of \$29,238,279 including \$11,067,220 from the State General Fund. The request is an all funds increase of \$360,214, or 1.2 percent, above the FY 2011 revised estimate and a State General Fund increase of the same amount, or 3.4 percent, above the FY 2011 revised estimate. Almost the entirety of the increase is attributable to longevity payments, employer contributions for KPERS retirement state health insurance program for state employees. The request would fund 546.7 FTE positions which is the same as the FY 2011 estimate and does not include any enhancement requests. In addition, the request includes a capital improvements request for \$191,305 from the federal Title XIX fund for the state energy conservation improvement project expenditures.

Governor's Recommendation

The **Governor** recommends the closure of the KNI facility over the next two fiscal years. The Governor recommends FY 2012 operating expenditures of \$28,579,447 including \$10,490,181 from the State General Fund. The request is an all funds decrease of \$658,832, or 2.3 percent, below the FY 2012 agency request and a State General Fund decrease \$577,039, or 5.2 percent, below the FY 2012 agency request. Of the decrease, \$300,000 from the State General Fund is recommended to be replaced with federal Title XIX fee funds. The remaining \$658,832 all funds, including \$277,039 from the State General Fund, are savings the Governor accounts for as a result of a recommendation to begin closure of the KNI facility. The Governor

estimates it will take the agency 23.0 months to close the facility if the agency meets a goal of moving 7.0 residents a month to community placements. In addition, the recommendation includes a reduction of 61.0 FTE positions. This reduces the agency's FTE positions from 546.7 FTE positions to 485.7 FTE positions.

Senate Subcommittee Recommendation

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

- 1. Add \$658,832 all funds, including \$277,039 from the State General Fund, which was savings the Governor estimated as a result of a recommendation to begin closure of the Kansas Neurological Institute (KNI) facility. This addition would fully fund the operations of the facility and eliminate current the plan to close KNI.
- 2. The Subcommittee directs the SRS to continue operations of KNI based on concerns pertaining to the capability of the community to accept KNI residents and the amount of resources available to serve this medically fragile population. Further, the Subcommittee does not believe a savings to the state can be realized and fund both the continuing operations of the facility during the closure process and the start up expenditures necessary to build community capacity.
- 3. The Subcommittee is concerned that closure of the KNI facility could negatively impact the community developmental disability system if the dental program, posture seating clinic, and acute care treatment and beds for persons with developmental disabilities living in the community if these services that are provided by KNI were not available. The KNI dental clinic provides services to individuals with developmental disabilities living in the community who have difficulty finding providers. The posture seating clinic develops wheelchairs and assitive technology supports for residents and individuals with developmental disabilities living in the community. The acute care center provides treatment by KNI including primary care services, support during recovery from surgery, evaluative services, and physical therapy services for individuals with developmental disabilities living in the community who can not obtain these services through community providers due to a variety of special needs or circumstances.
- 4. The Subcommittee directs the Department of Social and Rehabilitation Services (SRS) to continue to educate residents, parents and guardians about the availability of community services and opportunities to move residents to the community.
- 5. The Subcommittee recommends an independent audit to evaluate the overall management and service structure of KNI and Parsons State Hospital and Training Center (PSH&TC). The purpose of the audit would be to identify additional efficiencies that can be implemented to create cost-savings at the facilities. In addition, the independent audit would identify additional programs the facilities could implement to assist the entire developmental disability community and help reduce the Home and Community Based Services waiver for individuals with Developmental Disabilities (HCBS/DD) waiver expenditures.

Agency: Kansas Guardianship Program

Bill No. --

Bill Sec. --

Analyst: Wales

Analysis Pg. No. --

Budget Page No. 118

Expenditure Summary	Agency Estimate FY 2011		Governor Recommendation FY 2011		Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$	1,158,265	\$	1,158,265	\$	0
Other Funds		0		0		0
Subtotal	\$	1,158,265	\$	1,158,265	\$	0
Capital Improvements						
State General Fund	\$	0	\$	0	\$	0
Other Funds		0		0		0
Subtotal	\$	0	\$	0	\$	0
TOTAL	\$	1,158,265	\$	1,158,265	\$.	0
FTE positions		11.0		11.0		0.0
Non FTE Uncl. Perm. Pos.		0.0		0.0		0.0
TOTAL		11.0		11.0		0.0

Agency Estimate/Request

The **agency** estimates a revised budget of \$1,158,265 for FY 2011, all from the State General Fund. This estimate is an increase of \$39,625, or 3.5 percent, above FY 2010 and identical to the amount approved by the 2010 Legislature.

Governor's Recommendation

The **Governor** concurs with the agency's estimate.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2011 recommendation.

Agency: Kansas Guardianship Program

Bill No. --

Bill Sec. --

Analyst: Wales

Analysis Pg. No. --

Budget Page No. 118

Expenditure Summary	Agency Request FY 2012		Governor Recommendation FY 2012		Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$	1,199,407	\$	1,113,847	\$	0
Other Funds		0	·	0	•	0
Subtotal	\$	1,199,407	\$	1,113,847	\$	0
Capital Improvements						
State General Fund	\$	0	\$	0	\$	0
Other Funds		0		0		0
Subtotal	\$	0	\$	0	\$. 0
TOTAL	\$	1,199,407	\$	1,113,847	\$. 0
FTE positions		11.0		10.0		0.0
Non FTE Uncl. Perm. Pos.		0.0		0.0		0.0
TOTAL		11.0		10.0		0.0

Agency Estimate/Request

The **agency** requests \$1,199,407, all from the State General Fund, for FY 2012 operating expenditures. The request is an increase of \$41,142, or 3.6 percent, above the FY 2011 revised estimate. This request includes base appropriations of \$1,172,471 and enhancements of \$26,936 for salaries and wages and computer equipment. Absent the enhancements, the request is an increase of \$14,206, or 1.2 percent. This increase is due predominately to an increase in salaries and wages from higher health care and other benefits costs.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$1,113,847, all from the State General Fund. The recommendation is a decrease of \$44,418, or 3.8 percent, below the FY 2011 recommendation and \$85,560, or 7.1 percent, below the agency's FY 2012 estimate. The Governor does not recommend the agency's enhancement request but does recommend the reduced resources items, which accounts for the reduction in FY 2012.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2012 recommendation with the following comments and notations:

- The Subcommittee expresses some concern with this budget and would like to review it during omnibus. Particular concern was that the savings anticipated in the reduced resources package for contractual services may not be as substantial as the agency projects them to be.
- 2. The Senate Subcommittee would like to commend the Guardianship staff and volunteers for their creativity, hard work and dedication to the adult wards of Kansas. The Subcommittee heard testimony that the program was a national model for attending to adult wards of the state that Kansas should be proud of.

FY 2012

SENATE WAYS AND MEANS SUBCOMMITTEE

Office of the Governor

Sanatar Tarria Huntington Chair

Senator Laura Kelly

Senator John Vratil

Agency: Office of the Governor

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. --

Budget Page No. 112

Expenditure Summary	Agency Request FY 2012		Governor Recommendation FY 2012		Senate Subcommittee Adjustments	
Operating Expenditures:						
State General Fund	\$	6,824,528	\$	6,762,611	\$	0
Other Funds	·	10,304,531		10,304,531	•	0
Subtotal	\$	17,129,059	\$	17,067,142	\$	0
Capital Improvements						
State General Fund	\$	0	\$	0	\$	0
Other Funds		0		0		0
Subtotal	\$	0	\$	0	\$.0
TOTAL	\$	17,129,059	\$	17,067,142	\$	0
FTE positions		43.5		43.1		(3.5)
Non FTE Uncl. Perm. Pos.		1.0		1.0		0.0
TOTAL		44.5		44.1		(3.5)

Agency Request

The **agency** requests The agency requests a FY 2012 budget totaling \$17.1 million, a decrease of \$174,246, or 1.0 percent, below the revised FY 2011 estimate. A reduction of \$202,508 in requested expenditures from federal funds is partially offset by an increase of \$28,262 in requested State General Fund expenditures. The request includes 43.5 FTE positions, unchanged from the revised current year estimate.

Governor's Recommendation

The **Governor** recommends FY 2012 expenditures of \$17.1 million, including \$6.8 million from the State General Fund. The recommendation is a decrease of \$241,163, or 1.4 percent, below the revised current year recommendation, and a decrease of \$61,917, or 0.4 percent, below the agency's FY 2012 request. The Governor's recommendation includes:

- a 5.0 percent State General Fund reduction from the agency's existing programs (\$341,227);
- the transfer of the Commission on Disability Concerns (\$184,310, all from the State General Fund, and 2.0 FTE positions) from the Department of Commerce to the Office of the Governor;

- the addition of \$95,000, all from the State General Fund, to augment the salary of the Lieutenant Governor, who will also be overseeing health issues relating to the Kansas Department of Health and Environment, the Department on Aging and the Department of Social and Rehabilitation Services. (The same amount of funding has been reduced in the budget of the Department of Health and Environment.); and
- the transfer of responsibility for administration of the nonreportable E-911 grant program (including 2.4 FTE positions) from the Office of the Governor to the Office of the Attorney General.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the recommendations of the Governor, with the following adjustment and observations.

- Delete 3.5 FTE positions. The agency's revised FY 2011 current year estimate added 3.5 FTE positions above the number approved by the 2010 Legislature for FY 2011. These positions were related to federal grants. The Subcommittee would like more information on these positions and the specific grants involved before continuing them for FY 2012, and wishes to review this issue again during Omnibus.
- 2. The Subcommittee notes concerns with funding for domestic violence prevention grants and funding for Children's Advocacy Centers. Funding for these programs is currently divided between the Office of the Governor, and the Attorney General. The Subcommittee received testimony from a number of advocates who expressed concerns with continuing availability of the funding in the Attorney General's office. The Subcommittee recommends consideration be given at Omnibus to consolidating all of the funding for domestic violence prevention grants and Children's Advocacy Center grants in one agency.
- 3. The Subcommittee has lingering questions and concerns about the budget of the Office of the Governor, specifically related to two staffing items. The Subcommittee would like to continue to consider this issue and have the full Committee further review that information prior to completion of the mega appropriation bill. The Subcommittee is particularly concerned with two issues:
- A total of \$95,000, all from the State General Fund, is added to the budget for FY 2012, presumably to augment the salary of the Lieutenant Governor, who will also be overseeing health issues relating to the Kansas Department of Health and Environment, the Department on Aging and the Department of Social and Rehabilitation Services. The same amount of funding has been reduced in the budget of the Department of Health and Environment under the Governor's recommendation for FY 2012. The Subcommittee was informed, however, that the Governor and the Lieutenant had reached an initial agreement under which the Lieutenant Governor would receive total compensation of \$60,000, plus fringe benefits. A subsequent agreement reduced that amount by 10 percent, to \$54,000, plus fringe benefits. The remaining funding appears to have been shifted to other planned uses within the Governor's office. The Subcommittee would like a more thorough accounting of how that funding is intended to be used, and is concerned with the lack of transparency when funding is moved around in this manner.

During the course of its review of that issue, the Subcommittee learned that a number of employees are performing duties for the Governor's office, while being compensated by other state agencies. Again, the Subcommittee is concerned with the transparency issues in this instance and the difficulties this creates in trying to get a clear picture of the spending involved, not only in this agency, but the other agencies impacted.