

Kansas Department of  
**Social and Rehabilitation Services**  
Don Jordan, Secretary

**Senate Ways and Means**  
**January 15, 2009**

**SRS Governor's Budget Recommendations**

**Don Jordan, Secretary**



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# SRS Governor's Budget Recommendations

## Senate Ways and Means January 15, 2009

Mister Chairman and members of the Committee, I am Don Jordan, Secretary of the Kansas Department of Social and Rehabilitation Services. Thank you for the opportunity to present to you today and explain the Governor's Budget for SRS.

Developing a budget given the challenging economic times has not been an easy task. Hundreds of thousands of Kansans rely on the services funded through SRS, and the need for these services only increases in difficult economic times. SRS proposed reductions with the following key values in mind:

- **Minimize impact on the most vulnerable Kansans.** SRS placed the highest priority on the services and programs that are critical to the agency's mission of protecting children and promoting adult self-sufficiency. A primary concern was to preserve the basic social service safety net of services that protects the most vulnerable Kansans. When crafting base budget reductions and our proposal for a 5% reduced resources package, we considered the vulnerability of the populations we serve, and prioritized services to the most vulnerable.
- **Minimize Overall Reductions by Targeting Some Programs with a Higher Percentage of State Funds.** We maintained federal match programs and focused on state-only programs in order to minimize the all funds amount of the reductions.
- **Sustain State Hospital Budgets.** I elected to include the required SGF 3% base budget and reduced resources reduction amounts for the state hospitals in the SRS base budget and reduced resources packages. Our state hospitals face rising costs in food, energy and health care costs, and will have to make difficult decisions even to manage to the approved budgets. The only reduction presented for state hospitals is delaying the opening of the new 30-bed unit at Osawatomie State Hospital and 1% reductions at KNI and Parsons in FY 2010.

Because of the state's budget situation this year, our budget and our actions to contain the budget have evolved in three stages. Two percent reductions were announced in July and those items listed below were included in our submitted budget. On November 6, the Governor requested an additional one percent reduction which we identified in our budget appeals. Those reductions plus additional Governor's proposals and items submitted on our reduced resource list are included in the Governor's Budget Recommendations. All of those adjustments are listed on the chart below and I will give you a brief explanation of each of those items.

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<b>Summary of the GBR</b>		
	<b>SGF</b>	<b>All Funds</b>
<b>FY 2009 Approved</b>	<b>\$683,886,789</b>	<b>\$1,560,170,825</b>
<b>FY 2009 Reductions</b>	<b>(\$12,438,755)</b>	<b>(\$21,010,323)</b>
<b>FY 2009 Additions</b>	<b>\$15,177,191</b>	<b>\$65,289,347</b>
<b>FY 2009 GBR</b>	<b>\$686,625,225</b>	<b>\$1,604,449,849</b>
<b>FY 2010 Reductions</b>	<b>(\$42,624,987)</b>	<b>(\$48,014,675)</b>
<b>FY 2010 Additions</b>	<b>\$10,969,645</b>	<b>\$25,897,972</b>
<b>FY 2010 GBR</b>	<b>\$637,605,914</b>	<b>\$1,513,489,412</b>

**FY 2009 and FY 2010 SRS Budget  
Highlights of the Governor's Budget Recommendations**

Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b>SRS Proposed Reductions</b>				
<b>2% Reductions</b>				
<b>Increase Salary Shrinkage Rates</b> SRS will increase the number of vacancies by 29 in the regions and 13 in the central office. This equates to a 1.0 percent increase in shrinkage for the regions and a 2.0 percent increase for the central office.	(1,067,974)	(2,094,067)	(1,122,927)	(2,201,818)
<b>Shift Expenditures from SGF to Fee Funds</b> Fee funds will be used in place of SGF for Child Support Enforcement (CSE), Legal Contracts, Community Mental Health Center (CMHC) grants, and Addiction and Prevention Services (AAPS). The fee funds became available due to increases in collections for CSE and because SRS retained an administrative fee from the settlement of CMHC administrative claiming. The CMHC administrative claiming funds are one-time and will not be available in FY 2011.	(4,308,023)	--	(7,751,118)	--
<b>Grandparents as Caregivers Savings</b> This program has not grown as expected and is projected to generate savings in FY 2009 and FY 2010.	(955,800)	(955,800)		
<b>Family Preservation and Family Services at FY 2008 Level</b> These two programs will remain at their current spending levels.	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)

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Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<p><b>Behavior Management Savings</b> The agency no longer has expenditures for this program as these services are now provided through the Youth Residential Centers.</p>	(251,025)	(251,025)	(251,025)	(251,025)
<b>1% Reductions</b>				
<p><b>Increase Shrinkage by 1.0 percent</b> SRS will increase the number of vacancies in the regions and central office.</p>	(879,483)	(1,830,678)	(886,715)	(1,848,389)
<p><b>Reduce Community Mental Health Center (CMHC) Consolidated Grants</b> This will reduce CMHC's consolidated grants funding, which will impact 692 individuals. While this reduction will decrease the ability of CMHC's to provide mental health services to the uninsured, services to the most vulnerable populations will still be maintained. This FY 2009 reduction represents 1.0 percent of the overall CMHC funding.</p>	(1,800,000)	(1,800,000)		
<p><b>Grandparents as Caregivers Savings</b> This program has not grown as expected and is projected to generate savings in FY 2009 and FY 2010.</p>	(138,000)	(138,000)		
<b>Savings from Renegotiating Foster Care</b>				
<p>Efficiencies were gained in streamlining and reducing administrative costs of foster care case management by having one contract in each of the five regions rather than having foster care services as a requirement in both the contracts of family preservation and foster care.</p>	--	--	(14,099,718)	(15,056,820)
<b>Shift Addiction and Prevention Services (AAPS) Grants Funding from SGF to Gaming Revenue</b>				
<p>This will replace \$600,000 in State General Fund (SGF) monies for the Addiction and Prevention Services (AAPS) grants with a portion of the revenue anticipated in the Problem Gambling and Addictions Fund (PGAF) from the casino operations authorized by the Kansas Expanded Lottery Act. In addition, the program is being reduced by \$200,000.</p>	--	--	(800,000)	(200,000)

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Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<p><b>Eliminate BARS Contract</b> The BARS program will be eliminated. BARS is an education and monitoring program for retailers who sell tobacco products. BARS mainly benefits the retailers, and in other states, the cost of similar programs is borne by the industry. SRS has entered into a memorandum of understanding with the Kansas Department of Revenue which has enhanced the State's capacity for monitoring and enforcing laws related to sales of tobacco to minors. SRS will continue to combat underage tobacco use and maintain compliance with the Synar Amendment.</p>	--	--	(100,000)	(100,000)
<p><b>Eliminate Funeral Assistance</b> This will end the funeral assistance program, which currently provides aid for approximately 1,200 funerals for former SRS recipients.</p>	--	--	(810,000)	(810,000)
<p><b>Reduce Community Mental Health Center (CMHC) Consolidated Grants</b> This will reduce CMHC's consolidated grants funding, which will impact 2,420 individuals. While this reduction will decrease the ability of CMHC's to provide mental health services to the uninsured, services to the most vulnerable populations will still be maintained. The FY 2010 figure represents 3.8 percent of overall funding.</p>			(7,000,000)	(7,000,000)
<p><b>Reduce Community Developmental Disability Organization (CDDO) State Aid Grants</b> This will decrease CDDO grant funds for approximately 1,500 individuals with Developmental Disabilities (DD) who are not eligible for DD Waiver services or do not need the level of support provided by the waiver. Although this reduction will reduce the ability of CDDO's to provide services to a select population, it represents less than 1.0 percent of the total DD funding.</p>	--	--	(2,000,000)	(2,000,000)

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Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<p><b>Integrate the Grandparents as Caregivers Program into the Temporary Assistance for Families (TANF) Program</b></p> <p>This will continue benefits to grandparents and relatives with Temporary Assistance for Families (TANF) funding. As a consequence, the monthly benefit will decrease, cooperation with child support enforcement will be required, the custody requirement will end, and the adult's income will not be considered. An estimated 249 families will be affected by this change</p>			(1,165,320)	(352,584)
<p><b>Limit General Assistance to 18 Months</b></p> <p>This limits assistance for those individuals unable to meet federal disability standards to 18 months of eligibility and revokes the current hardship provision. Currently, adults may receive General Assistance for up to 24 months, or longer, if the hardship criteria are met. It is estimated that 1,503 adults, or 32.7 percent of the General Assistance caseload, will lose eligibility under this reduction. The average monthly cost per person is \$160.</p>	--	--	(2,886,229)	(2,886,229)
<p><b>Limit MediKan Mental Health Assistance to 18 Months</b></p> <p>This limits MediKan Mental Health Assistance for those individuals unable to meet federal disability standards to 18 months of eligibility and revokes the current hardship provision. It is estimated that 616 individuals will lose eligibility for MediKan funded mental health services under this reduction.</p>	--	--	(2,660,742)	(2,660,742)

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Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<p><b>Release Secretary's Custody of Children in Need of Care (CINC) at Age 18</b> Currently, young adults may remain in the custody of SRS until age 21. This reduction will end custody of a young adult at age 18. However, an exception is made for young adults who turn 18 while attending high school. This will affect an estimated 141 different young adults each year and reduce the foster care average monthly caseload by 94. This difficult choice is premised on these young adults being the least vulnerable in out-of-home care relative to the greater need for safety and security for younger children. The proposal will heighten the Department's emphasis on individual planning for the young adult's transition to independent living. Generally, these young adults are eligible for, and would receive services through other State programs to assist housing and living expenses, education or training assistance, and health insurance.</p>	--	--	(1,532,318)	(1,687,876)
<p><b>Youth Age 16 and Older will not be Placed in Custody for Reasons other than Maltreatment</b> Foster care services are provided when the court finds a child to be in need of care and the parents are unable to meet the safety and care needs of the child. Under this reduction, youth age 16 or older will continue to be placed in the custody of the Secretary for reasons of maltreatment. Youth with circumstances such as out-of-control behavior, truancy, or running away will be addressed through in-home services and will not be placed in the Secretary's custody. This will affect an estimated 298 different youth each year, and reduce the foster care average monthly caseload by 170. This avoids reductions to youth who have been harmed, and whose safety is at stake. A portion of the foster care savings resulting from this decision will be offset by an increase in services such as family services and family preservation to support the youth and their family.</p>	--	--	(2,280,052)	(2,561,769)

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Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b>Other Governor Adjustment</b>				
<p><b>No CIF for Community Funding and Family Services</b> This eliminates approximately \$2.9 million in Children’s Initiative Fund (CIF) monies for community funding and family services. The State General Fund will replace approximately \$2.6 million of this amount. The net effect is a reduction of \$324,470.</p>	--	--	2,601,259	(324,470)
<p><b>Moratorium on Employer Contributions</b> This represents the savings from the statewide nine month moratorium on the payments to KPERS Death and Disability Fund and the seven pay period moratorium on the employer payments to the State Employee Health Fund. Both of these actions are possible due to the health of balances in the two funds.</p>	--	--	(2,804,665)	(6,348,920)
<p><b>Limited Adoption Contract</b> The Adoption Contractor’s responsibilities will be limited to maintaining a statewide adoption resource exchange, providing a statewide system of intakes for families interested in adoption, and implementing strategies statewide to raise public awareness of the need for families. Given the reduction in required deliverables, the contract award was reduced from \$3,132,176 to \$377,340 for FY 2010. The amount for FY 2010 will be covered by the funding shifts described on the next page.</p>	--	--	(1,399,228)	(3,132,176)
<p><b>SGF/Fee Fund Switch</b> Balances in various fee funds are being used to replace State General Fund expenditures.</p>	--	--	(2,200,000)	--



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Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<b>Additions</b>				
<b>Fall 2008 Consensus Caseload Estimates</b>				
Provides funding for the following SRS caseloads:				
Temporary Assistance for Families	--	3,290,075	--	5,080,635
General Assistance	96,000	96,000	496,000	496,000
Foster Care/OOH	(81,915)	(2,572,352)	(1,353,732)	(2,081,744)
Community Supports and Services	412,921	1,030,240	579,051	1,720,440
NF/MH	629,854	606,164	869,000	895,490
Mental Health	6,570,041	11,509,276	8,623,235	18,509,276
AAPS PIHP	<u>(848,451)</u>	<u>(2,116,894)</u>	<u>(845,168)</u>	<u>(1,898,970)</u>
<b>Total Consensus Caseload</b>	<b>6,778,450</b>	<b>11,842,509</b>	<b>8,368,386</b>	<b>22,721,127</b>
<b>Maintain Service for the PD Home and Community Based Services (HCBS)</b>				
A waiting list was implemented for the PD Waiver in December 2008. This additional funding allows the program to continue to support those individuals already receiving services prior to the implementation of the waiting list. It is estimated that the additional funds will support a monthly average of 6,828 individuals in FY 2009.				
<b>Energy Assistance</b>				
Increased federal funding will provide approximately \$27.4 million for energy assistance. Of this amount, \$100,000 will be used for Information Technology system changes, \$100,000 will be used for regional staffing to assist with the expected increase in LIEAP applications, and \$27.2 million will be used for LIEAP assistance.				
<b>Funding Shifts to Maintain Current Level of Service</b>				
Provides for expenditures necessary to maintain the current service level for the DD Waiver, Adoption Support, and Permanent Custodianship programs. This will also fund the limited Adoption Contract in effect for FY 2010.				

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Description	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
<p><b>Assistive Technology for Kansans</b> A one year contract was established to provide bridge funding to support the assistive technology contractor during the conversion to fee for service from grant funding.</p>	--	180,000	--	--
<p><b>1.0 Percent COLA</b> The Governor included a 1.0 percent COLA for state employees. For SRS, this totals \$1.5 million from all funding sources, including \$653,766 from the State General Fund. No additional funding was provided for this COLA. Consequently, the agency will have to absorb these additional expenditures.</p>	--	--	--	--

Earlier this year, after the 2% reductions were announced, I imposed limitations on hiring across SRS and the hospitals. In addition, I directed that only essential capital purchases be made. On November 6, based on the Governor's directive that only essential positions be filled, I directed that the only exceptions to the hiring freeze at SRS and the hospitals would be certain direct care positions in our state hospitals necessary to maintain core staffing, and federally funded temporary positions for the Low Income Energy Assistance program. I have also instructed staff to review their organizational structure and look for ways to streamline functions and processes. Regions and Hospitals are also managing their spans of control to reduce supervisor and managerial positions and maximize direct care service availability. We have been managing frugally for a number of months and will continue to do so during these uncertain times. SRS continues to work on prioritizing services and programs for a deeper level of cut should that be necessary. We have been responding to requests from legislators, the Kansas Legislative Research Department and Legislative Post Audit, as well as to requests about the impact that an across-the board reduction would have on SRS. Attachment A gives three examples of the magnitude that these types of reductions would have on our budget in the current year and Attachment B shows the impact of a rescission in the current year.

I believe the Governor's budget recommendations and the actions I have directed at the agency are the most responsible choices given the very difficult financial situation facing the State of Kansas. At their heart, these are strategic, thoughtful choices about the services we provide, and about the timeliness, accuracy and quality that our customers, stakeholders, taxpayers and we as an agency expect. Our priority will always be to maintain the basic safety net of services that protects the most vulnerable Kansans.

I would be happy to stand for any questions from the Committee.

Attachment C State Hospitals Budget.