



DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

Don Jordan, Secretary

Senate Ways and Means Committee

December 15, 2009

2010 Budget Reductions

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Thank you for the opportunity to appear before you today to discuss the impact of FY 2010 budget reductions on the Kansas Department of Social and Rehabilitation Services.

The SRS FY 2010 SGF budget is 15.7 percent lower than the FY 2008 actual SGF and has been reduced \$147.2 million SGF since the beginning of the FY 2009 Legislative session. While the ARRA enhanced FMAP reduction was \$66.9 million SGF, the remaining \$80.3 million in SGF reductions was achieved by cuts in administration and assistance programs.

Attachment A details the FY 2010 budget reductions approved by the 2009 Legislature and the subsequent reductions as part of the two 2009 allotments.

Throughout the reduction process, SRS has focused its efforts on preserving services for the most vulnerable Kansans. In addition, the agency has tried to minimize the effect of its reductions on customers to the best extent possible. For example, participants in the Grandparents as Caregivers program that met certain income requirements were able to receive assistance from the Temporary Assistance for Families (TAF) program. Approximately, 61.6 percent of these individuals chose to transition over to TAF. Additionally, those young adults age 18 or older that were released from the Secretary's custody are now receiving independent living assistance and the youth age 16 or 17 in non-abusive situations that were diverted from SRS custody are now receiving in-home prevention services.

Unfortunately, the effect of some reductions could not be minimized. Reducing General Assistance eligibility for Tier Two cases from 24 months to 12 months affects approximately 2,000 adults with severe physical and mental impairments. The monthly grant for those individuals who still receive General Assistance has been reduced 40 percent to \$100 per month. These same reductions to MediKan Mental Health recipients have affected 358 individuals.



Reductions to various grants will have a noticeable effect across the state. Grants to community mental health centers have been reduced by approximately \$11.0 million, and it is estimated that 3,827 individuals will see services reduced or eliminated during FY 2010. Grants for development disability assistance have been reduced by approximately \$8.1 million, resulting in reduced or eliminated services for an estimated 2,450 individuals.

Attachment B details the effect of all reductions that have been made thus far.

SRS continues to take steps to manage frugally in these uncertain times. In the fall of 2008, we recognized that cuts in programs and services were likely, so we implemented a hiring freeze to contain salary expenditures. During the freeze, our vacant positions have increased 50 percent. This means that almost 400 fewer staff today than at the beginning of FY 2008. Sixty percent of these vacancies are in our regional offices. 100 of those reductions have occurred since the beginning of FY 2010 because we are only filling mission critical positions. Our staff will be reduced even further because of layoffs resulting from restructuring efforts going on throughout the agency. The restructuring process has also resulted in reallocation and lower pay for some employees. Overall, 115 people have been affected by the restructuring either through layoffs or reallocations.

While we have decreased the number of staff, the caseloads are growing because of the recession and more and more people are requiring assistance. Since FY 2008 the caseloads have increased 7.5 percent. The increased number of cases and the decreased number of staff have resulted in a 10.0 percent increase in workload per case-carrying position. Please see Attachment C for more information on reduced staff and rising caseloads.

When looking at further reductions, it's important to keep in mind that SRS must perform certain statutory duties that are tied to protection and safety in concert with duties prescribed by other systems such as law enforcement and the courts. These duties include investigating child and adult abuse; caring for children committed to the Secretary's custody; and providing care and treatment to persons committed to the state psychiatric hospitals, the state security hospital, and the sexual predator treatment program.

A second category of services provided by SRS is tied to federal programs and funding. Federal funding represents approximately 55 percent of the total SRS and Hospitals budget. As a condition of receiving federal funds, SRS must administer federal programs in compliance with mandatory requirements. These requirements include providing matching funds or maintaining certain levels of state funding. A related set of activities are those which, while not mandated in and of themselves, have some connection to a state or federally mandated activity. For example, the Home and Community Based Services



waivers are not mandated services under Medicaid; however, in the absence of these services, individuals would likely access inpatient or nursing facility care, which are more costly and federally mandated services.

Reductions in the SRS budget are also restricted by the ARRA funding requirements. To qualify for the enhanced FMAP, states may not enact policies that are more restrictive than their FY 2008 state plan. In addition, other programs are subject to non-supplantation provisions under ARRA.

It should also be noted that further reductions of the hospital budgets would necessitate the need to cease voluntary admissions at the Mental Health Hospitals and the closure of patient units. Current shrinkage rates at the Mental Health Hospitals are running from 6.9 percent to 14.0 percent. Any further reductions, without reducing patient census, could put the hospital at risk of losing their license and certification.

The pie chart in Attachment D demonstrates which areas of the SRS budget include budgetary restrictions and which areas of the budget have no restrictions.

Because of these restrictions, the fact that caseload carrying staff are already at levels previously considered unacceptable, and the depth of reductions already taken, the remaining options for further reductions involve the complete elimination of programs, including General Assistance; CMHC and DD grants and state aid; and funeral assistance.

SRS has already made numerous changes to achieve efficiencies and meet its current budget. Contracts have been renegotiated, including the foster care contract for a savings of \$14.1 million. Additionally, changes were made to Child-In-Need-of-Care policies releasing certain individuals from SRS custody while maintaining support services, resulting in a savings of \$5.2 million.

SRS has made several reorganization efforts to create efficiencies in how we manage and deliver our services. You may recall that the FY 2003 and FY 2004 allotments prompted a service delivery redesign that resulted in the closing of over 60 local offices and placing staff into strategically located customer service centers. Regional offices began a major restructuring effort again this fall in order to redirect as many resources to the front line as possible. With the most recent reorganization, SRS regional offices will have fewer assistant directors and managers, and there will be higher supervisor to staff ratios. In total 88 regional staff, primarily management and administrative positions, are affected by this reorganization. The majority of staff at the regional levels have elected to accept reallocation to more mission critical job functions, and transition to new duties is underway. Generally, these reallocations will involve salary reductions of at least 2.5 percent.



Reorganization plans were also developed at the central office level in order to perform our most critical functions with a reduced workforce. As a result, 18 central office positions will be laid off effective December 26, 2009

Furthermore, there are currently eight protection report centers that receive reports of child abuse/neglect and adult/abuse neglect via a single toll free number. These centers will be consolidated to two locations. Operations will remain in the Finney State Office Building in Wichita and the Docking State Office Building in Topeka, and the other regional centers will be shut down effective January 1, 2010. The consolidation will ensure standardization and consistency in the handling of reports of abuse and neglect. Approximately 17 positions will be eliminated as a result of the consolidation.

The current state budget situation has required us to review all of our programs for efficiencies. The most recent allotment issued by the Governor will result in policy changes we would prefer not to do but are necessary to save money to meet our current budget. These changes include limiting personal care assistant hours and eliminating dental care for the DD Waiver, PD Waiver, and TBI Waiver; limiting assistive services to crisis only for PD Waiver and TBI Waiver; and eliminating emergency respite care in the DD Waiver.

The Hospitals are also implementing various personnel actions, unit consolidations, and other operating reductions to reduce expenditures in both FY 2010 and FY 2011. Major changes include closing the Youth Services Unit at Larned State Hospital; consolidating a home in FY 2009 and another home in FY 2010 at KNI; and closing Willow cottage at Parsons State Hospital and consolidating these residents into another cottage.

As you can see, we are making numerous reforms, consolidations, policy changes, and other efficiencies just to achieve the current level of funding. As previously indicated, if additional reductions are required, we will be looking at eliminating total programs to attain further savings.