GENERAL AGENCY INFORMATION

Kansas Department of Social and Rehabilitation Services (SRS)

AGENCY MISSION:

To protect children and promote adult self-sufficiency.

AGENCY VISION:

Partnering to connect Kansans with supports and services to improve lives.

AGENCY GUIDING PRINCIPLES:

All of us, everyday, working on behalf of and with Kansans are guided by these principles:

- Act with integrity and respect in our work with customers, partners, and each other;
- Champion customer success;
- Demonstrate leadership without regard to position or title; embrace responsibility, take risks, make decisions, and act to overcome challenges;
- Strive for continuous improvement;
- Demonstrate passion for our mission; and
- Recognize the value of partnerships both within the agency and with community partners to stretch capacity and achieve extraordinary results.

STATUTORY HISTORY:

The Kansas Constitution (Article 7, Section 4) provides for relief to be given to individuals who have claims upon the aid of society. Until 1936, providing such aid was the responsibility of the county governments. The Constitution was amended in 1936 to allow the state to participate in relief programs, and in 1937, the State Welfare Department was created. The Department, supervised by the Board of Social Welfare, was empowered to participate in the programs offered by the Federal Social Security Act (SSA) and to establish welfare programs for the care of the needy.

In 1939, the Division of Institutional Management was created within the Department to supervise the operation of the state hospitals. In 1953, the Department of Social Welfare was reorganized to create two divisions, Social Welfare and Institutional Management. In 1968, the Legislature provided for the transfer of the Division of Vocational Rehabilitation from the Board of Vocational Education Department.

The 1973 Legislature created a Department of Social and Rehabilitation Services to replace the Board of Social Welfare, pursuant to the issuance of Governor's Executive Reorganization Order No. 1. In addition, the 1973 Legislature provided that the Department would administer and the State would finance assistance programs in lieu of the counties.

The Department was expanded in 1979 to include programs for Alcohol and Drug Abuse Services, Income Maintenance, and Medical Services.

In 1996, (S.L. 1996, Chap. 271) legislation was enacted that authorized the Secretary of SRS to organize the Department in a manner the Secretary determined most efficient. The responsibility for administration of long-term care programs for Kansans over the age of 65 was transferred to the Kansas Department on Aging (KSA 75-5321a and KSA 75-5945 et seq.).

In 1997, the Legislature transferred all programs for juvenile offenders, including authority for administration of the State youth centers, from SRS to the Juvenile Justice Authority (KSA 75-7001 et seq.) and renamed them Juvenile Correctional Facilities.

Pursuant to 2005 House Substitute 272, most Medicaid health care services were moved to the Division of Health Policy and Finance (DHPF), now the Kansas Health Policy Authority, which became the single state Medicaid agency. SRS retained a significant portion of specialized Medicaid services for persons with physical and developmental disabilities, as well as mental health and substance abuse services.

AGENCY OVERVIEW:

This section of the budget contains a high level overview of the services we provide, individuals we serve, and cost trends that influence our expenditures.

SRS is an umbrella agency that partners with and provides funding and leadership for all areas related to the social welfare of Kansans. We are looked to for guidance and policy direction. Whether the agency delivers services through in-house resources or through contracting with its allies and partners, SRS remains ultimately responsible.

Since its creation in 1973, SRS has provided services to millions of Kansans. Providing such assistance continues today. Thousands of Kansans gain access to important services such as, but not limited to, Mental Health (MH), Addiction and Prevention (AAPS), Home and Community-based Services (HCBS), Cash Assistance, Food Assistance, Energy Assistance, Child Support Enforcement (CSE), and Child Welfare Services through SRS each year.

In FY 2010, SRS' total expenditures were slightly over $1.6 billion which provided income and other benefits to thousands of Kansans. The vast majority of SRS' expenditures go to persons with very low incomes in the form of direct assistance. Over $1.3 billion of the $1.6 billion was used to cover the cost of direct services for consumers. Social service expenditures and the purchases made with these funds have a significant economic impact on our State.

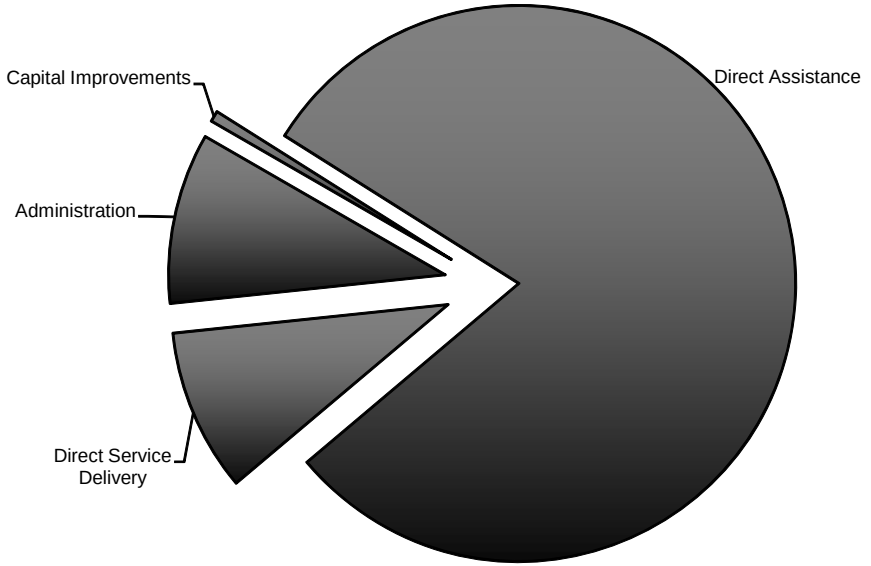
The annual income guidelines for SRS programs range from 23.0 percent to 185.0 percent of the Federal Poverty Level (FPL), with the General Assistance (GA) program the lowest and Child Care Assistance the highest. To qualify for Temporary Assistance for Families (TAF), a family of three can earn no more than $4,836 per year. The income limit for a family of three to be eligible for Child Care is $33,874 per year. In FY 2010, 14,380 average monthly families in Kansas received TAF and 10,741 average monthly families received Child Care. See the Poverty Guidelines chart for more FPL information.

The pie chart on the following page details our FY 2012 request:

SRS Expenditures by Category
FY 2012 Budget - Submitted (in Millions)
Includes Enhancements

Direct Service Delivery		**$157.4**	**9.5%**
Administration		**$165.2**	**9.9%**
Capital Improvements		**$10.5**	**0.6%**
Direct Assistance		**$1,329.7**	**80.0%**
Cash Assistance	$84.0		
Child Care & Employment	$99.4		
Substance Abuse	$44.0		
Mental Health	$306.6		
Developmental & Physical Disability	$552.7		
Children & Family	$209.2		
Rehabilitation Services	$33.7		
Other	$0.1		
Total		**$1,662.8**	

(Totals may not add due to rounding)



BUDGET DEVELOPMENT PROCESS:

Key Values SRS Considered While Developing the Budget:

Developing the FY 2011/2012 budget was challenging. It was difficult because Kansans across the State and across all walks of life rely on SRS to provide the critical services they need to live and work. Whenever there is a recession the number of persons needing these critical services increases. Also, SRS had to consider the implications of past budget reductions on both administration and the service delivery system while ensuring that services remain available to the most vulnerable Kansans.

In reducing the budget in FY 2009, FY 2010, and FY 2011, we have made every effort to stay true to keeping our mission, vision and goals and the following key values in mind:

- **Minimize impact on most vulnerable:** 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. In proposing reduced resources, SRS considered the vulnerability of the populations we serve, and prioritized preserving services to those most vulnerable.

- **Inter-relatedness of Reductions on Populations, Provider Groups, and other Agencies:** SRS considered how policy decisions in one program or service area would impact consumers and, thus, other SRS programs and services. In addition, other agencies can be affected by changes within SRS, such as the Juvenile Justice Authority (JJA) and Department of Corrections (DOC) when mental health or substance abuse treatment options for youth or released inmates are reduced, or Kansas Department on Aging (KDOA) when reductions are made that impact HCBS. These effects were considered as well.

- **Reduce programs with a high percentage of state funds:** SRS reviewed programs mostly funded by state funds. Our first priority was to protect the most vulnerable Kansans and we then minimized the total all funds amount of the reduction by identifying state funded programs.

- **Minimize Reductions in the State Hospital Budgets:** SRS elected to include the required reduced resources reduction amount for the State Hospitals in the SRS reduced resource package. The actual costs to operate each facility are the amounts budgeted for the State Hospitals. The hospitals also face added costs due to changes in the calculation of worker's compensation and the rising costs of food and energy. The only other choice of reductions would require serving less people which would be very difficult to accomplish at the state hospitals.

Because of the magnitude of reductions already made in FY 2009, FY 2010, and FY 2011 all reduced resources items identified for FY 2012 will further limit access to services for many of the state's most vulnerable citizens.

The revised FY 2011 and FY 2012 budget requests for SRS do not meet the Division of Budget allocation. The reasons for submitting the budget higher than the allocation include reappropriations from FY 2010 to FY 2011, annualization of the Money Follows the Person programs, and a transfer from Larned State Hospital (LSH) to SRS for the non-Medicaid funded children that were served at the LSH Children's Unit now being served in the KVC Wheatland program. These increases are partially offset by positive ARRA FMAP extension adjustments for Foster Care and Adoption and a transfer from SRS to the mental health hospitals to cover longevity. The transfers between SRS and the Hospitals are offset when looking at all the budgets combined. Below is a chart that details the amounts of these items for SRS and enterprise wide.

Items Allowed To Be (Over)/Under DoB Allocation	FY 2011 SGF	FY 2012 SGF
SRS		
Reappropriation of State Operations	(1,379,322)	-
Reappropriation Of Youth Aid & Assistance	(1,020)	-
Money Follows the Person in MFP Grant	(353,536)	(353,536)
Money Follows the Person in the PD Waiver	(326,015)	(326,015)
SGF Savings from FC ARRA FMAP Extension	183,330	-
SGF Savings from Adoption ARRA FMAP Extension	233,975	-
Transfer from Larned State Hospital to Mental Health Grants	(423,020)	(423,020)
Transfer Longevity from SRS to Mental Health Hospitals	374,765	-
Total SRS (Over)/Under DoB Allocation	(1,690,843)	(1,102,571)
Hospitals		
Transfer from Larned State Hospital to Mental Health Grants	423,020	423,020
Transfer Longevity from SRS to Mental Health Hospitals	(374,765)	-
Total Hospital (Over)/Under Allocation	48,255	423,020
Enterprise Wide (Over)/Under Allowed Allocation	(1,642,588)	(679,551)

Increases in the Home and Community-Based Services waivers were funded with one-time fee fund revenues in FY 2011 which are not available in FY 2012. An enhancement request is being made to replace fee fund with State General Fund (SGF) in FY 2012 to maintain services to those persons currently on the Developmentally Disabled (DD), Technology Assisted (TA), and Traumatic Brain Injury (TBI) Waivers. Our other enhancement requests are for restoration of program cuts, and restoration of Regional staffing reductions. A complete list of those can be viewed in the Enhancement section.

SRS AND STATE HOSPITAL FY 2011 AND FY 2012 ISSUES

Federal Policies

Health care reform will have a large impact on services provided by SRS. The agency will be required to identify new and modify existing eligibility standards and processes, modify its IT infrastructure and eligibility workforce, and coordinate with the state Medicaid agency and/or insurance exchange to ensure smooth processing of applications. SRS handles over 40% of applications for Medicaid services in Kansas, including applications for the aged and disabled and some regular medical applications, so any changes will affect SRS business processes. This is especially true given the Affordable Care Act's emphasis on a "no wrong door" application process. SRS' role in mental health and substance abuse services requires that it identify appropriate benefits packages and determine the role of grants in service delivery. Health care reform's impact on home and community based services overseen by SRS will be relatively limited, but changes under the 1915(i) waiver will have implications for long-term care eligibility and service delivery.

Many of the federal programs are due to be reauthorized. The two that impact SRS the most are the Temporary Assistance to Needy Families (TANF) block grant and the Child Care and Development Fund block grant that were due to be reauthorized by Congress in 2010. However, this has been stalled in Congress and movement toward reauthorization may not occur until 2011. For TANF, this means that Congress will once again examine the funding level for the program as well as the rules that should apply to how states can use the block grant funds and the requirements that states must meet with respect to families that receive assistance in a TANF cash aid program.

Home and Community Based Services Waivers and Money Follows the Person

Some programs SRS funds are not entitlements. If more people apply for and need these programs than the available funds can support, a waiting list for the program is established.

- *Home and Community-Based Services Waiver for Persons with Developmental Disabilities (DD Waiver)*: The current waiting list exceeds 2,444 persons receiving no services. Policy changes were implemented in FY 2010 that will continue into FY 2011 to help control costs. The 2010 Legislature appropriated $3,300,000 State General Fund for FY 2011 to reduce the waiting list. As of September 1, 2010, 196 persons have been added to the waiver.

- *Home and Community-Based Services Waiver for Persons with Physical Disabilities (PD Waiver)*: Because of the dramatic growth of the PD Waiver at the end of FY 2008 and beginning of FY 2009, an additional $10,000,000 All Funds ($4,000,000 SGF) were appropriated in the FY 2009 Legislative Session. To control the growth of the waiver in FY 2009, a rolling waiting list was instituted that for every two people leaving the waiver, one person was placed on the waiver. To help control cost and growth in FY 2010, access to the waiver was restricted to emergencies only. In the 2010 session the Legislature appropriated an additional $3.6 million SGF for the PD waiver. These funds have allowed for the rolling waiting list to be reinstated in FY 2011. The current waiting list exceeds 2,286 persons.

- *Autism Spectrum Disorder Wavier*: The current waiting list exceeds 248.

The TBI and TA waivers currently have no waiting list.

The Money Follows the Person (MFP) demonstration federal grant was awarded to SRS in FY 2007. The original grant was to be for a five year period but as a result of the federal Affordable Care Act, this demonstration grant has been extended to 2016. The grant is designed to enhance participating states' ability to increase the capacity of approved HCBS programs to serve individuals that are currently residing in institutional settings. State funds have been transferred from the Grant to the PD and DD waivers to follow the persons. Historically, when persons leave Nursing Facilities the money is transferred from Kansas Department on Aging (KDOA) to SRS in the current year but the SRS base budget is not increased for future years. That has created shortages in the waiver. In our budget submission this year we have included the FY 2010 amount in the FY 2011 and FY 2012 budget so that the funds are available for more than the first year. SRS will utilize the MFP grant to assist in the implementation of Executive Order 10-01 which was issued on January 28, 2010 by Governor Parkinson. This Executive Order was in response to the report presented by the Kansas Facilities Realignment and Closure Commission. The order set the stage for focused work that is expected to eventually lead to the downsizing and consolidation of the two remaining state developmental disability hospitals in Kansas: Kansas Neurological Institute (KNI) and Parsons State Hospital (PSH).

Workforce

In 2008 SRS instituted an agency wide hiring freeze to conserve resources. The freeze was partially lifted in 2009, when only direct care and mission critical positions were approved for hiring as resources were available. Holding positions vacant led to uneven staffing levels, so the agency undertook an agency wide reorganization in late 2009 to reduce administration/management positions and target resources to direct service delivery and/or case load carrying positions. Eighty-eight regional staff were affected by this reorganization. In addition to the change in duties, staff took at least a 2.5% pay reduction. From July 1, 2008 to July 1, 2010 the number of SRS filled positions was reduced by 75.80.

Rise in Child in Need of Care Population and Alternative Policies

Nationally between 2005 and 2009, the number of children in foster care was reduced 17 percent. In Kansas, at the end of Fiscal Year 2009, the state had 4,987 children in foster care, the lowest number since 2005 and 11.0 percent lower than in June 2008. However, in FY 2010, Kansas' child welfare began to contrast the national trend. The number of children in the custody of the Secretary and in out of home placement increased 5.0 percent during SFY 2010. Since 2001, funding for child welfare in-home services such as family services, family preservation and other community services has been decreased to manage in a reduced resources environment. Annually, more than half of children removed into care are for reasons other than abuse or neglect. Families facing substance abuse or behavioral and mental health issues comprise the majority of these non abuse neglect situations. A statewide improvement team of child welfare stakeholders has been created to assess and make recommendations regarding opportunities for the safe reduction of children in care. Kansas' goal is to reduce the number of children in foster care to 4,700 or less by 2013.

Sexual Predator Treatment Program

The continued growth of the Sexual Predator Treatment Program (SPTP) will necessitate ongoing increases in space and funding. SPTP currently has 197 residents as of September 2, 2010 in the main program at Larned, and its growth has remained steady at a rate of approximately 1.5 admissions per month over the last three fiscal years. To maintain our goal of "No New Victims" funding is being requested for staffing and OOE to add 16 beds in FY 2012. Any further growth will require new physical capacity. With the continued growth in this program there is an enhancement request for the planning of a new 90 Bed Unit to be built on the LSH grounds. There are currently eight residents in the Transition House Program in Osawatomie, which is the maximum allowable in a transition program in one county, per KSA 59-29a11. An enhancement request is also included in the Larned State Hospital budget for an additional Transition House to address the requirement in the statute of no more than eight residents in one county.

Over Census in the State Mental Health Hospitals

In the past several fiscal years the three state mental health hospitals have experienced a significant number of days over budgeted census. This has caused a strain on the individual hospital budgets. SRS has taken steps to address the census issues, including: initiating agreements with community partners/hospitals to establish alternative inpatient resources, and opening an 11 bed adult unit at LSH in the space previously used for children's services. Even with these actions, over census issues are expected to continue in FY 2011and FY 2012. Supplemental requests are being made for Overtime, Temporary staff, and other operating expenditures for both Rainbow and Osawatomie and an enhancement request is being made to open a 30 bed unit at Osawatomie State Hospital. Funding for the staffing of the newly opened 11 bed unit at LSH is coming from the savings realized from the contracting out of the children's beds at LSH.

Technology and SRS Business Processes

SRS has taken steps towards starting a new project called Avenue's to acquire and implement a new information technology system to improve service delivery and workforce efficiencies of government run programs. A new, modernized eligibility and benefit administration system is a critical technology infrastructure piece moving forward, since it will be the first step in replacing the aging legacy systems that we currently use to provide these services. Avenues is the first phase that will replace the KAECSES-AE, KsCares, and LIEAP eligibility systems for TANF Cash Assistance, Food Assistance, Foster Care and Adoption Support Payments, Refugee Cash Assistance, General Assistance, Funeral Assistance, Work Programs, Child Care Subsidy , and LIEAP. Because SRS shares the responsibility for Medicaid eligibility determination with KHPA, we are currently coordinating our effort with the development of Kansas Health Policy Authority's (KHPA) Medicaid eligibility project named KATCH. The SRS systems currently used are out of date and difficult to maintain. The new system will allow the agency to serve customers in more efficient ways while keeping adequate controls of programs through improved data capabilities and workforce efficiencies. While some funds were encumbered at the end of FY 2010 to take these first steps, no additional funding is included in this budget submission. As we proceed with the project, SRS will likely be requesting additional funding in next year's budget submission.