

STATE INSTITUTIONS FOR MENTAL HEALTH

FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Operating Expenditures:					
State General Fund	\$ 109,790,782	\$ 151,535,599	\$ 116,744,353	\$ 144,182,433	\$ 105,560,052
Federal Funds	6,646,922	-	-	-	-
All Other Funds	29,740,608	20,321,256	20,321,256	19,369,013	19,369,013
<i>Subtotal</i>	<u>\$ 146,178,312</u>	<u>\$ 171,856,855</u>	<u>\$ 137,065,609</u>	<u>\$ 163,551,446</u>	<u>\$ 124,929,065</u>
Capital Improvements:					
State General Fund	\$ 7,260	\$ 9,315	\$ 9,315	\$ 9,688	\$ 9,688
Federal Funds	-	-	-	-	-
All Other Funds	430,000	-	-	-	-
<i>Subtotal</i>	<u>\$ 437,260</u>	<u>\$ 9,315</u>	<u>\$ 9,315</u>	<u>\$ 9,688</u>	<u>\$ 9,688</u>
TOTAL	<u>\$ 146,615,572</u>	<u>\$ 171,866,170</u>	<u>\$ 137,074,924</u>	<u>\$ 163,561,134</u>	<u>\$ 124,938,753</u>
Percentage Change:					
State General Fund	7.7 %	38.0 %	6.3 %	(4.9) %	(9.6) %
All Funds	19.2 %	17.2 %	(6.5) %	(4.8) %	(8.9) %
FTE Positions	1,442.5	1,453.5	1,453.5	1,459.5	1,453.5

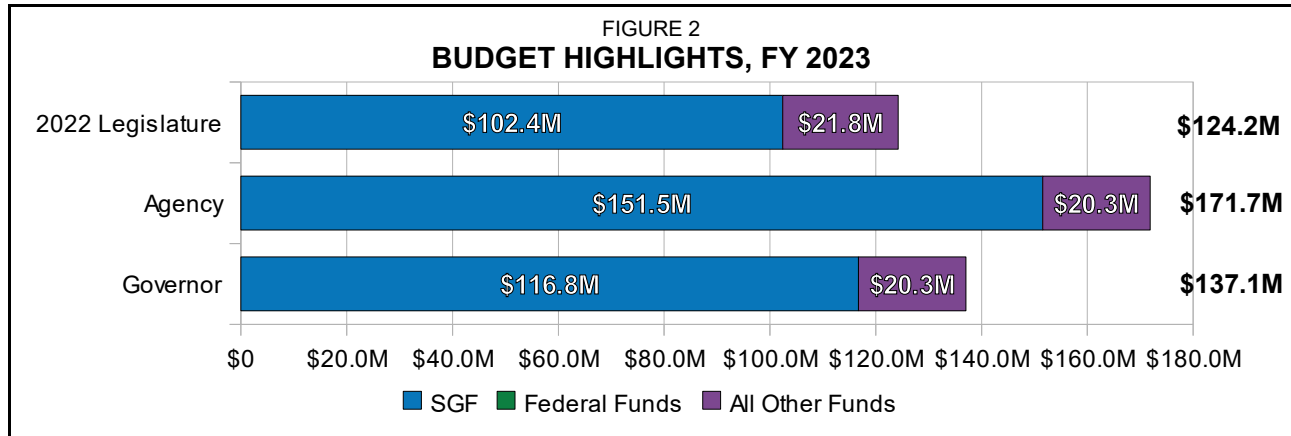
For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

The State Institutions for Mental Health (MH Institutions) serve individuals diagnosed with severe and persistent mental illnesses who require inpatient treatment. There are two mental health institutions operated by the State of Kansas: Osawatomie State Hospital (OSH) and Larned State Hospital (LSH). Both facilities are state agencies administered by the Kansas Department for Aging and Disability Services (KDADS), pursuant to KSA 39-1904.

EXECUTIVE SUMMARY

The 2022 Legislature approved a budget of \$124.3 million, including \$102.4 million from the State General Fund (SGF), for the State Institutions for Mental Health for FY 2023. One adjustment has been made subsequently to that amount, which changes the current year approved amount without any legislative action required:

- **SGF REAPPROPRIATIONS.** The MH Institutions received \$22,392 SGF, which was not expended in FY 2022 and then reappropriated into FY 2023.

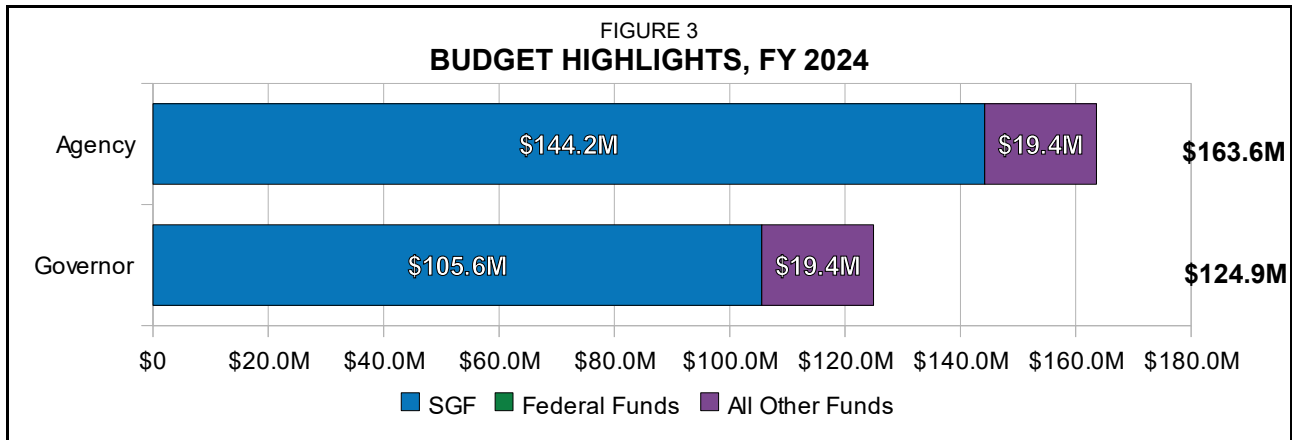


The **agencies** estimate revised expenditures of \$171.9 million, including \$151.5 million SGF, and 1,453.5 FTE positions in FY 2023. This is an all funds increase of \$47.6 million, or 38.3 percent, and an SGF increase of \$449.1 million, or 48.0 percent, above the FY 2023 approved amount. This increase is primarily due to the following expenditures:

- **LSH—CONTRACTED FOOD EXPENSES.** LSH requests supplemental funding of \$625,000 SGF in FY 2023. This increase will be used to fund the existing food contract at a higher rate. The current food services contractor has a FY 2023 contract amendment to increase the meal rate by 16.6 percent.
- **LSH—CONTRACT AGENCY NURSING STAFF.** LSH requests supplemental funding of \$34.2 million SGF to its base budget for FY 2023 and to continue in future years. The increase will be used for contract agency nursing staff at LSH. Anticipated expenditures for contract nursing at LSH for FY 2023 are \$43.7 million. The approved budget includes \$9.5 million, and the supplemental request of \$34.2 million would cover the remainder.
- **24/7 PAY PLAN.** During FY 2023, KDADS transferred \$14.3 million SGF to LSH and OSH. This includes \$8.4 million SGF to LSH and \$6.0 million SGF to OSH. The 2022 Legislature added these funds to the KDADS budget for FY 2023. Since the funds are transferred to the hospitals in FY 2023, the funds appear in the LSH and OSH budgets in FY 2023.

The **Governor** recommends expenditures of \$137.1 million, including \$116.8 million SGF, and 1,453.5 FTE positions in FY 2023. This is an all funds decrease of \$34.8 million, or 20.2 percent, including an SGF decrease of the same amount, or 23.0 percent, below the agencies' revised estimate in FY 2023. This decrease is due to the following adjustment:

- **SUPPLEMENTALS NOT RECOMMENDED.** The Governor does not recommend the adoption of the LSH supplemental requests to cover increased contract food expenses (\$625,000 SGF) and contract agency nursing staff (\$34.2 million SGF).



The **agencies** request \$163.6 million, including \$144.2 million SGF, in expenditures and 1,459.5 FTE positions for FY 2024. This is an all funds decrease of \$8.3 million, or 4.8 percent, and an SGF decrease of \$7.3 million, or 4.9 percent, below the agencies' revised estimate for FY 2023. The agencies' request for FY 2024 includes the following adjustments:

- **LSH—CONTRACTED FOOD EXPENSES.** LSH requests an enhancement of \$625,000 SGF for contracted food expenses. This increase would continue to fund the 16.6 percent increase in the FY 2023 contract.
- **LSH—FIREFIGHTING EQUIPMENT.** LSH requests an enhancement of \$91,000 for FY 2024 to purchase additional fire safety equipment and supplies. LSH reports that unless equipment is purchased, officers may need to wear safety equipment that is not properly sized.
- **LSH—NURSING HOUSE SUPERVISORS.** LSH requests an enhancement of \$744,907 SGF to its base budget for FY 2024 and to continue in future years. Additionally, the LSH requests 6.0 FTE positions. This increase would create and continue to fund the nursing House Supervisors positions. Among other duties, the House Supervisor would provide on-site supervision 24/7, manage staff, coordinate nursing services for each shift, and ensure staffing levels for each area fit the level of need.
- **LSH—SALARY INCREASES.** LSH requests an enhancement of \$1.8 million SGF to its base budget for FY 2024 and to continue in future years. This increase would provide salary increases to support staff, psychology, and social work positions. Executive Directives No. 21-537 and 21-538 authorized salary increases for LSH direct support positions, but did not include increases for the support staff, psychology, and social work positions. This increase will impact 221.0 FTE positions and 21.0 temporary positions. The average hourly wage for these positions will increase from \$18.55 to \$21.29.
- **LSH—CONTRACT AGENCY NURSING STAFF.** LSH requests an enhancement of \$34.2 million SGF for FY 2024. This increase will be used to fund contract agency nursing staff through FY 2024. This is the same level of funding requested by LSH in FY 2023.
- **OSH—SUPPORT POSITION WAGE INCREASE.** OSH requests an enhancement of \$1.3 million SGF to its base budget for FY 2024 and to continue in future years. The increase would be used to raise starting wages for OSH support staff, excluding the Mental Health Technician position, which previously received an increase. This increase will impact 154.0 FTE positions.

- **24/7 PAY PLAN—SHIFT TO KDADS BUDGET.** For FY 2024, expenditures on salaries and wages are anticipated to decrease by \$14.3 million below the FY 2023 revised estimate. This decrease is primarily due to the mechanism by which 24/7 Pay Plan funds are distributed. For FY 2024, these funds are reflected in the KDADS budget and will be distributed to LSH, OSH, Kansas Neurological Institute, and Parsons State Hospital and Training Center by KDADS.

The **Governor** recommends expenditures of \$124.9 million, including \$105.6 million SGF, and 1,453.5 FTE positions for FY 2024. This is an all funds decrease of \$38.6 million, or 23.6 percent, including an SGF decrease of the same amount, or 26.8 percent, below the agencies' FY 2024 request.

The **Governor's** recommendation includes the following adjustment:

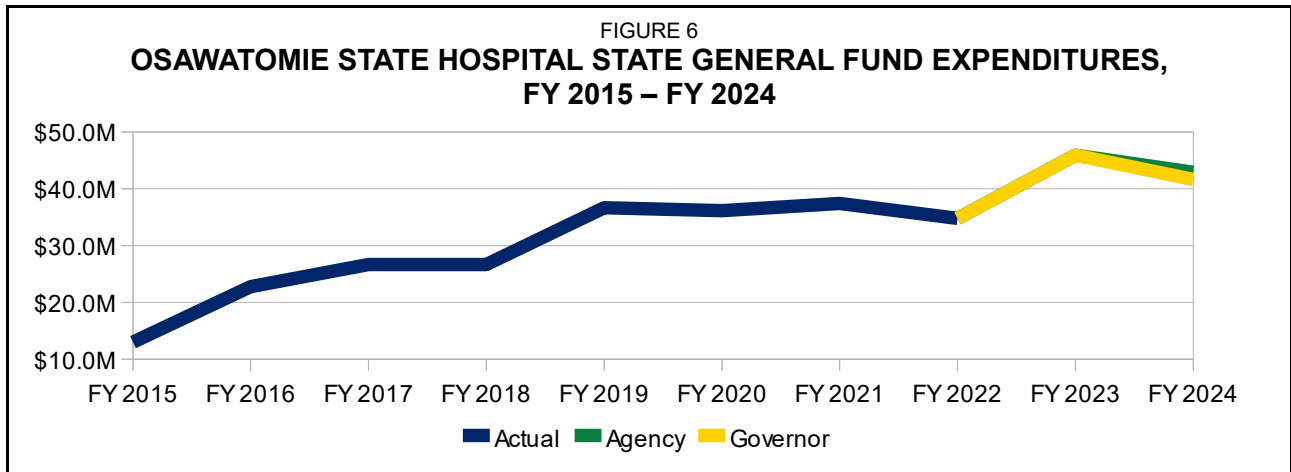
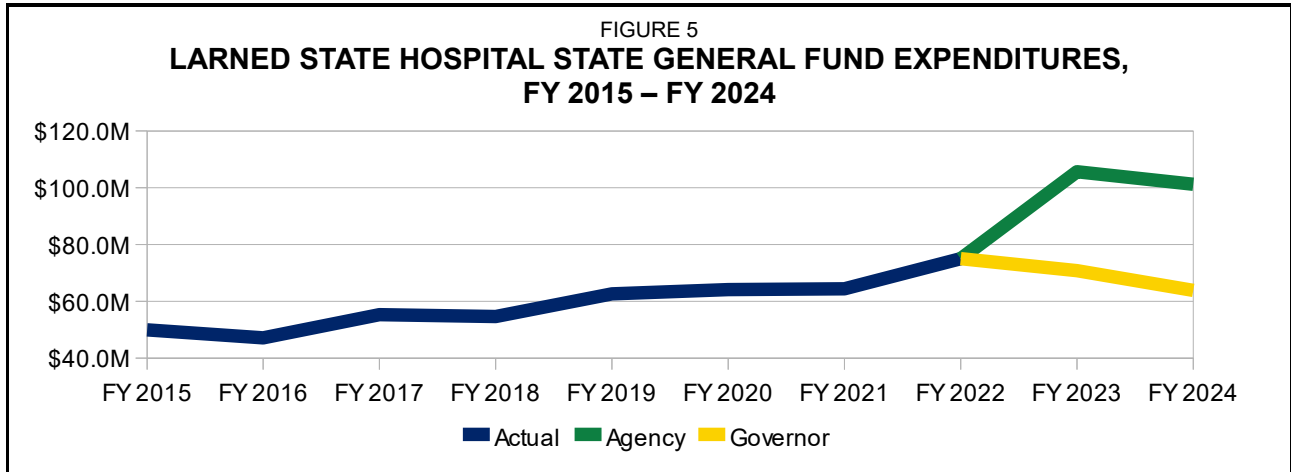
- **ENHANCEMENT REQUESTS NOT RECOMMENDED.** The Governor did not recommend the following agency enhancement requests:
 - **LSH—CONTRACTED FOOD EXPENSES.** LSH requested \$625,000 SGF to cover a 16.6 percent increase in the food contract. The Governor directs the agency to utilize FMAP savings to cover the increased cost.
 - **LSH—CONTRACT AGENCY NURSING STAFF.** LSH requested \$34.2 million SGF to cover increased contract agency nursing staff costs.
 - **LSH—NURSING HOUSE SUPERVISORS.** LSH requested \$744,907 SGF and 6.0 FTE positions to create a nursing house supervisors position.
 - **LSH—SALARY INCREASES.** LSH requested \$1.8 million SGF to implement a salary increase for agency support staff.
 - **OSH—SALARY INCREASES.** OSH requested \$1.3 million SGF to implement a salary increase for agency support staff.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Category of Expenditure:					
Salaries and Wages	\$ 79,914,803	\$ 91,075,180	\$ 91,075,180	\$ 84,742,287	\$ 80,911,152
Contractual Services	59,653,553	73,299,296	38,508,050	70,790,951	35,999,705
Commodities	5,425,645	5,820,317	5,820,317	7,169,841	7,169,841
Capital Outlay	1,173,669	1,649,461	1,649,461	835,425	835,425
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 146,167,670</u>	<u>\$ 171,844,254</u>	<u>\$ 137,053,008</u>	<u>\$ 163,538,504</u>	<u>\$ 124,916,123</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	10,642	12,601	12,601	12,942	12,942
<i>Subtotal-Operating</i>	<u>\$ 146,178,312</u>	<u>\$ 171,856,855</u>	<u>\$ 137,065,609</u>	<u>\$ 163,551,446</u>	<u>\$ 124,929,065</u>
Capital Improvements	437,260	9,315	9,315	9,688	9,688
Debt Service Principal	-	-	-	-	-
TOTAL	<u>\$ 146,615,572</u>	<u>\$ 171,866,170</u>	<u>\$ 137,074,924</u>	<u>\$ 163,561,134</u>	<u>\$ 124,938,753</u>
Financing:					
State General Fund	\$ 109,798,042	\$ 151,544,914	\$ 116,753,668	\$ 144,192,121	\$ 105,569,740
Special Revenue	11,641,945	19,860,710	19,860,710	19,239,393	19,239,393
Fund - State					
Special Revenue	17,968,594	-	-	-	-
Fund - Federal					
Capital Project Fund	559,620	460,546	460,546	129,620	129,620
Federal Funds	6,646,922	-	-	-	-
All Other Funds	449	-	-	-	-
TOTAL	<u>\$ 146,615,572</u>	<u>\$ 171,866,170</u>	<u>\$ 137,074,924</u>	<u>\$ 163,561,134</u>	<u>\$ 124,938,753</u>
FTE Positions	1,442.5	1,453.5	1,453.5	1,459.5	1,453.5

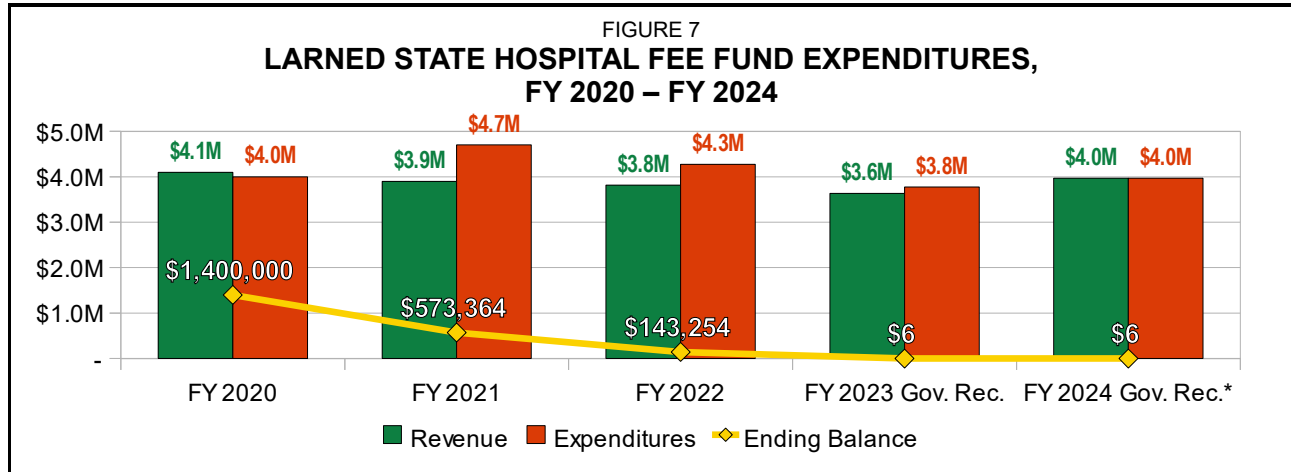
STATE GENERAL FUND



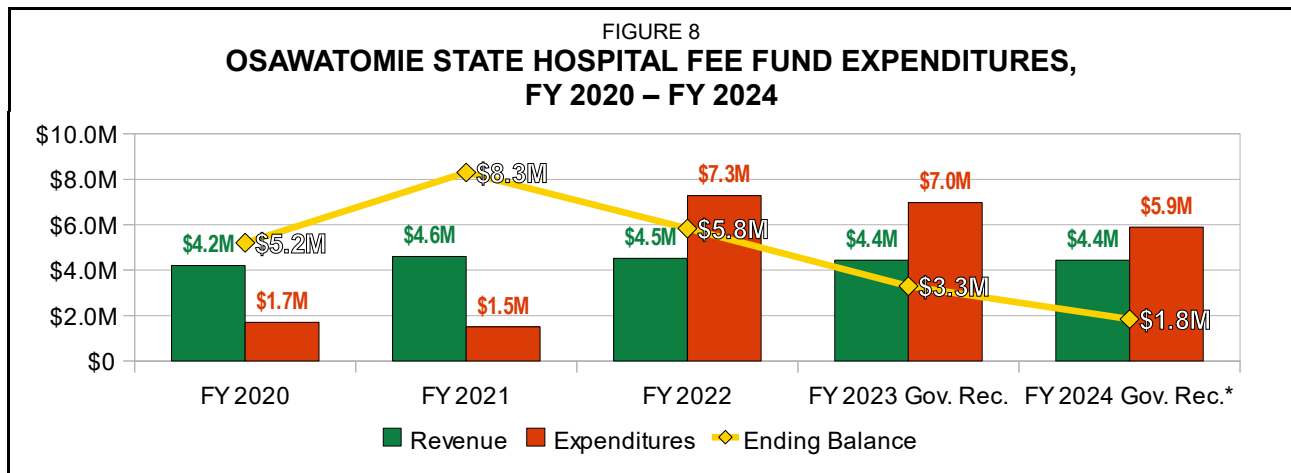
For the State Institutions for Mental Health, SGF expenditures comprise a majority of the institutions' budgets. The MH Institutions are considered by the federal Centers for Medicare and Medicaid Services (CMS) to be institutions for mental disease. Under Medicaid statutes, institutions for mental disease are hospitals, nursing facilities, or other institutions with more than 16 beds that are primarily engaged in providing care of individuals with mental illness.

Historically, these types of institutions are not eligible to receive Medicaid reimbursements for services provided to individuals ages 21 to 64. Therefore, unlike the State Institutions for Intellectual/Developmental Disabilities, the MH Institutions are not eligible for Medicaid reimbursements, which results in SGF moneys being the major funding source for these institutions. The institutions do receive a small amount of Medicaid funding from the Medicaid Disproportionate Share Hospital payments the State receives. These are payments made to hospitals that serve a large number of Medicaid or uninsured individuals. The State receives these funds and then distributes them to qualifying hospitals. As such, the MH Institutions receive a small portion of these payments.

AGENCY FEE FUNDS



* For FY 2024, the lowest month ending balance for the Larned State Hospital Fee Fund will occur in July, with a balance of \$(9).



* For FY 2024, the lowest month ending balance for the Osawatomi State Hospital Fee Fund will occur in April, with a balance of \$2.1 million.

Both hospitals maintain fee fund accounts, however these are not traditional fee funds in which the agencies collect various fees or licenses. These fee funds are largely funded by private insurance and Medicare recoupments that the hospitals receive in the course of providing care to residents. Both agencies have indicated that these funds are generally not stable sources of revenue as they can not consistently anticipate when the hospital will receive recoupments or exactly how much those recoupments might be.

During the 2021 Session, the Governor's Budget Recommendation recommended that the agencies utilize their fee funds for several operations related expenditures. At the time, both agencies expressed concern over whether those expenditures could be funded with fee funds as opposed to an SGF appropriation.

FY 2023 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	All Other Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2022 Legislature	\$ 102,402,520	\$ 21,553,525	\$ 123,956,045	1,454.0
1. SGF Reappropriations	22,392	-	22,392	--
2. SIBF Reappropriations	-	250,000	250,000	--
<i>Subtotal—Legislative Approved</i>	<u>\$ 102,424,912</u>	<u>\$ 21,803,525</u>	<u>\$ 124,228,437</u>	<u>1,454.0</u>
Agency Revised Estimate:				
3. Supplemental—LSH – Contracted Food Expenses	\$ 625,000	\$ -	\$ 625,000	--
4. Supplemental—LSH – Contract Agency Nursing Staff	34,166,246	-	34,166,246	--
5. 24/7 Pay Plan	14,328,756	-	14,328,756	--
6. All Other Adjustments	-	(1,482,269)	(1,482,269)	(0.5)
<i>Subtotal—Agency Revised Estimate</i>	<u>\$ 151,544,914</u>	<u>\$ 20,321,256</u>	<u>\$ 171,866,170</u>	<u>1,453.5</u>
Governor’s Recommendation:				
7. Supplemental—LSH – Contracted Food Expenses—Not Recommended	\$ (625,000)	\$ -	\$ (625,000)	--
8. Supplemental—LSH – Contract Agency Nursing Staff—Not Recommended	(34,166,246)	-	(34,166,246)	--
TOTAL	<u><u>\$ 116,753,668</u></u>	<u><u>\$ 20,321,256</u></u>	<u><u>\$ 137,074,924</u></u>	<u><u>1,453.5</u></u>

LEGISLATIVE APPROVED

Subsequent to the 2022 Session, two adjustments were made to the \$124.0 million appropriated to the State Institutions for Mental Health for FY 2023. These adjustments change the current year approved amount without any legislative action required:

1. **SGF REAPPROPRIATIONS.** The MH Institutions received \$22,392 SGF in funds that were not expended in FY 2022 and then reappropriated into FY 2023. LSH received approximately \$6,018 SGF, while OSH received \$16,374 SGF in reappropriations in FY 2023
2. **SIBF REAPPROPRIATIONS.** LSH received \$250,000, all from the State Institutions Building Fund (SIBF), in funds that were not expended in FY 2022 and reappropriated into FY 2023.

AGENCY ESTIMATE

The **agencies** estimate revised expenditures of \$171.9 million, including \$151.5 million SGF, in expenditures in FY 2023. This is an all funds increase of \$47.7 million, or 38.3 percent, and an SGF increase of \$49.1 million, or 48.0 percent, above the amount approved by the 2022 Legislature.

The **agency** estimate includes the following adjustments:

3. **SUPPLEMENTAL—LSH – CONTRACTED FOOD EXPENSES.** LSH requests supplemental funding of \$625,000 SGF in FY 2023. This increase will be used to fund the existing food contract at a higher rate. The current food services contractor has a FY 2023 contract amendment to increase the meal rate by 16.6 percent.

4. **SUPPLEMENTAL—LSH – CONTRACT AGENCY NURSING STAFF.** LSH requests supplemental funding of \$34.2 million SGF to its base budget for FY 2023. The increase will be used for contract agency nursing staff at LSH. Anticipated expenditures for contract nursing at LSH for FY 2023 are \$43.7 million. The approved budget includes \$9.5 million, and the supplemental request of \$34.2 million would cover the remainder. During FY 2022, LSH spent a total of \$28.3 million for contract nursing. KDADS transferred \$12.9 million to LSH, and the 2022 Legislature added \$5.5 million SGF to cover the remaining costs.
5. **24/7 PAY PLAN.** During FY 2023, KDADS transferred \$14.3 million SGF to LSH and OSH. This includes \$8.4 million SGF to LSH and \$6.0 million SGF to OSH. The 2022 Legislature added these funds to the KDADS budget for FY 2023. Since the funds are transferred to the hospitals in FY 2023, the funds appear in the LSH and OSH budgets in FY 2023.
6. **ALL OTHER ADJUSTMENTS.** All other adjustments result in an all funds decrease of \$1.5 million in FY 2023. The decrease is primarily due to an estimated decrease in available federal Title XIX funds and other fee funds

The **agency** estimate also includes 1,453.5 FTE positions. This is a decrease of 0.5 FTE positions below the FY 2023 approved amount.

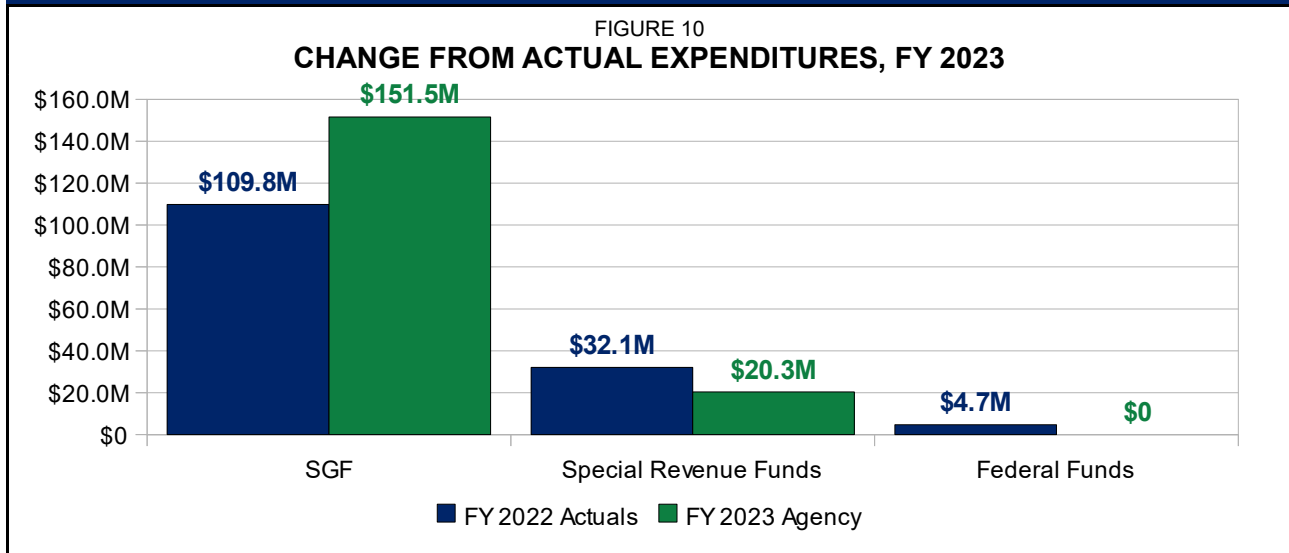
GOVERNOR’S RECOMMENDATION

The **Governor** recommends expenditures of \$137.1 million, including \$116.8 million SGF. This is an all funds decrease of \$34.8 million, or 20.2 percent, including an SGF decrease of the same amount, or 23.0 percent, below the agency's FY 2023 revised estimate. The Governor's recommendation includes the following adjustments:

7. **SUPPLEMENTAL—LSH – CONTRACTED FOOD EXPENSES – NOT RECOMMENDED.** The Governor does not recommend the addition of \$625,000 SGF to fund the existing food contract at a higher rate. Instead, the Governor directs the agency to fund the food contract using savings from the enhanced Federal Medicaid Assistance Percentage (FMAP) rate.
8. **SUPPLEMENTAL—LSH – CONTRACT AGENCY NURSING STAFF – NOT RECOMMENDED.** The Governor does not recommend the addition of \$34.2 million SGF to increase funding available for contract agency nursing staff.

The **Governor’s** recommendation also includes 1,453.5 FTE positions, which is unchanged from the agency's FY 2023 revised estimate.

FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The **agencies** estimate revised expenditures of \$171.9 million, including \$151.5 million SGF, in expenditures in FY 2023. This is an all funds increase of \$25.3 million, or 17.2 percent, and an SGF increase of \$41.7 million, or 40.8 percent, above FY 2022 actual expenditures.

This increase is primarily due to the agencies' increased expenditures on contract agency nursing staff. Such increases include the LSH supplemental request of \$34.2 million SGF, and the addition of 1.5 million to increase MHDDT starting salaries. Additionally, the agencies anticipate increased expenditures on salaries and wages as they work to fill existing vacant FTE positions.

As the majority of each agency budget is funded with SGF moneys, any increase primarily affects SGF appropriations. The decrease in special revenue fund expenditures is associated with Title XIX funding. The agencies have expressed reservations over utilizing Title XIX funds for ongoing operating expenditures, indicating that the source of those funds is not consistent from year to year and they may not be able maintain an ongoing level of spending. Additionally, the federal funds decrease is related to the anticipated end of COVID-19 pandemic relief funding.

FY 2024 ANALYSIS

FIGURE 11
SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2023	\$ 151,544,914	\$ 20,321,256	\$ 171,866,170	1,453.5
Agency Request:				
1. Enhancement—LSH – Contracted Food Expenses	\$ -	\$ -	\$ -	--
2. Enhancement—LSH – Contract Agency Nursing Staff	-	-	-	--
3. Enhancement—LSH – Nursing House Supervisors	744,907	-	744,907	6.0
4. Enhancement—LSH – Salary Increases	1,792,922	-	1,792,922	--
5. Enhancement—LSH – Firefighting Equipment	91,000	-	91,000	--
6. Enhancement—OSH – Support Position Raise	1,293,306	-	1,293,306	--
7. 24/7 Pay Plan—Shift to KDADS Budget	(14,328,756)	-	(14,328,756)	--
8. All Other Adjustments	3,053,828	(952,243)	2,101,585	--
<i>Subtotal—Agency Estimate</i>	\$ 144,192,121	\$ 19,369,013	\$ 163,561,134	1,459.5
Governor’s Recommendation:				
9. Certain Enhancements Not Recommended	\$ (38,622,381)	\$ -	\$ (38,622,381)	(6.0)
TOTAL	\$ 105,569,740	\$ 19,369,013	\$ 124,938,753	1,453.5

AGENCY REQUEST

The **agencies** request \$163.6 million, including \$144.2 million SGF, in expenditures for FY 2024. This is an all funds decrease of \$8.3 million, or 4.8 percent, and a SGF decrease of \$7.4 million, or 4.9 percent, below the agencies' revised estimate for FY 2023.

The **agency** request includes the following adjustments:

1. **ENHANCEMENT—LSH – CONTRACTED FOOD EXPENSES.** LSH requests an enhancement of \$625,000 SGF for increased contracted food expenses. This increase would continue to fund the 16.6 percent increase reflected in the agency's FY 2023 revised estimate.
2. **ENHANCEMENT—LSH – CONTRACT AGENCY NURSING STAFF.** LSH requests an enhancement of \$34.2 million SGF for FY 2024. This increase is the same as the FY 2023 supplemental request and will be used to fund contract agency nursing staff through FY 2024 at the same level as in FY 2023. These funds are reflected in the agency's FY 2023 revised estimate.
3. **ENHANCEMENT—LSH – NURSING HOUSE SUPERVISORS.** LSH requests an enhancement of \$744,907 SGF to its base budget for FY 2024 and to continue in future years. Additionally, LSH requests 6.0 FTE positions. This increase would create and continue funding the nursing House Supervisor positions. Among other duties, the House Supervisor would provide on-site supervision 24/7, manage staff, coordinate nursing services for each shift, and ensure staffing levels for each area fit the level of need.

4. **ENHANCEMENT—LSH – SALARY INCREASES.** LSH requests an enhancement of \$1.8 million SGF to its base budget for FY 2024 and to continue in future years. This increase would provide salary increases to support staff, psychology, and social work positions. Executive Directives No. 21-537 and 21-538 authorized salary increases for LSH direct support positions, but did not include increases for support staff, psychology, and social work positions. This increase will impact 221.0 FTE positions and 21 temporary positions. The average hourly wage for these positions will increase from \$18.55 to \$21.29.
5. **ENHANCEMENT—LSH – FIREFIGHTING EQUIPMENT.** LSH requests an enhancement of \$91,000 SGF for FY 2024 to purchase additional fire safety equipment and supplies. LSH reports that without new equipment, officers may be in a position to wear safety equipment that is not properly sized.
6. **ENHANCEMENT—OSH – SUPPORT POSITION RAISE.** OSH requests an enhancement of \$1.3 million SGF to its base budget for FY 2024 and to continue in future years. The increase would be used to raise starting wages for OSH support staff, excluding the Mental Health Technician position which previously received an increase. This increase will impact 154.0 FTE positions.
7. **24/7 PAY PLAN – SHIFT TO KDADS BUDGET.** For FY 2024, expenditures on salaries and wages are anticipated to decrease by \$14.3 million below the FY 2023 revised estimate. This decrease is primarily due to the mechanism by which 24/7 Pay Plan funds are distributed. For FY 2024, these funds are reflected in the KDADS budget and will be distributed to LSH, OSH, Kansas Neurological Institute, and Parsons State Hospital and Training Center by KDADS.
8. **ALL OTHER ADJUSTMENTS.** All other adjustments result in an all funds increase of \$2.1 million, including an increase of \$3.0 million SGF. The increase is primarily due to increased expenditures for commodities at OSH and miscellaneous contractual services expenditures at both agencies. The overall increase is partially offset by decreases at LSH on capital outlay for expenditures that occur in FY 2023 but do not reoccur for FY 2024.

The **agencies** request 1,459.5 FTE positions. This is an increase of 6.0 FTE positions. This increase is due to the LSH supplemental request to create the nursing House Supervisor positions.

GOVERNOR’S RECOMMENDATION

The **Governor** recommends expenditures of \$124.9 million, including \$105.6 million SGF, for FY 2024. This is an all funds decrease of \$38.6 million, or 23.6 percent, including an SGF decrease of the same amount, or 26.8 percent, below the agencies’ FY 2024 request.

The **Governor’s** recommendation includes the following adjustment:

9. **CERTAIN ENHANCEMENT REQUESTS NOT RECOMMENDED.** The Governor did not recommend the following agency enhancement requests:
 - **LSH – CONTRACTED FOOD EXPENSES.** LSH requested \$625,000 SGF to cover a 16.6 percent increase in the food contract. The Governor directs the agency to utilize FMAP savings to cover the increased cost.
 - **LSH – CONTRACT AGENCY NURSING STAFF.** LSH requested \$34.2 million SGF to cover increased contract agency nursing staff costs.

- **LSH – NURSING HOUSE SUPERVISORS.** LSH requested \$744,907 SGF and 6.0 FTE positions to create nursing house supervisor positions.
- **LSH – SALARY INCREASES.** LSH requested \$1.8 million SGF to implement a salary increase for agency support staff.
- **OSH – SALARY INCREASES.** OSH requested \$1.3 million SGF to implement a salary increase for agency support staff.

The **Governor's** recommendation also includes 1,453.5 FTE positions. This is a decrease of 6.0 FTE positions below the agencies' FY 2024 request. The decrease is due to the Governor not recommending the adoption of the LSH enhancement request to add the Nursing House Supervisor position.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

REQUEST 1

LARNED STATE HOSPITAL REQUEST—CONTRACTED FOOD EXPENSES

LSH requests \$625,000 SGF in FY 2023 and in future years due to an increase in food costs for LSH patients and residents. The current food services contractor has a FY 2023 contract amendment increasing the meal rate by 16.6 percent. LSH reports that it will need additional funding to address this increase.

The Governor does not recommend additional funding, and instead recommends LSH fund these expenditures in FY 2023 and FY 2024 using savings from the enhanced FMAP rate.

REQUEST 2

LARNED STATE HOSPITAL REQUEST—CONTRACT AGENCY NURSING STAFF

LSH requests \$34.2 million SGF for FY 2023 and in future years to cover the cost of agency nursing staff to provide 24/7 operation of the 17 units at LSH. This represents the difference between the \$9.5 million included in the approved budget and the anticipated annual expenditures of \$43.7 million based on current usage.

During FY 2022, LSH spent \$28.3 million to pay 160 contract nursing staff through 5 different contract agencies. To cover the cost, KDADS transferred \$8.5 million in carry forward funds and an additional \$4.5 million in Title XIX funds to LSH, and 2022 HB 2510 included the addition of \$5.5 million SGF to the LSH budget to cover the remaining shortfall.

LSH anticipates expenditures to reach \$43.7 million for contract nursing staff during FY 2023, based on the current average number of contract staff (237 per month). Changes in the hourly contract rate as of October 2022 and a shift from using Certified Nursing Assistants (CNAs) instead of Registered Nurses (RNs) where possible could potentially reduce expenditures, however, the number of staff required is estimated to remain at 237 people per month throughout FY 2023.

The Governor does not recommend adoption of this request.

REQUEST 3

LARNED STATE HOSPITAL REQUEST—NURSING HOUSE SUPERVISORS

LSH requests \$744,907 SGF for FY 2024 and in future years to create 6.0 new FTE nursing House Supervisor positions. These positions would provide increased supervision on the campus after hours and on weekends.

LSH states that the House Supervisors would be available for critical issues, to monitor policy compliance, to ensure staff are providing proper care, and to provide on-site supervision 24/7. The positions would be responsible for staff management, assessing the acuity coverage each shift, and coordinating nursing service activities in accordance with hospital policies to ensure safe, efficient, and therapeutic patient care. The positions would oversee specific programs or units within LSH to ensure that staffing levels for the assigned area fits with the needs of the hospital to serve its patients at any given time, to provide clinical support to the nursing team, and to determine which clinical issues need to be expedited to senior administrators on call. Additionally, the positions will resolve incidents that take place during the shift and instruct staff members on policy compliance and nursing practices.

The Governor does not recommend adoption of this request.

REQUEST 4

LARNED STATE HOSPITAL REQUEST—FIREFIGHTING EQUIPMENT

LSH requests a one-time expenditure of \$91,000 SGF for FY 2024 to support the purchase of additional fire safety equipment and supplies. Funds would be used to purchase flame-resistant coats, flame-resistant pants, adjustment suspenders, fire helmets, fire gloves, self-contained breathing apparatuses (SCBAs), purification filters for the SCBA compressors, and Scott Air-Pak SCBAs.

The agency reports that, currently, officers may be forced to wear safety equipment that is not properly sized. The agency states that these items are needed to provide emergency response to any fire crisis occurring on the LSH or Kansas Department of Corrections (KDOC) campuses and to remain in compliance with the National Fire Protection Association standards.

The Governor recommends adoption of this request.

REQUEST 5

LARNED STATE HOSPITAL REQUEST—SALARY INCREASES

LSH requests \$1,792,922 SGF for FY 2024 and in future years to fund salary increases for psychology and social work positions. LSH states that these positions are critical for its operation and the current pay rate is not competitive with private businesses. The increases will begin in FY 2023 using federal Title XIX funds and will impact 221.0 permanent FTE positions and 21.0 temporary FTE positions. The average hourly wage for these positions will increase from \$18.55 to \$21.29.

The Governor does not recommend adoption of this request.

REQUEST 6

OSAWATOMIE STATE HOSPITAL REQUEST—SUPPORT POSITION RAISE

For FY 2024 and beyond, OSH requests \$1.3 million SGF to raise starting wages for agency support staff. This increase would fund a 15.0 percent increase to the starting salary of existing and vacant support staff positions and would impact 154.0 FTE positions.

The agency reports that increasing the Mental Health Technician (MHT) wages from \$14.95 to \$16.16 addressed increased vacancy and turnover rates. However, it widened the wage gap in other areas, such as custodial/laundry staff, health information management, scheduling, human resources, program management, and facility services.

OSH reports that it must contract with third parties to provide these services when staff is unavailable. For example, OSH reported that the cost of a contracted cleaning company in FY 2023 is \$250,000, while the request to increase wages amounts to \$113,800 in FY 2023.

The Governor does not recommend adoption of this request.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

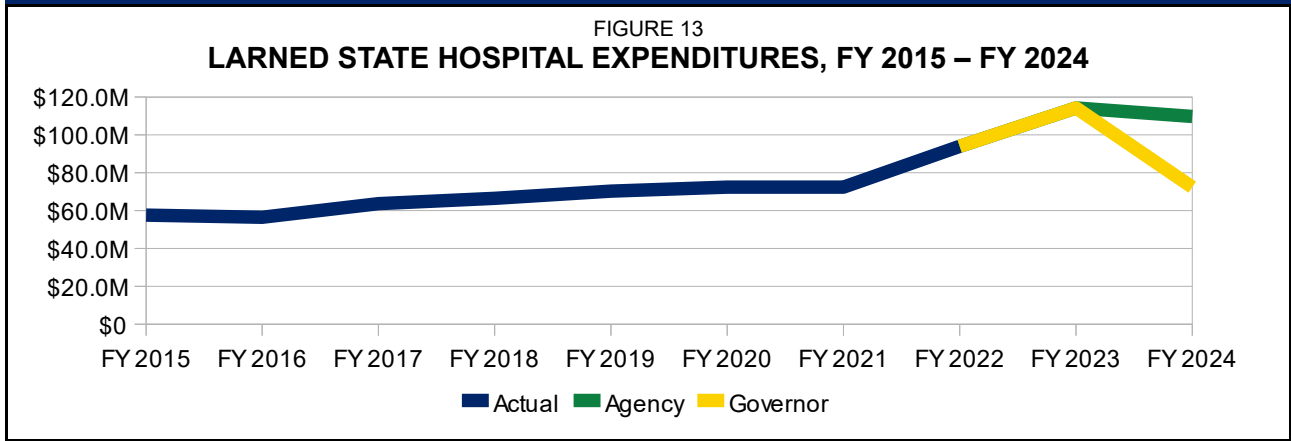
FIGURE 12
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024

Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Expenditures:					
Larned State Hospital	\$ 93,951,577	\$ 114,235,024	\$ 79,443,778	\$ 109,804,952	\$ 72,475,877
Osawatomie State Hospital	52,663,995	57,631,146	57,631,146	53,756,182	52,462,876
TOTAL	<u>\$ 146,615,572</u>	<u>\$ 171,866,170</u>	<u>\$ 137,074,924</u>	<u>\$ 163,561,134</u>	<u>\$ 124,938,753</u>
FTE Positions:					
Larned State Hospital	909.5	920.5	920.5	926.5	920.5
Osawatomie State Hospital	533.0	533.0	533.0	533.0	533.0
TOTAL	<u>1,442.5</u>	<u>1,453.5</u>	<u>1,453.5</u>	<u>1,459.5</u>	<u>1,453.5</u>

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

LARNED STATE HOSPITAL



- STATUTORY BASIS:** • KSA 46-1303; KSA 46-1305; KSA 46-1306; and KSA 59-29a07
- PROGRAM GOALS:**
- Effectively assess reports of suspected reportable incidents to ensure proper Standard of Care is met for patients and residents.
 - Identify and pursue opportunities for quality improvement across the services provided to patients and residents at LSH.
 - Prepare psychiatric services program (PSP) patients for community reintegration and manage their mental illness in a less restrictive community-based setting.
 - Provide active treatment to patients ordered to the SSP.
 - Provide a safe and secure environment for the treatment of sexually violent predators committed by the courts to the SPTP.

Larned State Hospital provides psychiatric treatment and limited detox facilities to adults from the 61 western counties of the state through collaborative efforts with consumers, community-based mental health providers, the judicial system, and the KDOC. LSH was established in 1911. The State Security Program (SSP), which opened in 1937, serves the entire state as a secure setting for criminal forensic patients during evaluation and treatment and non-forensic patients with severe behavioral problems who may be transferred from other hospitals. Since 1994, the Sexual

Predator Treatment Program (SPTP) has provided treatment for convicted sex offenders who have completed their prison sentences and have been civilly committed under the Kansas Sexual Predator Law because of their ongoing danger to the community. Used in the last phase of treatment, the SPTP Reintegration units are located at LSH, OSH, and Parsons State Hospital and Training Center. These units are used to treat patients who have been deemed ready for transition and reintegration from the treatment program.

FIGURE 14
LARNED STATE HOSPITAL, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Offer a minimum of 4 hours of active treatment per week to all patients.*	89 %	80 %	86 %	90 %	90 %
2. Provide a minimum of 2 active treatment hours per week for individuals ordered to SSP on treatment statutes.*	90 %	87 %	76 %	90 %	90 %
3. Percent of time that Activity Therapy is offered 5 hours per week for SPTP residents.*	100 %	73 %	88 %	90 %	90 %
Financing (in Thousands)	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 64,428	\$ 75,018		\$ 70,819	\$ 63,923
All Other Funds	12,485	18,933		8,625	8,553
TOTAL	\$ 76,913	\$ 93,951		\$ 79,444	\$ 72,476
Percentage Change:					
SGF	0.4 %	16.4 %		(5.6) %	(9.7) %
All Funds	6.1 %	22.2 %		(15.4) %	(8.8) %
FTE Positions	936.5	909.5		920.5	920.5

*The Governor's Office does not utilize this measure for evaluation purposes.

PERFORMANCE AND BUDGET ANALYSIS

Larned State Hospital (LSH) is the state mental health institution serving the western half of the state. It is composed of three main divisions:

- **The Psychiatric Services Program (PSP)**, which provides mental health services to civilly committed individuals;
- **The State Security Program (SSP)**, which provide mental health services to individual referred to the hospital by the District Courts; and
- **The Sexual Predator Treatment Program (SPTP)**, which provides services to individuals determined by a Court to be Sexually Violent Predators.

The hospital is located in Larned, Kansas, in close proximity to Larned Correctional Mental Health Facility. Due to this proximity, both facilities have historically maintained a close relationship.

HISTORICAL STAFFING ISSUES

Similar to the other state hospital, LSH has historically faced issues maintaining direct support positions. According to the agency, these issues are partially related to the tension between low starting salaries and the high demands of these positions. However, unlike the other hospitals, LSH faces unique issues due to its proximity to the Larned Correctional Mental Health Facility. As such, the two facilities have frequently reported that they face competition with each other for similar positions, with a small workforce from which to hire. As such, when there have been salary increases at the correctional facilities, the hospital has experienced a loss of staff.

2021 SESSION

During the 2021 Session, the House Committee on Appropriations recommended a proviso that the Legislature add funding to bring salaries at the hospital to the same level as similar positions at the correctional facility. The Governor vetoed this proviso, due to the fact that funding was not provided to increase salaries.

However, the Governor subsequently issued Executive Directive Nos. 21-537 and 21-538, which increased the starting salaries for Mental Health/Developmental Disability Technicians (MHDDT) positions. At the time, the starting salary for MHDDTs across all hospitals was approximately \$12.35 an hour. These directives increased the starting salaries to approximately \$16.00 an hour.

2022 SESSION

The Governor and the Legislature implemented the "24/7 Pay Plan," which included a permanent increase to the base pay of several nursing positions at all state hospitals, and a pay differential that provides an increased hourly rate in certain circumstances and a bonus to salaried positions. KDADS received these funds and distributed them to the state hospitals.

In FY 2022, KDADS received a total of \$1.3 million, all from federal ARPA funds, to implement the base pay increase. Additionally, KDADS received \$8.3 million, all from federal ARPA funds, to implement the differential pay increases.

For FY 2023, KDADS received \$2.4 million SGF to continue the permanent base pay increase and \$15.6 million SGF to continue the differential pay increases.

Additionally, the Legislature added and the Governor approved \$44,449 SGF for a 5.0 percent salary increase for state employees who did not receive salary adjustments as part of the 24/7 Pay Plan.

FIGURE 15
**LARNED STATE HOSPITAL
CENSUS STATISTICS**

	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Projected FY 2024
PSYCHIATRIC SERVICES PROGRAM					
Bed Capacity	90	90	90	90	90
Average Daily Census	72	71	73	72	72
Admissions	984	856	731	800	800
Average Length of Stay	50	19	42	40	40
STATE SECURITY PROGRAM					
Bed Capacity	140	140	140	140	140
Average Daily Census	96	86	90	90	90
Admissions	247	210	236	240	240
Average Length of Stay	103	129	89	90	90
SEXUAL PREDATOR TREATMENT PROGRAM					
Bed Capacity	274	274	274	274	274
Average Daily Census	242	245	243	245	245
Admissions	8	7	4	8	8

As indicated above, LSH is divided into three distinct programs: the Psychiatric Services Program (PSP), the State Security Program (SSP), and the Sexual Predator Treatment Program (SPTP). The patients who are part of

the PSP are civilly committed and generally have a shorter length of stay as they are admitted to the hospital, receive services, and are discharged. In comparison, individuals treated through the SSP have had some

interaction with the court system or are aggressive/violent.

As such, individuals served through SSP have a longer stay due to circumstances surrounding their admission to the hospital.

Similar to the SSP, individuals who are treated through the SPTP are committed due to

a court determining that the individual is a sexually violent predator. These individuals are required to progress through the program, which gradually decreases levels of supervision. Due to the structure of the program, the length of stay for SPTP participants is longer than those in the PSP receiving traditional mental health services.

FIGURE 16
**LARNED STATE HOSPITAL
SUMMARY OF EXPENDITURES FY 2022 – FY 2024**

Item	Actual FY 2022	Agency Est. FY 2023	Gov. Rec. FY 2023	Agency Req. FY 2024	Gov. Rec. FY 2024
Expenditures:					
Salaries and Wages	\$ 49,585,745	\$ 53,062,093	\$ 53,062,093	\$ 49,848,853	\$ 47,311,024
Contractual Services	39,924,567	56,672,635	21,881,389	56,224,463	21,433,217
Commodities	3,514,071	3,566,578	3,566,578	3,640,746	3,640,746
Capital Outlay	493,372	928,346	928,346	85,466	85,466
Debt Service	-	-	-	-	-
<i>Subtotal - State Ops</i>	<u>\$ 93,517,755</u>	<u>\$ 114,229,652</u>	<u>\$ 79,438,406</u>	<u>\$ 109,799,528</u>	<u>\$ 72,470,453</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	3,822	5,372	5,372	5,424	5,424
<i>Subtotal - Operating</i>	<u>\$ 93,521,577</u>	<u>\$ 114,235,024</u>	<u>\$ 79,443,778</u>	<u>\$ 109,804,952</u>	<u>\$ 72,475,877</u>
Capital Improvements	430,000	-	-	-	-
Debt Service (Principal)	-	-	-	-	-
TOTAL	<u>\$ 93,951,577</u>	<u>\$ 114,235,024</u>	<u>\$ 79,443,778</u>	<u>\$ 109,804,952</u>	<u>\$ 72,475,877</u>
Financing:					
State General Fund	\$ 75,018,312	\$ 105,610,558	\$ 70,819,312	\$ 101,252,366	\$ 63,923,291
Federal Funds	-	-	-	-	-
All Other Funds	18,933,265	8,624,466	8,624,466	8,552,586	8,552,586
TOTAL	<u>\$ 93,951,577</u>	<u>\$ 114,235,024</u>	<u>\$ 79,443,778</u>	<u>\$ 109,804,952</u>	<u>\$ 72,475,877</u>
FTE Positions	909.5	920.5	920.5	926.5	920.5

FY 2023 REVISED ESTIMATE

Larned State Hospital estimated revised expenditures of \$114.2 million, including \$105.6 million SGF, in FY 2023. This is an increase of \$42.0 million, or 58.2 percent, above the amount approved by the 2022 Legislature. The increase can primarily be attributed to the agency's supplemental request to fund contractual nursing staff to provide coverage for the hospital (\$34.2 million SGF), as well as the funding increase related to the LSH food services contract (\$625,000 SGF). The increase also includes approximately \$5.9 million SGF for salaries and wages expenditures.

The **Governor** recommends expenditures of \$79.4 million, including \$70.8 million SGF. This

is an all funds decrease of \$34.8 million, or 43.8 percent, including an SGF decrease of \$34.8 million, or 30.5 percent, below the agency's revised estimate in FY 2023. The decrease is attributable to the Governor not recommending the agency's supplemental requests for contract nursing staff (\$34.2 million SGF) and the LSH food services contract (\$625,000 SGF).

FY 2024 AGENCY REQUEST

Larned State Hospital requests \$109.8 million, including \$101.3 million SGF, for FY 2024. This is a decrease of \$4.4 million, or 3.9 percent, below the FY 2023 revised estimate. The decrease is primarily related to funds associated with the 24/7 Pay Plan instead being

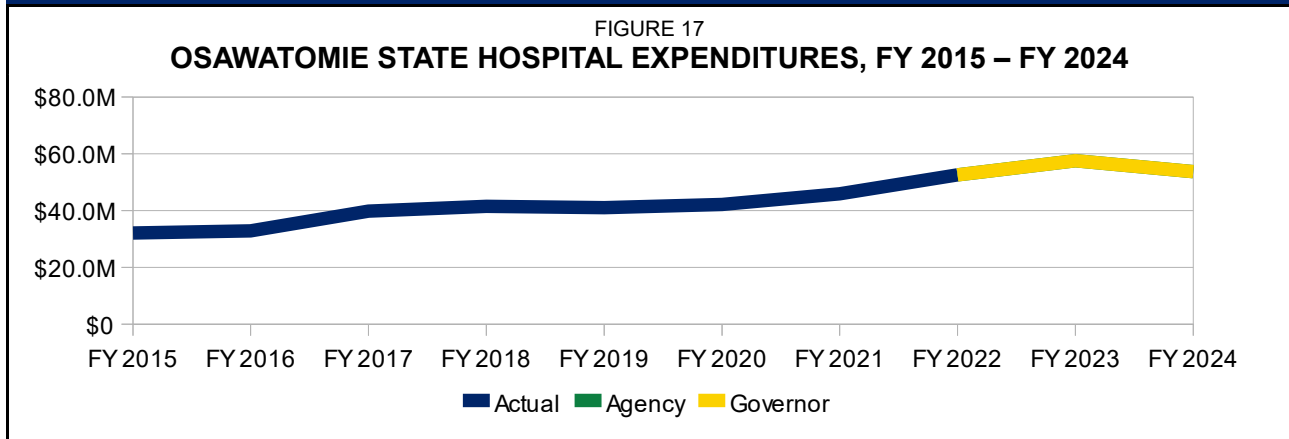
accounted for in the KDADS budget for FY 2024.

The **Governor** recommends expenditures of \$72.5 million, including \$63.9 million SGF. This is an all funds decrease of \$37.3 million, or 34.0 percent, including an SGF decrease of \$37.3 million, or 36.9 percent, below the agency's request for FY 2024. This decrease is due to the Governor not recommending the agency's

enhancement requests for contracted food expenses (\$625,000 SGF), contract agency nursing staff (\$32.5 million SGF), agency support staff salary increases (\$1.8 million SGF), and the creation of nursing house supervisor positions (\$744,907 SGF).

The Governor's recommendation includes the agency's enhancement request for \$91,000 SGF to upgrade its fire fighting equipment.

OSAWATOMIE STATE HOSPITAL



- STATUTORY BASIS:** • KSA 76-1201 *et seq.*; KSA 59-2901 through 59-2941; and KSA 59-2968
- PROGRAM GOALS:**
- At Least 95 percent of patients discharged will have a Discharge Summary Completed within 30 days of discharge.
 - A comprehensive discharge plan will be developed and implemented and 95 percent of patients will have discharge criteria that is realistic, attainable, and individualized to their treatment on their Master Treatment Plan with a Psychosocial Assessment being completed within 72 hours of admission.
 - Track and trend percentage of discharged patient readmitted within 30 days.

Osawatomie State Hospital (OSH) was founded in 1866, originally called the “Kansas Insane Asylum.” The name was changed to OSH in 1901. OSH is an acute mental health care bed facility that serves people 18 years of age and older from 46 eastern and central Kansas counties who require inpatient psychiatric treatment or non-medical detoxification for substance abuse. It is operated and managed by the Kansas Department for Aging and Disability Services (KDADS) and is licensed by the Kansas Department of Health and Environment. In 2014, operations at Rainbow Mental Health Facility, in Kansas City, Kansas, were merged with OSH. The hospital is licensed for 206 patient beds, but currently operates at 166 beds due to a self-imposed moratorium on admissions above 166 since April 2015.

In December 2015, OSH was decertified by the federal Centers for Medicare and Medicaid Services (CMS). Beginning in January 2016, the hospital was unable to obtain federal

revenue through Medicare and Medicaid reimbursements and federal Disproportionate Share Hospital (DSH) payments. OSH responded by making structural changes to improve patient safety, increasing staffing levels, and instituting new operating practices. In August 2016, two living units were functionally separated from OSH to form Adair Acute Care (AAC). AAC is considered a functionally free-standing unit, though it is included in the overall total of licensed OSH beds. AAC passed its initial CMS certification survey in August 2017 and a second survey in November 2017. In December 2017, OSH was informed by CMS that the 60 beds of AAC were recertified for federal reimbursements and the hospital would begin to receive partial DSH payments.

A Sexual Predator Treatment Program (SPTP) reintegration unit is located on the grounds of OSH; however, this program is administered and funded by Larned State Hospital.

FIGURE 18
OSAWATOMIE STATE HOSPITAL, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Number of employees that turnover recorded every month and then a yearly average is obtained.*	29 %	32 %	30 %	30 %	30 %
2. Percentage of AAC patients readmitted within 30 days of discharge.	8 %	8 %	7 %	7 %	7 %
3. Percentage of Non-AAC patients readmitted within 30 days reported monthly then averaged for yearly outcomes.*	1 %	4 %	2 %	5 %	5 %
Financing (in Thousands)	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 37,448	\$ 34,780		\$ 45,934	\$ 41,647
All Other Funds	8,512	17,884		11,697	10,816
TOTAL	\$ 45,960	\$ 52,664		\$ 57,631	\$ 52,463
Percentage Change:					
SGF	3.9 %	(7.1) %		32.1 %	(9.3) %
All Funds	9.1 %	14.6 %		9.4 %	(9.0) %
FTE Positions	500.4	533.0		533.0	533.0

*The Governor's Office does not utilize this measure for evaluation purposes.

PERFORMANCE AND BUDGET ANALYSIS

The campus at Osawatomi State Hospital is composed of two separate units: Osawatomi State Hospital (OSH) and Adair Acute Care (AAC). The patients at OSH typically have a longer stay at the hospital, while patients at AAC are typically short term (up to 14 days). The distinction between the two is largely necessitated by the fact that AAC is eligible to receive Medicaid funding for the care of its patients through the Medicaid Disproportionate Share Hospital payments passed through KDADS. However, for the purposes of this analysis, the expenditures for both OSH and AAC are combined and considered as one entity.

CMS DECERTIFICATION OF OSH

During FY 2015, the hospital underwent several surveys by CMS. Several concerns of overcrowding and patient safety were raised during these surveys, which led to CMS terminating the federal certification of the hospital. Due to this decertification, the hospital lost its ability to receive federal funds for its operation. As a result, the hospital began utilizing more SGF moneys starting FY 2017 to

staff the hospital and address some of the concerns brought up during the CMS surveys.

Part of this increase was due to the establishment of AAC to provide several units to be subsequently recertified by CMS. Therefore, as it stands today the hospital is divided between the OSH main campus and AAC, and only the beds in AAC are eligible for federal funds.

MORATORIUM ON ADMISSIONS

In June 2015, prior to the decertification by CMS, a moratorium on voluntary admissions was imposed by KDADS. This moratorium was in response to the concerns of whether the hospital had sufficient space to treat both involuntary and voluntary admissions.

In January 2020, KDADS presented a plan to the House Committee on Social Services Budget to lift the moratorium on voluntary admissions. This plan included funding and development of the State Institutional Alternative program at KDADS, to provide more opportunities for individuals to be treated in the community. The plan additionally proposed

additional funding to remodel the Biddle Building at OSH in accordance with CMS guidelines, which would allow for more beds to be certified for federal funding. *Staff note:* Funding for the State Institutional Alternative program and the Biddle Building remodel are included in the KDADS budget.

In January 2021, the moratorium on voluntary admissions at OSH was lifted.

STAFFING CHALLENGES AT THE HOSPITAL

As with the other state hospitals, long-term care settings, and community services providers, staffing is continually reported as a major issue at OSH. Similar to those related fields, the staffing issues are generally described as being caused by a tension between the stressful nature of the jobs and what are generally considered to be low salaries. Similar to the other state hospitals, when OSH determines that it doesn't have adequate FTE positions to provide coverage for the hospital, it utilizes contractual staffing measures, which the agency indicates are generally more costly.

2022 SESSION

The Governor and the Legislature implemented the "24/7 Pay Plan," which included a permanent increase to the base pay of several nursing positions at all state hospitals, and a differential that provides an increased hourly rate in certain circumstances and a bonus to salaried positions. KDADS received these funds and distributed them to the state hospitals.

In FY 2022, KDADS received a total of \$1.3 million, all from federal ARPA funds to implement the base pay increase. Additionally, KDADS received \$8.3 million, all from federal ARPA funds, to implement the differential pay increases.

For FY 2023, KDADS received \$2.4 million SGF to continue the permanent base pay increase and \$15.6 million SGF to continue the differential pay increases.

Additionally, the 2022 Legislature added and the Governor approved \$44,449 SGF for a 5.0 percent salary increase for state employees who did not receive salary adjustments as part of the 24/7 Pay Plan.

FIGURE 19
**OSAWATOMIE STATE HOSPITAL
CENSUS STATISTICS**

	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Projected FY 2024
Osawatomi State Hospital					
Bed Capacity	106	106	106	106	106
Average Daily Census	106	97	98	106	106
Admissions	165	183	170	175	180
Average Length of Stay	237	237	244	N/A	N/A
Adair Acute Care					
Bed Capacity	60	60	60	60	60
Average Daily Census	38	37	30	38	38
Admissions	965	939	995	1,000	1,000
Average Length of Stay	14	15	11	N/A	N/A

As indicated above, OSH is divided into two campuses: OSH and AAC. The patients who are housed at OSH may traditionally have more intensive needs with a longer length of stay. However, the patients treated in AAC are

generally individuals who can be treated quickly. As such, the patients' length of stay at AAC is traditionally less than 14 days. Therefore, AAC, by design, serves more individuals throughout the year.

FIGURE 20
OSAWATOMIE STATE HOSPITAL
SUMMARY OF EXPENDITURES FY 2022 – FY 2024

Item	Actual FY 2022	Agency Est. FY 2023	Gov. Rec. FY 2023	Agency Req. FY 2024	Gov. Rec. FY 2024
Expenditures:					
Salaries and Wages	\$ 30,329,058	\$ 38,013,087	\$ 38,013,087	\$ 34,893,434	\$ 33,600,128
Contractual Services	19,728,986	16,626,661	16,626,661	14,566,488	14,566,488
Commodities	1,911,574	2,253,739	2,253,739	3,529,095	3,529,095
Capital Outlay	680,297	721,115	721,115	749,959	749,959
Debt Service	-	-	-	-	-
<i>Subtotal - Operations</i>	<u>\$ 52,649,915</u>	<u>\$ 57,614,602</u>	<u>\$ 57,614,602</u>	<u>\$ 53,738,976</u>	<u>\$ 52,445,670</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	6,820	7,229	7,229	7,518	7,518
<i>Subtotal - Operating</i>	<u>\$ 52,656,735</u>	<u>\$ 57,621,831</u>	<u>\$ 57,621,831</u>	<u>\$ 53,746,494</u>	<u>\$ 52,453,188</u>
Capital Improvements	7,260	9,315	9,315	9,688	9,688
Debt Service (Principal)	-	-	-	-	-
TOTAL	<u>\$ 52,663,995</u>	<u>\$ 57,631,146</u>	<u>\$ 57,631,146</u>	<u>\$ 53,756,182</u>	<u>\$ 52,462,876</u>
Financing:					
State General Fund	\$ 34,779,730	\$ 45,934,356	\$ 45,934,356	\$ 42,939,755	\$ 41,646,449
Federal Funds	1,237,780	-	-	-	-
All Other Funds	16,645,485	11,696,790	11,696,790	10,816,427	10,816,427
TOTAL	<u>\$ 52,662,995</u>	<u>\$ 57,631,146</u>	<u>\$ 57,631,146</u>	<u>\$ 53,756,182</u>	<u>\$ 52,462,876</u>
FTE Positions	533.0	533.0	533.0	533.0	533.0

FY 2023 REVISED ESTIMATE

Osawatomi State Hospital estimates revised expenditures of \$57.6 million, including \$45.9 million SGF, in FY 2023. This is an increase of \$5.6 million, or 10.8 percent, above the amount approved by the 2022 Legislature. The increase can primarily be attributed to the agency adjusting its budget to reflect increases in expenditures for the 24/7 pay plan salaries and wages for existing employees.

The **Governor** recommends expenditures of \$57.6 million, including \$45.9 million SGF, in FY 2023. This is unchanged from the agency's FY 2023 revised estimate.

FY 2024 AGENCY REQUEST

Osawatomi State Hospital requests a revised estimate of \$53.8 million, including \$42.9 million SGF, for FY 2024. This is a decrease of \$3.9 million, or 6.7 percent, below

the FY 2023 revised estimate. The decrease is primarily due to decreased expenditures on salaries and wages due to the 24/7 Pay Plan funds instead being accounted for in the KDADS budget for FY 2024. Additionally, OSH requests decreased expenditures on contractual services. The overall decrease is partially offset by the OSH enhancement request for additional funds to increase the pay of support staff FTE positions.

The **Governor** recommends expenditures of \$52.5 million, including \$41.7 million SGF, for FY 2024. This is an all funds decrease of \$1.3 million, or 2.4 percent, including an SGF decrease of the same amount, or 3.0 percent, below the agency's request for FY 2024. The decrease is due to the Governor not recommending the agency's enhancement request to implement a support staff pay increase (\$1.3 million SGF).

CAPITAL IMPROVEMENTS

The State Institutions for Mental Health (MH Institutions) are state-owned buildings and require ongoing rehabilitation and repair projects. For the MH Institutions, these are relatively small projects. Small projects include patchwork repair as well as installation of

equipment like security cameras or secured doors. Traditionally, all capital improvement projects are included in the budget for the Kansas Department for Aging and Disability Services (KDADS).

FIGURE 21
CAPITAL IMPROVEMENTS, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Capital Projects:					
Video Surveillance System at LSH	\$ 430,000	\$ -	\$ -	\$ -	\$ -
Building Improvements	8,788	9,315	9,315	9,688	9,688
Depreciable Land Improvements	(1,528)	-	-	-	-
TOTAL	\$ 437,260	\$ 9,315	\$ 9,315	\$ 9,688	\$ 9,688
Financing:					
SGF	\$ 7,260	\$ 9,315	\$ 9,315	\$ 9,688	\$ 9,688
Federal Funds	-	-	-	-	-
All Other Funds	430,000	-	-	-	-
TOTAL	\$ 437,260	\$ 9,315	\$ 9,315	\$ 9,688	\$ 9,688

FY 2023 CAPITAL IMPROVEMENTS

The **agency** estimates revised expenditures of \$9,315, all from special revenue funds, for capital improvement expenditures in FY 2023. These funds are for small projects to improve

existing buildings at Osawatomi State Hospital.

The **Governor** concurs with the agency's revised estimate in FY 2023.

FY 2024 CAPITAL IMPROVEMENTS

The **agency** requests \$9,688, all from special revenue funds, for capital improvement expenditures for FY 2024. These funds are for small projects to improve existing buildings at Osawatomi State Hospital.

The **Governor** concurs with the agency's request for FY 2024.