

MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE.

The meeting was called to order by Chairperson Jim Morrison at 1:30 p.m. on January 16, 2003 in Room 243-N of the Capitol.

All members were present.

Committee staff present:

Bill Wolff, Legislative Research Department
Renae Jefferies, Revisor of Statutes' Office
Gary Deeter, Committee Secretary

Conferees appearing before the committee:

Janet Schalansky, Secretary, Kansas Social and Rehabilitative Services

Others attending:

See Attached List.

The Chair asked members to introduce themselves.

Janet Schalansky, Secretary, Social and Rehabilitative Services (SRS) introduced her executive staff: Candy Shively, Integrated Service Delivery; Laura Howard, Health Care Policy; Mary Ann Deagle, Legislative Liaison; John Badger, Legal Services; and (not present) George Vega, Human Resources. She then provided an overview of SRS services and costs. (Attachment 1) She said that in FY 2002 source funds were apportioned 60.2% federal, 30.1% State General Fund (SGF), and 9.7% from other state funds totaling \$2.0 billion. She said expenditures will increase in FY 2003 to \$2.3 billion, the largest cost increases being generated by rising medical assistance costs. She observed that the public thinks of the agency as primarily disbursing welfare checks, but in fact cash assistance amounts to only 2% of the SRS budget for adults and less than 5% for children. She said greatest part of the budget goes for medical assistance and medical services.

Ms. Schalansky said SRS is the largest state agency, with staff totaling 5708.5 FTEs. She noted that in 1992 SRS had 11,000 FTEs and that 900 positions are currently being held open to meet shrinkage requirements. A committee member later observed that the reductions are in part due to SRS contracting services to private entities, whose employees are not counted in the SRS staff totals.

Ms. Schalansky highlighted current issues. She stated that the 1996 Welfare Reform Law (SB 140) significantly changed child support procedures. Because of federal requirements, Kansas created the Kansas Payment Center, a centralized office for collecting and disbursing child support. She noted that a state provision sunseting the Kansas Payment Center could jeopardize federal funds. She said further federal regulations require a Social Security number to be placed on Kansas driver's license applications. Failure to do so will cause Kansas to lose \$30 million in child support and TANF funds.

Ms. Schalansky stated that FY 2003 budget cuts reduced or eliminated many SRS services, but also

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MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE at on January 16, 2003 in Room 243-N of the Capitol.

challenged the agency to institute cost-management tools to minimize the budget shortfall. She noted that such cuts also reduce the federal matching money, further exacerbating funding for programs. She said the proposed FY 2004 budget restores many of these cuts, but funding reductions will continue to impinge on services. She said because of the general downturn in the economy, the agency's caseload consensus evaluation has consistently underestimated demand for services. She explained several cost-reduction processes: raising the eligibility level for HealthWave (medical coverage for children) and the Medicaid waiver for home service to the disabled, and reducing the amount for general assistance. She said closing 20+ field offices will require staff to travel more, but should result in office and telecommunications savings and still provide services locally.

Answering questions, Ms. Schalansky said staff turnover and vacancies (1 out of 6 FTEs is vacant) saved the agency from cutting FTEs, although 50 more positions will be eliminated in the central office. For child-care eligibility, household income, not individual income, is the standard. She said because contractors are doing better in family preservation and facilitating the adoption process, the numbers in foster care or receiving child welfare are going down. She noted that contracts for child welfare sub-contractors are performance-based. She said that even with budget cuts restored for FY 2004, the SRS budget will fall 3% below its former level. She said that \$1.5 million less was spent this year for family preservation services.

Members expressed concern regarding several SRS policies:

- Block grants to local agencies providing services to the developmentally disabled allow administrators to retain their positions and to set staff salaries as they choose.
- Not meeting the needs of vulnerable Kansas citizens, especially children, seems to indicate priorities awry.

The Chair requested that Ms. Schalansky return for further testimony to the committee on Tuesday. He gave a brief overview of the direction of the committee regarding the use of technology, saying further orientation would occur on Tuesday and Wednesday of next week.

The committee was adjourned at 3:00 p.m. The next meeting is scheduled for Tuesday, January 21, 2003, in Room 243-N of the Capitol.