

MINUTES

LEGISLATIVE BUDGET COMMITTEE

November 14, 2018
Room 548-S—Statehouse

Members Present

Senator Carolyn McGinn, Chairperson
Representative Troy Waymaster, Vice-chairperson
Senator Anthony Hensley, Ranking Minority Member
Senator Rick Billinger
Representative Steven Johnson
Representative Richard Proehl
Representative Kathy Wolfe Moore

Members Absent

All members present.

Staff Present

Bobbi Mariani, Kansas Legislative Research Department
Ben Baumann, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Isaac Elyacharshuster, Kansas Legislative Research Department
David Fye, Kansas Legislative Research Department
John Hess, Kansas Legislative Research Department
Karen Kapusta-Pofahl, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Jennifer Ouellette, Kansas Legislative Research Department
Amit Patel, Kansas Legislative Research Department
Victoria Potts, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Ashley Stites, Kansas Legislative Research Department
Steven Wu, Kansas Legislative Research Department
Scott Abbott, Office of Revisor of Statutes
David Wiese, Office of Revisor of Statutes
Jill Wolters, Office of Revisor of Statutes
Larry Hinton, Chief of Staff for Senator McGinn
Nancy Fontaine, Committee Assistant

Conferees

Brad Ridley, Director of Operations, Kansas Department for Aging and Disability Services
Dale Dennis, Deputy Commissioner, Kansas State Department of Education
Stephen Duerst, Teach for America
Hina Shah, Policy Analyst, Kansas Health Institute
Secretary Gina Meier-Hummel, Kansas Department for Children and Families
Susan Fout, Kansas Department for Aging and Disability Services
Christie Appelhanz, Executive Director, Children's Alliance of Kansas
Amy Campbell, Coordinator, Kansas Mental Health Coalition, and Mental Health Task Force Member

Morning Session

Welcome

Chairperson McGinn called the meeting to order and welcomed members, staff, and guests to the meeting.

Overview—Consensus Revenue and Caseload Estimates

Consensus Caseload Estimates

Jennifer Ouellette, Kansas Legislative Research Department (KLRD), provided an update on the Human Services Consensus Caseload Estimates ([Attachment 1](#)). The Division of the Budget, Department for Children and Families (DCF), Department for Aging and Disability Services (KDADS), and KLRD met November 1, 2018, to revise the estimates for FY 2019 and develop estimates for FY 2020 and FY 2021. For FY 2019, the revised estimate for all human services caseloads was an all funds increase of \$121.6 million, including \$54.6 million from the State General Fund. The FY 2020 estimate is an increase of \$84.7 million from all funding sources and the FY 2021 estimate is an increase of \$71.3 million from all funding sources. Ms. Ouellette responded to questions from Committee members.

Brad Ridley, Director of Operations for KDADS, responded to questions from Committee members regarding receivership issues relating to 15 Skyline nursing facilities.

Ashley Stites, KLRD, responded to questions about the federal Families First Act, which allows for a federal grant with matching state funds with the goal of keeping children out of foster care. Ms. Stites responded to questions from Committee members regarding Temporary Assistance for Needy Families (TANF) and distributed a document that provided additional information on the estimated impact of policy changes on TANF funds from the state HOPE Act ([Attachment 2](#)).

Education Consensus Estimates

John Hess, KLRD, discussed the Fall 2018 Education Consensus Estimates for FY 2019, FY 2020 and FY 2021 ([Attachment 3](#)). The primary change in FY 2019 was a decrease in

State Foundation Aid due to the weighted full-time equivalent enrollment being lower than previously estimated and an increase in funding due to KPERs. FY 2020 is estimated to see an increase in State Foundation Aid primarily due to school funding increases as a result of legislation passed by the 2018 Legislature. FY 2021 estimates are increased due to State Foundation Aid based on the 2018 law, as well as an increase in the Kansas Public Employees Retirement System (KPERs) funding. Mr. Hess responded to questions from Committee members.

Consensus Revenue Estimates

J.G. Scott, KLRD, provided an overview of the State General Fund Estimates for FY 2019, FY 2020 and FY 2021, which were revised by the Consensus Revenue Group on November 9, 2018 ([Attachment 4](#)). Kansas personal income is projected at a 3.9 percent increase. The first projection for FY 2020 maintained a 4.0 percent increase. While the Kansas economy growth is slow, the national personal income is trending down.

The agricultural sector remains about the same. Crop prices continue to struggle, but projections call for a very slight increase. Livestock prices are expected to drop. Agricultural loan repayment continued to recover, but was still tenuous. Federal tariffs are impacting soy bean prices, as well as the sale of farm equipment as farmers hesitate to make major investments.

Kansas labor non-farm jobs grew at 1.5 percent. Kansas unemployment is at 3.0 percent, which is the lowest rate since 1999.

Mr. Scott responded to questions from Committee members.

Schedule Discussion

Chairperson McGinn addressed the possible need to add another meeting and asked members to look at their calendars to see if December 20, 21, or 27 would be convenient.

Overview Agency Budget Enhancement Requests

Dylan Dear, KLRD, provided an overview of the agency budget enhancement requests for FY 2019, FY 2020, and FY 2021, the details of which can be found in the attachments ([Attachment 5](#)) ([Attachment 6](#)). It was noted these requests are through September, so the Governor-elect will have an opportunity to refine the requests. Mr. Dear responded to questions from Committee members.

Updates on Specific Education Programs and Funding

Pilot Mental Health Program

John Hess, KLRD, provided an overview of the Mental Health Intervention Team Pilot Program, which was enacted by 2018 Sub. for SB 423 and 2018 House Sub. for SB 61, designed to improve social-emotional wellness and outcomes for students ([Attachment 7](#)).

There are three different grant payments: School Liaison grant, Community Mental Health Center grant, and Kansas Department for Health and Environment grant. Mr. Hess responded to questions from Committee members.

Teach for America

Dale Dennis, Kansas State Department of Education, provided an update on the Teach for America program, which was funded by the 2018 Legislature ([Attachment 8](#)). The goal was to recruit 12 teachers, Mr. Dennis commented, but due to timing, the Department adjusted the goal to 7 for this year. The actual number of new recruits was 5, all of whom are in the Kansas City area. The Department wants to continue to recruit for teachers who are willing to move to other parts of Kansas; however, most of the candidates wanted to stay in the Kansas City area. Mr. Dennis responded to questions from Committee members. Mr. Dennis also distributed a document providing additional information on the budget for Teach for America ([Attachment 9](#)).

Stephen Duerst, representing Teach for America, responded to questions from Committee members regarding why Teach for America only recruited for the Kansas City area and not other areas of Kansas. Mr. Duerst assured members Teach for America does have a goal to recruit for other areas, such as Shawnee and Sedgwick counties, but initially his organization started with the Kansas City area.

Chairperson McGinn recessed the meeting at 11:45 a.m.

Afternoon Session

Chairperson McGinn reconvened the meeting at 1:30 p.m.

Update on Child Welfare System Task Force

Ashley Stites, KLRD, provided an overview of the Child Welfare System Task Force, including working group membership, process, and preliminary recommendations ([Attachment 10](#)). The Task Force will meet again on December 4, 2018, to finalize its recommendations, which will then be submitted to the Legislature on or before January 14, 2019.

The Secretary for Children and Families addressed the Committee noting she was a member of the Child Welfare System Task Force and her agency has already started implementing some of the recommendations as part of the overhaul of the child welfare system that has taken place since she became the Secretary. The agency has initiated a feasibility study on the child welfare system that will enable it to get federal matching funds to update the computer system, which is not integrated. The agency's employees currently have to go into nine different systems to get the necessary information on each child abuse/neglect call. Secretary Meier-Hummel responded to questions from Committee members.

Hina Shah, Kansas Health Institute, was a member of the Child Welfare System Task Force and she concurs with the need to move forward with the recommendations of the Task Force.

Review Funding for Investigations of Child Abuse or Missing Children

Ashley Stites, KLRD, provided an overview of the process and funding associated with child welfare investigations, including funding for investigations of missing foster care youth ([Attachment 11](#)).

Secretary Meier-Hummel, DCF, provided an overview of child abuse and runaway youth investigations and responded to questions from Committee members regarding the number of foster care children ([Attachment 12](#)).

Review—Kansas Department of Health and Environment (KDHE) PRTF Audit Results

Susan Fout, Deputy Secretary, KDADS, provided oral testimony regarding the Psychiatric Residential Treatment Facilities (PRTF) audit results. Ms. Fout responded to questions from Committee members regarding best practices of other states. Some states have closed their PRTFs and are treating children intensively in each child's home, while other states have gone to mobile crisis units. Kansas currently has a grant to begin mobile crisis units, but a sustainability program is needed.

Christie Appelhanz, Executive Director, Children's Alliance of Kansas, addressed the Committee members regarding the need for more beds as Kansas has 125 youths on the waiting list and stated those youth need to be in PRTFs ([Attachment 13](#)). There are too many agencies and organizations involved in decisions and it is keeping the State from being able to move forward. Financing is an issue as some facilities could expand, but then would have to wait a year to get reimbursed; Ms. Appelhanz would like to see the State incentivize upfront costs. Reentry to PRTFs continues to be a problem because length of stay has dropped dramatically. Currently, the average stay is 14 days, which is nowhere near enough for these youths to receive the care they need to be stabilized. Ms. Appelhanz added that the State needs to look at the continuum of care and get help for these children earlier, instead of dealing with costly treatments as they get older.

Based on questions from Committee members regarding what drives the 14-day authorization, Susan Fout responded it is based on the Managed Care Organizations (MCOs). Two of the MCOs have an initial authorization of 14 days and the other one has 30 days. Anything beyond that time period requires reauthorization.

Update on Mental Health Task Force

Amy Campbell, Coordinator, Kansas Mental Health Coalition, and Mental Health Task Force member, provided an update on the Mental Health Task Force ([Attachment 14](#)). The Task Force supports longer initial stay authorizations. Ms. Campbell indicated the U.S. Department of Health and Human Services sent out a memo encouraging community-based treatment for mental health services. Ms. Campbell then laid out the work of the Task Force since the legislative session ended. It is continuing to delve into the details of the last report and update recommendations. The three most important recommendations are related to Medicaid expansion, regional crisis services, and State Hospital regionalization. Ms. Campbell responded to questions from Committee members.

Schedule Discussion

Chairperson McGinn reopened the discussion of a possible additional meeting. Members agreed on December 27, 2018, if necessary.

Committee Comments and Recommendations

KLRD staff distributed a document providing information on issues discussed by the Committee during this and previous interim meetings for review and possible further action ([Attachment 15](#)), which are outlined as follows.

September 5, 2018, Meeting

No Bid or Sole Source State Contracts

Based on concerns expressed by Committee members regarding the large number of sole source contracts, Steven Wu, KLRD, will provide additional information.

Kansas Lottery Purchase of Lottery Vending Machines

The Kansas Lottery is requesting legislative direction on how to proceed with financing.

Following a brief discussion, consensus among members was for the Kansas Lottery to use existing funds to purchase the vending machines. This may reduce the Lottery input into the State General Fund, but will be better in the long run.

Review of University Tuition Increases

No further action taken.

Implementation of Safe and Secure School Initiative

Committee members agreed to include a note in the report commending the State Department of Education for its handling of these funds and the speed with which funds were distributed. The consensus was these funds were well used and the Committee would encourage the Legislature to consider renewing this program.

October 3, 2018, Meeting

Review of Legislative Post Audit on Wildfire Suppression

Consensus was this issue needs more work and there will need to be draft legislation to implement the needed changes. Chairperson McGinn stated she thinks the Kansas Forest Service is the best entity to take the lead on discussions and funding for wildfire suppression needs to be a separate line item in the budget.

Conservation Fee Fund

Vice-chairperson Waymaster reiterated the Kansas Corporation Commission should not make rate changes in the middle of a month.

State Employee Health Program

Chairperson McGinn would like more information on how time on the computer completing the survey relates to outcomes and feels the integrity of survey is in question. Additionally, she suggested looking at decreasing co-pays to encourage people to go to their doctor.

Ranking Minority Member Hensley requested further information on additional locations for employee clinics.

State Employee Health Plan Insurance Rates for Calendar Year 2019

No further action.

Update on the KDHE Audit of the PRTF 60-Day Admission

Chairperson McGinn would like to see the MCOs change the initial authorization to at least 21 days instead of 14 and would like to incentivize the MCOs to reduce readmissions. She also added the State needs to look at reimbursement rates for the PRTFs, so it is more amenable to taking Kansas children instead of out-of-state children, as well as reviewing the number of beds.

General Discussion

Committee members were provided a packet of additional information in response to questions at previous meetings ([Attachment 16](#)).

Representative Johnson expressed concern regarding the need to continue to be conservative on the budget because, while things are looking a bit better in the out-years, the State needs to repay KPERs, the Transportation Plan, and other priorities.

The General Manager of the State Fair Board was asked for an update on the Bison Building. The Manager indicated the the State Fair Board decided to put a hold on the Bison Building updates and and look at refurbishing the ExpoCenter Building as a proper scoping of the building needs of the State Fair had not been done.

In response to questions from Committee members earlier in the day, KLRD staff distributed a document regarding the 2018-2019 Capital Improvements Bond Cap for schools ([Attachment 17](#)).

In response to questions from Committee members, a document was distributed regarding the Department of Corrections' Security Equipment and Supplies supplementals and enhancements ([Attachment 18](#)).

Isaac Elyacharshuster, KLRD, responded to further questions from Committee members regarding pricing for Department of Corrections' items and will provide further information.

Approval of Minutes

Chairperson McGinn called for a motion to approve the minutes of the Legislative Budget Committee meeting held on October 3, 2018.

Senator Hensley stated that he should be listed as a full member of the Committee and not a substitute. There were no objections.

Senator Billinger moved, Representative Waymaster seconded, approval of the minutes, as amended. Motion carried.

Adjourn

Chairperson McGinn adjourned the meeting at 4:10 p.m.

Prepared by Nancy Fontaine

Edited by Bobbi Mariani

Approved by the Committee on:

December 31, 2018

(Date)