

Approved: March 17, 2010

Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND FISCAL OVERSIGHT
COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 3:40 p.m. on March 9, 2010, in Room 546-S of the Capitol.

All members were present except:

Representative Sean Gatewood- excused
Representative Melvin Neufeld- excused
Representative Charlie Roth- excused
Representative Tom Sloan- excused

Social Services Budget Committee Members attending: Chairperson Mast, Representatives Ballard, Rhoades, Crum, and Knox.

Committee staff present:

Renae Jefferies, Office of the Revisor of Statutes
Julian Efird, Kansas Legislative Research Department
Artur Bagyants, Kansas Legislative Research Department
Gary Deeter, Committee Assistant

Conferees appearing before the Committee:

Joe Lawhon, Legislative Post Audit
Jim Redmon, Executive Director, Children's Cabinet and Trust Fund
Barb Hinton, Legislative Post Auditor

Others attending:

See attached list.

The minutes for the March 4 meeting were approved. (Motion by Representative Trimmer, seconded by Representative Ruiz)

The Chairman welcomed Joe Lawhon, Legislative Post Audit, who reviewed a July 2007 audit, *Children's Programs: Reviewing Whether They Are Coordinated To Avoid Duplication and Maximize the Use of Resources (Attachment 1)*. He stated that in FY 2008 about 220 programs served children up to age 18, the services provided through 33 state agencies with expenditures of \$3.1 billion. Of those programs, he explained that 20 state-administered programs and three federally administered programs served children from birth to age 5, the 23 programs serving more than 500,000 children at a cost of \$310 million, about 65% of the funds coming from federal sources. Mr. Lawhon, noting that the intent of the audit was to examine possible duplication, commented that although multiple programs overlap in design, the programs rarely serve the same individuals or the same communities.

Jim Redmon, Executive Director, Children's Cabinet and Trust Fund, reiterated those findings, stating that similar programs co-exist in Kansas, but not in the same communities and not serving the same individuals.

CONTINUATION SHEET

Minutes of the House Government Efficiency and Fiscal Oversight Committee at 3:40 p.m. on March 9, 2010, in Room 546-S of the Capitol.

He noted that smaller communities such as Holton and Salina more easily coordinated children's programs than did a larger city like Wichita. Answering questions, Mr. Redmon said a central Head Start office coordinates that service throughout Kansas.

Mr. Redmon commented on 2007 legislation that directed the 2010 Commission and the Legislative Educational Planning Committee (LEPC) to recommend to the Governor the creation of an Office of Early Childhood Education; he observed that to date there has been discussion but no action on the recommendation. He noted that, if the Governor signs off on it, a federal Health and Human Services grant will enable the creation of an Advisory Council to improve coordination of programs. He explained that because the lines between childhood health and childhood education are blurred, assigning programs to various agencies is not always consistent. Members discussed the importance of accountability and how to measure which programs are effective and which are not. Mr. Redmon said that nearly all children's programs have accountability inherent in the structure in order to assess outcomes. He responded to a question that the CIF (Children's Initiatives Fund) is under the purview of the Children's Cabinet.

Mr. Lawhon, commenting further on the Post Audit report, said that the audit found only minimal funds could be saved by consolidating some administrative functions, but that services were not duplicative and that safeguards and program design both promote efficiency.

Barb Hinton, Legislative Post Auditor, commented on the 2007 directive, saying that the Kansas Department of Social and Rehabilitation Services (SRS), the LEPC, the 2010 Commission, and the Children's Cabinet did not follow through in seeking to create the Office of Early Childhood Education. She observed that the wide variety of programs, the multiple funding sources, and the varied local service-delivery systems make it difficult to create an effective coordinating entity.

Answering questions, Mr. Redmon replied that *at-risk* is defined through research-based criteria set by the Children's Cabinet. Katy Belot, Director of Public Policy, SRS, said that SRS has similar criteria. Mr. Redmon replied that the basic rule is to allow no more than 10% for administrative costs.

Ms. Hinton, referencing another Post Audit document (December, 2000) regarding sale of surplus lands, replied that, of the \$6.8 million identified as surplus, \$3.1 million was received through sales within one year. She responded that most state agencies presently have authority to dispose of surplus land or property (Attachment 2).

Ms. Hinton commented on another Post Audit report, "Low-Priority Programs in Kansas," (February 2009) an audit which requested from 47 state agencies to prioritize programs they administer into "buy first," "buy next," "buy last," and "don't buy" categories (Attachment 3). Members requested that agencies update the information for members.

The Chair referenced Attachment 4, a document provided by Post Audit listing a variety of opportunities for short-term savings or reduced costs.

CONTINUATION SHEET

Minutes of the House Government Efficiency and Fiscal Oversight Committee at 3:40 p.m. on March 9, 2010, in Room 546-S of the Capitol.

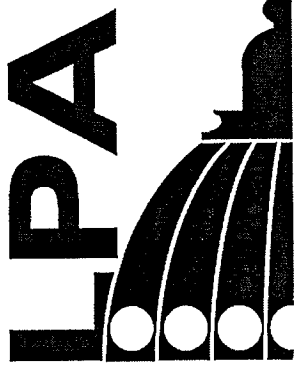
The meeting was adjourned at 4:53 p.m. The next meeting is scheduled for March 17, 2010.

HOUSE GOVERNMENT EFFICIENCY AND FISCAL
OVERSIGHT COMMITTEE

GUEST LIST

DATE: MARCH 9 2010

NAME	REPRESENTING
Joe Lachou	Post Audit
Nelson Kueger	Sure West
Karen Cochran	Kansas Coalition for School Reading
Levi Henry	Sandstone Group LLC



PERFORMANCE AUDIT REPORT

Children's Programs:
Reviewing Whether They Are Coordinated to Avoid
Duplication and Maximize the Use of Resources

Executive Summary *with Conclusions and Recommendations*

A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
July 2007

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$10 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. Government Accountability Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee. Legislators

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LEGISLATURE OF KANSAS

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July 11, 2007

To: Members of the Kansas Legislature

This report contains the findings, conclusions, and recommendations from our completed performance audit, *Children's Programs: Reviewing Whether They Are Coordinated To Avoid Duplication and Maximize the Use of Resources*.

The report also contains several appendices which show the programs serving children from birth to age 18, as reported by State agencies to the Division of Budget for fiscal year 2006; a listing of the providers we interviewed in Wichita, Salina, and Holton; a listing of 30 groups that have been established at both the State and local levels to address coordination issues; and a listing of 30 interagency agreements that help ensure services are coordinated.

The report includes a recommendation for the 2010 Commission and the Legislative Educational Planning Committee pertaining to their study regarding the establishment of an Office of Early Childhood Education. To increase the amount of federal funding coming into Kansas, we also recommended that the Department of Education and the Department of Health and Environment takes steps to increase participation in Child and Adult Care Food Program and the Women, Infants, and Children (WIC) Program, respectively. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

If you would like a copy of the full audit report, please call our office and we will send you one right away.

Barbara J. Hinton
Legislative Post Auditor

EXECUTIVE SUMMARY

LEGISLATIVE DIVISION OF POST AUDIT

Question 1: What Government-Funded Programs Serve Children From Birth to Age Five?

According to the 2008 Children's Budget, about 220 programs served children up to age 18 in recent years. For fiscal year 2006, 33 State agencies reported to the Division of the Budget that 219 programs provided services to children. Education expenditures represented \$3.1 billion—or nearly three-fourths—of the total reported.

We identified 20 State-administered programs and three federally administered programs that focus primarily on serving children from birth to age five. These 23 programs spent almost \$310 million in fiscal year 2006 and reported serving more than 500,000 children. About 65% of the total spent for these programs came from federal funds and about 24% were State General Fund moneys. Those programs are shown in **Figure 1-2** on the next page.

Question 2: To What Extent Do Programs Duplicate Each Other, and What Is Being Done To Coordinate Services To Make Efficient Use of Resources?

FINDINGS RELATED TO STATE/FEDERAL AGENCIES' ROLES IN ADMINISTERING PROGRAMS FOR YOUNG CHILDREN

State and federal agencies administer multiple programs that provide services to young children. When multiple agencies administer programs that provide similar services to the same general population of clients, administrative duplication can occur. At the State level, duplicative administrative efforts can include evaluating grant proposals, providing technical assistance, and monitoring and evaluating program results, as well as budgeting, payroll, and the like.

To assess the extent to which programs administered by State or federal agencies duplicate each other, we grouped the programs included in this audit by the primary types of services funded. In all, we identified seven major service categories. We determined the potential for service duplication was highest in three categories.

- preschool services for children. Six programs provide funding for preschool services. Of these, four help fund activities to enhance teacher qualifications, and three are used to operate a preschool classroom. Four of these programs are fully or mostly funded with State dollars. Two of these programs—Four-Year-Old At-Risk, and Special Education for 3-5 year olds—are administered by the Department of Education. The other two programs—Pre-K Pilot and Smart Start—are administered by the Children's Cabinet.

- home-based education services to parents of young children. Five programs provide these services. Staff conducting these home visits may cover some of the same topics during the home visits. For example, staff from each program will discuss health and nutrition information with the parents.
- child-care services to low-income clients. Four programs make these services available. Two provide funding to increase the number of child-care slots in a community, while the other two either provide or pay for child care services.

Some children's programs are being administered by agencies that don't have primary responsibility for that type of service. It's reasonable to expect that education-related programs would be administered by the Department of Education, health-related programs would be administered by KDHE, and social services programs would be administered by SRS. **Figure 2-4** shows that several of the 20 State-administered programs included in this audit aren't being administered by the agency that oversees that type of service. Several of these programs have multiple purposes, and are shown under two categories of services.

- Six education-related programs are administered by agencies other than the Department of Education:
 - ▶ Two of these programs—preschools for the deaf and blind—appeared to be logically placed within the Schools for the Deaf and Blind.
 - ▶ The Pre-K Pilot program administered by the Children's Cabinet would appear to be better aligned with the Department of Education's mission.
 - ▶ Three programs have overlapping purposes related to both education and social services: Smart Start (administered by the Children's Cabinet), Kansas Early Head Start (administered by SRS), and Infant-Toddler Services (Tiny-K) (administered by KDHE). These overlapping purposes make their logical placement less clear-cut.
- Two social services programs are being administered by agencies other than SRS. Both the Community-Based Child Abuse Prevention program and the Smart Start program are administered by the Children's Cabinet. Federal regulations governing the Child Abuse Prevention program say priority consideration should be given to housing this program with "a trust fund advisory board," which is where it currently is.
- One health-related program is administered by an agency other than KDHE. The Child and Adult Food Care Program is administered by the Department of Education. This program's location appeared reasonable to us because the Department already has the infrastructure in place to distribute millions of dollars to school districts to reimburse them for providing meals to K-12 students.

**Figure 1-2
Programs Serving Children Ages Birth to Five that Were Included in the Audit (a)**

Agency	Program name and description of services	FY 2006 Reported Expenditures (in millions)					Estimated # of children served in FY 2006 (b)	
		State General Fund	Federal Funds	Other funds	Total	% of Total	#	%
Programs that pass funding to local providers								
Department of Education	Special Education: Provides preschool and supportive services, such as physical therapy, to children ages 3 to 5 with special needs.	\$34.8	\$9.3	\$0.0	\$44.1	14.2%	17,515	3.5%
	4-Year-Old At-Risk: Help at-risk preschool children acquire skills, knowledge, and behaviors needed to successfully transition to kindergarten.	\$13.7	\$0.0	\$0.0	\$13.7	4.4%	5,375	1.1%
	Parents as Teachers: Provides parents of children birth to age 3 with pertinent information about raising a child, including child development and parenting techniques.	\$7.4	\$0.0	\$0.1	\$7.5	2.4%	18,824	3.7%
	Child & Adult Care Food Program: Provides preschool programs and child care centers with reimbursement for meals and snacks served to children in their care.	\$0.0	\$26.3	\$0.0	\$26.3	8.5%	46,880	9.2%
KDHE	Women, Infants, and Children: Provides children birth to age 5, their mothers, and pregnant women with supplemental foods, nutrition education, breastfeeding support, and referrals to other services.	\$0.0	\$37.5	\$15.9	\$53.4	17.3%	91,900	18.1%
	Immunizations: Provides vaccines for low-income or under-insured children to participating local providers at no cost.	\$0.4	\$20.4	\$0.2	\$21.0	6.8%	205,200	40.4%
	Infant - Toddler (Tiny-K) Services: Provides supportive services such as physical therapy and speech pathology to children with special needs birth to age 3 and their families.	\$1.9	\$4.0	\$1.0	\$6.9	2.2%	6,183	1.2%
	Healthy Start Home Visitors: Provides pregnant women and mothers with newborns home-based services including child development education and parenting advice.	\$0.5	\$0.4	\$0.2	\$1.1	0.4%	11,842	2.3%
	Child Health: Provides health services to children such as administering immunizations, physical screenings, and prevention services.	\$0.0 (d)	\$0.4	\$0.0	\$0.4	0.1%	29,399	5.8%
Children's Cabinet	Smart Start: Improves local school readiness by funding community-identified needs in local services. Services vary locally and range broadly from mental health consultations to teacher wage supplements.	\$0.0	\$0.0	\$8.8	\$8.8	2.8%	23,453	4.6%
	Community-Based Child Abuse Prevention: Promotes child abuse prevention by providing funding for community efforts to develop, operate, and expand prevention activities.	\$0.0	\$0.5	\$0.0	\$0.5	0.2%	4,576	0.9%
	Pre-K Pilot: Provides preschool classrooms; improves the quality of preschool programs through increased teacher wages and education, extended classroom hours, a social service component, and program evaluation.	\$0.0	\$0.0	\$2.0	\$2.0	0.6%	563	0.1%
SRS	Kansas Early Head Start: Promotes development and education of children birth to age 4 through center- and home-based services; provides family services including case management and prenatal counseling.	\$0.0	\$8.0	\$0.0	\$8.0	2.6%	825	0.2%
	Child Care Assistance: Provides funding to eligible families for child care services.	\$15.7	\$40.3	\$4.1	\$60.1	19.4%	24,906	4.9%
	Therapeutic Services to Preschool Children: Identifies preschool children with severe behavioral and emotional problems and provides support through mental health consultations.	\$0.0	\$0.0	\$1.0	\$1.0	0.3%	372	0.1%

1-1

Agency	Program name and description of services	FY 2006 Reported Expenditures (in millions)					Estimated # of children served in FY 2006 (b)	
		State General Fund	Federal Funds	Other funds	Total	% of Total	#	%
KDOT	Child Passenger Safety: Promotes safety by providing child safety seats and increasing community awareness of safety issues.	\$0.1	\$0.3	\$0.0	\$0.4	0.1%	8,000	1.6%
U.S. Dept. of Health & Human Services	Head Start: Promotes school readiness for children ages 3 to 5 from low-income families through education, health, nutrition, and social services. Services are center- and home-based and include preschool classes, health screenings, and family case management.	\$0.0	\$43.1	\$0.0	\$43.1	13.9%	6,743	1.3%
	Early Head Start: Enhances development of children birth to age 3 from low-income families and promotes healthy prenatal outcomes for low-income mothers. Services are primarily home-based and include family case management and health screenings.	\$0.0	\$8.3	\$0.0	\$8.3	2.7%	515	0.1%
U.S. Dept. of Education	Early Reading First: Promotes reading development of children ages 3 to 5 through increased teacher education, instructional materials, and screenings for children at risk for reading failure.	\$0.0	\$2.3	\$0.0	\$2.3	0.7%	624	0.1%
Subtotal - programs that pass funding to local providers		\$74.5	\$201.1	\$33.3	\$308.9	99.8%	503,695	99.3%

Programs that provide direct services								
KDHE	Newborn Hearing Screening: Provides screening follow-ups for newborns, which include notifying parents and physicians of abnormal screening results.	\$0.0 (d)	\$0.2	\$0.0	\$0.2	0.1%	2,200	0.4%
	Newborn Metabolic Screening: Provides screening follow-ups for newborns, which include notifying parents and physicians of abnormal screening results.	\$0.0	\$0.1	\$0.0	\$0.1	0.0%	1,408	0.3%
School for the Deaf	Preschool Classroom: Provides full-day preschool services for children with a diagnosed hearing loss.	\$0.2	\$0.0	\$0.0	\$0.2	0.1%	8	0.0%
School for the Blind	Preschool Classroom: Provides full-day preschool services to blind children. A primary focus of the preschool class is to teach children to read.	\$0.1	\$0.0 (d)	\$0.0 (d)	\$0.1	0.0%	8	0.0%
Subtotal - programs that provide direct services		\$0.3	\$0.3	\$0.0	\$0.6	0.2%	3,624	0.7%

Totals for ALL programs	\$74.8	\$201.4	\$33.3	\$309.5 (c)	100.0%	507,319	100.0%
Percent of Total Expenditures	24%	65%	11%	100%			

(a) All cost figures and information about the number of children served were reported to LPA staff by agency officials. Because this audit was intended primarily to address issues related to duplication of services and collaboration, we did not attempt to determine the accuracy of the reported figures.

(b) Because children can be served by more than one program, the total count of children served is likely to be overstated. The only way for us to determine an exact count would have been to obtain and compare identifying information about the children served.

(c) Program officials estimated that about \$11 million of the total amount spent was for program administration, and the rest was used to deliver services to children and families.

(d) Had minimal expenditures but shown as zero because of rounding.

Source: LPA survey of program officials.

**Figure 2-4
Programs Categorized by Administering State Agency and Primary Service Category**

	Kansas State Department of Education	Kansas Department of Health and Environment	Kansas Department of Social and Rehabilitation Services	Kansas Children's Cabinet	Kansas State School for the Deaf & Kansas State School for the Blind	Kansas Department of Transportation
Education Services	<p>4-Year-Old At-Risk <i>100% State funded</i></p> <p>Parents As Teachers <i>100% State funded</i></p> <p>Special Education (for ages 3-6) <i>79% State funded</i></p>	<p>Infant-Toddler Services (Tiny-K) <i>58% Federally funded</i></p>	<p>Kansas Early Head Start <i>100% Federally funded</i></p>	<p>Pre-K Pilot <i>100% State funded</i></p> <p>Smart Start <i>100% State funded</i></p>	<p>Preschool Classroom for the Deaf <i>100% State funded</i></p> <p>Preschool Classroom for the Blind <i>74% State funded</i></p>	
Health Services	<p>Child & Adult Care Food <i>100% Federally funded</i></p>	<p>Child Health <i>98% Federally funded</i></p> <p>Healthy Start Home Visitors <i>62% State funded</i></p> <p>Immunizations <i>97% Federally funded</i></p> <p>Infant-Toddler Services (Tiny-K) <i>58% Federally funded</i></p> <p>WIC <i>70% Federally funded</i></p> <p>Newborn Hearing Screening <i>71% Federally funded</i></p> <p>Newborn Metabolic Screening <i>100% Federally funded</i></p>				
Social and Safety Services			<p>Child Care Assistance <i>67% Federally funded</i></p> <p>Kansas Early Head Start <i>100% Federally funded</i></p> <p>Therapeutic Services to Preschoolers <i>100% State funded</i></p>	<p>Community-Based Child Abuse Prevention <i>100% Federally funded</i></p> <p>Smart Start <i>100% State funded</i></p>		<p>Child Passenger Safety <i>84% Federally funded</i></p>

Note: The Kansas Early Head Start, Smart Start, and Tiny-K programs are shown twice because they provide primary services in two service categories. Also, the predominant source of funding for each program is shown in italics.
Source: LPA analysis of State organizational structure.

State-level efforts to coordinate children's programs primarily consist of group meetings and interagency agreements. *We identified 14 major coordinating groups at the State level. One of these groups—the Kansas Early Childhood Comprehensive Systems Plan Stakeholders Group, which consists of about 100 people representing children's interests—has developed five main goals for serving young children and their families. We also identified 12 formal coordination agreements that have been put in place to address issues related to coordinating functions or sharing resources. For example, the Department of Education and KDHE have two agreements pertaining to transitioning services for children in the Infant-Toddler (Tiny-K) program to the Special Education program.*

We identified a number of factors that can hamper coordination efforts, as well as steps that could improve coordination of the children's programs State agencies administer. *Among the factors that can hamper coordination are the lack of a "single vision" of what children's programs are intended to accomplish, and technical computer issues which can hinder data sharing. Suggestions for improving coordination include a single application process for applying for services, and reducing the number of activity and expenditure reports program officials must submit for their various funding sources. Also, State agencies could provide more technical assistance to local groups to help ensure programs make the best use of the dollars available.*

Legislation passed in 2007 would bring early childhood education services under a single entity in the future. *Among other things, this legislation calls for the establishment of an Office of Early Childhood Education, and requires the 2010 Commission and Legislative Educational Planning Committee to report to the Governor and Legislature by December 31, 2007, about how to go about establishing that office.*

Consolidating early childhood education services under a single State entity could have a number of benefits, including a single chain of command, a single point of reference for people to contact, and better accountability for program spending and results. It also could pose a number of challenges, including assessing how to handle programs that currently fund both education and social service or health-related programs, administering the Special Education program (because federal funds for this program are directed to go to the State's education agency), and developing a definition of education to address requirements of Kansas' Constitution.

FINDINGS RELATED TO LOCAL AGENCIES' WE REVIEWED THAT OPERATE PROGRAMS FOR YOUNG CHILDREN

To understand how services for young children are handled at the local level we visited three communities—Holton, Salina, and Wichita—and spoke with officials to determine how those programs are structured and what steps are being taken to coordinate the various programs and services.

Within these communities, children's programs are structured in various ways. *For example, in Salina all education-related programs*

are consolidated under a single entity—the Salina school district. In Holton and Wichita, education programs are operated by multiple entities. In all three communities, most health-related programs were consolidated under the county health department. However, the Infant-Toddler (Tiny-K) program was administered by education-related entities in Holton and Wichita, and by a health-related entity in Salina.

As at the State level, most local efforts to coordinate services revolve around community groups and interagency agreements. We identified a total of 16 major coordinating groups in these three communities. For example, all three have an interagency coordinating council which meets at least quarterly. Wichita and Salina also have groups that discuss the use of Smart Start funding. We also identified 18 formal interagency agreements. Many of these relate to the provision of services for children with special needs.

Certain factors can make coordination of children's programs more difficult at the local level. Those factors include community size (a medium-size community may have certain advantages over a small or large-sized community), competition for clients or funding (this is particularly true for programs serving four-year-old children), and a lack of a unified vision for what these programs should accomplish. Also, local officials identified several areas where efforts to coordinate services for young children could be improved or were lacking. Their suggestions covered topics such as training, resources, and better collaboration.

Conclusion. A number of federal- and State-funded programs have been created over the years to address the needs of children from birth through age 5 from low-income families. Some of those programs serve a specific need—such as immunizing children or screening newborns—while others may provide a broad array of services relating to children's educational development and to their health or social-service needs.

Because of these overlapping purposes, the issues of coordination and duplication relating to such programs will be difficult to address from a policy standpoint. At both the State and local levels, officials often had fundamental differences of opinion about which types of services—educational, health, or social service—were most important to a child's development. Without a common vision, these competing views can hinder attempts to provide a more consolidated approach to serving young children's needs. It appeared to us that Salina officials came closest to achieving a more unified vision within their community, which seemed to result in better coordination of their programs.

Many of the health- and social services-related programs we reviewed also serve children ages 6 and above and are funded primarily with federal dollars, so trying to consolidate such programs under a single entity could create a whole new set of coordination and duplication issues. However, most of the education-related programs we reviewed were specific to pre-school-aged children, and are funded primarily with State dollars. With the passage of HB 2310, the Legislature has made the policy decision to bring all these early childhood educational programs under an Office of Early Childhood Education. The information provided in this report can help the Legislative

Educational Planning Commission and the 2010 Commission identify the issues involved with this move and report back on ways to structure that Office, as required by law.

Recommendations. *To assist the 2010 Commission and the Legislative Educational Planning Committee (LEPC) in studying various issues related to the establishment of an Office of Early Childhood Education, we suggested several areas for these groups to study including: achieving a unified vision for services, identifying barriers to consolidating these programs, the advisability of consolidating State-funded programs that provide preschool services, and learning what other states have done when consolidating childhood education programs.*

Question 3: Could Federal Funding Be Increased by Consolidating Some of Kansas' Programs Serving Children under Age Five?

Consolidating Kansas' programs won't increase federal funding coming into the State because most federal funding is either fixed or based on formulas. *Of the 20 State programs reviewed in this audit, 14 are either partially or totally funded using federal dollars. For all 14 programs, federal funds are distributed to states using formulas that are based on factors such as state populations or income levels, and the only way to affect the distribution of the federal funds would be to change Kansas' population or increase the number of poor people in the State.*

There may be ways to increase the amount of federal funding Kansas receives for two programs. *First, KDHE could encourage greater participation in the Women, Infants, and Children (WIC) Program. Program officials told us Kansas could draw down more funding if other states don't use their full allotment. These officials also estimate that WIC serves only about 70% of the eligible population.*

Second, the Department of Education could encourage greater participation in the Child and Adult Care Food Program. Department officials told us about half of all licensed child care centers and about one-third of day care homes don't participate in this program. Any increase in participation would allow these child-care providers to have more of their food costs covered by federal funding.

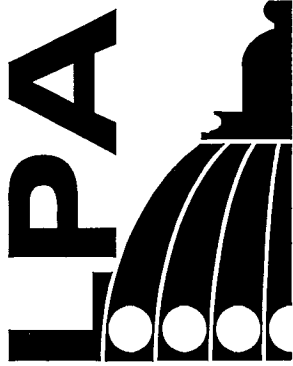
We looked for other possibilities to shift costs from the State to the federal government, but were unable to find ways to bring in more federal dollars. There's little opportunity to move children in the State-funded Four-Year-Old At-Risk program to the federal Head Start Program, and we couldn't find ways to shift any more legitimate costs to the Medicaid Program.

Conclusion. *The opportunities to increase the amount of federal funding Kansas receives for children's programs appear to be fairly limited because most funds are allocated based on formulas that take into account populations or the number of children from low-income families in the State. Any increase that might be achieved would not be accomplished*

by rearranging or combining programs. Instead they would need to be accomplished through outreach programs to increase participation in the WIC and Child and Adult Care Food programs, and possible changes to State regulations to allow certain child-care facilities to participate in the Child and Adult Care Food Program.

Recommendation. *We recommended that the Departments of Education and Health and Environment work to expand enrollments in both programs.*

This audit was conducted by Joe Lawhon, Molly Coplen, Melissa Doeblin, Jill Shelley, and Justin Stowe, Leo Hafner was the audit manager. If you need any additional information about the audit's findings, please contact Joe at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.



PERFORMANCE AUDIT REPORT

State-Held Lands: Reviewing the Management and Use of Those Lands in Kansas

A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
December 2000



Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$8 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee. Legisla-

tors or committees should make their requests for performance audits through the Chairman or any other member of the Committee. Copies of all completed performance audits are available from the Division's office.

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Senator Pat Ranson
Senator Chris Steineger
Senator Ben Vidricksen

Representative Kenny Wilk, Vice-Chair
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November 22, 2000

To: Members, Legislative Post Audit Committee

Senator Lana Oleen, Chair
Senator Anthony Hensley
Senator Pat Ranson
Senator Chris Steineger
Senator Ben Vidricksen

Representative Kenny Wilk, Vice-Chair
Representative Richard Alldritt
Representative John Ballou
Representative Lynn Jenkins
Representative Ed McKechnie

This report contains the findings, conclusions, and recommendations from our completed performance audit, *State-Held Lands: Reviewing the Management and Use of Those Lands in Kansas*.

The report also contains appendices showing an inventory of State-held lands by county, agency, and use.

The report includes several recommendations for improving the State's land inventory and management practices. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Barbara J. Hinton
Legislative Post Auditor

EXECUTIVE SUMMARY
LEGISLATIVE DIVISION OF POST AUDIT

**Question 1: Does the State Have a Good System for
Inventorying and Managing State Lands?**

The State doesn't have a good system for inventorying and managing State lands. page 3
Such a system is a critical tool for effectively managing the portfolio of lands that State agencies own or lease. We would expect a good land inventory and management system to be centrally maintained, perpetual, and complete. In addition, it should include the basic information needed to make decisions and should be reviewed periodically to determine whether land that is potentially surplus could be disposed of.

Although State law makes the Director of Accounts and Reports responsible for keeping an inventory of State-owned land, that inventory isn't complete or up-to-date. The last complete inventory of State-held lands was assembled in 1994 and statutorily required information about the use and purpose of each land parcel isn't in the inventory. Division officials told us they haven't had enough staff to keep State land inventory records up-to-date, and lack authority to compel State agencies to report land inventories and real estate transactions. However, officials told us they plan to do the inventory annually from now on.

The Department of Transportation also lacks a good system for recording and managing its land holdings. The Department owns right-of-way on which highways have already been built, right-of-way acquired for future road projects, and land used for the agency's district offices and maintenance buildings. State law exempts the Department from having to submit land inventory information to the Division of Accounts and Reports. However, because the Department is a large land owner, we'd expect it to maintain its own inventory. The Department doesn't have a good inventory system, and can't easily identify those pieces of right-of-way that are potentially surplus. Officials from 3 other states we talked with told us they routinely track and sell surplus right-of-way.

Question 2: How much Land Is Owned or Leased by State Agencies, Where Is it Located, and How Is it Currently Being Used?

State agencies report that they currently own more than 335,600 acres and lease more than 256,000 acres from others.page 8
This brings total State-held land to more than 591,000 acres. Although land holdings are located throughout the Kansas, some of the largest concentrations of State-owned land are in central Kansas in Ellis, Barton, McPherson, Pratt, and Kingman Counties. Most leased land is located in eastern Kansas in Jefferson, Douglas, Osage, Greenwood, and Montgomery Counties. Of the 105 agencies or divisions of State government, 42 own or lease land. Three agencies—the Department of Transportation, Wildlife and Parks, and Kansas State University—own 94% of all State-owned land. Two agencies—the Department of Wildlife and Parks and Kansas State University—lease essentially all the land the State leases from other entities. Wildlife and recreation uses account for about 34% of all owned land and 92% of all leased land. About 55% of all State-owned land is used for highway right-of-way purposes.

Question 3: Is Any State-Owned Land Potentially Surplus, And If So Could It Be Disposed Of?

State agencies own about 4,800 acres of potentially surplus land estimated to be worth about \$6.8 million.page 13
Agency officials reported 1,297 acres as surplus. Using federal property management guidelines, we identified another 3,521 potentially surplus acres. Those guidelines state that land should be needed for current agency programs, and shouldn't be retained because of existing boundaries, or because it's undesirable. Agencies gave us a variety of reasons why they thought the 3,521 acres we identified as potentially surplus shouldn't be considered surplus. For example, some agencies told us the land might be needed for future agency expansion, but in most cases we found no concrete long-range plans to expand. Other agencies told us the land generates income that's used to fund agency programs. However, the State isn't in the business of owning land simply to generate income.

Nothing would prevent the State from trying to sell all 4,818 acres identified as potentially surplus, but location or conditions may make some land parcels difficult to sell.page 17
Some land parcels did have restrictions on how the sale proceeds could be used, or the land was in such a condition that it would be difficult to sell. For example, some surplus land at Lansing Correctional Facility has at least 2 toxic waste sites.

Despite the proposed new guidelines for identifying and selling surplus land, State agencies will continue to have little incentive to identify surplus lands.page 18
The 2000 Legislature passed a law requiring the Secretary of Administration to develop criteria and guidelines for the identification and sale of surplus land. However, the law may not prove very effective because it doesn't set up an independent authority to decide whether surplus land should be sold, and it provides no financial incentives for State agencies to sell surplus lands.

Question 4: Is Idle State-Owned Land Being Leased To Others at Market Rates?

Of the State-owned lands that are leased out, most are leased to private citizens or companies for agricultural purposes.page 20
About 1,624 acres are leased to other units of government for public purposes, usually at little or no cost. We exclude those acres from our review. Another 13,204 acres are leased out by the Department of Wildlife and Parks to farmers for agricultural purposes and to create wildlife habitat. The remaining 10,355 acres leased out are crop and pasture land leased to private people or entities for cash payments. These are the lands we focused our efforts on for this part of the audit.

The majority of leased land is competitively bid, which should help ensure that the State receives a fair market rate.page 21
In all, 8,453 of the 10,355 acres of leased land we reviewed (82%) had been competitively bid; we concluded those lease rates were at market value. Four agencies that didn't use competitive bids to lease their land, or that didn't re-bid their leases frequently enough, tended to lease their lands at rates below the average rental rates for the areas where the land was located. We estimated these 4 agencies combined could be losing about \$15,300 a year in rental income.

Nearly All the Land Identified in This Audit as Potentially Surplus Is Leased to Others.page 23
Of the 4,818 acres we identified as potentially surplus, all but 389 acres are leased out. Of that land, we determined that 61 acres could be leased out as farmland, generating at least \$1,300 per year in additional rental income.

As Required by Statute, Most Agencies Paid Property Taxes On Land That Isn't Used Exclusively For State Purposes.page 23
To determine if property taxes were paid when they should have been, we sampled 7 agencies that own 97% of the

land leased to private citizens. Lansing Correctional Facility was the only agency that didn't pay property taxes when it should have. Department of Corrections officials couldn't provide proof of 1999 property tax payments for 1,308 acres leased to private citizens. Estimated annual property taxes for this land are \$2,200, and it's likely that property taxes haven't been paid on this land since 1989. The Department of Wildlife and Parks most likely overpays property taxes on the land it owns. Department officials told us most of the agency's land is on the tax rolls because taking the property off the rolls is time consuming, and officials have promised the Legislature that the Department would pay property tax in counties where it owns land to avoid eroding the county tax base.

Conclusion.page 24

Recommendations. . . . page 25

APPENDIX A: Scope Statement . . . page 27

APPENDIX B: Inventory of State-Held Land by County and Agency . . . page 29

APPENDIX C: Inventory of State-Held Land by Agency and Use . . . page 43

APPENDIX D: Agency Responses . . . page 48

This audit was conducted by Laurel Murdie, Steve Ballantyne, Scott Frank, and Katrin Osterhaus. Leo Hafner was the audit manager. If you need any additional information about the audit's findings, please contact Ms. Murdie at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

State-Held Lands: Reviewing the Management and Use of Those Lands in Kansas

In 1976, Legislative Post Audit conducted an audit of the management of surplus State-held land. At that time, the State owned about 112,000 acres and leased another 219,000 acres, for a total of 331,000 acres. The audit found that a complete and accurate inventory of State land holdings didn't exist, and it also identified 11,179 acres of land that was potentially surplus.

Recently, the Legislative Post Audit Committee again became interested in how much land State agencies currently own or lease, whether any of that land is potentially surplus, and whether land is being leased at market rates. The Committee also is interested in how the State is managing its land holdings, and whether improvements in records and management practices have occurred since the previous audit was done 24 years ago. To address these issues, the Committee directed the Legislative Division of Post Audit to conduct a performance audit to answer the following questions:

- 1. How much land is owned or leased by State agencies, where is it located, and how is it currently being used?**
- 2. Is any State-owned land potentially "surplus," and if so, could it be disposed of?**
- 3. Is idle State-owned land being leased to others at market rates?**

To answer these questions, we reviewed the existing land inventory system at the Division of Accounts and Reports, as well as the Computer Assisted Mass Appraisal System at the Department of Revenue. We interviewed officials from both agencies to determine which set of records might be most useful for the purposes of this audit. We surveyed all State agencies to determine what land they own and lease, where it is located, and how it is used. We also interviewed officials from a sample of agencies that own or lease

land to gather additional information about the lands they hold and how they manage those properties.

We compared the rates agencies charge when they lease out State lands to average lease rates developed by the Kansas Agricultural Statistics Service to get a general sense of whether lands were being leased out at market rates. Finally, we contacted agency officials to determine why some properties appeared to be leased at lower-than-market rates.

A copy of the scope statement for this audit approved by the Legislative Post Audit Committee is included in Appendix A. For reporting purposes, we've added a question about the State's process for managing its land holdings.

In conducting this audit, we followed all applicable government auditing standards. However, the reader should be aware that the land inventory data used throughout the audit are self-reported by agency officials. To verify the accuracy and completeness of the information would have required us to review deed records in all 105 counties, which wasn't possible within the time frame for this audit. Although we can't attest to the completeness and accuracy of the data, we found no indication that the data are grossly or systematically wrong. Thus, it's unlikely that any errors or omissions in the data are large enough to significantly affect our findings and conclusions.

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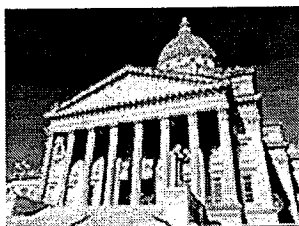
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Kansas Legislative Post Audit

Audit Title

Low-Priority Programs in Kansas:
Identifying Them and the Costs
Associated With Operating Them

Audit Number

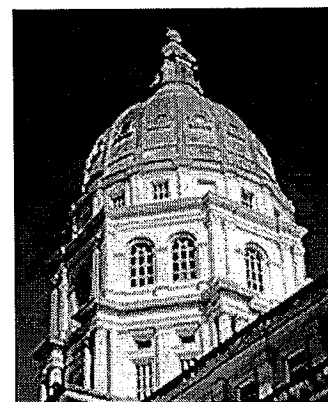
09PA05

Audit Date

2/2009

Audit Abstract

To help identify programs that had the lowest priority in relation to their agencies' core missions and objectives, staff asked officials representing 47 State entities to prioritize the programs and subprograms they administer into "buy first," "buy next," "buy last," and "don't buy" categories. This approach was intended to provide a different look at reducing State spending through potential elimination of programs, rather than more traditional expenditure reductions such as across-the-board staff cuts. Agencies placed programs and subprograms accounting for about \$500 million in State spending into the "buy last" category. About \$11.5 million of that program spending already had been slated to be eliminated in its entirety, and parts of another \$77.4 million had been proposed for elimination in agencies' reduced budgets for fiscal years 2009 or 2010. Included in the "buy last" category were such diverse programs and subprograms as correctional



The goal of all of us at Legislative Post Audit is to provide Kansas legislators with sound, clear, accurate, and unbiased information.

**-Barbara J Hinton
Legislative
Post Auditor**

*Attachment #3
GEFO 3-9-10*

3/12/2010

facilities or other program sites, substantial highway maintenance projects, and grants for various services. Many agency officials cautioned that the programs and subprograms they put into the "buy last" category were critical to their missions or to the people of Kansas, but that they had categorized them there to fulfill the audit instructions. Agencies also pointed out about \$23 million in State spending for items they wouldn't fund even if money were available. Included in that amount were payment inefficiencies within the Medicaid Program and the costs associated with a juvenile correctional facility. These items had already been factored into agencies' FY 2009 or FY 2010 budgets.

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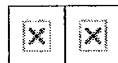
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**Opportunities Identified by Legislative Post Audit
That Potentially Could Yield Additional Short-Term Savings or Reduced Costs**

The Government Efficiency and Fiscal Oversight Committee already has heard a presentation on the surplus State-held land audit, and is scheduled to hear a presentation on the Children's Programs audit on Tuesday. This document lists some additional savings-related audit findings that, to the best of our knowledge, may not have been adequately addressed.

GENERAL GOVERNMENT

- ***Eliminating Low-Priority Programs:*** Our 2009 audit of low-priority programs (09PA05) identified programs and subprograms accounting for about \$500 million in State spending as lower priority. *Some of those activities already had been proposed for elimination, but we don't know what actually has been eliminated.*
- ***Using Business Procurement Cards:*** Our 2009 audit looking at agencies' use of business procurement cards (09CC02.1) found that, for fiscal year 2008, an estimated \$27 million of the non-procurement-card purchases agencies made from the 37 highest-volume vendors potentially could have been charged to a procurement card. Doing so would have generated more than \$380,000 in cash-back rebates. If just 20% of all similar purchases could have been charged, agencies would have generated a total of \$1.3 million in rebates. *The Division of Purchases reported taking steps to educate agencies on the BPC program's benefits, but we don't know whether agencies have taken advantage of these charge cards.*
- ***Contracting / Using Competitive Bidding:*** In our December 2007 audit looking at the potential for fraud and abuse in the STARS accounting system (07CC32), we identified some missed opportunities to save money, including several vendors who did a lot of business with State agencies but who weren't on a Statewide contract, and several instances where specific agencies did a lot of business with certain vendors but didn't seek competitive bids. *The Division of Purchases reported taking steps to educate agencies and develop additional State contracts, but more may be able to be done in this area.*
- ***Not Leasing Certain Vehicles:*** Our 2007 audit of the decision to disband the central motor pool (07PA20) found that agencies were renting cars from Enterprise on a long-term basis at a cost that far exceeded the cost of leasing or owning a car. A 2009 audit (09PA04) showed that employees at 17 State agencies had rented vehicles for more than 100 total days the previous year, and employees at four agencies had rented vehicles for more than 300 total days. The minimum annual cost of these rentals, excluding fuel, was \$7,525; the maximum was \$13,850.

Curbing State Employee Overtime: Our 2009 audit reviewing State data systems for inappropriate payments (09CC02.2) showed that the State paid a total of \$13.1 million in overtime pay in fiscal year 2008, including \$4.4 million in overtime premiums. Agencies with very high overtime costs could reduce their costs by as much as \$240,000 a year if they could hire additional employees, rather than paying so much overtime to existing employees.

*Attachment 4
GEFO 3-9-10*

INSPECTIONS AND REGULATION

- **Automating Paper-Based Processes:** Our 2009 audit of State inspection functions (09PA03) found that KDHE could save about \$28,600 in staff and postage costs by fully automating the inspection programs in our sample. Automation also would save an estimated 1,770 hours of staff work that could be redirected to other important tasks. *KDHE may have gotten some federal funds to help automate some of the inspection programs. But whenever agencies use paper forms to carry out their processes, making those forms electronic should speed up review and processing times, reduce paper costs, and free-up staff time.*
- **Working From Home:** In our 2008 audit on the financial regulatory agencies (08PA22), we found that an estimated \$295,000 a year could be saved by having bank examiners work from home like credit union examiners do, thus reducing the need for as much office space. *This same issue also may be relevant for other State agencies that have employees who spend most of the time away from their desks.*
- **Implementing Risk-Based Inspections:** Our 2003 audit of food safety programs (03PA19) showed that Kansas could generate an estimated \$680,000 in annual savings if inspections were changed to a risk-based approach. Similarly, in our 2004 audit of oversight of foster homes and child-care facilities (04PA08), we found that KDHE could increase the efficiency of its regulation by implementing a risk-based inspection system, among other steps. *We don't know the extent to which these recommendations may have been implemented, but the potential likely exists to implement risk-based inspections, reviews, etc., in other areas.*

SOCIAL SERVICE PROGRAMS

- **Improving Controls Over Improper Claims:** Our 2008 audit of Statewide medical expenses (08CC02) showed that the State could save an estimated \$2.6 million per year in SGF dollars by tightening controls over improper claims. *(The Kansas Health Policy Authority reported it has implemented recommendations that we estimated would save about \$340,000 per year by helping ensure that recipients are receiving benefits correctly. Implementing some of the other recommendations could have a fiscal implication.)*
- **Reducing the Cost for Payroll Agent Services:** Our 2003 audit of the compensation of Medicaid payroll agents (03PA17) showed that other states reviewed appear to obtain these services at significantly less cost. In the small sample of other states reviewed, the highest percentage retained by a payroll agent was 12%, compared to 18% for Kansas. A representative from a private company that provides Medicaid billing services in 11 states said that generally 6-10% of the amount billed could be considered a reasonable fee for payroll-related services. The potential for savings was \$500,000 per percentage point reduction. *In our follow-up report the next year, both SRS and the Department on Aging were still considering whether to implement a competitive bidding process for payroll agents, to ensure the State is getting the best rates.*

- ***Eligibility Limits for Child-Care Assistance:*** In our 2009 audit of child care assistance (08CC04), we identified 571 families whose incomes appeared to significantly exceed the Program's basic guidelines but who received \$1.8 million in child-care assistance in 2007. Among those 571 were 30 families whose income exceeded \$100,000. Certain exceptions in SRS' current eligibility guidelines allowed these families to participate in the Program.. *Department officials told us Department eligibility policies exempt the income of grandparents and other "non-legally responsible caretakers" when determining the child's child-care subsidy. Officials said this policy encourages care by relatives, which strengthens the role of the family.*

TAXATION AND REVENUE

- ***Tax Enforcement:*** Our 2004 audit of tax enforcement efforts (04PA24) identified several problems with the Department's collection efforts, and recommended that the Department of Revenue seek additional staff to help with enforcement. *The 2005 Legislature authorized 18 new auditor positions, but it might be worth looking at whether these positions have been cut, or whether more enforcement staff would increase collections.*