

OSAWATOMIE STATE HOSPITAL

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 13,324,384	\$ 12,987,726	\$ 12,835,130	\$ 12,890,202	\$ 12,482,443	\$ 14,109,690	\$ 13,698,708
Other Funds	14,584,777	17,190,260	17,073,750	17,190,260	17,084,661	17,190,260	17,082,552
TOTAL	\$ 27,909,161	\$ 30,177,986	\$ 29,908,880	\$ 30,080,462	\$ 29,567,104	\$ 31,299,950	\$ 30,781,260
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,124	0	0	0	0	0	0
TOTAL	\$ 2,124	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 27,911,285	\$ 30,177,986	\$ 29,908,880	\$ 30,080,462	\$ 29,567,104	\$ 31,299,950	\$ 30,781,260
Percentage Change:							
Operating Expenditures							
State General Fund	(17.8) %	(2.5) %	(3.7) %	(0.8) %	(2.7) %	9.5 %	9.7 %
All Funds	(1.0)	8.1	7.2	(0.3)	(1.1)	4.1	4.1
FTE Positions	385.9	483.1	483.1	483.1	483.1	483.1	483.1
Non-FTE							
Perm.Uncl.Pos.	0.0	15.0	15.0	15.0	15.0	15.0	15.0
TOTAL	385.9	498.1	498.1	498.1	498.1	498.1	498.1

AGENCY OVERVIEW

Osawatomie State Hospital 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. No services are offered for children or adolescents. Osawatomie was established by the Legislature in 1863 and was called the State Insane Asylum. The name changed in 1901 to Osawatomie State Hospital. Osawatomie State Hospital provides certain support services to the Osawatomie Correctional Facility and the Rainbow Mental Health Facility. In FY 2001, administrative services for Osawatomie were consolidated with Rainbow Mental Health Facility. From 2001 to 2014, the two hospitals previously shared a single operating license and administrative team, including the superintendent who oversaw both facilities. In 2014, Rainbow

MAJOR ISSUES FROM PRIOR YEARS

In response to budget reductions made at the direction of the Governor, Osawatomie State Hospital delayed the opening of the remodeled 30-bed crisis stabilization unit approved in FY 2007. The delay avoided the need for an additional \$1.5 million in FY 2010 to annualize costs, including 49.0 FTE positions. The East Biddle unit remained closed until August 20, 2009, when patients were moved into the unit from an existing unit.

During May 2010 and July 2010, the Department of Social and Rehabilitation Services temporarily suspended voluntary admissions to the three Kansas mental health hospitals. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions require a referral by one of the state's 27 community mental health centers and involve adults who must have the capacity to

Mental Health Facility was merged into Osawatomie State Hospital, and the beds at Osawatomie that were previously considered Rainbow's beds are now fully operated by Osawatomie.

Osawatomie State Hospital operates a thirty-bed Crisis Stabilization Unit and four Acute Care Units. The Crisis Stabilization Unit serves individuals who may be stabilized in a short period of time and returned to the community within 14 days or less. The Acute Care Units have a target length of stay of 30 days or less.

In addition, the Sexual Predator Treatment Program Transition House, now known as MiCo House, is located on the grounds of Osawatomie State Hospital; however this program is administered and funded by Larned State Hospital.

consent to care, have a treatment facility that agrees the person is in need of services offered by a facility and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community centers are expected to find placement alternatives for people who otherwise would be admitted. According to the Department, all three facilities were full beyond licensed capacities and the agency did not have additional resources to serve persons seeking voluntary admissions. In FY 2010, the number of days over census was 123 or, 34 percent, of the time. In FY 2011, the number of days over census was 119, or 33 percent, of the time. The agency indicates that a hospital of similar size and serving a similar population as Osawatomie should run at an 85 percent capacity for its average daily census over the course of a year.

Osawatomie State Hospital is accredited by the Joint Commission (TJC), formerly named the Joint Commission on Accreditation of Healthcare Organizations and licensed by the Kansas Department of Health and Environment. These agencies along with the federal Centers for Medicare and Medicaid Services conduct periodic surveys, both announced and unannounced, to determine compliance with applicable laws, regulations and standards. OSH was surveyed by the TJC in June 2013 and received a three year accreditation. The next TJC survey is due by June 2015.

Since November 9, 2011, all patients from the Rainbow Mental Health Facility are being served at Osawatomie after all but six beds were closed at Rainbow Mental Health Facility due to a failed Fire Marshall inspection. A thirty bed wing was subsequently opened at Osawatomie State Hospital.

The **2013 Legislature** concurred with the recommendation of the Governor to combine the operations of Osawatomie State Hospital and Rainbow Mental Health Facility into one agency to eliminate redundancies in one management operating two separate agencies.

The **2014 Legislature** transferred the remaining balance and liabilities of Rainbow Mental Health Facility's fee funds to the Osawatomie State Hospital fee funds as part of the closure of Rainbow Mental Health Facility, as well as transferred 112.2 FTE positions to Osawatomie State Hospital. Thirty beds at Osawatomie State Hospital that had previously been operating as Rainbow Mental Health beds were officially designated as Osawatomie State Hospital beds, increasing Osawatomie's budgeted bed capacity from 176 to 206 in FY 2015.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Osawatomie State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	176	176	206	206	206

ADMISSIONS

The chart below shows admissions at Osawatomie State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	2,364	2,684	3,240	3,370	3,472

AVERAGE LENGTH OF STAY

The chart below shows the average length of stay in days for adults at Osawatomie State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	23	26	25	25	24

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** requests a revised estimate for \$30.2 million, including \$13.0 million from the State General Fund, in FY 2015. This is an all funds increase of \$115,596, or 0.4 percent, and a State General Fund decrease of \$1,347,404, or 9.4 percent, from the amount approved by the 2014 Legislature. The all funds increase is primarily attributable to KPERS employer contributions budgeted in excess of the approved amount, due to the agency submitting the revised estimate prior to the Governor's December 9th allotment which decreased the KPERS employer contribution rate. The increase is also attributable to an increase in shrinkage, a decrease in voluntary retirement incentive expenditures, and a decrease in supplies,

partially offset by increased expenditures related to the purchase and installation of a computerized medication system. The State General Fund decrease is attributable to the supplemental request by the agency, to replace \$1.5 million in State General Fund expenditures with Title XIX funds, having a net zero effect on total expenditures. The revised estimate includes a decrease of 15.0 FTE positions below the amount approved by the 2014 Legislature. The decrease in FTE positions is attributable to a corresponding increase of 15.0 non-FTE positions in FY 2015 above the amount approved by the 2014 Legislature.

FY 2015 Governor Recommendation

The **Governor** recommends expenditures of \$29.9 million, including \$12.8 million from the State General Fund, in FY 2015. This is an all funds decrease of \$269,106, or 0.9 percent, and a State General Fund decrease of \$152,596, or 1.2 percent, below the agency's revised estimate. The decrease is

attributable to a reduction in the Kansas Public Employer Retirement System regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

FY 2016 Agency Request

The **agency** requests operational expenditures of \$30.1 million, including \$12.9 million from the State General Fund, for FY 2016. This is an all funds decrease of \$97,524, or 0.3 percent, and a State General Fund decrease of \$97,524, or 0.8 percent, below the revised FY 2015 estimate. The decrease is

primarily attributable to the agency's budget total returning to a normalized level absent expenditures related to the computerized medication system in FY 2015, partially offset by an increase in salaries and wages fringe benefit expenditures for FY 2016.

FY 2016 Governor Recommendation

The **Governor** recommends expenditures of \$29.6 million, including \$12.5 million from the State General Fund, for FY 2016. This is an all funds decrease of \$513,358, or 1.7 percent, and a State General Fund decrease of \$407,759, or 3.2 percent, below the agency's request. The decrease is partially

attributable to the Governor recommending both agency reduced resource options, totaling a decrease of \$247,080, all from the State General Fund, for FY 2016. The decrease is also attributable to a reduction in employer contributions for state employee health insurance for FY 2016.

FY 2017 Agency Request

The **agency** requests expenditures of \$31.3 million, including \$14.1 million from the State General Fund. This is an all funds increase of \$1.2 million, or 4.1 percent, and a State General Fund increase of \$1.2 million, or 9.5 percent, above the

FY 2016 request. The increase is primarily attributable to increased salaries expenditures due to the 27th payroll period, partially offset by an adjustment to shrinkage and a decrease in voluntary retirement incentive expenditures.

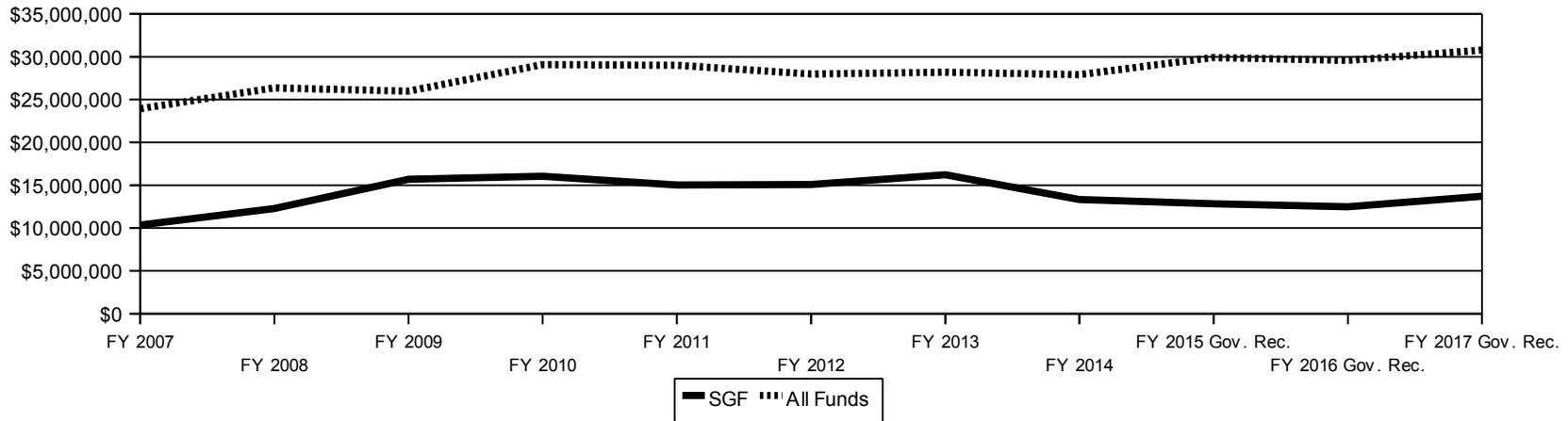
FY 2017 Governor Recommendation

The **Governor** recommends expenditures of \$30.8 million, including \$13.7 million from the State General Fund, for FY 2017. This is an all funds decrease of \$518,690, or 1.7 percent, and a State General Fund decrease of \$410,982, or 2.9 percent, below the agency's request. The decrease is partially

attributable to the Governor recommending both agency reduced resource options, totaling a decrease of \$247,080, all from special revenue funds, for FY 2016. The decrease is also attributable to a reduction in employer contributions for state employee health insurance for FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 10,359,647	(0.4)%	\$ 23,926,843	2.0 %	404.6
2008	12,266,462	18.4	26,363,418	10.2	428.6
2009	15,674,745	27.8	25,981,034	(1.5)	441.4
2010	16,029,824	2.3	29,081,034	11.9	441.4
2011	15,020,869	(6.3)	29,003,861	(0.3)	441.4
2012	15,064,074	0.3	27,979,050	(3.5)	396.4
2013	16,215,056	7.6	28,186,959	0.7	396.4
2014	13,324,384	(17.8)	27,909,161	(1.0)	385.9
2015 Gov. Rec.	12,835,130	(3.7)	29,908,880	7.2	483.1
2016 Gov. Rec.	12,482,443	(2.7)	29,567,104	(1.1)	483.1
2017 Gov. Rec.	13,698,708	9.7	30,781,260	4.1	483.1
Eleven-Year Change	\$ 3,339,061	32.2 %	\$ 6,854,417	28.6 %	78.5

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 3,345,959	\$ 2,779,437	\$ 3,706,624	\$ 927,187	33.4 %	\$ 2,759,472	\$ 3,670,172	\$ 910,700	33.0 %
Staff Edu & Research	181,960	192,241	193,322	1,081	0.6	190,580	191,574	994	0.5
Med & Surg Services	5,250,769	6,433,249	7,193,735	760,486	11.8	6,399,063	7,033,542	634,479	9.9
Clinical Services	14,376,622	15,641,136	14,076,634	(1,564,502)	(10.0)	15,456,615	13,889,493	(1,567,122)	(10.1)
Trust and Benefits	7,635	0	0	0	--	0	0	0	--
Phys Plant/Central Svcs	4,746,216	5,131,923	4,910,147	(221,776)	(4.3)	5,103,150	4,782,323	(320,827)	(6.3)
TOTAL	\$ 27,909,161	\$ 30,177,986	\$ 30,080,462	\$ (97,524)	(0.3) %	\$ 29,908,880	\$ 29,567,104	\$ (341,776)	(1.1) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 22,469,239	\$ 24,363,251	\$ 25,095,332	\$ 732,081	3.0 %	\$ 24,094,145	\$ 24,829,054	\$ 734,909	3.1 %
Contractual Services	3,558,275	3,365,440	3,174,849	(190,591)	(5.7)	3,365,440	3,162,849	(202,591)	(6.0)
Commodities	1,663,115	1,721,695	1,670,681	(51,014)	(3.0)	1,721,695	1,435,601	(286,094)	(16.6)
Capital Outlay	139,042	675,100	102,100	(573,000)	(84.9)	675,100	102,100	(573,000)	(84.9)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 27,829,671	\$ 30,125,486	\$ 30,042,962	\$ (82,524)	(0.3) %	\$ 29,856,380	\$ 29,529,604	\$ (326,776)	(1.1) %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	79,490	52,500	37,500	(15,000)	(28.6)	52,500	37,500	(15,000)	(28.6)
TOTAL	\$ 27,909,161	\$ 30,177,986	\$ 30,080,462	\$ (97,524)	(0.3) %	\$ 29,908,880	\$ 29,567,104	\$ (341,776)	(1.1) %
Financing:									
State General Fund	\$ 13,324,384	\$ 12,987,726	\$ 12,890,202	\$ (97,524)	(0.8) %	\$ 12,835,130	\$ 12,482,443	\$ (352,687)	(2.7) %
OSH Fee Fund	9,706,658	8,755,323	8,755,323	0	0.0	8,681,367	8,682,006	639	0.0
Title XIX Fund	4,868,944	8,434,937	8,434,937	0	0.0	8,392,383	8,402,655	10,272	0.1
All Other Funds	9,175	0	0	0	--	0	0	0	--
TOTAL	\$ 27,909,161	\$ 30,177,986	\$ 30,080,462	\$ (97,524)	(0.3) %	\$ 29,908,880	\$ 29,567,104	\$ (341,776)	(1.1) %

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 3,706,624	\$ 3,801,049	\$ 94,425	2.5 %	\$ 3,670,172	\$ 3,763,929	\$ 93,757	2.6 %
Staff Edu & Research	193,322	213,932	20,610	10.7	191,574	212,149	20,575	10.7
Med & Surg Services	7,193,735	7,438,121	244,386	3.4	7,033,542	7,277,630	244,088	3.5
Clinical Services	14,076,634	14,810,550	733,916	5.2	13,889,493	14,619,661	730,168	5.3
Trust and Benefits	0	0	0	--	0	0	0	--
Phys Plant/Central Svcs	4,910,147	5,036,298	126,151	2.6	4,782,323	4,907,891	125,568	2.6
TOTAL	\$ 30,080,462	\$ 31,299,950	\$ 1,219,488	4.1 %	\$ 29,567,104	\$ 30,781,260	\$ 1,214,156	4.1 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 25,095,332	\$ 26,315,495	\$ 1,220,163	4.9 %	\$ 24,829,054	\$ 26,043,885	\$ 1,214,831	4.9 %
Contractual Services	3,174,849	3,186,655	11,806	0.4	3,162,849	3,174,655	11,806	0.4
Commodities	1,670,681	1,683,200	12,519	0.7	1,435,601	1,448,120	12,519	0.9
Capital Outlay	102,100	102,100	0	0.0	102,100	102,100	0	0.0
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 30,042,962	\$ 31,287,450	\$ 1,244,488	4.1 %	\$ 29,529,604	\$ 30,768,760	\$ 1,239,156	4.2 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	37,500	12,500	(25,000)	(66.7)	37,500	12,500	(25,000)	(66.7)
TOTAL	\$ 30,080,462	\$ 31,299,950	\$ 1,219,488	4.1 %	\$ 29,567,104	\$ 30,781,260	\$ 1,214,156	4.1 %
Financing:								
State General Fund	\$ 12,890,202	\$ 14,109,690	\$ 1,219,488	9.5 %	\$ 12,482,433	\$ 13,698,708	\$ 1,216,275	9.7 %
OSH Fee Fund	8,755,323	8,755,323	0	0.0	8,682,006	8,680,543	(1,463)	(0.0)
Title XIX Fund	8,434,937	8,434,937	0	0.0	8,402,655	8,402,009	(646)	(0.0)
All Other Funds	0	0	0	--	0	0	0	--
TOTAL	\$ 30,080,462	\$ 31,299,950	\$ 1,219,488	4.1 %	\$ 29,567,094	\$ 30,781,260	\$ 1,214,166	4.1 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of \$14,602,590 for Osawatomi State Hospital in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- A reduction of \$114,864, as a result of the privatization of food services and a corresponding transfer to KDADS to pay the vendor directly.

- A reduction of \$152,596, as the result of the Governor’s December 9th, State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to \$14,335,130. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 14,335,130	\$ 12,987,726	\$ (1,347,404)	\$ 12,835,130	\$ (1,500,000)
All Other Funds	15,727,260	17,190,260	1,463,000	17,073,750	1,346,490
TOTAL	<u>\$ 30,062,390</u>	<u>\$ 30,177,986</u>	<u>\$ 115,596</u>	<u>\$ 29,908,880</u>	<u>\$ (153,510)</u>
FTE Positions	498.1	483.1	(15.0)	483.1	(15.0)

The **agency** requests a revised estimate for \$30.2 million, including \$13.0 million from the State General Fund, in FY 2015.

This is an all funds increase of \$115,596, or 0.4 percent, and a State General Fund decrease of \$1,347,404, or 9.4 percent,

from the amount approved by the 2014 Legislature. The all funds increase is primarily attributable to KPERS employer contributions budgeted in excess of the approved amount, due to the agency submitting the revised estimate prior to the Governor's December 9th allotment which decreased the KPERS employer contribution rate. The increase is also attributable to an increase in shrinkage, a decrease in voluntary retirement incentive expenditures, and a decrease in supplies, partially offset by increased expenditures related to the purchase and installation of a computerized medication system. The State General Fund decrease is primarily attributable to the supplemental request by the agency, to replace \$1.5 million in State General Funds with Title XIX funds, having a net zero effect on total expenditures. The revised estimate includes a decrease of 15.0 FTE positions below the amount approved by the 2014 Legislature. The decrease in FTE positions is attributable to a corresponding increase of 15.0 non-FTE positions in FY 2015 above the amount approved by the 2014 Legislature.

The agency's estimate is detailed by category of expenditures.

- **Salaries and Wages.** The agency estimates \$24.4 million, including \$13.0 million from the State General Fund, for salaries and wages in FY 2015. This is an all funds decrease of \$1,344,449, or 5.2 percent, below the amount approved by the 2014 Legislature. The decrease is primarily attributable to an increase in shrinkage.
- **Contractual Services.** The agency estimates \$3.4 million, all from special revenue funds, for contractual services in FY 2015. This is an all funds increase of \$794,290, or 30.9 percent, and

a State General Fund decrease of \$300, or 100.0 percent, from the amount approved by the 2014 Legislature. The all funds increase is primarily attributable to an increase in medical, professional, and computer expenditures associated with the set up and installation of the computerized medication system.

- **Commodities.** The agency estimates \$1.7 million, including \$150 from the State General Fund, for commodities in FY 2015. This is an all funds decrease of \$135,305, or 7.3 percent, and a State General Fund decrease of \$188,500, or 99.9 percent, below the amount approved by the 2014 Legislature. The decrease is attributable to reduced expenditures on household supplies, scientific supplies, gasoline, pharmaceutical supplies, data processing supplies, and office supplies.
- **Capital Outlay.** The agency estimates \$675,100, all from special revenue funds, for capital outlay in FY 2015. This is an increase of \$554,100, or 457.9 percent, above the amount approved by the 2014 Legislature. The increase is primarily attributable to the purchase of a centralized, computerized medication system to increase the efficiency and safety for storing and dispensing medications. There is a one-time start-up cost to purchase and install the equipment and software. The increase is partially offset by a decrease in pharmaceutical expenditures, professional equipment, professional fees, and computer software expenditures.

- **Other Assistance.** The agency estimates \$52,500, all from special revenue funds, for other assistance in FY 2015. This is a decrease of \$20,500, or 28.1 percent, below the amount approved by the 2014 Legislature. The decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$29.9 million, including \$12.8 million from the State General Fund, in FY 2015. This is an all funds decrease of \$269,106, or 0.9 percent, and a State General Fund decrease of \$152,596, or 1.2 percent, below the agency's revised estimate. The decrease is attributable to reducing the Kansas Public Employer Retirement System regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

Supplemental Detail

Supplementals	FY 2015 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Replace \$1.5 million State General Fund with Title XIX	\$ (1,500,000)	\$ 0	0.0	\$ (1,500,000)	\$ 0	0.0
TOTAL	\$ (1,500,000)	\$ 0	0.0	\$ (1,500,000)	\$ 0	0.0

The **agency** requests to replace \$1.5 million in agency funding, all from the State General Fund, with Title XIX funds. This request would have no effect on all funds expenditures, and would be a decrease of \$1.5 million, or 10.4 percent, in State General Funds, in FY 2015. This action relates to a corresponding replacement of \$1.5 million in Title XIX funds with

State General Fund moneys for the Kansas Neurological Institute, which is necessary for federal matching dollars.

The **Governor** recommends adoption of the agency's supplemental request to replace \$1.5 million of expenditures from the State General Fund with Title XIX funds, in FY 2015.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a

\$278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling \$280.0 million which reduced expenditures by \$60.1 million. The allotment plan also included

recommendations to transfer funds and adjust Non-State General Fund expenditures an additional \$219.9 million. The adjustments included in the \$219.9 million will require legislative

approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	\$ (152,596)	\$ (152,596)	0.0
TOTAL	<u>\$ (152,596)</u>	<u>\$ (152,596)</u>	<u>0.0</u>

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of \$152,596, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer

Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency expenditures but is reflective of a reduction of expenditures from the State General Fund.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 30,080,462	\$ 29,567,104	\$ (513,358)
FTE Positions	483.1	483.1	0.0
Change from FY 2015:			
<i>Dollar Change:</i>			
State General Fund	\$ (97,524)	\$ (352,687)	
All Other Funds	0	10,911	
TOTAL	<u>\$ (97,524)</u>	<u>\$ (341,776)</u>	
<i>Percent Change:</i>			
State General Fund	(0.8) %	(2.7) %	
All Other Funds	0.0	0.1	
TOTAL	<u>(0.3) %</u>	<u>(1.1) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operational expenditures of \$30.1 million, including \$12.9 million from the State General Fund, for FY 2016. This is an all funds decrease of \$97,524, or 0.3 percent, and a State General Fund decrease of \$97,524, or 0.8 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to the agency's budget total returning to a normalized level absent the installation and setup of the computerized medication system.

The agency request includes a transfer of \$114,864, all from the State General Fund, as a result of the privatization of food services and a corresponding transfer to the Kansas Department for Aging and Disability Services to pay the vendor directly.

The request also includes replacement of \$1.5 million, all from the State General Fund, with Title XIX funds. This action

relates to a corresponding replacement of \$1.5 million of Title XIX funds with State General Fund moneys for the Kansas Neurological Institute, which is necessary for federal matching dollars.

The agency's request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests \$25.1 million, including \$12.9 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds increase of \$732,081, or 3.0 percent, and a State General Fund decrease of \$98,760, or 0.8 percent, from the revised FY 2015 estimate. The all funds increase is attributable to an increase in salaries and wages fringe benefit expenditures.
- **Contractual Services.** The agency requests \$3.2 million, all from special revenue funds, for contractual services, for FY 2016. This is a decrease of \$190,591, or 5.7 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to contractual services returning to a normalized rate, absent the expenditures for set-up and installation of the computerized medication system in FY 2015.
- **Commodities.** The agency requests \$1.7 million, including \$1,386 from the State General Fund, for FY 2016. This is an all funds decrease of \$51,014, or 3.0 percent, and a State General Fund increase of \$1,236, or 824.0 percent, from

the revised FY 2015 estimate. The all funds decrease is primarily attributable to a decrease in drug and pharmaceutical expenditures for FY 2016.

- **Capital Outlay.** The agency requests \$102,100, all from special revenue funds, for capital outlay for FY 2016. This is a decrease of \$573,000, or 84.9 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to expenditures returning to a normalized rate, absent the expenditure on a computerized medication system in FY 2015.
- **Other Assistance.** The agency requests \$37,500, all from special revenue funds, for other assistance for FY 2016. This is a decrease of \$15,000, or 28.6 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$29.6 million, including \$12.5 million from the State General Fund, for FY 2016. This is an all funds decrease of \$513,358, or 1.7 percent, and a State General Fund decrease of \$407,759, or 3.2 percent, below the agency's request. The decrease is partially attributable to the Governor recommending both agency reduced resource options, totaling a decrease of \$247,080, all from the State General Fund, for FY 2016. The decrease is also attributable to a reduction in employer contributions for state employee health insurance for FY 2016.

FY 2016 Reduced Resources

The agency was not required to submit reduced resource options, but submitted two reduced resource options which

would reduce expenditures by \$247,080, all from the State General Fund, for FY 2016.

Item	FY 2016 REDUCED RESOURCES					
	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Medication Savings	\$ (145,300)	\$ (145,300)	0.0	\$ (145,300)	\$ (145,300)	0.0
Reduced Supplies	(101,780)	(101,780)	0.0	(101,780)	(101,780)	0.0
TOTAL	<u>\$ (247,080)</u>	<u>\$ (247,080)</u>	<u>0.0</u>	<u>\$ (247,080)</u>	<u>\$ (247,080)</u>	<u>0.0</u>

The **agency** submitted two reduced resource options which would reduce expenditures by \$247,080, all from the State General Fund, for FY 2016.

- The first reduced resource option concerns medication savings, which would decrease expenditures by \$145,300, all from the State General Fund, for FY 2016. To reduce expenditures, the agency would implement a centralized computer process for managing inventory and dispensing of medications, as well as promoting the use of established antipsychotic medication that is available as a generic.

- The second reduced resource option concerns reduced supplies, which would decrease expenditures by \$101,780, all from the State General Fund, for FY 2016. To reduce supplies, the agency could reduce general supplies, limit the use and availability of cell phones, reduce printing costs by relying on electronic medical records, and reduce fuel costs by managing the diesel fuel used by the power plant during non-critical periods.

The **Governor** recommends both agency reduced resource options, totaling \$247,080, all from the State General Fund, for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 31,299,950	\$ 30,781,260	\$ (518,690)
FTE Positions	483.1	483.1	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 1,219,488	\$ 1,216,275	
All Other Funds	0	(2,109)	
TOTAL	<u>\$ 1,219,488</u>	<u>\$ 1,214,166</u>	
<i>Percent Change:</i>			
State General Fund	9.5 %	9.7 %	
All Other Funds	0.0	(0.0)	
TOTAL	<u>4.1 %</u>	<u>4.1 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of \$31.3 million, including \$14.1 million from the State General Fund. This is an all funds increase of \$1.2 million, or 4.1 percent, and a State General Fund increase of \$1.2 million, or 9.5 percent, above the FY 2016 request. The increase is primarily attributable to increased salaries and wages fringe benefit expenditures due to payment of the 27th payroll period for that fiscal year, partially

offset by an adjustment to shrinkage and a decrease in voluntary retirement incentive expenditures.

The agency request includes a transfer of \$114,864, all from the State General Fund, as a result of the privatization of food services and a corresponding transfer to the Kansas Department for Aging and Disability Services to pay the vendor directly.

The request also includes replacement of \$1.5 million, all from the State General Fund, with Title XIX funds. This action relates to a corresponding replacement of \$1.5 million of Title XIX funds with State General Fund moneys for the Kansas Neurological Institute, which is necessary for federal matching dollars.

The agency's request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests \$26.3 million, including \$14.1 million from the State General Fund, for FY 2017. This is an all funds increase of \$1.2 million, or 4.9 percent, and a State General Fund increase of \$1.2 million, or 9.4 percent, above the FY 2016 request. The increase is primarily attributable to increased salaries and wages fringe benefits due to payment of the 27th payroll period.
- **Contractual Services.** The agency requests \$3.2 million, all from special revenue funds, for contractual services, for FY 2017. This is an increase of \$11,806, or 0.4 percent, above the FY 2016 request. The increase is attributable to an increase in staff training expenditures.
- **Commodities.** The agency requests \$1.7 million, including \$13,905 from the State General Fund, for commodities for FY 2017. This is an all funds

FY 2017 Reduced Resources

The agency was not required to submit reduced resource options, but submitted two reduced resource options which

increase of \$12,519, or 0.7 percent, all from the State General Fund, above the FY 2016 request. The increase is attributable to an increase in scientific supplies.

- **Capital Outlay.** The agency requests \$102,100, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.
- **Other Assistance.** The agency requests \$12,500, all from special revenue funds, for FY 2017. This is a decrease of \$25,000, or 66.7 percent, below the FY 2016 request. The decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$30.8 million, including \$13.7 million from the State General Fund, for FY 2017. This is an all funds decrease of \$518,690, or 1.7 percent, and a State General Fund decrease of \$410,982, or 2.9 percent, below the agency's request. The decrease is partially attributable to the Governor recommending both agency reduced resource options, totaling a decrease of \$247,080, all from special revenue funds, for FY 2016. The decrease is also attributable to a reduction in employer contributions for state employee health insurance, for FY 2017.

would reduce expenditures by \$247,080, all from the State General Fund, for FY 2017.

FY 2017 REDUCED RESOURCES						
Item	Agency Submission			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Medication Savings	\$ (145,300)	\$ (145,300)	0.0	\$ (145,300)	\$ (145,300)	0.0
Reduced Supplies	(101,780)	(101,780)	0.0	(101,780)	(101,780)	0.0
TOTAL	<u>\$ (247,080)</u>	<u>\$ (247,080)</u>	<u>0.0</u>	<u>\$ (247,080)</u>	<u>\$ (247,080)</u>	<u>0.0</u>

The **agency** submitted two reduced resource options which would reduce expenditures by \$247,080, all from the State General Fund, for FY 2017.

The first reduced resource option concerns medication savings, which would decrease expenditures by \$145,300, all from the State General Fund, for FY 2017. To reduce expenditures, the agency would implement a centralized computer process for managing the inventory and dispensing of medications, as well as promoting the use of established antipsychotic medication that is available as a generic.

The second reduced resource option concerns reduced supplies, which would decrease expenditures by \$101,780, all from the State General Fund, for FY 2017. To reduce supplies, the agency could reduce general supplies, limit the use and availability of cell phones, reduce printing costs by relying on electronic medical records, and reduce fuel costs by managing the diesel fuel used by the power plant during non-critical periods.

The **Governor** recommends both agency reduced options totaling a decrease of \$247,000, all from the State General Fund, for FY 2017.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$97,524, all from the State General Fund, and affects 314 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$105,080, including \$53,867 from the State General Fund, and FY 2017 longevity payments total \$115,640, including \$61,860 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$266,278, including \$160,679 from the State General Fund for FY 2016. This is a reduction of \$271,610, including \$163,902 from the State General Fund, for FY 2017.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

Funding Sources

Federal Title XIX (Medicaid) funding comprises approximately one third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates which they charge to Medicaid for each day a person covered by Medicaid lives in the facility. OSH is a mental health hospital.

The state mental health hospitals establish *per diem* rates in much the same way as the state developmental disabilities hospitals but are classified as institutions for mental disease. The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of Disproportionate Share Hospital funding available to the hospitals has decreased which decreases receipts into the central fund.

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	42.9 %	42.2 %	45.1 %	44.5 %
OSH Fee Fund	29.1	29.4	28.0	28.2
Title XIX Fund	28.0	28.4	26.9	27.3
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

Fee Fund Analysis - Osawatomi State Hospital Fee Fund

KSA 76-1201c provides that the superintendent of the Osawatomi State Hospital shall remit all moneys received from charges made under KSA 59-2006 and deposit the moneys into

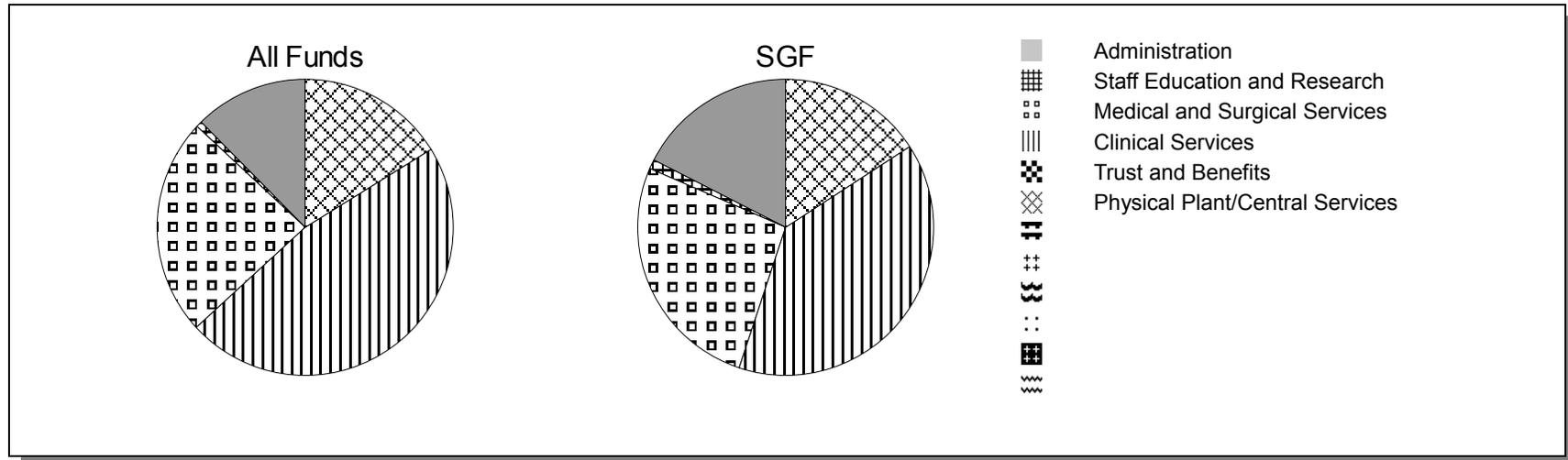
the Osawatomi State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 2,620,701	\$ 1,213,207	\$ 1,213,207	\$ 866,776	\$ 940,732	\$ 520,345	\$ 667,618
Revenue	8,279,906	8,408,892	8,408,892	8,408,892	8,408,892	8,408,892	8,408,892
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 10,900,607	\$ 9,622,099	\$ 9,622,099	\$ 9,275,668	\$ 9,349,624	\$ 8,929,237	\$ 9,076,510
Less: Expenditures	9,706,658	8,755,323	8,681,367	8,755,323	8,682,006	8,755,323	8,680,543
Encumbrance Adjustment	(19,258)	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 1,213,207</u>	<u>\$ 866,776</u>	<u>\$ 940,732</u>	<u>\$ 520,345</u>	<u>\$ 667,618</u>	<u>\$ 173,914</u>	<u>\$ 395,967</u>
Ending Balance as Percent of Expenditures	12.5%	9.9%	10.8%	5.9%	7.7%	2.0%	4.6%
Month Highest Ending Balance	July \$ 14,202,359	December \$ 13,070,748	December \$ 13,070,748	November \$ 11,211,071	November \$ 11,211,071	December \$ 10,481,394	December \$ 10,481,394
Month Lowest Ending Balance	June \$ 1,193,949	June \$ 720,748	June \$ 720,748	June \$ 301,071	June \$ 301,071	June \$ 0	June \$ 0

* The Governor recommends removal of encumbrances occurring in FY 2013 and prior fiscal years from state finances. For the Osawatomi State Hospital Fee Fund, encumbrances totaling \$19,258 are recommended to be canceled.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM-- GOVERNOR'S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Administration	\$ 3,670,172	12.4 %	\$ 2,180,911	17.5 %
Staff Education and Research	191,574	0.6	127,871	1.0
Medical and Surgical Services	7,033,542	23.8	3,299,283	26.4
Clinical Services	13,889,493	47.0	4,899,307	39.2
Trust and Benefits	0	0.0	0	0.0
Physical Plant/Central Services	4,782,323	16.2	1,975,071	15.8
TOTAL	\$ 29,567,104	100.0 %	\$ 12,482,443	100.0 %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

<u>Program</u>	<u>Actual FY 2014</u>	<u>Agency Est. FY 2015</u>	<u>Gov. Rec. FY 2015</u>	<u>Agency Req. FY 2016</u>	<u>Gov. Rec. FY 2016</u>	<u>Agency Req. FY 2017</u>	<u>Gov. Rec. FY 2017</u>
Administration	38.0	49.6	49.6	49.6	49.6	49.2	49.2
Staff Edu & Research	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Med & Surg Services	23.0	28.3	28.3	28.3	28.3	28.0	28.0
Clinical Services	260.8	344.4	344.4	344.4	344.4	345.4	345.4
Trust and Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Phys Plant/Central Svcs	61.1	57.8	57.8	57.8	57.8	57.5	57.5
TOTAL	<u>385.9</u>	<u>483.1</u>	<u>483.1</u>	<u>483.1</u>	<u>483.1</u>	<u>483.1</u>	<u>483.1</u>

A. Administration

The General Administration program provides overall management activities such as budgeting, planning and staffing designed to ensure that the patients' basic needs are met and that proper care and treatment are received. This program is responsible for maintaining accreditation and certification with

federal agencies. In addition, this program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement. Positions in this program also provide administrative services for Rainbow Mental Health Facility.

ADMINISTRATION
SUMMARY OF EXPENDITURES FY 2014 – 2017

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 1,871,138	\$ 2,123,992	\$ 2,104,027	\$ 3,092,105	\$ 3,067,653	\$ 3,211,524	\$ 3,186,404
Contractual Services	1,234,011	513,970	513,970	487,969	475,969	487,975	475,975
Commodities	68,655	28,975	28,975	29,050	29,050	29,050	29,050
Capital Outlay	92,665	60,000	60,000	60,000	60,000	60,000	60,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 3,266,469	\$ 2,726,937	\$ 2,706,972	\$ 3,669,124	\$ 3,632,672	\$ 3,788,549	\$ 3,751,429
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	79,490	52,500	52,500	37,500	37,500	12,500	12,500
TOTAL	\$ 3,345,959	\$ 2,779,437	\$ 2,759,472	\$ 3,706,624	\$ 3,670,172	\$ 3,801,049	\$ 3,763,929
Financing:							
State General Fund	\$ 1,050,075	\$ 2,124,142	\$ 2,104,177	\$ 2,210,389	\$ 2,180,911	\$ 2,270,446	\$ 2,240,490
All Other Funds	2,295,884	655,295	655,295	1,496,235	1,489,261	1,530,603	1,523,439
TOTAL	\$ 3,345,959	\$ 2,779,437	\$ 2,759,472	\$ 3,706,624	\$ 3,670,172	\$ 3,801,049	\$ 3,763,929
FTE Positions	38.0	49.6	49.6	49.6	49.6	49.2	49.2
Non-FTE Uncl. Perm. Pos.	0.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL	38.0	52.6	52.6	52.6	52.6	52.2	52.2

The **agency** requests expenditures of \$3.7 million, including \$2.2 million from the State General Fund, for FY 2016. This is an all funds increase of \$927,187, or 33.4 percent, and a State General Fund increase of \$86,247, or 4.1 percent, above the revised FY 2015 estimate. The increase is attributable to an adjustment to shrinkage and an increase in salary expenditures and fringe benefit costs, partially offset by a decrease in computer software and voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of \$3.7 million, including \$2.2 million from the State General Fund, for FY 2016. This is a decrease of \$36,452, or 1.0 percent, and a State General Fund decrease of \$29,478, or 1.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and adoption of the agency's reduced resource option to limit supplies by reducing expenditures on cellular phones.

The **agency** requests expenditures of \$3.8 million, including \$2.3 million from the State General Fund, for FY 2017. This is an all funds increase of \$94,425, or 2.5 percent, and a State General Fund increase of \$60,057, or 2.7 percent, above the FY 2016 estimate. The increase is attributable to an increase in salary expenditures and fringe benefit costs due to the 27th payroll period, partially offset by a decrease in voluntary retirement incentive expenditures. The agency requests 49.2 FTE positions, which is a decrease of 0.4 FTE positions below the number in the FY 2016 request. The decrease is attributable to a shift of 0.4 FTE positions to the Clinical Services program.

B. Staff Education and Research

The Staff Education and Research program increases the quality of care and treatment of patients by teaching new skills and improving existing skills needed to perform assigned duties. Programs provided include performance improvement classes,

The **Governor** recommends expenditures of \$3.8 million, including \$2.2 million from the State General Fund, for FY 2017. This is an all funds decrease of \$37,120, or 1.0 percent, and a State General Fund decrease of \$29,956, or 1.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and adoption of the agency's reduced resource option to limit supplies by reducing expenditures on cellular phones.

designing questionnaires, stress management, therapeutic boundaries, team building, sensitivity training and leadership classes. Specific training is provided for nursing staff. The library also provides educational materials to staff.

**STAFF EDUCATION AND RESEARCH
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 161,467	\$ 183,341	\$ 181,680	\$ 184,422	\$ 182,674	\$ 193,232	\$ 191,449
Contractual Services	16,074	4,600	4,600	4,600	4,600	16,400	16,400
Commodities	4,419	4,300	4,300	4,300	4,300	4,300	4,300
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 181,960	\$ 192,241	\$ 190,580	\$ 193,322	\$ 191,574	\$ 213,932	\$ 212,149
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 181,960	\$ 192,241	\$ 190,580	\$ 193,322	\$ 191,574	\$ 213,932	\$ 212,149
Financing:							
State General Fund	\$ 106,388	\$ 183,341	\$ 181,680	\$ 129,095	\$ 127,871	\$ 135,262	\$ 134,014
All Other Funds	75,572	8,900	8,900	64,227	63,703	78,670	78,135
TOTAL	\$ 181,960	\$ 192,241	\$ 190,580	\$ 193,322	\$ 191,574	\$ 213,932	\$ 212,149
FTE Positions	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0

The **agency** requests a revised estimate of \$193,322, including \$129,095 from the State General Fund, for the Staff Education and Research Program, for FY 2016. This is an all funds increase of \$1,081, or 0.6 percent, and a State General Fund decrease of \$54,246, or 29.6 percent, from the revised FY 2015 estimate. The increase is attributable to increased fringe benefit costs, partially offset by a decrease in salary expenditures.

The **Governor** recommends expenditures of \$191,574, including \$127,871 from the State General Fund, for FY 2016. This is an all funds decrease of \$1,748, or 0.9 percent, and a State General Fund decrease of \$1,224, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction of employer contributions for state employee health insurance.

The **agency** requests expenditures of \$213,932, including \$135,262 from the State General Fund, for FY 2017. This is an

all funds increase of \$20,610, or 10.7 percent, and a State General Fund increase of \$6,167, 4.8 percent, above the FY 2016 request. The increase is attributable to an increase in job related training, salary payments, and fringe benefit costs.

C. Medical and Surgical Services

The Medical and Surgical Services program consists of Allied Clinical Services and the Medical and Surgical Services program. Allied Clinical Services includes pharmacy, medical laboratory and diagnostic services, physical therapy, dental services, and professional consultants. It also includes those staff in direct support of clinical services due to their direct

The **Governor** recommends expenditures of \$212,149, including \$134,014 from the State General Fund, for FY 2017. This is an all funds decrease of \$1,783, or 0.8 percent, and a State General Fund decrease of \$1,248, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

services on patient units such as custodial workers and dietitians. Medical and Surgical Services provide services in a variety of specialized areas are available to enable physicians to provide comprehensive treatment. Consultation is available in such areas as OB/GYN, neurology, radiology, and other specialties.

**MEDICAL AND SURGICAL SERVICES
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 3,287,896	\$ 3,443,164	\$ 3,408,978	\$ 4,950,204	\$ 4,935,311	\$ 5,182,071	\$ 5,166,880
Contractual Services	965,184	1,353,590	1,353,590	1,255,800	1,255,800	1,255,800	1,255,800
Commodities	980,715	1,021,395	1,021,395	972,631	827,331	985,150	839,850
Capital Outlay	16,974	615,100	615,100	15,100	15,100	15,100	15,100
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 5,250,769	\$ 6,433,249	\$ 6,399,063	\$ 7,193,735	\$ 7,033,542	\$ 7,438,121	\$ 7,277,630
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 5,250,769	\$ 6,433,249	\$ 6,399,063	\$ 7,193,735	\$ 7,033,542	\$ 7,438,121	\$ 7,277,630
Financing:							
State General Fund	\$ 1,825,625	\$ 1,943,164	\$ 1,923,596	\$ 3,454,974	\$ 3,299,283	\$ 3,641,205	\$ 3,485,306
All Other Funds	3,425,144	4,490,085	4,475,467	3,738,761	3,734,259	3,796,916	3,792,324
TOTAL	\$ 5,250,769	\$ 6,433,249	\$ 6,399,063	\$ 7,193,735	\$ 7,033,542	\$ 7,438,121	\$ 7,277,630
FTE Positions	23.0	28.3	28.3	28.3	28.3	28.0	28.0
Non-FTE Uncl. Perm. Pos.	0.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	23.0	29.3	29.3	29.3	29.3	29.0	29.0

The **agency** requests expenditures of \$7.2 million, including \$3.5 million from the State General Fund, for FY 2016. This is an increase of \$760,486, or 11.8 percent, and a State General Fund increase of \$1,511,810, or 77.8 percent, above the revised FY 2015 estimate. The increase is primarily attributable to the agency purchasing a centralized, computerized medication cabinet to increase the efficiency and safety for storing and dispensing medications. There is a one-time start-up cost to purchase and install the equipment and software. The increase

is partially offset by a decrease in pharmaceutical expenditures, professional equipment, professional fees, and computer software expenditures.

The **Governor** recommends expenditures of \$7.0 million, including \$3.3 million from the State General Fund, for FY 2016. This is an all funds decrease of \$160,193, or 2.2 percent, and a State General Fund decrease of \$155,691, or 4.5 percent, below the agency's request. The decrease is attributable to a

reduction of employer contributions for state employee health insurance, and adoption of the agency's reduced resource option for medication savings by reducing drug and pharmaceutical expenditures.

The **agency** requests expenditures of \$7.4 million, including \$3.6 million from the State General Fund, for FY 2017. This is an increase of \$244,386, or 3.4 percent, and a State General Fund increase of \$186,231, or 5.4 percent, above the FY 2016 request. The increase is attributable to an increase in salary payments and fringe benefit costs due to the 27th payroll period and professional equipment expenditures. The request includes 28.0 FTE positions, which is a decrease of 0.3 FTE positions

D. Clinical Services

The Clinical Services program contains the former Psychiatric Services program and the former Ancillary Activity Therapy program. The Psychiatric Services program provides mental health services to adults who require inpatient evaluation and treatment. Patients are referred to the hospital after being screened by community mental health centers. Upon admission, a comprehensive evaluation is completed and an individual treatment plan is developed. The treatments include, but are not limited to: group and individual therapy; medication; education classes on medication and symptom management; music; recreation; and occupational and leisure therapies. An interdisciplinary person-centered team approach (IDT) which includes the patient as an active participant, forms the basis of the active treatment strategy. The Adult Psychiatric program provides services for people 18 years of age and older. The eight-bed Social Detoxification Service operates within an adult psychiatric ward. The Activity Therapy program provides specialized clinical services in music therapy, therapeutic recreation, occupational therapy and work therapy. In addition to formal therapy, this subprogram provides a variety of informal,

below the FY 2016 request. The decrease is attributable to a shift of 0.3 FTE positions to the Clinical Services program.

The **Governor** recommends expenditures of \$7.3 million, including \$3.5 million from the State General Fund, for FY 2017. This is an all funds decrease of \$160,491, or 2.2 percent, and a State General Fund decrease of \$155,899, or 4.3 percent, below the agency's request. The decrease is attributable to a reduction of employer contributions for state employee health insurance, and adoption of the agency's reduced resource option for medication savings by reducing drug and pharmaceutical expenditures.

interdisciplinary sponsored leisure time opportunities for patients.

The agency has indicated two mental health trends of note that have started to impact this program's current and future budget requests. The first long-term trend of importance is an age swell in America's population curve that produces a greater incidence of aging related mental and physical illnesses. The second trend of note is the steadily increasing impact of dually diagnosed patients (those with a chemical dependency and mental disorders) who tend to be younger and more aggressive. The adult inpatient program already is experiencing the impact of two of the trends in that it is treating a younger, more disabled, and more aggressive population than previous years. The long-term patient population that formerly stayed in OSH for many years is small by comparison. Increased intensive treatment and more expensive pharmaceuticals and technologies than previous years are required to respond to the needs of this new population.

CLINICAL SERVICES
SUMMARY OF EXPENDITURES FY 2014 – 2017

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 14,163,000	\$ 15,326,981	\$ 15,142,460	\$ 13,826,654	\$ 13,639,513	\$ 14,560,570	\$ 14,369,681
Contractual Services	176,762	261,305	261,305	197,505	197,505	197,505	197,505
Commodities	36,860	52,850	52,850	52,475	52,475	52,475	52,475
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 14,376,622	\$ 15,641,136	\$ 15,456,615	\$ 14,076,634	\$ 13,889,493	\$ 14,810,550	\$ 14,619,661
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 14,376,622	\$ 15,641,136	\$ 15,456,615	\$ 14,076,634	\$ 13,889,493	\$ 14,810,550	\$ 14,619,661
Financing:							
State General Fund	\$ 8,555,378	\$ 5,451,306	\$ 5,368,677	\$ 5,004,742	\$ 4,899,307	\$ 5,873,830	\$ 5,766,283
All Other Funds	5,821,244	10,189,830	10,087,938	9,071,892	8,990,186	8,936,720	8,853,378
TOTAL	\$ 14,376,622	\$ 15,641,136	\$ 15,456,615	\$ 14,076,634	\$ 13,889,493	\$ 14,810,550	\$ 14,619,661
FTE Positions	260.8	344.4	344.4	344.4	344.4	345.4	345.4
Non-FTE Uncl. Perm. Pos.	0.0	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL	260.8	349.4	349.4	349.4	349.4	350.4	350.4

The **agency** requests \$14.1 million, including \$5.0 million from the State General Fund, for the Clinical Services Program for FY 2016. This is an all funds decrease of \$1.6 million, or 8.2 percent, and a State General Fund decrease of \$446,564, or 8.2 percent, below the revised FY 2015 estimate. The decrease is attributable to an adjustment to shrinkage and a decrease in overtime pay and professional fees.

The **Governor** recommends expenditures of \$13.9 million, including \$4.9 million from the State General Fund, for FY 2016. This is an all funds decrease of \$187,141, or 1.3 percent, and a State General Fund decrease of \$105,435, or 2.1 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests \$14.8 million, including \$5.9 million from the State General Fund, for FY 2017. This is an all funds increase of \$733,916, or 5.2 percent, and a State General Fund increase of \$869,088, or 17.4 percent, above the FY 2016 request. The increase is attributable to an increase in salary payments and fringe benefit costs due to the 27th payroll period, partially offset by an adjustment to shrinkage. The request includes 345.4 FTE positions, which is an increase of 1.0 FTE position above the FY 2016 request. The increase is attributable to the shift of 1.0 FTE combined position from the

E. Trust and Benefits

The Patients' Benefit fund is a non-appropriated fund established primarily for the general use and benefit of all patients to be used when other monies are not available to meet their needs. The fund is limited in its use and expenditures require advance approval from the Accounts Payable

Administration, Medical and Surgical, and Physical Plant and Central Services programs.

The **Governor** recommends expenditures of \$14.6 million, including \$5.8 million from the State General Fund, for FY 2017. This is an all funds decrease of \$190,889, or 1.3 percent, and a State General Fund decrease of \$107,547, or 1.8 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

supervisor. Receipts consist of transfers from the Canteen Fund, donations from outside individuals and organizations, and commissions from beverage and snack vending machines on campus. The Canteen is a self-funded operation which pays its own expenses and salary for the part-time position.

**TRUST AND BENEFITS
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 2,912	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0	0	0
Commodities	76	0	0	0	0	0	0
Capital Outlay	4,647	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 7,635	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 7,635	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	7,635	0	0	0	0	0	0
TOTAL	\$ 7,635	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The **agency** does not request any funding for the Trust and Benefits program in FY 2015, FY 2016, and FY 2017.

The **Governor** recommends no expenditures in FY 2015, FY 2016, and FY 2017, which is the same amount as the agency's request.

F. Physical Plant and Central Services

The Physical Plant and Central Services program is comprised of four sub-programs: Engineering and Protection (safety and security, facility services, custodial services), Supply

Services, Dietary, and Laundry. The OSH campus is 130 acres and includes 48 buildings. The Engineering and Protection sub-program is responsible for the repair and upkeep of buildings,

grounds, equipment, and continuous fire protection and security for patients, staff, and visitors. Utilities are provided to the Osawatomi Correctional Facility (OCF) located on the hospital campus at no charge under an agreement between the hospital and the Department of Corrections. Supply Services provides centralized procurement and warehousing of supplies, equipment, and materials needed to operate OSH. An outside vendor provides three meals per day plus snacks for every

patient. Food service is provided in a cafeteria setting with tray service available for patients unable to come to the cafeteria. The Laundry sub-program provides laundry service for hospital linens and patient clothing. Service is also provided to Osawatomi Correctional Facility (OCF) and the Kansas School for the Deaf. Minimum custody inmates at the correctional facility also assist with the laundry service.

PHYSICAL PLANT AND CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2014 – 2017							
Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 2,982,826	\$ 3,285,773	\$ 3,257,000	\$ 3,041,947	\$ 3,003,903	\$ 3,168,098	\$ 3,129,471
Contractual Services	1,166,244	1,231,975	1,231,975	1,228,975	1,228,975	1,228,975	1,228,975
Commodities	572,390	614,175	614,175	612,225	522,445	612,225	522,445
Capital Outlay	24,756	0	0	27,000	27,000	27,000	27,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 4,746,216	\$ 5,131,923	\$ 5,103,150	\$ 4,910,147	\$ 4,782,323	\$ 5,036,298	\$ 4,907,891
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 4,746,216</u>	<u>\$ 5,131,923</u>	<u>\$ 5,103,150</u>	<u>\$ 4,910,147</u>	<u>\$ 4,782,323</u>	<u>\$ 5,036,298</u>	<u>\$ 4,907,891</u>
Financing:							
State General Fund	\$ 1,786,918	\$ 3,285,773	\$ 3,257,000	\$ 2,091,002	\$ 1,975,071	\$ 2,188,947	\$ 2,072,615
All Other Funds	2,959,298	1,846,150	1,846,150	2,819,145	2,807,252	2,847,351	2,835,276
TOTAL	<u>\$ 4,746,216</u>	<u>\$ 5,131,923</u>	<u>\$ 5,103,150</u>	<u>\$ 4,910,147</u>	<u>\$ 4,782,323</u>	<u>\$ 5,036,298</u>	<u>\$ 4,907,891</u>
FTE Positions	61.1	57.8	57.8	57.8	57.8	57.5	57.5
Non-FTE Uncl. Perm. Pos.	0.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL	<u>61.1</u>	<u>63.8</u>	<u>63.8</u>	<u>63.8</u>	<u>63.8</u>	<u>63.5</u>	<u>63.5</u>

The **agency** requests expenditures of \$4.9 million, including \$2.1 million from the State General Fund, for the Physical Plant and Central Services program for FY 2016. This is an all funds decrease of \$221,776, or 4.3 percent, and a State General Fund decrease of \$1,194,771, or 36.4 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in salary payments and fringe benefits, overtime payments, partially offset by an adjustment to shrinkage and an increase in fixtures and road equipment.

The **Governor** recommends expenditures of \$4.8 million, including \$2.0 million from the State General Fund, for FY 2016. This is an all funds decrease of \$127,824, or 2.6 percent, and a State General Fund decrease of \$115,931, or 5.5 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and adoption of the agency's reduced resource option to decrease supplies, by reducing expenditures on household supplies, data processing supplies, stationery and office supplies, and fuel.

The **agency** requests expenditures of \$5.0 million, including \$2.2 million from the State General Fund, for FY 2017. This is an all funds increase of \$126,151, or 2.6 percent, and a State General Fund increase of \$97,945, or 4.7 percent, above the FY 2016 request. The increase is attributable to an increase in salary payments and fringe benefit costs due to the 27th payroll period. The request includes 57.5 FTE positions, which is a decrease of 0.3 FTE positions below the FY 2016 request. The decrease is attributable to a shift of 0.3 FTE positions to the Clinical Services program.

The **Governor** recommends expenditures of \$4.9 million, including \$2.1 million from the State General Fund, for FY 2017. This is an all funds decrease of \$128,407, or 2.5 percent, and a State General Fund decrease of \$116,332, or 5.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and adoption of the agency's reduced resource option to decrease supplies, by reducing expenditures on household supplies, data processing supplies, stationery and office supplies, and fuel.

CAPITAL IMPROVEMENTS

The FY 2015, FY 2016, and FY 2017 capital improvement requests for Osawatomie State Hospital are included in the five-year plan in the Kansas Department of Aging and Disability

Services (KDADS) budget. The recommendations of the Governor are included in the KDADS budget.

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of months patient restraint and seclusion hours within one standard deviation of the national mean	--	12	12	12	12
Percent of days over licensed capacity	5.0%	77.0%	80.0%	5.0%	5.0%