

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Troy Waymaster at 9:00 am on Wednesday, May 05, 2021, in room 112-N of the Capitol.

All members were present

Committee staff present:

Amy Deckard, Legislative Research Department
David Wiese, Office of Revisor of Statutes
Gabrielle Hull, Legislative Research Department
Jill Wolters, Office of Revisor of Statutes
Kathy Holscher, Committee Assistant
Shirley Morrow, Legislative Research Department
Zach Fridell, Office of Revisor of Statutes
Jeffrey House, Administrative Assistant

Conferees appearing before the Committee:

No conferees present

Others in attendance:

No list available

Opening remarks: Chairman Waymaster

Chairman Waymaster called the meeting to order. A review of agenda for the committee meeting followed.

Representative Poskin provided an overview of a bill introduction regarding Department of Labor Unemployment Insurance Benefit reporting requirements.

Representative Helgerson made a motion to introduce legislation 21rs2250, requiring the Department of Labor to make a report to all three credit agencies regarding claimants

delayed unemployment benefits Representative Johnson seconded the motion. Motion passed.

Briefing on: Governor's Budget Amendment No. 4 - Adam Proffitt, Director, Division of Budget

Adam Proffitt, Director, Division of Budget, reviewed the Governor's Budget Amendment (GBA) No. 4, regarding Education Funding Federal Relief Maintenance of Effort Shortfall ([Attachment 1](#)). The GBA No. 4 amends the Board of Regent's budget in order to provide additional \$53 million State General Fund (SGF) support for FY 2022, for postsecondary education systemwide in order to meet maintenance of effort requirements of the Federal Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act.

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Discussion followed by committee members. As requested, additional information regarding allowable an unallowable expenses, and the course of action will be forthcoming. The GBA # 4 was released yesterday and discussion was held with the Board of Regents, state universities and Legislative Research staff regarding the distribution of funds. The state budget projection shortfall is estimated to be up to \$105 million in order to meet maintenance of effort for elementary and secondary education and higher education. The recommendation includes simultaneously seeking a waiver from the United States Department of Education for the first reporting year with a compliance path to increase the level of state support to higher education over the next two years, which would reduce the state's exposure to risk of recoupment of future federal funds for programs. It was noted the waiver request deadline for filing is due by the end of the fiscal year, with final determination expected between the fall of FY 2022 through the spring of FY 2023. It was noted this would be one-time funding and would not be an on-going expense.

Continued discussion on: Omnibus Items

Chairman Waymaster opened discussion on remaining Omnibus Items for consideration ([Attachment 2](#)). Committee members received copies of the State General Fund Receipts ([Attachment 3](#)) for discussion and possible action as presented by the assigned Legislative Research Department analyst.

COVID-19 Federal Relief Funds

Murl Riedel stated no new guidance has been provided from the United State Treasury Department related to COVID -19 Federal Relief Funds. Pittsburg State University and Washburn University have received federal funding through the Registered Nurses in Primary Care Training Programs. It was noted that no action was necessary, as this for informational purposes only

Consensus Revenue Estimate

Megan Leopold

She stated the tobacco revenue estimates were not available at the April 27, 2021 Omnibus meeting. The receipts for FY 2021 is estimated to be \$59.7 million, which reflects a \$9.7 million increase over the fall 2020 estimate. The FY 2022 estimate if \$47 million, which is the same as the fall 2020 estimate.

Kansas Department of Health and Environment - Division of Health

A. 340B Drug Pricing Program

She stated the committee wanted to review language on this item. Discussion followed by committee members regarding concerns related to reimbursement rates, fees and other pharmacy benefits manager

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requirements.

Representative Concannon reviewed proviso language for consideration by committee members ([Attachment 4](#)).

Representative Concannon made a motion to approve the proviso language for inclusion in HB 2007, which would require the KanCare Oversight Committee to review current legislation regarding the 340B Drug Program. Representative Wolfe Moore seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Concannon renewed the motion. Motion passed.

B. Key Fund transfer

Discussion followed regarding the consideration of adding language to increase the transfer from the KEY Fund to the Children's Initiative Fund. The addition of the State Employee pay plan will create a negative balance of approximately \$2,000.

Representative Carlin made a motion to approve the transfer of \$2,000 from the KEY Fund to the Children's Initiative Fund. Representative Helgerson seconded the motion. Motion passed.

Meeting recessed at: 9:59 a.m.

Meeting reconvened at: 10:52 a.m.

Chairman Waymaster called the meeting to order. He stated committee members have received copies of the list of Omnibus Items for Consideration ([Attachment 5](#)).

Megan Leopold

C. **Senate Sub for HB 2208**

1. Rural Emergency Hospitals

Representative Concannon made a motion to approve \$183,680 SGF and 2.0 FTE positions for FY 2022 for the Rural Emergency Hospital Act. Representative Ballard seconded the motion. Motion passed.

2. Rural Hospital Innovation Grant Program.

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This item was re-reviewed and discussion followed by committee members.

Representative Sutton made a motion to add language that creates the Rural Hospital Innovation Grant Program. Representative Concannon seconded the motion. Motion passed.

Gabrielle Hull

State Treasurer

A. GBA No. 3, Item 3, Unclaimed Property Production System Replacement

This item was discussed by committee members ([Attachment 6](#)).

Representative Estes made a motion to approve the Unclaimed Property Production system improvements and maintenance. Representative Wolfe Moore seconded the motion.

Discussion followed by committee members.

Representative Estes renewed the motion. Motion passed.

Attorney General

A. **HB 2079** and B. **HB 2058**

These items were re-reviewed, and discussion followed by committee members. It was noted the bills were agreed upon in Conference Committee and are on General Orders for today.

Representative Sutton made a motion that upon passage and entered into Law the items in **HB 2079** and **HB 2058** would be created. Representative Hoffman seconded the motion. Motion passed.

Insurance Department and Department of Administration - Martin de Boer

A. GBA No. 3, Item 4, Securities Act Fee Fund Lawsuit

Discussion followed by committee members.

Representative Landwehr made a motion to include language that states there will not be a transfer of funds to the Securities Act Fee Fund. Representative Sutton seconded the motion. Motion passed.

Kansas Bureau of Investigation - Aaron Klaassen

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A. GBA No. 3, Item 5, Increased Telecommunications Costs

Copies of information provided by the Kansas Bureau of Investigation was distributed and reviewed ([Attachment 7](#)) ([Attachment 8](#))

Representative Francis made a motion to approve \$86,552 for the additional funding for the Kansas Bureau of Investigation. Representative Wolfe Moore seconded the motion. Motion passed.

B. **HB 2058**, Kansas Protection of Firearms Rights Act

Aaron Klaassen reviewed the bill. Discussion followed by committee members.

Representative Owens made a motion to approve up to \$250,000 for the Criminal History Repository for coding and software, and unused funds would be lapsed. Representative Burroughs seconded the motion. Motion passed.

Kansas Public Employees Retirement System - Steven Wu

A. **HB 2405**, Authorization for the Issuance of \$500 million in Bonds (Law)

This item was reviewed. Discussion followed by committee members.

Representative Johnson made a motion to approve \$500 million for debt service for FY 2022 when the bonds are issued, and with the off-set of the same amount for the UAL payment. Representative Francis seconded the motion. Motion passed.

Discussion continued by committee members regarding the motion. David Wiese, Office of the Revisor of Statutes reviewed the rate structure payment options which would require constitutional action

Department of Revenue - Dylan Dear

A. **SB 50** Marketplace Facilitators and Income Tax Deductions and Exemptions (Law).

This item was reviewed, and discussion followed by committee members. As requested, additional information will be forthcoming regarding staff vacancies, funded and unfunded, within the Department of Revenue.

Representative Helgerson made a motion to add \$356,000 for the department. This does not include funding for FTE positions, with the Conference Committee's full discretion to fund the FTE positions

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upon gathering additional information. Representative Sutton seconded the motion. Motion passed.

Dylan Dear noted that the EDIF fund reflects a negative balance of \$200,000.

Board of Regents - Shirley Morrow

A. **HB 2064** Kansas Promise Scholarship Act (Law)

This item was reviewed.

Representative Landwehr made a motion to add appropriation language for the Kansas Promise Scholarship Act. Representative Humphries seconded the motion. Motion passed.

Committee members received a copy of the Addendum to Items for Omnibus Consideration concerning Need-Based Aid Scholarship and Recruitment Fund ([Attachment 9](#)).

This item was not included in **HB 2007**, and was recommended for further review during Omnibus. The addendum would include additional language for universities and possible additional appropriation related to Item 1. in person classes Item 2. refunds for room and board related to closure due to the pandemic, and Item 3. policies on deferred maintenance. Discussion followed by committee members.

Representative Williams made a motion to approve Items 1, 2 and 3 for the Need-Based Aid Scholarship and Recruitment Fund with the addition of refundable meal credit to be included in Item 2. Representative Landwehr seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Williams renewed the motion. Motion passed.

Meeting recessed at: 12:15 p.m.

Meeting reconvened at: 1:10 p.m.

Chairman Waymaster stated, as requested committee members have received information related to staffing positions and shrinkage ([Attachment 10](#)).

Continued discussion on: Governor's Budget Amendment No. 4

Chairman Waymaster opened continued discussion on GBA No. 4 ([See attachment 1](#)).

Representative Hoffman made a motion to adopt GBA # 4 for \$53 million SGF expenditures with the

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specific language included regarding the waiver. Representative Proehl seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Tarwater made a substitution motion for \$20 million SGF expenditures for FY 2022 and ask for a waiver. Representative Owens seconded the motion.

Discussion followed by committee members regarding federal guidelines regarding maintenance of effort.

Representative Tarwater renewed the motion. Motion passed.

Representative Estes made a motion directing an interim budget committee to develop a plan for spending any additional money, which would be referred to the Legislative Coordinating Council for approval. Representative Landwehr seconded the motion.

Discussion followed by committee members. Representative Landwehr stated this motion could also be as a proviso to the bill or the Chairman could send a letter of recommendation to the Legislative Coordinating Council to assign this topic to a committee.

Representative Estes agreed to include Representative Landwehr's recommendation.

Representative Estes renewed the motion. Motion passed.

Closing remarks

Representative Helgerson reviewed a proposed amendment for the Department of Aging and Disability Services ([Attachment 11](#)).

Representative Helgerson made a motion for funding the 988 programing and CCBHC Program for FY 2023 through FY 2027, which is the additional money that will be required and does not include the CCBHC Program, which would be adjusted for caseload counts and includes performance measures required by the federal government for these out-years. Representative Francis seconded the motion.

Discussion followed by committee members regarding the motion, which reflects the magnitude of spending for these programs.

Representative Landwehr recommended dividing the motion, which was approved by the seconded, which was not contested by committee members.

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1. KanCare caseload estimate of \$9.9 million for end of FY 2023
2. a) KanCare caseloads estimate of \$19.9 million for end of FY 2024
3. KanCare caseloads estimate of \$28.7 million for end of FY 2025

Discussion followed by committee members.

Committee members voted on the motion to approve Item 1. Motion failed.

Representative Helgerson made a motion to withdraw the original motion, which was approved by the second to the motion.

Representative Hoffman reviewed a proviso related to protected income levels for the Kansas Department for Aging and Disability Services (KDADS) for FY 2022 ([Attachment 12](#)). Committee members received a copy of the History of KDADS Mental Health Expenditures and Estimates ([Attachment 13](#)). The proviso would approve expenditures to set monthly protected income level for purposes of determining the person's client obligation amount equal to 300% percent of federal supplemental security income for persons receiving home and community based services.

Representative Hoffman made a motion to approve the proviso for the Kansas Department for Aging and Disability Services funding of approximately \$4.2 million for KanCare non-caseloads for FY 2022. Representative Sutton seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Hoffman renewed the motion. Motion passed.

Representative Hoffman reviewed a proviso related to T1000 hourly rate to \$47 per hour for provider reimbursement for home and community based services for the specialized medical care services for FY 2022 ([Attachment 14](#)).

Representative Hoffman made a motion to approve the proviso for the Kansas Department for Aging and Disability services for FY 2022. Representative Sutton seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Hoffman renewed the motion. Motion passed.

Representative Hoffman reviewed a proviso related to the Department of Revenue Driver's License

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offices appropriating expenditures to open and operate on or before June 1, 2021, all driver's license officers previously closed due to COVID-19 ([Attachment 15](#)).

Representative Hoffman made a motion to approve the proviso for the Department of Revenue Driver's License Offices. Representative Tarwater seconded the motion.

Discussion followed by committee members.

Representative Rahjes made a substitute motion to add language in the proviso stating that all state employees would return back to work in-person, prior to the beginning of the FY 2022. Representative Carpenter seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Rahjes renewed the motion. Motion passed.

Meeting recessed at: 2:06 p.m.

Meeting reconvened at 3:06 p.m.

Representative Carpenter reviewed a proviso amendments for KDADS, which changes the appropriation date by June 30, 2022 ([Attachment 16](#)) and ([Attachment 17](#)),

Representative Carpenter made a motion for technical corrections to the KDADS provisos. Representative Wolfe Moore seconded the motion. Motion passed.

Discussion followed by committee members regarding the budget process and the commitment to meet the resolution deadline of May 11, 2021.

Meeting adjourned at: 3:12 p.m.