

State Budget—Appropriations; SB 159

SB 159, the Omnibus Appropriations Bill, includes various mid-year expenditure adjustments as well as funding for bills enacted by the 2021 Legislature. The bill also includes various claims against the State. [Note: The bill does not include funding for K-12 education, which is contained in HB 2134.]

FY 2021 Adjustments

The bill adds \$13.0 million, including \$4.4 million from the State General Fund (SGF), to the Governor's FY 2021 recommendation. Information is provided on major adjustments by category and major adjustments within the category.

Human Services

Add \$12.6 million, including \$4.4 million SGF, for the Human Services function for FY 2021 and adopt Governor's Budget Amendment (GBA) No. 3, Item 1, to delete \$353.7 million, including \$189.5 million SGF, to adopt the Spring 2021 Human Services Caseloads. Major adjustments include:

- *Kansas Department for Aging and Disability Services:* Add \$12.6 million, including \$4.4 million SGF, to provide a temporary \$15 increase to the daily Medicaid reimbursement rate for nursing facilities from May 1, 2021, through June 30, 2021, and authorize the payment.

General Government

Add \$414,120, all from special revenue funds, for the General Government function of government for FY 2021. Major adjustments include:

- *Office of the Attorney General:* Add \$400,000, all from the Scrap Metal Theft Reduction Fee Fund, in FY 2021 to reimburse scrap metal dealers \$1,000 for each year such scrap metal dealer paid fees under the Scrap Metal Theft Reduction Act and the act was not operative and for fingerprinting costs prior to July 1, 2020 [Note: The funding for this expenditure was included as a transfer in HB 2007.];
- *Department of Revenue:* Add language directing all driver's license office locations that were open to the public and closed as a result of the COVID-19 public health emergency to reopen on or before June 1, 2021, with the same services as prior to the public health emergency, in FY 2021;
- *Department of Administration:* Add \$6.0 million, all SGF, in FY 2021 for costs related to a Securities Act Fee Fund lawsuit, subject to the resolution and settlement agreement reached between parties;

- *Insurance Department*: Cease transfers from the Securities Act Fee Fund to the SGF in FY 2021, subject to the resolution and settlement agreement reached between parties; and
- *Judicial Branch* : Add \$7.4 million, all SGF, and delete \$7.4 million, all from the Docket Fee Fund, for FY 2022 to replace lost revenue and add language to lapse \$7.4 million from the SGF if federal funds are available and allocated for this purpose.

FY 2022 Adjustments

The bill adds \$83.2 million, including \$70.7 million SGF, to the Governor's FY 2022 recommendation.

Education

Delete \$254,657, all SGF, for the Education function for FY 2022. Major adjustments include:

- **Higher Education**: Delete \$53.0 million, all SGF, from the Board of Regents maintenance of effort requirements for FY 2022 and instead:
 - Add \$15.0 million, all SGF, in the Post Secondary Education Operating Grant, with language that the funding is to be used by the universities as reimbursement for 2021 utility payments, staff buy-outs, retention and recruitment (University of Kansas Medical Center), economic development, and scholarships for FY 2022;
 - Add \$10.0 million, all SGF, and reappropriation language for the Kansas Promise Scholarship Act, for FY 2022;
 - Add \$10.0 million, all SGF, to the Board of Regents new Need-based Aid Scholarship and Recruitment account to be distributed to state universities and Washburn University if the universities provide in-person classes that were previously in-person and refund Fall 2020 and Spring 2021 funds to applicable students in the form of direct reimbursements, and the state universities follow Board policies for deferred maintenance. The universities are directed to use the funds for need-based scholarships and student recruitment per Board policies for FY 2022;
 - Add \$8.0 million, all SGF, for the Comprehensive Grant program for FY 2022;
 - Add \$5.0 million, all SGF, for the Community College Maintenance of Effort account for expenditures that meet the federal maintenance of effort requirements for FY 2022; and
 - Add \$4.3 million, all SGF, for capital outlay within the technical colleges to be disbursed equally to be used for equipment only and not requiring a match for FY 2022.

General Government and Other

Add \$50.4 million, including \$49.8 million SGF, for the General Government and Other functions. Major adjustments include:

- *Board of Indigents' Defense Services:* Add \$3.6 million, all SGF, to fund the assigned counsel rate increase up to \$100 per hour for FY 2022;
- *Judicial Branch:* Add \$17.0 million, all SGF, for the following adjustments:
 - Add \$1.9 million, all SGF, for a 5.0 percent salary increase for judges and justices for FY 2022. The addition includes a two-year salary increase of 5.0 percent each year for FY 2022 and FY 2023;
 - Add \$10.8 million, all SGF, for salary increases for non-judge employees for FY 2022; and
 - Add \$4.3 million, all SGF, and 70.0 full-time equivalent (FTE) positions for the agency's enhancement request for additional court services officer personnel for FY 2022;
- *Strengthening People and Revitalizing Kansas (SPARK) Executive Committee:* Add language directing the SPARK Executive Committee to be composed of three members appointed by the Governor with one serving as chairperson, two appointed by the Speaker of the House, and two appointed by the President of the Senate . The bill directs that no expenditures authorized by the State Finance Council shall be made by any agency from coronavirus relief funds without prior review and recommendation by the SPARK Executive Committee for FY 2022;
- *Kansas Public Employees Retirement System (KPERs) Policy Change:* Add \$28.8 million, all SGF, for debt service payments on pension obligation bonds issued pursuant to HB 2405 for FY 2022, and adjust KPERs employer contribution rates at 13.33 percent in calendar year (CY) 2021 and 13.11 percent for CY 2022;
- *Department of Revenue:* Direct that all driver's license office locations that were open to the public and closed as a result of the COVID-19 public health emergency to reopen on or before June 1, 2021, with the same services as prior to the public health emergency in FY 2022; and
- *Department of Administration:* Authorize the agency to issue up to \$120.0 million in bonds for the renovation of Docking State Office Building for FY 2022, subject to approval from the State Finance Council.

Human Services

Add \$31.1 million, including \$20.6 million SGF, for the Human Services function and delete \$268.8 million, including \$141.6 million SGF, to implement the Spring 2021 Human Services Consensus Caseloads. Other major adjustments include:

- *Department of Labor*: Add \$9.6 million, all SGF, to update the unemployment insurance benefit system and require the agency to use up to \$250,000 to conduct an outside audit in compliance with Senate Sub. for Sub. for HB 2196 for FY 2022. This includes requiring the use of federal funds if the funds are available for this purpose;
- *Kansas Department for Aging and Disability Services (KDADS)*:
 - Add \$2.7 million, including \$1.2 million SGF, for certified community behavioral health clinic (CCBHC) funding, and 10.0 FTE positions for CCBHC certification for FY 2022;
 - Add \$5.6 million, including \$2.0 million SGF, for the Medicaid Home and Community Based Services (HCBS) Technology Assisted waiver for FY 2022;
 - Add \$3.0 million, all SGF, for costs associated with the 988 Crisis Hotline, and lapse SGF funds associated with the 988 Crisis Hotline implementation, if federal funds are available for this purpose in FY 2022; and
 - Add \$9.6 million, including \$4.3 million SGF, and raise the protected income level for HCBS Waivers and the Program of All-Inclusive Care for the Elderly (PACE) from 150.0 percent to 300.0 percent of federal supplemental security income for FY 2022.

Agriculture and Natural Resources

Add \$623,000, and delete \$500,000 SGF, for FY 2022. Major adjustments include:

- *Department of Agriculture*: Delete \$500,000, all SGF; and do not establish the Animal Facilities Inspection Program as an independent division within the Department of Agriculture for FY 2022; and
- *Department of Health and Environment – Division of Environment*: Require the agency to issue a request for proposal to construct or renovate and equip a laboratory within 8.0 miles of the Capitol Complex in Topeka for FY 2022. The agency will present all proposals to the Joint Committee on State Building Construction, which will make a recommendation to the State Finance Council. The agency will provide for the issuance of up to \$65.0 million in bonds by the Kansas Development Finance Authority for the purpose of constructing a laboratory.

FTE Positions Adjustment

The bill adds 70.0 FTE positions for additional court services officer personnel in the Judicial Branch, 10.0 FTE positions for CCBHC certification in KDADS, and 3.0 FTE positions to establish and assess technology-enabled fiduciary financial institutions in the Office of the State Bank Commissioner for FY 2022.

Status of the State General Fund

The HB 2007–approved budget resulted in an ending balance of \$648.5 million in FY 2021 and \$10.2 million in FY 2022. Change in economic conditions and federal stimulus substantially changed that outlook in addition to legislative adjustments. Major adjustments include:

- Revised consensus revenue estimates adding \$319.8 million in FY 2021 and \$41.2 million in FY 2022;
- Reducing estimated revenue by \$108.5 million in FY 2022 under provisions of SB 47, SB 50, and HB 2143;
- Spring Human Services Caseloads reducing SGF expenditures by \$189.5 million in FY 2021 and \$141.6 million in FY 2022; and
- SB 159 adding \$4.4 million in FY 2021 and \$70.5 million for FY 2022 in expenditures above the Governor’s recommendation.

The effect of these various adjustments results in a projected ending balance of \$1.1 billion in FY 2021 and \$542.1 million in FY 2022.

The following summary table reflects all changes to SGF receipts and SGF expenditures contained in SB 159.

STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

SB 159 as Passed (Dollars in Millions)

	Actual FY 2020	SB 159 FY 2021	SB 159 FY 2022
Beginning Balance	\$ 1,105.1	\$ 495.0	\$ 1,154.4
Receipts (April 2020 Consensus)	6,912.4	8,027.5	7,524.8
Governor's Revenue Adjustments	0.0	(13.5)	(12.7)
SB 50, SB 47, HB 2143	0.0	0.0	(108.5)
Legislative Receipt Adjustments	0.0	86.0	157.9
Adjusted Receipts	6,912.4	8,100.0	7,561.5
Total Available	\$ 8,137.9	\$ 8,595.0	\$ 8,715.9
Less Expenditures	7,522.5	7,440.7	3,951.9
Ending Balance	\$ 495.0	\$ 1,154.4	\$ 4,763.9
Ending Balance as a % of Expenditures	6.6 %	15.5 %	120.5 %

Note: FY 2021 and FY 2022 totals exclude K-12 Education funding contained in HB 2134.