

## **State Budget—Appropriations; SB 66**

**SB 66** includes adjusted funding for fiscal year (FY) 2020 and FY 2021 for state agencies and FY 2020 and FY 2021 capital improvement expenditures for a number of state agencies.

### ***Summary of Changes to Approved FY 2020 Expenditures***

The FY 2020 revised budget totals \$18.7 billion, including \$7.8 billion from the State General Fund (SGF). This approved amount includes \$108.7 million of expenditure authority carried forward from FY 2019. The approved budget includes full-time equivalent (FTE) positions totaling 40,787.

Major adjustments to the FY 2020 approved budget including the following:

- Legislative Coordinating Council (LCC): Add \$50.0 million, all from the SGF, for the coronavirus disease (COVID-19) response, to be released by the LCC following submission by the Director of the Budget and review by the joint Legislative Budget Committee;
- Adjutant General: Add \$15.0 million, all from the SGF, to the Kansas Division of Emergency Management for the COVID-19 response;
- Office of Information Technology Services: Add \$14.9 million for modernization projects;
- Department of Corrections and Correctional Facilities: Add \$6.1 million, all from the SGF, to expand the Lansing and Winfield Correctional Facilities to provide substance abuse treatment and nursing care;
- Kansas Department of Wildlife, Parks and Tourism: Add \$2.0 million for state park flood repairs;
- Insurance Department: Add \$976,666, all from the SGF, for the refund of estimated privilege fees paid by Amerigroup Kansas;
- Department for Children and Families: Add \$3.6 million, including \$1.3 million, from the SGF, for adoption assistance subsidy expansion; and
- Kansas Board of Regents: Add \$4.5 million for the Excel in Career Technical Education Program.

Offsetting decreases in the FY 2020 approved budget include the following:

- \$40.5 million from all funds, including \$32.9 million from the SGF, for school finance consensus estimates;

- \$10.7 million, all from the SGF, for Medicaid non-caseload home and community based services waiver expenditures and \$15.3 million, all from the SGF, for human services consensus caseload estimates;
- \$9.8 million, all from the SGF, to lapse appropriations for the Department of Corrections from the State Finance Council, which were not approved for release;
- \$6.3 million, all from the SGF, for inmate outsourcing; and
- \$42.3 million from the Evidence-based Juvenile Programs Fund in the Department of Corrections.

Language adjustments in the FY 2020 approved budget include the following:

- Department of Commerce: Add language to extend the sunset on the Sales Tax Revenue (STAR) Bonds program through June 30, 2021;
- Department for Children and Families:
  - Add language to allow the Secretary for Children and Families to request a waiver from the U.S. Department of Agriculture for time-limited assistance provisions under food assistance provisions for able-bodied adults ages 18 through 49 without dependents in the household if the Secretary can establish insufficient jobs in an area using standards not less restrictive than standards in federal regulations in effect on January 1, 2020, in FY 2020; and
  - Add language to amend work participation requirements for Temporary Assistance for Needy Families cash assistance program to include in-home parenting skills training for a single parent with a child between three months and one year of age in FY 2020.

### ***Summary of FY 2021 Approved Budget***

The FY 2021 approved budget totals \$19.9 billion, including \$8.0 billion from the SGF. The budget is an all funds increase of \$1.2 billion, or 6.4 percent, and a SGF increase of \$192.9 million, or 2.5 percent, above the FY 2020 approved budget. The approved budget includes FTE positions totaling 40,720.

Major adjustments to the FY 2021 approved budget above the FY 2020 approved budget including the following:

- Department of Education: Add \$135.8 million, including \$118.7 million from the SGF, for the State's new estimates of expenditures for state aid to K-12 schools, which is primarily due to the Base Aid for Student Excellence (BASE) increasing from \$4,436 to \$4,569;

- Kansas Department of Health and Environment (KDHE) – Division of Health: Add \$1.0 billion, including \$58.1 million from the SGF, to:
  - Add \$562.5 million, including \$17.5 million from the SGF, for Medicaid expansion:
    - Add language prohibiting the expansion of the Kansas Medicaid program without the express consent of the Legislature; and
    - Add language transferring the \$17.5 million allocated for Medicaid expansion to the Coronavirus Prevention Fund of the State Finance Council if Medicaid expansion is not passed into law;
  - Add \$431.0 million, including \$37.2 million from the SGF, for Medicaid regular caseloads, including:
    - Adopt the fall FY 2019 Human Services Consensus Caseload estimates; and
    - Add \$3.0 million, including \$1.2 million from the SGF, to increase Medicaid dental reimbursement rates under KanCare;
  - Add \$2.0 million, all from the SGF, for primary health projects for community-based primary care grants;
  - Add \$2.0 million, all from the SGF, for the Infant and Toddler Program (tiny-k);
  - Add \$900,000, all from the SGF, to increase funds available to local health departments using the statutory formula distribution contained in KSA 65-242:
    - Add language to raise the minimum provided to each of the 100 local health departments under the statutory formula distribution contained in KSA 65-242 to \$12,000;
- Regents and Post-Secondary Education Institutions: An all funds reduction of \$16.3 million and a SGF increase of \$21.7 million including:
  - \$11.9 million for distribution to State universities;
  - \$8.5 million for Excel in Career Technical Education;
  - \$5.0 million, all from the SGF, for the Cancer Center Research Fund, for FY 2021;
  - \$2.5 million, all from the SGF, for the Comprehensive Grant program with language that the new funds require a 1:1 match; and
  - Add language to allow Wichita State University bonding authority of \$49.0 million to purchase The Flats and The Suites, privately owned student housing units, upon approval from the Board of Regents;
- Department of Corrections and Correctional Facilities: Add \$19.1 million, including \$15.9 million from the SGF:

- \$7.7 million, all from the SGF, to increase the number of correctional officers in Kansas correctional facilities and expand the Lansing and Winfield Correctional Facilities to provide substance abuse treatment and nursing care; and
- \$8.3 million, all from the SGF, for a full year lease payment on the Lansing Correctional Facility;
- Department for Children and Families: Add \$12.1 million, including \$13.7 million from the SGF, for enhancement initiatives in the Department for Children and Families and human services consensus caseload adjustments; including:
  - \$1.6 million, including \$484,529 from the SGF, for adoption assistance subsidy expansion;
  - \$13.7 million, including \$9.0 million from the SGF, to adopt the fall FY 2019 Human Services Consensus Caseload Estimates;
  - \$4.0 million, including \$2.0 million from the SGF, to develop a new Comprehensive Child Welfare System; and
  - \$7.5 million, including \$3.8 million from the SGF, to increase Family First prevention staff;
- Department for Aging and Disability Services: Add \$60.1 million, including \$34.8 million from the SGF, to:
  - Add \$5.6 million, including \$21.2 million from the SGF, for Human Services Consensus Caseloads Estimates expenditures, including:
    - Add \$41.0 million, including \$35.5 million from the SGF, for the fall 2019 Human Services Consensus Caseloads Estimate;
    - Delete \$42.0 million, including \$17.0 million from the SGF, to not rebase the reimbursement rate for Medicaid nursing facilities; and
    - Add \$6.6 million, including \$2.7 million from the SGF, to provide a 1.0 percent increase in the reimbursement rate for Medicaid nursing facilities;
  - Add \$22.1 million, including \$9.0 million from the SGF, to provide a 5.0 percent increase in the provider reimbursement rates for the Medicaid Home and Community Based Services Intellectual/Developmental Disability waiver;
  - Add \$6.4 million, including \$2.6 million from the SGF, for the Medicaid Home and Community Based Services Technology Assisted waiver. Add language directing this funding to be used to increase the provider reimbursement rates for the Specialized Medical Care (T1000) services code from the current rate of \$31.55 per hour to \$37.00 per hour for in-home Medicaid Care registered nurse/licensed practical nurse nursing services for this waiver;
  - Add \$5.0 million, all from the SGF, for regional mental health inpatient beds;

- Add \$4.0 million, all from the SGF, for eight acute care psychiatric beds for youth in Hays;
- Add \$3.0 million, all from the SGF, for Senior Care Act services;
- Add \$2.0 million, all from the SGF, to increase grant funding for community mental health centers;
- Add \$1.0 million, all from the SGF, for a psychiatric residential treatment facility pilot program at Ember Hope in Newton;
- Add \$750,000, all from the SGF, for the Douglas County Community Crisis Center;
- Add \$5.3 million, all from the State Institutions Building Fund, to remodel the Biddle Building at Osawatomie State Hospital in preparation of the agency ending the moratorium on voluntary admissions and to certify additional beds for federal reimbursements; and
- Add \$2.7 million, all from the State Institutions Building Fund, for infrastructure costs and the continued support and maintenance for an electronic records and patient management system for the state hospitals;
- Kansas Department of Transportation: \$80.8 million, all from special revenue funds, for the 11th year of the Transportation Works for Kansas Program;
- Department of Agriculture and Kansas Water Office: Add \$2.4 million, mostly from the State Water Plan Fund, for a variety of water projects including cost-share payments for conservation practices (\$250,000), streambank stabilization (\$250,000), watershed dams (\$200,000), Conservation Reserve Enhancement Program (\$297,699), water injection dredging (\$660,000), watershed conservation practices (\$300,000), and dewatering in Haysville (\$200,000); and
- Department of Administration: Add language capping municipal bond interest rates at the daily yield of the 10-year treasury bonds for FY 2021, plus 6.0 percent on bonds excluded from federal gross income and 7.0 percent on bonds included in federal gross income.

### ***Revenue Adjustments – FY 2021***

- Kansas Water Office: Transfer \$2.0 million from the SGF to the State Water Plan Fund, bringing the total transfer amount to \$6.0 million;
- State Highway Fund: Delete \$98.1 million from the transfer from the State Highway Fund to the SGF, which reduces the transfer to \$133.7 million; and
- Extend ongoing SGF transfers:
  - Transfer \$16.2 million from the Economic Development Initiatives Fund to the SGF; and
  - Transfer \$2.8 million from the Expanded Lottery Act Revenues Fund to the SGF.

The following is a summary table that reflects all changes to both SGF receipts and SGF expenditures from various enacted bills.

**STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES**

**SB 66 – Conference Profile  
(Dollars in Millions)**

	<b>Actual FY 2019</b>	<b>SB 66 FY 2020</b>	<b>SB 66 FY 2021</b>
Beginning Balance	\$ 761.7	\$ 1,105.1	\$ 447.5
Receipts (November 2019 Consensus)	7,376.2	7,652.1	7,100.1
Governor’s Revenue Adjustments	0.0	(399.6)	124.6
Legislative Receipt Adjustments	0.0	400.4	(130.6)
Adjusted Receipts	<u>7,376.2</u>	<u>7,652.9</u>	<u>7,828.2</u>
Total Available	\$ 8,137.9	\$ 8,758.0	\$ 8,755.0
Less Expenditures	<u>7,032.8</u>	<u>7,831.1</u>	<u>8,024.1</u>
<b>Ending Balance</b>	<b><u>\$ 1,105.1</u></b>	<b><u>\$ 926.8</u></b>	<b><u>\$ 730.9</u></b>
Ending Balance as a % of Expenditures	15.7 %	11.8 %	9.1 %

*Note:* The Department of Corrections retains \$45.0 million in expenditure authority from the Evidence-based Juvenile Programs Fund in FY 2021 that the Governor has recommended it not exercise.