

## **State Budget—Appropriations; HB 2007**

**HB 2007** includes adjusted funding for FY 2021 and FY 2022 for state agencies and FY 2021 and FY 2022 capital improvement expenditures for a number of state agencies.

### ***Summary of Changes to Approved FY 2021 Expenditures***

The FY 2021 revised budget totals \$21.4 billion, including \$7.7 billion from the State General Fund (SGF). This approved budget includes \$351.0 million of expenditure authority carried forward from FY 2020 and decreased by the lapse of \$374.5 million SGF due to the Governor's July 2020 allotment. The approved budget includes 40,836.3 full-time equivalent (FTE) positions. Major adjustments to the FY 2021 approved budget include the following:

- **Public Safety:**
  - Delete \$21.1 million from the Evidence-Based Juvenile Programs Account of the Department of Corrections;
  - Swap SGF salary expenditures for federal funds, predominantly in the Department of Corrections and its facilities and the Adjutant General's Department, to reduce expenditures by \$25.0 million;
  - Reduce expenditures in the Department of Corrections by \$9.1 million SGF to reflect savings from the return of out-of-state inmates; and
  - Add \$2.95 million, from special revenue funds, for the Kansas Highway Patrol to purchase a Cessna 206 aircraft (\$2.25 million) and \$700,000 for an upgrade to the Forward-looking Infrared Radar on the agency's 2012 Cessna 206 aircraft in FY 2021.
- **General Government:**
  - Delete \$1.3 million, all from the Kansas Bioscience Authority (KBA) Grant Commitments account of the SGF, in FY 2021. This deletion will leave \$100,000 in the account to settle the ongoing obligations of the KBA;
  - Add language designating Room 221-E of the State Capitol Building as the Meditation Room in FY 2021; and
  - Add language prohibiting grants of funds to any public broadcasting station that has acquired a building or authorized a plan to acquire a building for FY 2021, FY 2022, FY 2023, or FY 2024.
- **Education:**
  - Add \$30.1 million, all from the SGF, to reflect the deletion of the Department of Education budget from HB 2007 and the insertion of the Department of Education budget into SB 175, which did not pass both chambers; and

- Add \$2.1 million, all from the SGF, for the Excel in Career Technical Education Tuition Fund (SB 155).
- **Human Services:**
  - Reduce Human Services Caseloads expenditures by \$166.5 million to reflect the revised Federal Medical Assistance Percentage match rate contained in the federal Families First Coronavirus Response Act;
  - Add \$37.4 million, including \$13.1 million from the SGF, to provide a \$15 increase for the daily reimbursement rate for nursing facilities for 178 days in FY 2021. This recommendation is to continue the daily rate increase provided due to the COVID-19 pandemic for the remainder of calendar year 2020;
  - Add \$37.8 million, including \$13.2 million from the SGF, to provide a \$15 increase for the daily reimbursement rate for nursing facilities for 120 days, starting January 1, 2021, in FY 2021 and add language making this increase subject to review and approval of the Legislative Coordinating Council at the end of the 120 days, or May 1, 2021, for continuation through June 30, 2021. This recommendation is to continue the daily rate increase provided due to the COVID-19 pandemic for the remainder of FY 2021; and
  - Add \$5.5 million, including \$2.0 million from the SGF, to provide a 5.0 percent increase in the provider reimbursement rates for the Medicaid Home and Community Based Services (HCBS) Intellectual/Developmental Disability (I/DD) waiver for the last three months of FY 2021.

### ***Summary of Approved FY 2022 Expenditures***

The FY 2022 budget totals \$15.4 billion, including \$4.0 billion from the SGF. The approved budget includes 40,302.3 FTE positions. [Note: The FY 2022 budget does not include expenditures for the Department of Education or aid to school districts, which totals \$5.8 billion, including \$4.2 billion from the SGF, and 261.9 FTE positions. The provisions for the Department of Education were inserted into SB 175, which did not pass both chambers.]

Major adjustments include:

- **Board of Regents and Institutions** – Reduce from all funding sources \$11.7 million, all from the SGF, for a partial implementation of the reduced resources budget, partially offset by the addition of \$8.3 million, all from the SGF, for the Excel in Career Technical Education Tuition Fund (SB 155) for FY 2022 and \$1.4 million, all from the SGF, for the National Guard Scholarship Program for FY 2022;
- **Corrections and Correctional Facilities** – Decrease of \$12.2 million, from all funding sources, including an SGF increase of \$10.8 million, to fully fund the medical services contract (\$9.6 million from the SGF) and house inmates with mental health needs (\$1.3 million from the SGF);

- **Human Services:**

- Add language directing the agency to make expenditures to lift the moratorium on admissions at any of the state hospitals by October 1, 2021, and directing the agency to make no expenditures that impose a moratorium on admissions at any state hospital after October 1, 2021;
- Add \$31.0 million, including \$12.4 million from the SGF, to continue the 5.0 percent increase in the provider reimbursement rates for the HCBS I/DD waiver for FY 2021 and provide an additional 2.0 percent increase for FY 2022;
- Add \$20.5 million, including \$8.2 million from the SGF, to provide a 3.0 percent increase in the Medicaid reimbursement rate for nursing facilities;
- Add \$10.5 million, including \$4.2 million from the SGF, for the HCBS Technology Assisted waiver and directing the 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 \$39.00 per hour for in-home Medicaid Care Registered Nurse/Licensed Practical Nurse nursing services for this waiver;
- Add \$3.0 million, all from the SGF, for Senior Care Act services;
- Add \$2.0 million, all from the SGF, for additional funding for Community Mental Health Center grants; and
- Add \$1.0 million, all from the SGF, for a psychiatric residential treatment facilities pilot program at Ember Hope in Newton, Kansas.

- **Agriculture and Natural Resources:**

- Transfer \$1.2 million from the Economic Development Initiatives Fund to the State Water Plan Fund for FY 2022;
- Add \$250,000, all from the State Water Plan Fund, for aid to conservation districts for FY 2022. This program provides matching funds to county conservation districts to deliver and promote natural resources programs;
- Add \$850,000, all State Water Plan Fund, for FY 2022 for water injection dredging at Tuttle Creek Lake;
- Delete \$310,000, all from the State Water Plan Fund, for FY 2022 for watershed conservation practices. This program provides financial assistance to producers in targeted areas for sediment-reducing practices such as cover crops, grassed waterways, and buffer strips; and
- Delete \$100,000, all from the State Water Plan Fund, for FY 2022 for water technology farms.

- **Statewide Policy Adjustments:**

- Add language requiring the Legislative Budget Committee to review federal funds received for COVID-19 relief and make recommendations to

the Legislative Coordinating Council for approval before expenditures are made for FY 2022;

- Add language directing state agencies, with the exception of postsecondary educational institutions, to submit performance-based budgets. If an agency fails to submit a performance-based budget as certified by the Division of Legislative Post Audit, the Director of Accounts and Reports will lapse 2.0 percent from all SGF moneys appropriated or reappropriated for such agency for FY 2023. The SGF funds appropriated for human services caseloads and debt service expenditures are not subject to lapse;
- Add language requiring all state agencies and contractors with the State to enroll and actively participate in e-verify for verification of employment eligibility of all employees whose employment commences after January 1, 2022; and
- Add language directing no moneys to be expended by any state agency for the purpose of issuing or enforcing a statewide mask mandate without express approval of the Legislature for FY 2022.
- Add language designating Room 221-E of the State Capitol Building as the Meditation Room for FY 2022 and FY 2023.

### ***Summary of Approved FY 2021 and FY 2022 Revenue Adjustments***

The FY 2021 budget adds \$86.8 million in revenue adjustments from the FY 2021 previously approved budget; major adjustments include:

- **Pooled Money Investment Board (PMIB) Bridge Loan Transfer** – Transfer \$66.1 million in FY 2021 to pay one-half of the remaining 2017 bridge loan;
- **State Finance Council Coronavirus Prevention Fund** – Delete the transfer of \$17.5 million from the SGF to the Coronavirus Prevention Fund in FY 2021;
- **Economic Development Initiatives Fund and State Water Plan Fund** – Reduce the transfer from the Economic Development Initiatives Fund to the SGF by \$1.3 million and deposit the moneys in the State Water Plan Fund for FY 2022; and
- **Attorney General** – Transfer \$400,000 from the SGF to the Scrap Metal Theft Reduction Fund of the Attorney General in FY 2021.

The FY 2022 budget adds \$157.9 million in revenue adjustments to the fall consensus revenue estimate for FY 2022; major adjustments include:

- **PMIB Bridge Loan Transfer** – Transfer \$66.1 million in FY 2022 to make the final payment on the 2017 bridge loan;

- **Budget Stabilization Fund** – Transfer \$81.9 million from the budget stabilization fund to the SGF;
- **State Highway Fund** – Transfer \$67.1 million from the State Highway Fund to the SGF;
- **Local Ad Valorem Tax Reduction (LAVTR) Fund** – Delete the transfer of \$54.0 million from the SGF to the LAVTR Fund;
- **Economic Development Initiatives Fund** – Transfer \$15.1 million from the Economic Development Initiatives Fund to the SGF; and
- **Secretary of State** – Add language to reimburse the Secretary of State from the SGF for costs incurred for the publication of a constitutional amendment during the August 2022 election for FY 2023.

The following is a summary table that reflects all changes to both SGF receipts and SGF expenditures from various bills transmitted to the Governor and the absence of approved funding for the Department of Education, including aid to school districts.

## STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

### HB 2007 – Profile (Dollars in Millions)

	Actual FY 2020	HB 2007 FY 2021	HB 2007 FY 2022
Beginning Balance	\$ 1,105.1	\$ 495.0	\$ 618.4
Receipts (November 2020 Consensus)	6,912.4	7,707.7	7,483.6
Governor's Revenue Adjustments	0.0	152.5	224.4
Legislative Tax Adjustments	0.0	0.0	(119.6)
Legislative Receipt Adjustments	0.0	(66.5)	(66.5)
Adjusted Receipts	6,912.4	7,793.7	7,521.9
Total Available	\$ 8,017.5	\$ 8,288.7	\$ 8,140.3
Less Expenditures	7,522.5	7,670.3	3,968.6
<b>Ending Balance</b>	<b>\$ 495.0</b>	<b>\$ 618.4</b>	<b>\$ 4,171.8</b>
Ending Balance as a % of Expenditures	6.6 %	8.1 %	105.1 %

*Note:* Profile does not include FY 2022 expenditures for the Department of Education or aid to school districts.