

State Budget—Appropriations; House Sub. for Sub. for SB 267

House Sub. for Sub. for SB 267 contains FY 2022 supplemental funding, claims against the State, FY 2023 funding for most state agencies, and FY 2023 capital improvement expenditures for certain state agencies.

Summary of Changes to Approved FY 2022 Expenditures

The FY 2022 budget approved by the 2021 Legislature totaled \$20.7 billion, including \$8.3 billion from the State General Fund (SGF). The budget included \$193.5 million in SGF expenditure authority carried forward from FY 2021.

The revised budget includes \$21.9 billion, including \$8.2 billion SGF, for FY 2022. This is an all funds increase of \$1.2 billion, and an SGF decrease of \$102.2 million, from the amount approved by the 2021 Legislature.

Major adjustments to the FY 2022 approved budget include the following:

- Adding \$64.9 million, including \$48.5 million SGF, to the Department of Corrections, including:
 - Adding \$18.3 million, all from federal American Rescue Plan Act (ARPA) funds, for the 24/7 pay plan;
 - Adding \$21.1 million, all SGF, to restore Evidence Based Initiatives funding; and
 - Adding \$6.7 million, all SGF, for Pathways to Success;
- Deleting \$184.7 million, all from the State Highway Fund, largely related to the delayed construction of State Highway 69;
- Deleting \$72.5 million, including \$173.2 million SGF, to implement revised human services caseloads estimates, largely related to the extension of the enhanced Federal Medical Assistance Percentage (FMAP) match;
- Adding \$20.2 million from the State Highway Fund for the Kansas Highway Patrol for purchase of two aircraft and replacement of the executive aircraft;
- Adding \$80.0 million SGF for the Kansas Water Office to pay off water supply storage debt for Big Hill, Clinton, and Hillsdale reservoirs in FY 2022 and dedicate revenue streams to retirement of storage debt in the future; and
- Adding \$1.9 million SGF for the Office of the Secretary of State for the payment of settlements regarding voter fraud litigation.

Summary of Approved FY 2023 Expenditures

The FY 2023 budget totals \$16.0 billion, including \$4.6 billion SGF.

[*Note:* The FY 2023 budget does not include expenditures for the State Department of Education or aid to school districts, which total \$6.4 billion, including \$4.2 billion SGF and 270.3 FTE positions. The provisions for the State Department of Education were inserted into Senate Sub. for HB 2567.]

Major FY 2023 expenditure adjustments include:

- Education:
 - State Department of Education – Deleting \$6.4 billion, including \$4.2 billion SGF;
 - State Board of Regents – Deleting \$1.6 million SGF, including:
 - Adding \$10.0 million SGF to a new Demolition Account and designating \$750,000 for Washburn University;
 - Adding \$10.0 million SGF to the State Universities Facilities Capital Renewal Initiative with a one-to-one match requirement;
 - Adding \$11.4 million SGF to the Non-Tiered Course Credit Hour Grant;
 - Adding \$19.0 million SGF to the Comprehensive Grant Program with a requirement of a one-to-one match of non-government funding;
 - Deleting \$20.7 million SGF from the Postsecondary Education Operating Grant;
 - Adding language to address overfunding of some community and technical colleges and creating a working group to review funding and formula issues;
 - Adding \$7.0 million SGF for Wichita State University for the National Institute for Aviation Research. This is the first year of five years of appropriations for this purpose.

[*Note:* Federal ARPA funding added for universities, community colleges, technical colleges, Washburn University, and private institutions are included in the Office of the Governor.]

- Human Services:
 - Department for Children and Families – Adding \$7.5 million SGF for workforce recruitment and retention incentives for child placing agencies and licensed facilities, including qualified residential treatment programs;
 - Kansas Department of Health and Environment (KDHE)—Health

- Adding \$10.0 million; including \$4.5 million SGF, to increase reimbursement rates for Emergency Medical Services provider codes;
- Adding \$3.5 million, including \$1.4 million SGF, to increase the availability of adult dental services provided through the State Medicaid program; and
- Adding \$2.9 million, including \$886,200 SGF, to raise provider reimbursement rates for pediatric primary care services;
- Kansas Department for Aging and Disability Services – Adding \$224.0 million, including \$91.3 million SGF; major adjustments include:
 - Adding \$122.2 million, including \$48.9 million SGF, to provide a 25.0 percent reimbursement rate increase, excluding the T1000 code for specialized nursing, for providers of Home and Community Based Services (HCBS) Intellectual and Developmental Disability (I/DD) waiver services;
 - Adding \$65.2 million, including \$26.2 million SGF, to provide for a full rebase of the nursing facility daily Medicaid rate for FY 2023. This amount is the difference between the amount to fully rebase the daily rate and the 3.0 percent increase already included in the Governor’s recommendation for FY 2023;
 - Adding \$11.8 million, including \$4.7 million SGF, to provide a 10.0 percent reimbursement rate increase for providers of HCBS Frail Elderly waiver services;
 - Adding \$12.5 million, including \$5.0 million SGF, to provide a 4.0 percent reimbursement rate increase for Medicaid behavioral health services;
 - Adding \$7.7 million, including \$3.1 million SGF, and adding language to increase the reimbursement rate for the T1000 Medicaid code for specialized nursing care from \$43.00 per hour to \$47.00 per hour;
 - Adding \$2.0 million SGF to assist with staffing at psychiatric residential treatment facilities; and
 - Adding \$2.5 million, including \$1.5 million SGF, to increase the amount provided to community developmental disability organizations to fulfill their role in assessing individuals for the HCBS I/DD waiver.
- Public Safety:
 - Kansas Highway Patrol – Adding \$1.4 million, all from special revenue funds, to enhance the Kansas Highway Patrol Career Progression Plan; and
 - Department of Corrections – Adding \$16.1 million SGF for the 24/7 pay plan.

- General Government:
 - Department of Commerce – Major adjustments include:
 - Adding \$5.0 million to the Department of Commerce in federal ARPA funds to support a new housing grant requiring a one-to-one match of non-state funding to accommodate recent economic expansion; and
 - Increasing the transfer from the SGF to the Job Creation Program Fund from \$3.5 million to \$20.0 million.
 - Office of the Governor – Major adjustments include:
 - Adding \$75.0 million from federal ARPA funds for grants for the State Board of Regents, requiring a three-to-one match;
 - Adding \$50.0 million from federal ARPA funds for business closure rebates;
 - Adding \$35.0 million from federal ARPA funds for economic development grants at the University of Kansas;
 - Adding \$35.0 million from federal ARPA funds to offer a grant to a new agricultural production facility;
 - Adding \$28.5 million from federal ARPA funds for grants to various community colleges with a one-to-one match requirement;
 - Adding \$25.0 million from federal ARPA funds for agriculture development at Kansas State University;
 - Adding \$25.0 million from federal ARPA funds for Health Sciences at the University of Kansas and Wichita State University;
 - Adding \$20.0 million from federal ARPA funds for the Moderate Income Housing program;
 - Adding \$20.0 million from the SGF for the Rural Housing Revolving Loan Program;
 - Adding \$10.0 million from federal ARPA funds for private and independent colleges with a three-to-one match requirement; and
 - Adding \$10.0 million from federal ARPA funds for Washburn University and community colleges other than those included in the \$28.5 million above with a one-to-one match requirement.
 - Department of Administration – Adding \$60.0 million SGF for the Docking State Office Building with language lapsing up to \$60.0 million if available federal funding is in excess of that amount.
- Agriculture:
 - KDHE—Environment – Adding \$32.5 million SGF for the KDHE Laboratory and lapsing excess funds if federal funds are available.

- Statewide Adjustments:
 - State Employee Pay – Adding \$145.3 million, including \$49.1 million SGF, to provide a 5.0 percent statewide salary adjustment for most state employees.

The following agencies or classifications were identified as having recent salary adjustments and are excluded: hourly employee recipients of the 24/7 Pay Plan, legislators, elected officials, Kansas Highway Patrol troopers included in a career progression plan, teachers at the Kansas State School for the Blind and the Kansas State School for the Deaf, employees of the Office of Administrative Hearings, investigation agents and forensic scientists of the Kansas Bureau of Investigation, employees of the Board of Indigents' Defense Services included in the agency salary enhancement proposal, employees of the Kansas Sentencing Commission, employees of the State Fire Marshal that have received recent market adjustments, and any other employee on a formal career progression plan.

Summary of Approved FY 2022 and FY 2023 Revenue Adjustments

The following are the adjustments to SGF transfers and taxes that adjust available SGF revenue. For FY 2022, the bill reduces SGF receipts by \$753.9 million. For FY 2023, the bill increases SGF receipts by \$562.4 million.

FY 2022 revenue adjustments include:

- Budget Stabilization Fund – Transferring \$500.0 million from the SGF to the Budget Stabilization Fund.

FY 2023 revenue adjustments include:

- Water Structures Emergency Fund – Transferring \$50,000 SGF to the Water Structures Emergency Fund;
- Digital Imaging Fund – Transferring \$500,000 SGF to the Digital Imaging Program Fund; and
- Job Creation Program Fund – Increasing the transfer from the SGF to the Job Creation Program Fund from \$3.5 million to \$20.0 million.

STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

House Sub. for Sub. for SB 267 – Profile (Dollars in Millions)

	Actual FY 2021	House Sub. for Sub. for SB 267 FY 2022	House Sub. for Sub. for SB 267 FY 2023
	Beginning Balance	\$ 495.0	\$ 2,094.8
Receipts (November 2021 Consensus)	8,867.6	8,870.0	9,047.9
Governor’s Revenue Adjustments	0.0	(596.2)	(48.1)
Legislative Tax Adjustments	0.0	0.0	(62.6)
Legislative Receipt Adjustments	0.0	100.0	27.5
Adjusted Receipts	8,867.6	7,793.7	8,964.7
Total Available	\$ 9,362.6	\$ 10,468.6	\$ 11,201.1
Less Expenditures	7,267.8	8,240.5	4,571.1
2021 Authorized Federal Fund Swaps	0.0	(14.6)	0.0
SB 347 - APEX	0.0	6.3	6.3
HB 2239 - Property Tax	0.0	0.0	42.8
Ending Balance	\$ 2,094.8	\$ 2,236.4	\$ 6,580.8
Ending Balance as a % of Expenditures	28.8 %	27.2 %	142.8 %

[Note: Profile does not include FY 2022 adjustments or FY 2023 expenditures for the State Department of Education or aid to school districts (Senate Sub. for HB 2567).]