

Senate Subcommittee Report

Agency: Department of Administration

Bill No. SB 444

Bill Sec. 24

Analyst: Wu

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Budget Page No. 16

Expenditure Summary	Agency Estimate FY 2022	Governor Recommendation FY 2022 *	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 115,890,652	\$ 1,051,921,802	\$ -
Federal Funds	712,367	712,367	-
Other Funds	44,599,546	44,599,546	-
<i>Subtotal</i>	<u>\$ 161,202,565</u>	<u>\$ 1,097,233,715</u>	<u>\$ -</u>
Capital Improvements:			
State General Fund	\$ 39,504,696	\$ 355,899,696	\$ -
Federal Funds	-	-	-
Other Funds	16,232,975	16,232,975	-
<i>Subtotal</i>	<u>\$ 55,737,671</u>	<u>\$ 372,132,671</u>	<u>\$ -</u>
TOTAL	<u>\$ 216,940,236</u>	<u>\$ 1,469,366,386</u>	<u>\$ -</u>

FTE positions

462.7

467.7

0.0

* Includes GBA No. 2, Item 8, which adds \$460.0 million SGF for a one-time \$250 tax rebate to eligible Kansas residents in FY 2022. The Governor recommended this item twice, once in the The Governor's Budget Report and once in GBA No. 2. Changes are reflected in this table only.

Agency Estimate

The **agency** requests a revised estimate of \$216.9 million in on-budget expenditures and 89.0 on-budget FTE positions in FY 2022, including \$155.4 million SGF, \$36.1 million from the ELARF, and \$21.3 million in transfers from the State Highway Fund. This represents a reduction of \$4.6 million, or 2.1 percent, below the amount approved by the 2021 Legislature.

The reduction is primarily attributable to a lapse of \$4.6 million SGF for savings related to the issuance of pension obligation bonds. The 2021 Legislature added \$28.8 million SGF for estimated debt service payments for bonds issued pursuant to 2021 HB 2405, which authorized the issuance of up to \$500.0 million in bonds, plus costs, at an interest rate not to exceed 4.3 percent. In August 2021, the Kansas Development Finance Authority finalized and executed the bond purchase agreement at an interest rate of 2.7 percent. Accordingly, debt service payments decrease from \$28.8 million, which was estimated at the interest cap of 4.3 percent, to \$24.2 million, at the lower rate of 2.7 percent. The revised estimate includes a lapse of the difference, \$4.6 million, in FY 2022. Additionally, the revised estimate includes a lapse of \$29,954 SGF to reflect a decrease in Kansas Public Employees Retirement System (KPERs) employer contribution rates from 15.09 percent to 14.33 percent in FY 2022, based on the issuance of those bonds, pursuant to 2021 SB 159.

The revised estimate also includes \$87.7 million in off-budget expenditures and 373.7 off-budget FTE positions, which are categorized as such to avoid double counting payments from

one state agency to another. In FY 2022, off-budget expenditures increase by \$1.8 million, or 2.1 percent, above the FY 2022 approved amount. The increase is primarily due to maintenance and servicing fees across many of the agency's programs (\$1.7 million).

Governor's Recommendation

The **Governor** recommends \$1.0 billion in on-budget expenditures and 94.0 on-budget FTE positions in FY 2022, including \$947.8 million SGF, \$36.1 million from the ELARF, and \$21.3 million in transfers from the State Highway Fund. This represents an increase of \$792.4 million, or 365.3 percent, above the agency's revised estimate. The most significant increase is attributable to the Governor's recommendation to expend \$460.0 million SGF for a one-time \$250 tax rebate to eligible Kansas residents (\$500 for residents that filed jointly). This rebate occurs as a one-time direct payment, and all Kansas residents who filed a 2020 tax return in 2021 would be eligible. The Office of the Governor estimates that this payment would affect over 1.2 million resident taxpayers. The recommended amount includes expenditures for the rebate itself as well as for administrative costs.

The Governor's recommendation also includes \$332.2 million SGF to pay off two bonds early, ahead of scheduled final debt service payments in FY 2035. First, the recommendation includes \$160.5 million SGF to pay off Series 2015A, which consists of four debt service refunding bonds, debt service for the John Redmond Reservoir, and debt service for a University of Kansas Medical Center health education building. The recommendation includes debt service payments (\$27.8 million) and the remaining balance (\$132.7 million) for FY 2023. Second, the recommendation includes \$171.8 million SGF to pay off Series 2015G, which is a debt service bond for the State's portion of the National Bio and Agro-Defense Facility located in Manhattan, Kansas. The recommendation includes debt service payments (\$17.4 million) and the remaining balance (\$154.3 million) for FY 2023. Debt service payments in FY 2022 for both bonds are already included in the agency's revised estimate, and the Governor does not recommend adjustments to that amount.

The Governor's recommendation also includes \$200,000 SGF and 5.0 FTE positions for the Division of the Child Advocate within the Office of Public Advocates. Executive Order 21-27 created the Office of Public Advocates within the agency and transferred the following entities to it:

- **Office of the Long-Term Care Ombudsman.** This program currently exists within the Department of Administration. Estimated expenditures are already included in the agency's revised estimate and total \$729,446 in FY 2022.
- **KanCare Ombudsman.** This program would be transferred from the Kansas Department for Aging and Disability Services (KDADS). Its responsibilities include assisting in the resolution of concerns about services, coverage, access, and rights related to KanCare, the Medicaid program for the State of Kansas. Estimated expenditures are included in the KDADS revised estimate in FY 2022.
- **Division of the Child Advocate.** Executive Order 21-28 created this program within the Department of Administration to provide oversight for the child welfare system in Kansas. Estimated expenditures are not included in the agency's revised estimate. The recommendation includes salary (\$122,207) and fringe benefit (\$77,793) expenditures for five new positions within the agency.

The recommendation also includes \$87.7 million in off-budget expenditures and 373.7 off-

budget FTE positions, which is the same as the agency's revised estimate in FY 2022.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation in FY 2022.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation in FY 2022 with the following adjustments:

1. Delete \$332.2 million SGF for the early payoff of Series 2015A/G bonds in FY 2022.
2. Delete \$460.0 million SGF in FY 2022 to not implement a one-time \$250 tax rebate included in the Governor's recommendation.

Senate Committee of the Whole Recommendation (Sub. for SB 444)

The **Committee of the Whole** concurs with the Committee's recommendation in FY 2022.

House Budget Committee Report

Agency: Department of Administration

Bill No. HB 2592

Bill Sec. 24

Analyst: Wu

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Budget Page No. 16

Expenditure Summary	Agency Estimate FY 2022	Governor Recommendation FY 2022 *	House Budget Committee Adjustments
Operating Expenditures:			
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Federal Funds	712,367	712,367	-
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<i>Subtotal</i>	<u>\$ 161,202,565</u>	<u>\$ 1,097,233,715</u>	<u>\$ -</u>
Capital Improvements:			
State General Fund	\$ 39,504,696	\$ 355,899,696	\$ -
Federal Funds	-	-	-
Other Funds	16,232,975	16,232,975	-
<i>Subtotal</i>	<u>\$ 55,737,671</u>	<u>\$ 372,132,671</u>	<u>\$ -</u>
TOTAL	<u>\$ 216,940,236</u>	<u>\$ 1,469,366,386</u>	<u>\$ -</u>

FTE positions	462.7	467.7	0.0
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* Includes GBA No. 2, Item 8, which adds \$460.0 million SGF for a one-time \$250 tax rebate to eligible Kansas residents in FY 2022. The Governor recommended this item twice, once in the The Governor's Budget Report and once in GBA No. 2. Changes are reflected in this table only.

Agency Estimate

The **agency** requests a revised estimate of \$216.9 million in on-budget expenditures and 89.0 on-budget FTE positions in FY 2022, including \$155.4 million SGF, \$36.1 million from the ELARF, and \$21.3 million in transfers from the State Highway Fund. This represents a reduction of \$4.6 million, or 2.1 percent, below the amount approved by the 2021 Legislature.

The reduction is primarily attributable to a lapse of \$4.6 million SGF for savings related to the issuance of pension obligation bonds. The 2021 Legislature added \$28.8 million SGF for estimated debt service payments for bonds issued pursuant to 2021 HB 2405, which authorized the issuance of up to \$500.0 million in bonds, plus costs, at an interest rate not to exceed 4.3 percent. In August 2021, the Kansas Development Finance Authority finalized and executed the bond purchase agreement at an interest rate of 2.7 percent. Accordingly, debt service payments decrease from \$28.8 million, which was estimated at the interest cap of 4.3 percent, to \$24.2 million, at the lower rate of 2.7 percent. The revised estimate includes a lapse of the difference, \$4.6 million, in FY 2022. Additionally, the revised estimate includes a lapse of \$29,954 SGF to reflect a decrease in Kansas Public Employees Retirement System (KPERs) employer contribution rates from 15.09 percent to 14.33 percent in FY 2022, based on the issuance of those bonds, pursuant to 2021 SB 159.

The revised estimate also includes \$87.7 million in off-budget expenditures and 373.7 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state agency to another. In FY 2022, off-budget expenditures increase by \$1.8 million, or 2.1 percent, above the FY 2022 approved amount. The increase is primarily due to maintenance and servicing fees across many of the agency's programs (\$1.7 million).

Governor's Recommendation

The **Governor** recommends \$1.0 billion in on-budget expenditures and 94.0 on-budget FTE positions in FY 2022, including \$947.8 million SGF, \$36.1 million from the ELARF, and \$21.3 million in transfers from the State Highway Fund. This represents an increase of \$792.4 million, or 365.3 percent, above the agency's revised estimate. The most significant increase is attributable to the Governor's recommendation to expend \$460.0 million SGF for a one-time \$250 tax rebate to eligible Kansas residents (\$500 for residents that filed jointly). This rebate occurs as a one-time direct payment, and all Kansas residents who filed a 2020 tax return in 2021 would be eligible. The Office of the Governor estimates that this payment would affect over 1.2 million resident taxpayers. The recommended amount includes expenditures for the rebate itself as well as for administrative costs.

The Governor's recommendation also includes \$332.2 million SGF to pay off two bonds early, ahead of scheduled final debt service payments in FY 2035. First, the recommendation includes \$160.5 million SGF to pay off Series 2015A, which consists of four debt service refunding bonds, debt service for the John Redmond Reservoir, and debt service for a University of Kansas Medical Center health education building. The recommendation includes debt service payments (\$27.8 million) and the remaining balance (\$132.7 million) for FY 2023. Second, the recommendation includes \$171.8 million SGF to pay off Series 2015G, which is a debt service bond for the State's portion of the National Bio and Agro-Defense Facility located in Manhattan, Kansas. The recommendation includes debt service payments (\$17.4 million) and the remaining balance (\$154.3 million) for FY 2023. Debt service payments in FY 2022 for both bonds are already included in the agency's revised estimate, and the Governor does not recommend adjustments to that amount.

The Governor's recommendation also includes \$200,000 SGF and 5.0 FTE positions for the Division of the Child Advocate within the Office of Public Advocates. Executive Order 21-27 created the Office of Public Advocates within the agency and transferred the following entities to it:

- **Office of the Long-Term Care Ombudsman.** This program currently exists within the Department of Administration. Estimated expenditures are already included in the agency's revised estimate and total \$729,446 in FY 2022.
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- **Division of the Child Advocate.** Executive Order 21-28 created this program within the Department of Administration to provide oversight for the child welfare system in Kansas. Estimated expenditures are not included in the agency's revised estimate. The recommendation includes salary (\$122,207) and fringe benefit (\$77,793) expenditures for five new positions within the agency.

The recommendation also includes \$87.7 million in off-budget expenditures and 373.7 off-budget FTE positions, which is the same as the agency's revised estimate in FY 2022.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation in FY 2022.

House Committee Recommendation

The **Committee** concurs with the Budget Committee's recommendation in FY 2022 with the following adjustments:

1. Delete \$332.2 million SGF for the early payoff of Series 2015A/G bonds in FY 2022.
2. Delete \$460.0 million SGF in FY 2022 to not implement a one-time \$250 tax rebate included in the Governor's recommendation.
3. Add language to decrease the transfer to the Budget Stabilization Fund by \$100.0 million, for a total transfer of \$500.0 million in FY 2022.

House Committee of the Whole Recommendation (House Sub. for Sub. for SB 267)

The **Committee of the Whole** concurs with the Committee's recommendation in FY 2022.

Conference Committee Recommendation (House Sub. for Sub. for SB 267)

The **Conference Committee** concurs with the Governor's recommendation in FY 2022 with the following adjustments:

1. Delete \$332.2 million SGF for the early payoff of Series 2015A/G bonds in FY 2022.
2. Delete \$460.0 million SGF in FY 2022 to not implement a one-time \$250 tax rebate included in the Governor's recommendation.
3. Add language to decrease the transfer to the Budget Stabilization Fund by \$100.0 million, for a total transfer of \$500.0 million in FY 2022.

Omnibus Action (HB 2510)

1. Add \$332.2 million SGF for the early payoff of Series 2015A/G bonds in FY 2022.
2. Add language to increase the transfer to the Budget Stabilization Fund by \$250.0 million, for a total transfer of \$750.0 million in FY 2022.
3. Do not adopt GBA No. 2, Item 8, and delete \$460.0 million SGF for a resident tax rebate in FY 2022.

	Governor's Recommendation FY 2022 *	Legislative Action	Legislative Approved FY 2022	Governor's Vetoed FY 2022	Final Legislative Approved FY 2022
All Funds					
State Operations	\$ 119,903,715	\$ 0	\$ 119,903,715	\$ 0	\$ 119,903,715
Aid to Local Units	250,000	0	250,000	0	250,000
Other Assistance	920,160,000	(920,000,000)	160,000	0	160,000
<i>Subtotal - Operations</i>	<i>\$ 1,040,313,715</i>	<i>\$ (920,000,000)</i>	<i>\$ 120,313,715</i>	<i>\$ 0</i>	<i>\$ 120,313,715</i>
Capital Improvements	429,052,671	0	429,052,671	0	429,052,671
TOTAL	\$ 1,469,366,386	\$ (920,000,000)	\$ 549,366,386	\$ 0	\$ 549,366,386

State General Fund

State Operations	\$ 93,136,802	\$ 0	\$ 93,136,802	\$ 0	\$ 93,136,802
Aid to Local Units	0	0	0	0	0
Other Assistance	920,000,000	(920,000,000)	0	0	0
<i>Subtotal - Operating</i>	<i>\$ 1,013,136,802</i>	<i>\$ (920,000,000)</i>	<i>\$ 93,136,802</i>	<i>\$ 0</i>	<i>\$ 93,136,802</i>
Capital Improvements	394,684,696	0	394,684,696	0	394,684,696
TOTAL	\$ 1,407,821,498	\$ (920,000,000)	\$ 487,821,498	\$ 0	\$ 487,821,498

FTE Positions	467.7	0.0	467.7	0.0	467.7
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* Includes GBA No. 2, Item 8, which adds \$460.0 million SGF for a one-time \$250 tax rebate to eligible Kansas residents in FY 2022. The Governor recommended this item twice, once in the The Governor's Budget Report and once in GBA No. 2. Changes are reflected in this table only.