

State Budget—Omnibus Appropriations; House Sub. for SB 109

House Sub. for SB 109 includes adjusted funding for FY 2018 and FY 2019 for most state agencies and FY 2018 and FY 2019 capital improvement expenditures for a number of state agencies. An overview of the Governor's amended budget recommendations for FY 2018 and FY 2019 and the Conference Committee's adjustments to the Governor's amended recommendations are reflected below.

FY 2018

The approved FY 2018 budget in House Sub. for SB 109 includes expenditures of \$16.3 billion, including \$6.7 billion from the State General Fund (SGF). The amount is an all funds decrease of \$118,118 and an SGF decrease of \$8.3 million below the Governor's recommendation in FY 2018. The 2018 Session claims bill was also included in the bill. Adjustments to the Governor's recommendations include:

- Adding \$31.1 million, including \$40.5 million from the SGF, to fund the spring human services consensus caseload estimate;
- Deleting \$6.3 million, including \$5.5 million from the SGF, to adopt the spring 2018 education consensus estimates;
- Adding \$3.0 million, all from the SGF, for the Medicaid regular medical program for the teaching hospitals associated with the Wichita Center for Graduate Medical Education program;
- Adding \$1.0 million, all from the SGF, for the tiny-k Program within the Kansas Department of Health and Environment (KDHE);
- Adding \$1.4 million, all from the SGF, for information technology modernization;
- Adding \$2.0 million, all from the Motor Vehicle Operating Fund, and transferring \$2.0 million from the State Highway Fund to the Motor Vehicle Operating Fund in FY 2018 for expenditures related to the implementation of and production costs for digital license plate conversion and distribution beginning August 2018;
- Adding \$1.0 million, all from the Problem Gambling and Addictions Grant Fund, for additional substance abuse treatment services; and
- Adding language to require the Kansas Department for Aging and Disability Services to implement a change to the Medicaid Home and Community Based Services Traumatic Brain Injury (TBI) waiver to allow coverage for individuals with documented brain injury acquired from a cause not already covered under the waiver, eliminate the requirement that individuals on the waiver must be at least 16 years old, and allow expenditures within existing resources to provide coverage for new individuals on the waiver.

FY 2019

In FY 2019, the bill includes expenditures of \$16.8 billion, including \$7.0 billion from the SGF. The amount is a decrease of \$84.0 million, including \$59.3 million from the SGF, below the Governor's recommendation for FY 2019. The bill also reduces SGF revenue by \$99.9 million for FY 2019. The bill includes the following adjustments:

- Adding \$68.6 million, including \$76.9 million from the SGF, to fund the human services consensus caseload estimate for FY 2019;
- Adding \$15.0 million, all from the SGF, to restore approximately 64.0 percent of the 4.0 percent remaining FY 2017 allotment to the Board of Regents and to state universities. The 2017 Legislature had previously reviewed the allotment and restored approximately \$6.7 million of the original \$30.7 million for FY 2019;
- Deleting \$114.1 million, including \$99.2 million from the SGF, to delete portions of the Governor's recommendation for FY 2019. This includes the Governor's proposed *Gannon V* remedy (\$113.0 million, including \$99.2 million from the SGF); \$1.0 million, all from Temporary Assistance for Needy Families, for Parents as Teachers; \$105,000, all from the SGF, for career and technical education (CTE) credentialing exams; and the lapse of the \$50,000 appropriation for the CTE incentive;
- Adding \$82.0 million, all from the SGF, for Kansas Public Employees Retirement System (KPERs)-School, but instead adding language to transfer \$82.0 million from the SGF to the KPERs Trust Fund;
- Adding \$7.0 million, including \$8.4 million from the SGF, to adopt the spring 2018 education consensus estimates;
- Deleting \$57.3 million, all from special revenue funds, and adding \$57.3 million, all from the SGF, to reduce the State Highway Fund transfers to the Department of Education;
- Adding \$5.2 million, all from the Children's Initiatives Fund, for early childhood programs for FY 2019. This includes the Pre-K Pilot (\$4.2 million) and Parents as Teachers (\$1.0 million);
- Adding language to transfer up to \$56.0 million from the SGF to the KPERs Trust Fund in FY 2019 and FY 2020. The amount to be transferred in FY 2019 is the amount that revenue receipts during FY 2018 exceed FY 2018 Consensus Revenue Estimates. The amount to be transferred in FY 2020 is the amount that revenue receipts during FY 2019 exceed FY 2019 Consensus Revenue Estimates;
- Adding \$1.4 million, including \$146,726 from the SGF, for disaster relief;

- Adding \$2.0 million, all from the Motor Vehicle Operating Fund, and adding language to transfer \$2.0 million from the State Highway Fund to the Motor Vehicle Operating Fund for FY 2019 for expenditures related to the implementation of and production costs for digital license plate conversion and distribution;
- Adding \$2.7 million, all from the SGF, for information technology modernization;
- Adding \$823,748, including \$179,532 from the SGF, for health facilities surveys contractors for FY 2019;
- Adding \$1.0 million, all from the SGF, for the tiny-k Program within KDHE;
- Adding \$115,000, including \$85,000 from the SGF, for 2018 Senate Sub. for HB 2600 (enacted), which contains provisions creating the Palliative Care and Quality of Life Advisory Council and the State Palliative Care Consumer and Professional Information and Education Program within KDHE;
- Adding \$22.1 million, including \$10.0 million from the SGF, for an increase in nursing facility reimbursement rates;
- Adding \$1.0 million, all from the Problem Gambling and Addictions Grant Fund, for additional substance abuse treatment services;
- Adding language to continue the Mental Health Task Force authorized by 2017 Senate Sub. for HB 2002 to meet during the 2018 Legislative Interim to study various mental health topics, including the creation of a strategic plan addressing the recommendations of the 2017 Mental Health Task Force and recommending the number and location of additional psychiatric beds. Two new members will be added to the task force: one individual appointed by the Kansas Association for the Medically Underserved and one individual appointed by the Kansas Hospital Association;
- Adding language requiring the agency to implement a change to the Medicaid Home and Community Based Services TBI waiver to remove requirements concerning age of individuals on the waiver and traumatic onset requirement and allow expenditures within existing resources to provide coverage for new individuals on the waiver;
- Adding \$5.5 million, including \$3.3 million from the SGF, to increase payments for foster care kinship placements from an average of \$3 per day to an average of \$10 per day;
- Adding language to transfer \$2.8 million from the SGF and \$500,000 from the Economic Development Initiatives Fund to the State Water Plan Fund for water-related projects; and

- Adding \$27.7 million, including \$14.9 million from the SGF, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees and the Kansas State School for the Deaf and the Kansas State School for the Blind.

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

House Sub. for SB 109 Conference Profile (Dollars in Millions)

	Actual FY 2017	Rec. FY 2018	Rec. FY 2019
Beginning Balance	\$ 37.1	\$ 108.5	\$ 447.5
Receipts (November 2017 Consensus)	6,149.5	6,912.1	7,100.1
Governor's Revenue Adjustments	0.0	1.2	(0.8)
Pooled Money Investment Board Transfer	198.4	118.8	0.0
Legislative Receipt Adjustments	0.0	(1.2)	(100.4)
Adjusted Receipts	6,347.9	7,030.9	6,998.9
Total Available	\$ 6,385.0	\$ 7,139.4	\$ 7,446.4
Less Expenditures	6,276.5	6,691.9	6,993.9
Sub. for SB 423 – Education Bill	0.0	0.0	77.7
Ending Balance	\$ 108.5	\$ 447.5	\$ 374.9
Ending Balance as a % of Expenditures	1.7 %	6.7 %	5.4 %