

State Budget—Appropriations; House Sub. for SB 25

House Sub. for SB 25 includes adjusted funding for fiscal year (FY) 2019, FY 2020, and FY 2021 for select state agencies, and FY 2019 and FY 2020 capital improvement expenditures for a number of state agencies. An overview of the Governor's amended budget recommendations for FY 2019 and FY 2020 and the Conference Committee's adjustments to the Governor's amended recommendations are reflected below.

FY 2019

The approved FY 2019 budget includes expenditures of \$17.2 billion, with \$7.1 billion from the State General Fund (SGF). The budget increases total expenditures by \$7.2 million, including \$6.0 million from the SGF, above the Governor's recommendation. The bill also deletes 80.0 full-time equivalent (FTE) positions. The FY 2019 appropriations for claims against the State is included.

Major adjustments to the FY 2019 approved budget include the following:

- Department of Administration: One-time payment to the federal government for the debt setoff settlement agreement (\$9.3 million);
- Department for Children and Families:
 - Kansas Eligibility Enforcement System (KEES) upgrade (\$1.6 million);
 - Family First Prevention Services Act (FFPSA) (\$452,516); and
 - Child welfare positions (\$415,526);
- Human services non-caseload decreases, primarily Medicaid waiver programs (\$43.7 million);
- Kansas Department of Health and Environment: Add \$2.2 million for the KanCare Clearinghouse;
- Kansas Department for Aging and Disability Services: Add \$3.9 million, including \$2.6 million from the SGF, for community mental health centers providing crisis center services, Clubhouse Model programs, the Client Assessment Referral and Evaluation program, and other technical adjustments;
- State hospital revenue shortfall (\$5.9 million);
- Adjutant General's Department: Capital improvements for life, health, and safety projects at armories (\$1.4 million);
- Pooled Money Investment Board (PMIB): Delete the transfer of \$264.3 million from the SGF to the Pooled Money Investment Portfolio to complete the

repayment of the entirety of the PMIB bridge loan in FY 2019. This leaves \$52.9 million for the FY 2019 scheduled transfer; and

- Transfer to the State Highway Fund: Add language to transfer up to \$50.0 million from the SGF to the State Highway Fund at the end of FY 2019. The amount to be transferred is the amount that revenue receipts during FY 2019 exceed FY 2019 Consensus Revenue Estimates, up to \$50.0 million. Expenditure of these funds would require a 25.0 percent local match.

The bill removes language transferring 10.0 percent of the SGF ending balance to the Budget Stabilization Fund in FY 2021 and delays currently allowed expenditures from the Budget Stabilization Fund until FY 2025.

The bill amends law regarding transfers and expenditures from the Budget Stabilization Fund and replaces them with the following directives:

- When state tax receipts exceed the previous fiscal year's receipts, the first 3.0 percent are retained in the SGF;
- The next 1.0 percent are deposited into the Budget Stabilization Fund;
- The next 0.5 percent are deposited in the newly created Debt Prepayment Fund;
- Any amount above 4.5 percent of previous year's receipts remain in the SGF;
- No deposits are required once the Budget Stabilization Fund balance exceeds 15.0 percent of the preceding fiscal year's state tax receipts; and
- No deposits are required once the Debt Prepayment Fund balance exceeds 15.0 percent of the preceding fiscal year's amount of principal of bond debt service.

The bill also includes various restrictions on when budget stabilization moneys and debt prepayment could be withdrawn.

FY 2020

The approved FY 2020 budget totals \$18.4 billion, including \$7.7 billion from the SGF. The budget is an all funds decrease of \$261.3 million and a SGF increase of \$176.6 million from the FY 2020 Governor's recommendation. The bill also deletes 85.0 FTE positions.

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

- Kansas Department of Health and Environment—Health Care Finance:
 - Add \$4.9 million and 313.00 FTE positions for the KanCare Clearinghouse;

- Add \$12.4 million for the Children’s Health Insurance Program;
- Add \$3.0 million, including \$1.3 million from the SGF, to increase Medicaid dental reimbursement rates for FY 2020; and
- Add \$14.2 million, all from the SGF, for the Health Care Assessment Improvement Program and require the agency to submit a request to increase the hospital assessment rate to 3.0 percent;
- State hospital revenue shortfall (\$5.8 million);
- Kansas Department for Aging and Disability Services:
 - Add \$10.1 million, including \$4.2 million from the SGF, to provide a 1.5 percent increase in the reimbursement rates for providers of Home and Community Based Services (HCBS) waiver services for FY 2020;
 - Add \$6.8 million, including \$3.1 million from the SGF, to rebase the reimbursement rates for the Program of All-Inclusive Care for the Elderly (PACE) for FY 2020;
 - Add \$6.0 million, including \$2.5 million from the SGF, to reduce the wait lists for Medicaid HCBS waivers for individuals with intellectual/developmental disabilities (\$5.0 million all funds) and individuals with physical disabilities (\$1.0 million all funds) for FY 2020;
 - Add \$6.8 million, including \$2.8 million from the SGF, to provide a 1.0 percent increase in the reimbursement rates for nursing facilities for FY 2020;
 - Add \$5.0 million, all from the SGF, for Community Mental Health Center grants for FY 2020; and
 - Add \$12.4 million, including \$5.3 million from the SGF, to increase the protected income level for HCBS waiver services recipients and individuals in the PACE to \$1,177 per month for FY 2020;
- Department for Children and Families:
 - Add \$2.6 million from the SGF to add 16.0 FTE additional child welfare staff positions, for a total of 42.0 FTE positions over two years;
 - Add \$9.3 million, including \$6.9 million from the SGF, for FFPSA; and
 - Add \$7.1 million, including \$3.0 million from the SGF, for KEES upgrades;
- Department of Corrections and correctional facilities: Add \$41.0 million, all from the SGF, for shrinkage, hiring, compensation, contract beds, hepatitis C treatment, housing adult female offenders (\$3.0 million), and the Medical contract;
- Docking State Office Building: Add language directing the Department of Administration to provide a survey of potential options for the deconstruction,

repair, or renovation of the Docking State Office Building, to be reported to the Legislature on or before January 13, 2020;

- Board of Regents: Add \$33.0 million, all from the SGF, to restore Kansas State University global food system research, performance, non-tiered course credit, postsecondary tiered technical education state aid, municipal university operating grants, and comprehensive grants;
- Department of Education: Add \$5.0 million, all from the SGF, to provide funding for safety and security grants;
- Kansas Bureau of Investigation: Add \$1.0 million, all from the SGF, and 8.0 FTE positions for cyber and financial crimes investigative capacity;
- Kansas Department of Transportation: Add \$6.4 million, all from the State Highway Fund, for the acceleration of delayed Transportation Works for Kansas projects for FY 2020. Funding for this acceleration would come from reducing transfers from the State Highway Fund to the SGF for FY 2020; and
- State employee pay: Provide for a 2.5 percent salary increase for all state employees, including those in the Judicial Branch, that are not otherwise receiving an increase in FY 2020. Statewide elected officials and legislators are excluded.

STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

House Sub. for SB 25 Conference Profile (Dollars in Millions)

	Actual FY 2018	Rec. FY 2019	Rec. FY 2020
Beginning Balance	\$ 108.5	\$ 761.7	\$ 866.2
Receipts (April 2019 Consensus)	7,302.3	7,236.6	7,327.0
Governor's Revenue Adjustments	0.0	(8.6)	244.6
PMIB Bridge Funding in Gov. Rec.	0.0	(264.3)	52.9
Legislative Receipt Adjustments	0.0	264.2	(191.2)
Adjusted Receipts	7,302.3	7,227.8	7,433.3
Total Available	\$ 7,410.8	\$ 7,989.5	\$ 8,299.6
Less Expenditures	6,649.1	7,123.3	7,604.2
KPERS Reammortization Deletion	0.0	0.0	145.3
<i>Expenditures Subtotal</i>	6,649.1	7,123.3	7,749.5
ENDING BALANCE	\$ 761.7	\$ 866.2	\$ 550.0
Ending Balance as a % of Expenditures	11.5 %	12.2 %	5.4 %