

State Budget, Omnibus Appropriations; Senate Sub. for HB 2002

Senate Sub. for HB 2002 includes funding for FY 2017, FY 2018, and FY 2019 supplemental expenditures for most state agencies and FY 2018 and FY 2019 capital improvements for selected state agencies. This summary, excluding the table, does not include expenditures associated with SB 30 (the tax bill) or SB 19 (the education bill).

FY 2018

The approved FY 2018 budget, in Senate Sub. for HB 2002, totals \$15.6 billion, including \$6.4 billion from the State General Fund. The approved budget increases the Governor's recommended expenditures by \$248.9 million, including \$170.0 million from the State General Fund, for FY 2018. Adjustments to the Governor's recommendations include:

- Adding \$141.4 million, including \$135.8 million from the State General Fund, to restore Kansas Public Employee Retirement System (KPERs) employer contributions to the statutory rate for FY 2018;
- Adding \$47.2 million, all from the State General Fund, to remove savings associated with Alvarez & Marsal (A&M) recommendations for health insurance and procurement in K-12 schools for FY 2018;
- Adding \$26.7 million, including \$12.2 million from the State General Fund, for: a 2.5 percent adjustment for all state employees with less than five years of service, except highway patrol law enforcement personnel, legislators, teachers and licensed personnel at the Schools for the Deaf and Blind, employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and other Statewide Elected Officials; a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff in FY 2018;
- Adding \$20.3 million, including \$9.1 million from the State General Fund, and adding language providing a 3.0 percent rate increase for providers of Home and Community Based Services under each of the waivers for FY 2018;
- Adding \$10.5 million, all from the State General Fund, for community mental health centers;
- Adding \$4.7 million, all from the State General Fund, and adding language to open at least 20 additional beds for patients at Osawatomie State Hospital. If the facility cannot open the beds at Osawatomie State Hospital, the funding is to be used to enter into a contract to provide patient beds through third-party facilities for FY 2018 and add \$6.6 million, including \$2.3 million from the State General Fund, for operational expenditures and add language that the State Finance Council will review the current status of funding for FY 2018;

- Adding \$6.5 million, all from the State General Fund, to replace federal and other funding lost due to Larned State Mental Health Hospital previously counting patients in the Sexual Predator Treatment Program as part of the eligible Disproportionate Share Hospital population and due to a decreased number of patients eligible for Medicaid and Medicare reimbursements for FY 2018;
- Adding \$2.7 million, all from special revenue funds, to establish an on-site health clinic for state employees provided that no more than \$500,000 shall be expended to construct and renovate the facility for FY 2018;
- Adding \$2.1 million, all from the State General Fund, for the Senior Care Act for FY 2018;
- Adding \$5.0 million, including \$2.2 million from the State General Fund, and adding language requiring the Kansas Department of Health and Environment to set Medicaid reimbursement rates for children's hospitals contracting with a KanCare managed care organization (MCO) at reimbursement rates that restore calendar year 2015 reductions and require the agency to complete a study on the statewide average cost recovery ratio for all Kansas hospitals contracting with MCOs for FY 2018.
- Adding \$1.1 million, all from the State General Fund, for expenditures related to state capital *habeas* proceedings for four capital punishment cases for FY 2018;
- Adding \$1.0 million, all from the State General Fund, for domestic violence prevention grant matching funds for FY 2018; and
- Eliminating the securitization of tobacco proceeds and deleting \$34.5 million in State General Fund expenditures and \$7.2 million from Temporary Assistance for Needy Families (TANF) to restore expenditures from the Children's Initiatives Fund for FY 2018.

FY 2019

The approved FY 2019 budget, in Senate Sub. for HB 2002, totals \$15.8 billion, including \$6.3 billion from the State General Fund. The approved budget increases the Governor's recommended expenditures by \$0.3 million, including \$132.3 million from the State General Fund, for FY 2019. Adjustments to the Governor's recommendations include:

- Adding language to repay delayed FY 2019 employer contributions of \$194.0 million to KPERS *via* layered amortization beginning in FY 2020;
- Eliminating the securitization of tobacco proceeds and delete \$34.5 million in State General Fund expenditures and \$7.2 million from TANF to restore expenditures from the Children's Initiatives Fund for FY 2019;

- Adding \$89.0 million, all from the State General Fund, to remove savings associated with A&M recommendations for health insurance and procurement in K-12 schools for FY 2019;
- Adding \$6.5 million, all from the State General Fund, to replace federal and other funding lost due to the agency previously counting patients in the Sexual Predator Treatment Program for FY 2019;
- Adding \$48.1 million, including \$21.6 million from the State General Fund, and adding language providing a 4.0 percent rate increase for providers of Home and Community Based Services under each of the waivers for FY 2019;
- Adding \$4.7 million, all from the State General Fund, and adding language to open at least 20 additional beds for patients at Osawatomie State Hospital. If the facility cannot open the beds at Osawatomie State Hospital, the funding is to be used to enter into a contract to provide patient beds through third-party facilities for FY 2019;
- Adding \$65.0 million, including \$29.3 million from the State General Fund, due to the hospital provider assessment rate not being increased to restore the 4.0 percent Medicaid provider reduction to hospitals and for other Medicaid expenditures for FY 2019;
- Adding \$13.2 million, all from the State General Fund, for community mental health centers for 2019;
- Adding \$1.0 million, all from the State General Fund, for domestic violence prevention grant matching funds for FY 2019;
- Add \$2.1 million, all from the State General Fund, for the Senior Care Act for FY 2019; and
- Adding \$1.4 million, all from the State General Fund, for expenditures related to state capital *habeas* proceedings for four capital punishment cases for FY 2019.

Following is a summary table that reflects all changes to both State General Fund receipts and State General Fund expenditures from various bills that have passed the Legislature.

STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

Senate Sub. for HB 2002 Conference Profile

(dollars in millions)

	Actual FY 2016	Conf. Rec. FY 2017	Conf. Rec. FY 2018	Conf. Rec. FY 2019
Beginning Balance	\$ 71.5	\$ 37.1	\$ 50.0	\$ 134.8
Receipts (November 2016 Consensus)	6,080.6	6,073.1	5,687.6	5,564.4
Governor's Revenue Adjustments	0.0	10.3	337.3	487.2
PMIB Transfer	0.0	230.0	87.3	0.0
SB 30—Tax Bill	0.0	0.0	591.0	633.0
SB 19—Education Tax Credit	0.0	0.0	(9.0)	(9.0)
Legislative Receipt Adjustments	0.0	(4.1)	(14.7)	(10.1)
Adjusted Receipts	\$ 6,080.6	\$ 6,309.3	\$ 6,679.4	\$ 6,665.5
Total Available	\$ 6,152.1	\$ 6,346.4	\$ 6,729.4	\$ 6,823.1
Less Expenditures	\$ 6,115.1	\$ 6,296.5	\$ 6,408.0	\$ 6,329.6
SB 19 (Education Bill)	0.0	0.0	186.6	283.8
Ending Balance	\$ 37.0	\$ 50.0	\$ 134.8	\$ 186.9
Ending Balance as a % of Expenditures	0.6%	0.8%	2.1%	3.0%