

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

68-West-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.ks.gov

<http://www.kslegislature.org/klrd>

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ITEMS FOR OMNIBUS CONSIDERATION

Kansas Department of Health and Environment – Division of Health

A. HB 2264, Requiring Certain Notifications to be Posted in Facilities where Medication Abortions are Provided (Veto). HB 2264 would amend the Woman's Right-to-Know Act to require that certain notifications be posted and written information be provided in facilities that provide medication abortions. The agency will be required to update and print Woman's Right-to-Know materials and update other resources, such as the agency website. The agency requests \$21,250 SGF in FY 2023 to ensure compliance when the bill becomes effective. For FY 2024, the agency requests 1.0 additional FTE position and \$85,000 SGF for salaries and wages, administrative, and printing costs.

B. Senate Sub. for HB 2344, Establishing Child Care Licensing Requirements Relating to Capacity and Staff-to-Child Ratios (Veto). Senate Sub. for HB 2344 would update law regulating child care centers, including the elimination of annual licensure fees for child care centers, day care homes, and group day care homes. The agency requests an appropriation of \$477,500 SGF in FY 2024 to fund program operations that had previously been funded through the licensure fees.

C. Review the addition of \$20.0 million SGF for hospitals to compensate for the care of uninsured patients for FY 2024. In addition, review information about existing funding streams dedicated to hospitals for the provision of uncompensated care and the impact of a rural emergency hospital designation on hospital funding (House Committee).

The Kansas Hospital Association (KHA) estimates that Kansas hospitals provide \$1.3 billion in uncompensated care each year. Of this \$1.3 billion, Medicaid Disproportionate Share Hospital (DSH) allotments cover approximately 7.0 percent and Uncompensated Care Costs (UCC) pool payments cover approximately 3.0 percent, leaving approximately 90.0 percent, or \$1.2 billion, in unreimbursed costs for uncompensated care.

- **Medicaid Disproportionate Share Hospital (DSH) allotments.** DSH is the largest funding stream available to reduce the financial burden of uncompensated care. These funds provide additional reimbursement to hospitals that serve a high proportion of Medicaid beneficiaries and uninsured individuals. Kansas hospitals received approximately \$91.1 million all funds in DSH allotments in FY 2023.
- **UCC Pool Payments.** These payments are capped at \$41.0 million all funds annually. These funds are distributed to hospitals that have more uncompensated care costs than the amount of funds it receives from DSH.

The designation of rural emergency hospital (REH) is a Medicare provider type that allows small rural hospitals with no more than 50 beds to operate and to receive Medicare payments for providing outpatient and emergency services. REHs receive an additional 5.0 percent rate increase for outpatient services provided to Medicare patients, as well as a monthly facility payment of \$272,866 for CY 2023. *This item was not included in HB 2184.*

D. Review the increase in the Governor's recommendation of 92.5 FTE positions above the agency's FY 2023 approved budget. In addition, review the impact of the end of the public health emergency (PHE) on the agency's FTE count (House Committee).

The increased number of FTE positions is primarily due to new federal grant funding for workforce development. These multi-year awards fund positions in the divisions of Public Health and Administration are completely funded by federal dollars.

Of those positions, 11.0 FTE were added in the division of Health Care Finance. These positions were included in the agency's enhancement request for additional employees in the Medicaid Administration program and are funded using a 50/50 state and federal match. None of the newly added FTE positions are associated with the current PHE and the FTE positions are not anticipated to be impacted by the upcoming phase-down of the PHE.

E. Consider the addition of \$9.0 million to issue a request for proposal to select a vendor to provide continuous monitoring of Medicaid eligibility (Conference Committee). The Conference Committee on HB 2184 discussed appropriating the Continuous Monitoring Data Assets Fund, adding \$9.0 million SGF to that fund, and adding language to require KDHE to issue a request for proposal for a system to continuously monitor data from third party data providers which may impact individual eligibility for Medicaid, such as address, incarceration, employment and income status.

KDHE reports that it monitors each of the eligibility data points included in the language, but not all are monitored on a continuous basis. KDHE and the Department for Children and Families currently contract with TALX Corporation (Equifax) to verify employment and income for applicants and recipients of benefits, including Medicaid, Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF). This contract, which began in February of 2018, was renewed for an additional two years on February 1, 2022 to run through January 31, 2024. In addition, the State of Kansas contracts with Appriss Insights to obtain information about the incarceration status of individuals. This contract is active through September 30, 2024. KDHE estimates that their current annual expenditures for eligibility data sources is \$6.6 million all funds. *This item was not included in HB 2184.*

F. HB 2024, Child Abuse Review and Evaluation (CARE) Program (Governor). HB 2024 creates statutory provisions for the CARE program, an existing program within KDHE. Current program expenditures are included in the current budget and total \$757,000 in FY 2023 and \$758,317 for FY 2024; however, the agency requests an additional 2.0 FTE positions and salary and wages expenditures of \$117,653 to carry out the requirements of the bill.

G. GBA No. 1, Item 1, Page 2 - Human Services Consensus Caseloads. The Division of the Budget, Department for Children and Families (DCF), Department of Health and Environment (KDHE), Department for Aging and Disability Services (KDADS), and the Kansas Legislative Research Department (Consensus Group) met on April 18, 2023, to revise the estimates on human services consensus caseload expenditures for FY 2023 and FY 2024. The caseload estimates include

expenditures for Temporary Assistance for Needy Families, the Reintegration/Foster Care Contracts, KanCare Regular Medical Assistance, and KDADS Non-KanCare.

The starting point for the April 2023 estimates was the budget approved by the 2023 Legislature for FY 2023 and FY 2024, as represented in HB 2184. The estimate for FY 2023 is an increase of \$57.7 million from all funding sources, and a State General Fund decrease of \$53.8 million, compared to the FY 2023 approved amount. The estimate for FY 2024 is an increase of \$61.4 million from all funding sources and a State General Fund decrease of \$30.5 million as compared to the FY 2024 approved amount. **The combined estimate for FY 2023 and FY 2024 is an all funds increase of \$119.1 million, and a State General Fund decrease of \$84.3 million, from the approved amount.**

KanCare is administered by KDHE through maintaining financial management and contract oversight, including contracts for regular medical services. KDADS administers the Medicaid Home and Community-Based Services waiver programs, long-term care services, mental health and substance abuse services, and the state hospitals. In addition, the Department of Corrections (DOC) administers the part of KanCare related to youth in custody. The DOC KanCare expenditures have been included in the KDHE budget since FY 2018. Throughout this memorandum, KanCare Medical estimates include all Medicaid KanCare expenditures for all agencies.

KanCare Medical 2023

The FY 2023 estimate for KanCare Medical is \$4.4 billion from all funding sources, including \$996.0 million from the State General Fund. This is an increase of \$48.0 million from all funding sources, and a State General Fund decrease of \$60.0 million, compared to the budget approved by the 2023 Legislature. The KanCare Medical estimate includes medical expenditures for KDHE and KDADS.

The KanCare Medical all funds increase is largely due to increases in delivery kick payments and Health Care Access Improvement Program (HCAIP) directed payments to hospitals. Kick payments are one-time fixed, supplemental payments made for certain services. Higher birth costs and payment adjustments due to system delays contributed to the higher estimate. HCAIP is an assessment on inpatient and outpatient revenues for hospitals that was created to help improve access to medical care for low-income Kansans. Funds generated from the assessment are used to draw down federal matching dollars that are dispersed back to hospitals and physicians through a variety of methods, including increased reimbursement for certain procedures and a pool to fund hospitals for uncompensated care. The increased all funds amount is attributable to an increase in the federal funds received due to the FMAP adjustments.

Additionally, there were slight increases in member populations and total costs, including increases to high dollar rare prescription drugs with costs that vary greatly depending on the condition and number of members requiring treatment. There were also increases in Medicare clawback payments due to an increase in per capita Part D expenditures. The all funds increase in expenditures was partially offset by decreases in the projected number of members in Long-Term Care Services and Supports for KDADS.

The State General Fund decrease is primarily attributable to the federal Families First Coronavirus Response Act which provided states a temporary 6.2 percentage-point increase to the federal Medical Assistance Percentage (FMAP) January of 2020 through March 2023. In January 2023, as part of the federal Consolidated Appropriations Act, a phase-down approach was implemented for the enhanced FMAP for the remainder of calendar year 2023. The Public Health Emergency is now set to expire May 11, 2023, and the enhanced FMAP is no longer tied to the end

date. The enhanced rate now decreases to 5.0 percent for April through June 2023; 2.5 percent for July through September; and 1.5 percent for October through December.

This is a change from the fall 2022 caseload estimates when the increased FMAP of 6.2 percent was included for three quarters of FY 2023 but the phase-down was not in effect. This raises the FY 2023 FMAP from its base of 59.86 percent to 65.76, up from the 64.51 percent used in the fall estimates. The enhanced FMAP rate is expected to decrease the overall required state share of Medicaid expenditures by approximately \$230.0 to \$240.0 million in FY 2023.

In addition to the factors discussed above, also contributing to the State General Fund decrease is an increase of \$12.6 million in the estimated revenue from the Medical Assistance Fee Fund (HMO Privilege Fee), which is used to offset State General Fund obligations.

KanCare Medical 2024

The FY 2024 estimate for KanCare Medical is \$4.6 billion from all funding sources, including \$1.2 billion from the State General Fund. The estimate is an increase from the amount approved by the 2023 Legislature of \$45.8 million, including a decrease of \$36.9 million from the State General Fund.

Federal rules in place during the Public Health Emergency did not allow the removal of individuals from the Medicaid program, however, recent guidance from the Centers for Medicare & Medicaid Services (CMS) allows states to begin the redetermination process and remove those no longer eligible for services as of April 1st. CMS guidance allows states 12 months to initiate all redeterminations and 14 months to complete the redetermination process for all current Medicaid beneficiaries. States are required to initiate a full renewal for all individuals. Kansas expects to begin seeing a decline in beneficiaries beginning in May of 2023 and it is anticipated that the overall membership will steadily decline through May 2024. An estimated 85,000 beneficiaries are anticipated to be removed from Medicaid by the end of FY 2024, which will create an overall decrease in capitation expenditures.

A portion of the all funds increase in expenditures is attributable to increased Medicare clawback payments as significant Part D expenditure growth is anticipated in calendar year 2024. The federal share of Disproportionate Share for both general and state hospitals (DSH) is higher than previously estimated in the fall and adjustments to high dollar rare drug prescriptions are similar to those seen in FY 2023. In addition, there are increases in HCAIP estimates, although state costs are offset by additional revenue.

The 2023 Legislature approved \$71.9 million all funds to fully rebase nursing facility payment rates. The revised estimate includes an additional \$14.0 million all funds for a total addition of \$85.8 million to fully rebase the nursing facility rates for FY 2024. Additionally, the revised estimate includes \$18.7 million all funds to transition the final eight Community Mental Health Centers (CMHCs) to Certified Community Behavioral Health Clinics (CCBHCs) in FY 2024. Also included in the revised estimate is an increase to Psychiatric Residential Treatment Facility (PRTF) rates totaling \$8.8 million all funds.

The State General Fund decrease is largely attributable to an increase of \$20.0 million in the estimate of revenue from the Medical Assistance Fee Fund (HMO Privilege Fee), which is used to offset State General Fund obligations. The decrease in estimated State General Fund expenditures was offset by the addition of \$5.3 million to fully rebase nursing facility rates and the addition of \$7.2

million to transition the final eight CMHCs to CCBHCs. Also included in the revised estimate is an increase to PRTF rates totaling \$3.4 million from the State General Fund.

Additionally, the phase-down of the enhanced FMAP described above was not previously in effect and was not taken into account in the fall estimates. This will continue through the end of calendar year 2023, which includes the first two quarters of FY 2024. The base FMAP in FY 2024 is 60.67 percent and increased to 61.67 with the phase-down in effect. The state share required in FY 2024 is estimated to increase by 4.09 percent over that of FY 2023. The enhanced FMAP rate is expected to decrease the overall required state share of Medicaid expenditures by approximately \$40.0 to \$45.0 million in FY 2024.

Office of Governor

A. GBA No. 1, Item 7, Page 5 - Grant Program Enhancements

Children's Initiatives Fund

A. Tobacco Settlement Revenue Estimates. The Kansas Legislative Research Department, the Division of the Budget, and the Office of the Attorney General met on April 20, 2023, to discuss the projected revenue from the tobacco settlements. The informal consensus estimate for receipts from the tobacco settlement agreement for FY 2023 is \$55.9 million, which is an increase of \$5.9 million above the fall 2022 estimate. The consensus estimate for tobacco settlement receipts for FY 2024 totals \$50.0 million, which is no change from the fall 2022 consensus estimate.

Behavioral Sciences Regulatory Board

A. Prohibition on Licensure Requirements Concerning Diversity, Equity, Inclusion Anti-Racism and Critical Race Theory (Line-Item Veto). HB 2184 included language prohibiting the agency from requiring any applicant for licensure to demonstrate familiarity with or support of any training, education, or instruction program that includes diversity, equity, inclusion, anti-racism, critical race theory or other related topics.

The Governor line-item vetoed the language. The veto message stated: "Mental health professionals and social workers provide critical care to communities across the state. We should be focused on strengthening our workforce and preparing them to serve Kansans from all backgrounds. This funding restriction limits the ability for these professionals to be trained in potentially lifesaving practices that address the individualized needs of every Kansan."

B. Sub. for SB 131, Application Processing (Conference Committee). Among other provisions, Sub. for SB 131 would require the agency to expedite the review of applications. The bill would require the agency to notify applicants as to the sufficiency of their application within 15 days of receipt. The bill would also require decisions on completed applications to be issued within 30 business days. The agency currently attempts to process license applications within 30 to 45 days of receiving a complete application.

To meet the expedited timeline, the agency requests an expenditure increase totaling \$96,352, all from the BSRB Fee Fund, and the addition of 2.0 FTE positions for FY 2024 and continuing in FY 2025. Of the total amount requested, \$92,353 would be for salary and wage expenditures and \$4,000 for equipment. The agency notes it may need to reevaluate this estimate in future years in the event the request is insufficient to fulfill the additional duties required by Sub. for SB 131.

Kansas Department for Aging and Disability Services

A. Expansion of the Program for All-Inclusive Care of the Elderly (PACE) (Line-Item Veto and Senate Committee). Midland Care submitted a SPARK proposal for \$2.5 million to expand its PACE program to Johnson, Miami, and Franklin counties. Midland Care states the SPARK health/education advisory panel considered the PACE expansion proposal a “high” rated idea submission.

The Conference Committee on HB 2184 added \$2.5 million, all from federal ARPA moneys, and added language directing the agency to distribute the funds to expand PACE.

The Governor line-item vetoed the language requiring the agency to spend \$2.5 million ARPA to expand PACE. The veto message indicated the Governor supports the project but the Governor believes one-time federal funding should not be used for a project that will create ongoing costs.

B. SB 228, County Competency Expense Fund (Veto). Among other provisions, SB 228 would require the agency to reimburse counties for certain costs when a person is confined in a county jail awaiting examination, evaluation, or treatment for competency. The bill would require the county jails to be reimbursed at a rate of \$100 per day for each day a person is in custody and confined as described in the bill. The agency does not currently incur costs while an individual is confined in a county jail awaiting examination, evaluation, or treatment for competency.

The agency requests \$14.3 million SGF to reimburse counties pursuant to the bill. The estimate of \$14.0 million is based on the current data available from Larned State Hospital on the number of individuals awaiting examination, evaluation, or treatment for competency. The agency requests \$300,000 for administrative costs, including initial startup, continuing administrative expenses, reporting, and monitoring. In addition, the bill would require the appropriation of the County Competency Expense Fund.

C. Addition of \$200,000 for Envision Child Development Center Funding (Conference Committee). Envision requested \$400,000 SGF to provide preschool and child development services to blind and visually impaired (BVI) children, and to support parents learning to advocate for their children as they enter the public school system. Envision states funds will be used to provide financial assistance to families in need, to support innovative programming in art, music and STEM, and to ensure that all BVI children are able to reach their full potential.

The Senate Committee recommended adding \$200,000 SGF and the House Committee did not recommend adding the funding. The Conference Committee recommended to review the item at Omnibus.

D. GBA No. 1, Item 1, Page 2 - Human Services Consensus Caseloads

KDADS KanCare Medical 2023

The FY 2023 estimate for KDADS KanCare Medical is \$1.3 billion from all funding sources, including \$399.0 million from the State General Fund. This is a decrease of \$40.0 million from all funding sources, and a State General Fund decrease of \$32.0 million, compared to the budget approved by the 2023 Legislature.

The KDADS KanCare Medical all funds decrease is largely due to changes in population estimates, including a decrease in the projected long term care population.

The State General Fund decrease is primarily attributable to the federal Families First Coronavirus Response Act which provided states a temporary 6.2 percentage-point increase to the federal Medical Assistance Percentage (FMAP) January of 2020 through March 2023. In January 2023, as part of the federal Consolidated Appropriations Act, a phase-down approach was implemented for the enhanced FMAP for the remainder of calendar year 2023. The Public Health Emergency is now set to expire May 11, 2023, and the enhanced FMAP is no longer tied to the end date. The enhanced rate now decreases to 5.0 percent for April through June 2023; 2.5 percent for July through September; and 1.5 percent for October through December.

This is a change from the fall 2022 caseload estimates when the increased FMAP of 6.2 percent was included for three quarters of FY 2023 but the phase-down was not in effect. This raises the FY 2023 FMAP from its base of 59.86 percent to 65.76, up from the 64.51 percent used in the fall estimates. The enhanced FMAP rate is expected to decrease the overall required state share of Medicaid expenditures by approximately \$230.0 to \$240.0 million in FY 2023.

KDADS Non-KanCare 2023

The estimate for KDADS Non-KanCare is \$93.1 million, including \$45.5 million from the SGF. This is an increase of \$2.1 million, including \$540,000 from the State General Fund, compared to the budget approved by the 2023 Legislature. The increase is due to higher nursing facility fee-for-service payments.

KDADS KanCare Medical 2024

The FY 2024 estimate for KDADS KanCare Medical is \$1.5 billion from all funding sources, including \$533.0 million from the State General Fund. The estimate is a decrease from the amount approved by the 2023 Legislature of \$33.4 million, including a decrease of \$18.6 million from the State General Fund.

The all funds decrease is primarily due to decreases in population estimates, including a decrease in the projected long term care population. The revised estimate includes an additional \$14.0 million all funds for a total addition of \$85.8 million to fully rebase the nursing facility rates for FY 2024. The 2023 Legislature previously had approved \$71.9 million all funds to fully rebase nursing facility payment rates. Additionally, the revised estimate includes \$18.7 million all funds to transition the final eight Community Mental Health Centers (CMHCs) to Certified Community Behavioral Health Clinics (CCBHCs) in FY 2024. Also included in the revised estimate is an increase to Psychiatric Residential Treatment Facility (PRTF) rates totaling \$8.8 million all funds.

The State General Fund decrease is largely attributable to the phase-down of the enhanced FMAP described for FY 2023 above. This will continue through the end of CY 2023, which includes the

first two quarters of FY 2024. The base FMAP in FY 2024 is 60.67 percent and increased to 61.67 with the phase-down in effect. The state share required in FY 2024 is estimated to increase by 4.09 percent over that of FY 2023. The enhanced FMAP rate is expected to decrease the overall required state share of Medicaid expenditures by approximately \$40.0 to \$45.0 million in FY 2024.

The decrease in estimated State General Fund expenditures was offset by the addition of \$5.3 million to fully rebase nursing facility rates and the addition of \$7.2 million to transition the final eight CMHCs to CCBHCs. Also included in the revised estimate is an increase to PRTF rates totaling \$3.4 million from the State General Fund.

KDADS Non-KanCare 2024

The FY 2024 estimate for KDADS Non-KanCare is \$115.5 million, including \$58.7 million from the State General Fund. This is an increase of \$12.5 million, including \$5.5 million from the State General Fund, above the amount approved by the 2023 Legislature. The increase is primarily due to increased expenditures for nursing facility fee-for-service payments.

E. GBA No. 1, Item 8, Page 6 - Expansion of the Program of All-Inclusive Care for the Elderly (PACE).

F. GBA No. 1, Item 9, Page 6 - Additional State Institutions Building Funds for the Spruce Cottage Remodel at Parsons State Hospital.

Kansas Neurological Institute

A. GBA No. 1, Item 10, Page 7 - Increase Fee Fund Limit for Generator Repair.

Larned State Hospital

A. GBA No. 1, Item 11, Page 7 - Contract Nurse Staffing Costs.

Board of Pharmacy

A. HB 2184, Telepharmacy Outlets (Line-Item Veto). HB 2184 included language regarding dispensing thresholds for telepharmacy outlets and location requirements for telepharmacy outlets being at least 20 miles from any registered pharmacy or to be in a county that contains a city or municipality with a population greater than 50,000 individuals, and filing a prescription and causing the prescription to be delivered for administration to a medical care facility pharmacy, a practitioner or a patient who intends to transport prescriptions to a medical care facility, clinic, practitioner's office, or pharmacy in FY 2023, 2024, and 2025.

Kansas Department of Commerce

A. HB 2292, Kansas Nonprofit Apprenticeship Grant Program Act (Governor). Among other provisions, HB 2292 establishes the following grant programs. In order for expenditures to be made from these funds, they will need to be included in an act of appropriation.

- The **Kansas Nonprofit Apprenticeship Grant Program Fund** provides grants for the administration of apprenticeship programs by eligible nonprofit employers and eligible nonprofit health care employers in Kansas. The bill requires \$2.5 million SGF to be transferred to the fund each year and states that any unencumbered moneys in the fund in excess of \$2.5 million to be transferred to the SGF at the end of each fiscal year.
- The **Kansas Educator Registered Apprenticeship Grant Program Fund** provides for expenditures awarded under the Educator Program. The bill requires \$3.0 million SGF to be transferred to the fund each year and states that any unencumbered moneys in the fund in excess of \$3.0 million to be transferred transfer to the SGF at the end of each fiscal year.
- The **Engineering Graduate Incentive Fund** provides grants for engineering students who meet the requirements of the bill. The bill provides for a transfer of \$1.5 million SGF to the fund in FY 2024 and a transfer of twice the amount of funds expended in grants in the prior fiscal year, not to exceed \$5.0 million in all years thereafter.

B. HB 2234, Kansas Film and Digital Media Production Development Act (Conference Committee). Among other provisions, HB 2234 creates two funds. In order for expenditures to be made from these funds, they will need to be included in act of appropriation.

- The **Kansas Film and Digital Media Production Development Act Education Fund** to develop, expand, and improve Kansas education programs that will aid the development and support of the film and digital media industry in Kansas.
- The **Kansas Film and Digital Media Production Development Act Workforce Training and Business Development Fund** for the purpose of providing workforce development grants and loans for certified projects, including apprenticeship programming and crew training for Kansas residents.

The bill provides for a transfer of \$1.0 million SGF to each of these funds and states that any unexpended funds to remain credited to the funds for use in the next fiscal year. Any unencumbered moneys remaining in the funds on January 1, 2033, are to be transferred to the SGF, at which time the funds would be abolished.

C. Early Childhood Education and Care Initiative (House and Senate Committees). The Governor recommended adding \$1.0 million from the EDIF for an early childhood education and care initiative. This would allow Kansas communities to implement or expand options to address issues affecting the workforce. *This item was not included in HB 2184.*

D. Returning Kansans Home Marketing Campaign (House Committee). The Governor recommended adding \$3.0 million from the EDIF to create a marketing campaign that would focus on recruiting Kansans back home to live and work in Kansas. This would require contracting with two

public relations firms to conduct research, create strategies, and implement the campaign. *HB 2184 included \$2.0 million from the EDIF for this item.*

E. International Division (House Committee). The Governor recommended adding \$1.2 million EDIF and 3.0 FTE positions to allow the agency to hire new staff, cover general operating expenses, and continue to recruit additional foreign direct investment and market Kansas internationally. These funds will be used to hire additional staff and provide funding to support both domestic and international travel for trade missions and other travel associated with export promotion and foreign direct investment initiatives. The 3.0 FTE positions include two positions focused on foreign direct investment and 1.0 FTE position to enhance existing export promotion function. A contracted representative in Japan will also participate in business events to promote Kansas, serve as the point of contact for companies seeking information, build relationships with identified companies, and assist with investment missions to Japan for Kansas officials to meet with existing and potential investors. *HB 2184 adds \$1.2 million and 3.0 FTE positions for this item.*

F. Kansas Creative Arts Industries Commission (Senate Committee). The Governor recommended \$500,000 EDIF to expand activities of the creative sector by matching federal grant dollars and using remaining state funds with more fore flexibility than the grant dollars require, including offering professional development opportunities for those in the creative sector and renovating cultural institutions throughout Kansas. *HB 2184 included \$500,000 from the EDIF for this item.*

G. Salesforce Data Development (Senate Committee). The Governor recommended adding \$500,000 EDIF and 2.0 FTE positions to complete integration of data throughout the agency. Currently, the agency utilizes Salesforce for grant management, economic development projects, contact list management, incentive programs, and application portals. A Marketing Cloud Administrator would work closely with the Office of Rural Prosperity for integration and be responsible for building customer experiences while optimizing automation tools. The Salesforce Developer would make scalable applications for use within the agency. *This item was not included in HB 2184.*

H. Research Division (Senate Committee). The Governor recommended adding \$279,500 EDIF and 2.0 FTE positions to create a research division to grow the agency capacity for handling information requests, address a current backlog of work, and research data-driven, strategic approaches to economic development at the state and local level. *This item was not included in HB 2184.*

I. Murals and Public Arts Initiative (Senate Committee). The Governor recommended adding \$150,000 EDIF to provide additional funding to grow the number of murals in rural communities across the state. In FY 2023, the agency partnered with 14 mural projects at a 1:1 match. This funding would support the creation of at least 20 additional murals. *This item was not included in HB 2184.*

J. Review the addition of \$2.0 million for Plasma Games (House and Senate Committees). Plasma Games is a 3D video game platform that connects real world technologies and Science, Technology, Engineering, and Mathematics (STEM) and Career and Technical Education (CTE) careers to engage students. This item is not included in HB 2184.

K. GBA No. 1, Item 18, Page 12 - World Cup Planning and Area Improvements.

Kansas Department of Revenue

A. HB 2184, Business Closure Rebates (Line-Item Veto). The Governor line-item vetoed the \$0 expenditure limitation for the COVID business closure rebates. The Governor supports reallocation of these funds for other purposes after the program expires on June 30, 2023.

B. Funding Source for the Replacement of Embossed License Plates (Senate Committee). The Governor recommended using moneys from the State Highway Fund to replace all embossed license plates. The Senate Committee on Assessment and Taxation recommended using State General Fund moneys. The Senate Committee on Ways and Means recommended using moneys from the State Highway Fund. The Conference Committee for HB 2184 authorized federal ARPA funds to be used.

B. Vacant Positions Update (Senate Committee). During the Senate Committee on Assessment and Taxation budget hearing, the agency had 70 vacant positions. Since the hearing, 21 of those positions have been filled.

Office of the Attorney General

A. HB 2184, Master Tobacco Settlement Funds (Line-Item Veto). The Governor line-item vetoed the language that allows expenditures from Tobacco Master Settlement funds to be used for Kansas youth suicide prevention. The Governor stated the funding in this line item should be used for compliance with the tobacco master settlement.

B. Senate Sub. for HB 2016, Act Against Abusive Website Access Litigation (Law). Senate Sub. for HB 2016 enacts the Act Against Abusive Website Access Litigation to create a civil action for determining whether litigation that alleges any website access violation under the federal Americans with Disabilities Act or similar law constitutes abusive litigation.

The Office of the Attorney General indicates enactment of the bill would require an additional \$196,825 SGF and 1.5 FTE positions for FY 2024. Of this amount, \$178,837 would be for salaries and wages for one Attorney position and one part-time Administration Specialist position. The remaining \$17,988 would be for other operating expenditures. The agency indicates the civil cause of action would likely be filed by the Civil Litigation Division of the Office of the Attorney General. The agency estimates that there would be additional casework in preparing for lawsuits against violators of the Act.

C. House Sub. for SB 116, Concealed Carry License Fees (Law). Among other provisions, House Sub. for SB 116 removes a \$100 issuance fee and \$25 renewal fee paid to the Attorney General by persons seeking a concealed carry firearm license.

The Office of the Attorney General requests \$1.2 million SGF to replace the loss in fee fund revenue for FY 2024. The fees are currently used to pay the salaries, wages, and operating expenses of the Concealed Carry Licensing Unit.

D. House Sub. for SB 208, Campaign Finance Act Reform (Law). Among other provisions, House Sub. for SB 208 amends provisions in the Campaign Finance Act on topics including procedures of the Kansas Governmental Ethics Commission.

The Office of the Attorney General requests \$91,914 SGF and 0.75 FTE positions, which includes a part-time attorney and a part-time investigator, for FY 2024. Of that amount, \$72,407 would be for salaries and wages and \$19,507 would be for other operating expenditures.

Board of Cosmetology

A. HB 2125, Board of Cosmetology Regulations (Law). Among other provisions, HB 2125 authorizes the Board of Cosmetology to create and issue charitable event permits and demonstration permits, require the agency's administrative proceedings to be conducted in accordance with the Kansas Administrative Procedure Act and be reviewable in accordance with the Kansas Judicial Review Act. Furthermore, the agency may issue cease and desist orders to persons who are not license holders, and shorten the time period certain case history cards must be retained by licensees.

The Board of Cosmetology indicates enactment of the bill requires an additional \$40,000, all from special revenue funds, and 1.0 FTE position for a new Senior Administrative Specialist to work with surrounding states and licensees to create administrative rules and regulations.

Board of Indigents' Defense Services

A. Ethical Caseload Staffing (Conference Committee). The Conference Committee on HB 2184 recommended reviewing the agency's ethical caseload staffing request for FY 2024. The agency requested \$13.2 million SGF and 131.0 FTE positions to address current and projected caseloads in an effort to mitigate current assigned counsel panel shortages. The staffing plan includes new trial public defenders (11.0 FTE positions), new trial-level support staff (45.5 FTE positions), new appellate-level public defenders (14.0 FTE positions), new appellate-level support staff (25.0 FTE positions), new capital public defenders (5.0 FTE positions), new capital-level support staff (25.0 FTE positions), new administrative office attorneys (1.5 FTE positions), and new administrative office staff (4.0 FTE positions).

B. GBA No. 1, Item 5, Page 4 - Ethical Caseloads Staffing.

Judicial Council

A. HB 2131, Judicial Council Fee Funds (Law). HB 2131 shifts the deposit of docket fees and publication fees collected by the Judicial Council into the SGF. All remaining moneys in the Judicial Council Fund are transferred to the SGF on July 1, 2023, and the fund is subsequently abolished. The agency estimates revenues of \$723,165 would be transferred from special revenue funds to the SGF for FY 2024.

The Judicial Council requests \$696,664 SGF for FY 2024, indicating the agency would be unable to meet its budgeted expenditures if the fees that are redirected to the SGF are not replaced with an appropriation from the SGF.

Kansas Lottery

A. GBA No. 1, Item 3, Page 4 - Message on Lottery and Gaming Revenues.

Office of the State Bank Commissioner

A. Review the Deletion of the Office of the State Bank Commissioner budget for FY 2024 and FY 2025 (Conference Committee). The agency requests \$13.0 million, all from special revenue funds, for FY 2024 and \$12.9 million, all from special revenue funds, for FY 2025. The Governor concurred with the agency's special revenue funding request, except for the agency's enhancement requests for increases in staff salary and board member per diem. The Governor's recommendation includes funding for 2.0 FTE positions for IT examiners. HB 2184 removed the entirety of the budget for FY 2024 and FY 2025 for review at Omnibus.

B. Review the Office of the State Bank Commissioner Request for Funding and 2.0 FTE positions for IT examiners for FY 2023, FY 2024, and FY 2025 (House and Conference Committees). The agency requested funding and 2.0 FTE positions for all three fiscal years. The Governor's recommendation included \$39,819 for partial year funding for 2.0 additional FTE positions in FY 2023, \$158,527 to fully fund the same 2.0 FTE positions in FY 2024, and \$157,110 for the same FTE positions in FY 2025. The House Committee deleted the funding and the FTE positions for additional IT examiners for FY 2023, FY 2024, and FY 2025. HB 2184 removed the 2.0 FTE positions, but included the funding requested each year.

The agency indicates that the additional 2.0 FTE positions and funding would be used for specialized Information Technology Examiners. They would help the agency continue its responsibility to conduct meaningful IT examinations for state-chartered banks and licensed entities. These IT exams have been a part of a bank's "safety and soundness" examination for at least 25 years and are performed at both the state and federal level. For the non-bank financial companies, the agency began including an IT examination component into a number of the consumer lending and mortgage company examinations starting in 2019. Due to the growing size of financial institutions in Kansas, an increased use of technology in money services, and changing threat landscape, the agency indicates that the average number of hours to complete an IT examination have doubled compared to a few years ago.

C. Review the Office of the State Bank Commissioner Request for an Increase for Board Member Compensation for FY 2024 and FY 2025 (Senate and Conference Committees). The agency requests an additional \$12,420 each year for FY 2024 and FY 2025 for increases in board member compensation. This would increase the board member compensation from the current \$35.00 to \$150.00 per meeting attended. The Governor did not include this enhancement request in her recommendation. The Senate Committee added the \$12,420 and language directing that this money could only be used if there is a change in the statutory limit for board member per diem. HB 2184 does not include the funding but agreed to review at Omnibus.

The agency has historically reported having issues recruiting for the State Banking Board due in large part to the low per diem rate. HB 2449, which increases the per diem rate for all statutory boards and commissions from \$35.00 to \$88.66 per day, is currently in the Senate Committee on Ways and Means.

Governmental Ethics Commission

A. HB 2184, Governmental Ethics Civil Penalties Proviso (Line-Item Veto). The Governor line-item vetoed the requirement to redirect civil penalties from the Governmental Ethics Fee Fund to SGF for FY 2024 and FY 2025. The Governor states that this language is also found in House Sub. for SB 208, which was signed into law on April 14, 2023.

B. House Sub. for SB 208, Campaign Finance Act Reform (Law). Among other provisions, House Sub. for SB 208 amends provisions in the Campaign Finance Act on topics including procedures of the Kansas Governmental Ethics Commission.

The agency requests an additional \$3,250 SGF expenditures in FY 2023 and \$13,000 SGF expenditures each year for FY 2024 and FY 2025. These funds would be used to maintain a separate attorney during commission meetings and for removing hearings from the Governmental Ethics Commission to the Office of Administrative Hearings upon request of a respondent.

Kansas Insurance Department

A. HB 2093, Group-Funded Pools Refund Fund (Law). Among other provisions, HB 2093 establishes the Group-Funded Pools Refund Fund for the purposes of refunding money collected from assessments that were collected to cover administration and supervision of the group-funded pools and group-funded worker's compensation pools to the proper entities. In order for expenditures to be made from this fund, it will need to be included in an act of appropriation.

Office of the Secretary of State

A. Senate Sub. for HB 2053, Presidential Preference Primary (Law). Senate Sub. for HB 2053 provides for a presidential preference primary to be held on March 19, 2024, and establishes voter registration and voting procedures for such election. This is an additional election that is not otherwise scheduled or budgeted. Prior law allowed counties to submit direct expenses of the election to the Secretary of State's office for review and reimbursement. The agency requests an additional \$4.7 million SGF for reimbursement for the 105 counties.

Office of the State Treasurer

A. HB 2184, Build Kansas Matching Grant Program (Line-Item Veto). The Governor line-item vetoed the Build Kansas Matching Grant program's funding and proviso sections for FY 2024 through FY 2028. The veto message indicates that the language in Build Kansas sets up a process in which many communities would not be able to compete for one-time federal infrastructure grants as communities would have to seek legislative approval and potentially the approval of two other agencies before applying for the federal funding.

B. HB 2184, Alternatives to Abortion Program (Line-Item Veto). The Governor line-item vetoed the Alternatives to Abortion program's \$2.0 million funding and provisos for FY 2024. The veto message indicates that this does not fall under the Office of the State Treasurer's role and that the contract would provide taxpayer funding to largely unregulated pregnancy resource centers.

C. Review the Amount of Funding for the STAR Bond Sales Tax Revenue Replacement Fund for FY 2024 (House and Senate Committees). The Governor recommended a transfer of \$15.4 million SGF to the STAR Bond Sales Tax Revenue Replacement Fund for FY 2024, which is an increase of \$8.4 million from the agency's request. This is due to the Governor's recommendation to move the elimination of the state sales tax rate on food and food ingredients to April 1, 2023. The House Committee and Senate Committee both deleted the \$15.4 million transfer to review at Omnibus. The Conference Committee added the \$15.4 million transfer back into the HB 2184.

SB 169 was enrolled and presented to the Governor on April 14, 2023. It would, among other provisions, accelerate the elimination of the state sales tax and compensating rates to 0.0 percent on July 1, 2023.

Under current law, the revised estimate from the agency is \$7.0 million. If SB 169 is signed by the Governor, the revised fiscal impact is \$11.2 million.

D. Senate Sub. for HB 2302, Water Supply Storage Debt Payment (Law). Among other provisions, Senate Sub. for HB 2302 appropriates \$52.0 million in FY 2023 from SGF to the Water Supply Storage Debt Payment for Milford and Perry Reservoirs Account in the Office of the State Treasurer. This is a separate appropriation from the \$52.0 million in HB 2184, which was signed by the Governor on April 21, 2023. Taken together, Senate Sub. for HB 2302 and HB 2184 would appropriate a total of \$104.0 million to the Water Supply Storage Debt Payment for Milford and Perry Reservoirs Account.

Office of Information Technology Services

A. GBA No. 1, Item 4, Page 4 - Vendor Contract

Department for Children and Families

A. HB 2184, Sole Source Contract, (Line-Item Veto). \$2.5 Million SGF has been vetoed for Foster Care Licensing and Placement Software.

B. HB 2094, Non-Cooperation with Child Support; Requiring the Secretary to Conduct Reviews of Cooperation; Requiring Work Registrants Aged 50 through 59 to Complete an Employment and Training Program to Receive Food Assistance (Governor). The bill would continue the existing statutory requirement that parents cooperate with child support services administered by the Department for Children and Families (DCF) as a condition of receiving a child care subsidy and maintain the periods of ineligibility for a child care subsidy for non-cooperation. The bill would require the Secretary for Children and Families (Secretary), or the Secretary's designee, to review a parent's child support compliance at certain specified times. (HB 2179 originally)

DCF indicates the bill has an estimated federal funds impact of \$1.4 Million. Funds are available to fully cover the additional expenses based on the current federal award amounts. No state general funds will be required.

The bill would also amend law pertaining to eligibility requirements for the food assistance program (Supplemental Nutrition Assistance Program or SNAP) to require work registrants ages 50 through 59 without dependents who are not exempt under federal law to participate in an employment and training program. (HB 2140 originally)

DCF indicates these provisions have an estimated impact of \$1.0 million, including \$511,288 SGF with a 50/50, dollar for dollar match of SNAP Employment and Training (E&T) Administrative Funds. This estimate includes the \$631,512 estimated annual cost to serve the SNAP E&T clients, and an additional \$391,063 annually for 6.0 FTE program consultants to facilitate and run the program due to the influx of clients for this program with this change.

C. GBA No. 1, Item 1, Page 2 - Human Services Consensus Caseloads. The FY 2023 revised estimate for the Temporary Assistance for Needy Families (TANF) program is \$9.4 million, all from federal funds, which is a decrease of \$575,000 below the amount approved by the 2023 Legislature. The TANF caseload increased through June 2020 at the beginning of the COVID-19 pandemic and, after fluctuations during the pandemic, the caseload has started to level out. The FY 2023 revised estimate for the Foster Care program is \$289.2 million, including \$198.6 million State General Fund. The estimate is an increase of \$8.2 million, including \$5.6 million SGF above the FY 2023 approved budget. The projected number of children in foster care is slightly higher than the fall estimate, and there is an increase in the projected average cost per child. The change is attributable to the number of children in higher cost facilities increasing and an increase in the daily rate paid to facilities. Additionally, child placement agencies are expending a larger percentage of their allocated funds which is reducing the recoupment rates.

The FY 2024 estimate for TANF is \$9.0 million, all from federal funds, which is a decrease of \$800,000, compared to the budget approved by the 2023 Legislature. Current projections show a slowing rate of decrease in TANF beneficiaries. It is anticipated that the total number of beneficiaries will reach a floor at some point. In the event inflationary pressures in FY 2024 result in a recession the number of beneficiaries may increase, but no recession is reflected in the current estimates. The FY 2024 estimate for the Foster Care program is \$289.0 million, including \$201.0 million from the State General Fund. The estimate is an all funds increase of \$3.9 million, and a State General Fund increase of \$867,444, compared to the budget approved by the 2023 Legislature. While caseload costs increased slightly relative to the approved, the number of children in foster care is projected to continue to decline.

Other Statewide Adjustments

A. Technical Adjustments to HB 2184

- **Department for Children and Families** – Delete \$3.6 million SGF in duplicative appropriations for the Hope Ranch, Foster Care Software, and WeKanDrive for FY 2024.
- **Department for Children and Families** – Relocate language providing for the Dolly Parton Imagination Library 501(c)3 from DCF to the Children’s Cabinet.
- **Kansas Board of Regents** – Appropriate \$1.0 million SGF for the State Scholarship Program for FY 2025.
- **Kansas Department of Labor** – Correct Fiscal Year reference in the Workmen’s Compensation Fee Fund and add \$53,444 SGF for FY 2024 for non-reportable expenditures.

- **Department of Administration** – Add \$40,670 SGF for FY 2024 to include budgeted reappropriations.
- **Department of Administration** – Delete \$15,000 SGF for the Friends of Cedar Crest Association in FY 2023 due to double appropriation.
- **Department of Administration** – Reduce the hospitality proviso in the Division of the Budget from \$2,000 to \$1,000 due to elimination of the Division of Policy.

B. HB 2184, Federal Grant Funding Database (Line-Item Veto). The Governor line item vetoed Section 143 of HB 2184 which would have required any grant awarded by any agency using state or federal funds to publicize a list of all applicants who applied for such grant. That information would include:

- Such applicant's organization name;
- The county where the proposed project is located;
- A brief description of the proposed project in such application;
- The dollar amount requested in such application; and
- The date that the above agency received such application.

That information required to be included on the website pursuant to this paragraph shall be posted within 30 business days after the date of awarding the grant.

C. Budget Stabilization Fund (House and Senate Committees). HB 2184 includes language stating that no transfers shall occur automatically from excess receipts when the balance of the budget stabilization fund exceeds 15.0 percent of actual tax receipts. Based on the current estimate of receipts for FY 2023, no automatic transfers would occur when the Budget Stabilization Fund balance exceeds \$1.46 billion.

State Employee Pay

A. State Employee Pay Adjustments (House and Senate Committees). The Governor recommended adding \$169.5 million, including \$65.5 million SGF, for a 5.0 percent salary increase for state employees for FY 2024. The following positions are excluded from this adjustment: temporary employees, statewide elected officials, legislators, employees of the Judicial Branch, Highway Patrol law enforcement positions, legislators, teachers and licensed personnel and employees at the Schools for the Blind and Deaf, and employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan. If approved, funds would be appropriated to and certified for distribution by the State Finance Council.

The Governor's recommendation also includes language authorizing the implementation of market adjustments to job classes and titles determined to be more than 5.0 percent below average market salary rates as reflected in the 2022 Department of Administration Annual Salary Survey.

Both House and Senate Committees deleted the Governor's state employee pay plan for review at Omnibus.

B. Agency Pay Plans and Salary Adjustments (Senate and Conference Committees). The Senate and Conference Committees both deleted funding requested by various state agencies for salary adjustments and requested review at Omnibus. Those adjustments are detailed below:

AGENCY PAY PLANS AND SALARY ADJUSTMENTS – FY 2023-2025		
<u>Agency</u>	<u>SGF</u>	<u>All Funds</u>
FY 2023		
Kansas Commission on Peace Officers' Standards and Training	\$ -	\$ 22,008
FY 2024		
Board of Indigents' Defense Services	\$ 601,490	\$ 601,490
Emergency Medical Services Board	-	263,267
Governmental Ethics Commission	38,898	38,898
Judicial Branch – Non-Judicial Salary Adjustments	9,418,739	9,418,739
Judicial Branch – Judicial Salary Adjustments	6,874,211	6,874,211
Kansas Bureau of Investigation	250,266	250,266
Kansas Commission on Peace Officers' Standards and Training	-	22,008
Kansas Department of Agriculture	924,548	924,548
Kansas Department of Health and Environment--Health	268,251	276,502
Kansas Department of Transportation	-	6,432,484
<i>Subtotal–FY 2024</i>	<i>\$ 18,376,403</i>	<i>\$ 25,102,413</i>
FY 2025		
Governmental Ethics Commission	\$ 38,565	\$ 38,565

- Board of Indigents' Defense Services.** The Conference Committee requested review at Omnibus of the agency's enhancement request for \$601,490 SGF to provide a 3.0 percent salary increase for all filled positions for FY 2024. The agency indicates this would address pay parity with prosecutors and other government employees. This amount includes \$92,513 for employees in the Capital Defense program and \$508,977 for all other employees.
- Emergency Medical Services Board.** The Senate Committee requested consideration be given at Omnibus to adding \$263,267, all from special revenue funds, for a salary realignment plan for FY 2024. Of this amount, \$222,294 would be for salaries and \$40,973 would be for benefits. This realignment would redistribute the agency's 14.0 FTE positions among the Compliance, Issuance, and Research programs and redefine job duties to establish consistency and allow for upward and lateral progression. The realignment provides at least a 2.5 percent salary increase for all positions, with certain positions such as Compliance Officers and Emergency Medical Services (EMS) Specialists receiving a more than 55.0 percent increase to achieve market rate.

The agency reports significant challenges regarding recent efforts to fill vacant positions, as candidates are often accepting higher paying positions outside state government. The agency anticipates 4.0 FTE positions will be eligible for retirement for FY 2024.

Expenditures contained in HB 2184 leave the agency's primary operating fund with an ending balance of \$3.5 million for FY 2024. The agency states this balance would be sufficient to support the realignment plan without increasing user or licensing fees.

EMERGENCY MEDICAL SERVICES BOARD – BASE SALARY ADJUSTMENTS – FY 2024				
Position	Count	Current Salary	Base Salary Increase	
			Dollars	Percent
Administrative Specialist	2	\$ 30,493 – 37,003	\$ 12,647 – 19,157	34.18 – 62.82 %
Compliance Officer	1	48,499	26,651	54.95
EMS Specialist	1	37,003	23,379	63.18
Exam Coordinator	1	44,117	16,265	36.87
Executive Director	1	91,481	18,319	20.02
Investigator	1	44,099	16,283	36.92
Policy & Program Analyst	1	58,885	1,497	2.54
Program Consultant	1	41,870	18,512	44.21
Public Service Administrator	2	53,414 – 63,357	11,793 – 21,736	18.61 – 40.69
Public Service Executive	1	66,518	8,632	12.98
Senior Administrative Assistant	1	30,493	19,157	62.82
Technology Support Consultant	1	52,119	8,263	15.85

- Governmental Ethics Commission.** The Conference Committee deleted \$38,898 SGF for FY 2024 and \$38,565 SGF for FY 2025 to not implement salary adjustments for six employees and to review at Omnibus. This amount includes \$31,870 for salaries and \$7,028 for benefits.

GOVERNMENTAL ETHICS COMMISSION – BASE SALARY ADJUSTMENTS – FY 2024				
Position	Count	Current Salary	Base Salary Increase	
			Dollars	Percent
Director	1	\$ 81,623	\$ 8,377	10.26 %
Campaign Finance Coordinator	3	35,256 – 46,862	2,812 – 6,344	6.13 – 17.99
Lobbyist Coordinator	1	39,582	6,178	15.61
Office Manager	1	43,472	4,021	9.25

- Judicial Branch.** The Conference Committee deleted \$16.3 million SGF to not implement salary adjustments for FY 2024 and to review at Omnibus. Those adjustments are detailed below:
 - \$9.4 million SGF** for salary increases for **non-judicial employees** for FY 2024. Of that amount, \$8.1 million would be for salaries and \$1.3 million for benefits. The increase would provide a 8.5 percent salary increase for non-judicial employees and is designed to offset inflationary pressures. The amount of the increase is equal to the increase in the Consumer Price Index at the time of the budget submission.
 - \$6.9 million SGF** for salary increases for **judges and justices** for FY 2024. Of that amount, \$5.8 million would be for salaries and \$1.1 million for benefits. The increase would provide a 15.3 percent salary increase for those positions.

JUDICIAL BRANCH – JUDGE AND JUSTICE SALARY ADJUSTMENTS* – FY 2024					
Position	Count	Current Salary	Salary Increase		
			Dollars	Percent	
Supreme Court					
Chief Justice	1	\$ 172,821	\$ 26,424		15.3 %
Justice	6	168,598	25,779		15.3
Court of Appeals					
Chief Judge	1	\$ 167,164	\$ 25,559		15.3 %
Judge	13	163,156	24,947		15.3
District Court					
Chief District Judge	31	\$ 150,422	\$ 23,000		15.3 %
District Judge	136	148,912	22,769		15.3
District Magistrate Judge	79	76,601	11,712		15.3

* Includes both salaries and fringe benefits.

Note: Subsequent to the budget submission, the 2023 Legislature passed House Sub. for SB 229, which increases the salaries of judges and justices based on the annual salary of a U.S. District Judge. Salary adjustments reflected in that bill do not occur until FY 2025.

- **Kansas Bureau of Investigation.** The Conference Committee deleted \$250,266 SGF to not implement a salary adjustment that continues career progression plans (CPPs) for commissioned officers and forensics scientists for FY 2024 and to review at Omnibus. The 2022 Legislature approved an agency pay plan, to assist with recruiting and retention, that included CPPs for commissioned officers and forensic scientists who obtain additional years of service, advanced degrees and certifications, or exhibit technical leadership. The Governor's recommendation excludes these employees from the statewide 5.0 percent pay increase. The adjustment includes:
 - **\$114,531 SGF** for the **Commissioned Officers CPP**. The agency notes that 29 of the 85 employees in this plan will see salary increases for FY 2024. This includes fringe benefits.
 - **\$135,735 SGF** for the **Forensic Scientist CPP**. The agency notes that of the 84 employees in this plan, 23 will see salary increase based on years of service, 13 will receive merit adjustments for advanced certifications, and 2 for technical leadership. This includes fringe benefits.
- **Kansas Commission on Peace Officers' Standards and Training.** The Senate Committee deleted all salary adjustments as part of the deletion of the statewide 5.0 percent salary increase among state employees. For this agency, the deletion was \$22,008, all from special revenue funds, which was an approved increase by the Department of Administration requested by the Commission primarily for the Executive Director and the part-time investigators. The investigators did not qualify for the 5.0 percent increase from the 2022 Session.
- **Kansas Department of Agriculture.** The Conference Committee deleted \$924,548 SGF to not implement salary adjustments in the Water Appropriations, Water Management, and Water Structures programs for FY 2024 and to review at Omnibus. Those adjustments are detailed below:

- **\$543,544 SGF** for the **Water Appropriations** program, which processes applications to appropriate water and changes to existing water rights in Kansas. This amount includes \$441,905 for salaries and \$101,638 for benefits.
- **\$119,194 SGF** for the **Water Management** program, which administers and enforces the Republican River and Arkansas River Compacts. This amount includes \$96,906 for salaries and \$22,288 for benefits.
- **\$261,810 SGF** for the **Water Structures** program, which regulates dams, stream modification, levees and floodplains. This amount includes \$212,854 for salaries and \$48,956 for benefits.

KANSAS DEPARTMENT OF AGRICULTURE – BASE SALARY ADJUSTMENTS – FY 2024					
Positions	Count	Average Current Salary	Average Increase Dollars	Average Increase Percent	
Water Appropriations					
Project Manager	1	\$ 109,241	\$ 5,759	5.27 %	
Water Commissioner	4	80,680	14,320	17.75	
Assistant Water Commissioner	4	59,217	10,783	18.21	
Environmental Scientist	28	47,720 – 68,250	1,750 – 9,643	2.56 – 14.65	
Environmental Technician	2	37,527	10,473	27.91	
Administrative Specialist	7	28,412	11,588	40.79	
Intern / Temporary*	3	14,948	(2,948)	(19.72)	
Water Management					
Chief Engineer	1	\$ 136,533	\$ 467	0.34 %	
Project Manager	1	111,209	3,791	3.41	
Professional Civil Engineer	3	74,421	19,220	25.83	
Environmental Associate	2	57,750	8,768	15.18	
Environmental Scientist	4	60,514	3,365	5.56	
Administrative Assistant	1	44,625	375	0.84	
Intern / Temporary*	2	10,192	1,808	17.74	
Water Structures					
Project Manager	1	\$ 99,383	\$ 15,617	15.71 %	
Professional Civil Engineer	7	66,155 – 75,690	17,951 – 19,221	23.72 – 29.05	
Environmental Associate	4	55,484 – 60,000	382 – 11,034	0.64 – 19.89	
Environmental Scientist	4	52,500 – 64,486	3,018 – 5,514	5.02 – 9.26	
Administrative Assistant	2	38,850	6,150	15.83	
Intern / Temporary*	1	10,192	1,808	17.74	

* The agency indicates these positions had part-time employees and are moving in-line with other programs.

- **Kansas Department of Health and Environment–Health.** The Conference Committee deleted \$276,502, including \$268,521 SGF, to not implement salary adjustments for FY 2024 and to review at Omnibus. Those adjustments are detailed below:

- **\$16,502**, including **\$8,251 SGF**, to provide a 2.5 percent salary increase to **11.0 FTE positions in the Medicaid program** for FY 2024.

The Governor's recommendation included a salary adjustment for 11.0 FTE positions that were requested as a budget supplement for Medicaid eligibility (10.0 FTE) and Health Care Access Improvement Program (HCAIP) (1.0 FTE) program support for FY 2023. The Medicaid eligibility positions would be stationed across the state to provide presumptive eligibility determinations at

Kansas clinics and hospitals. The additional 1.0 FTE position would review federal guidelines on rural hospital reimbursement programs to increase the funding for Kansas' rural hospitals and work with the Kansas Hospital Association to ensure the enhanced HCAIP funding is paid accurately to the hospitals on a quarterly basis.

The agency's enhancement request for FY 2024 included the same 11.0 FTE positions and included funding to provide each with a 2.5 percent salary increase. All 11.0 FTE positions are eligible for 50/50 federal match.

- **\$260,000 SGF** for the **Health Facility Surveillance** program for FY 2024.

The Governor's recommendation included a salary adjustment plan totaling \$85,046 SGF and an additional \$174,954 SGF to create two new surveyor positions for the Health Facility Surveillance (HFS) program. This program is responsible for meeting federal guidelines for the surveillance and certification of a variety of health facilities, including hospitals, critical access hospitals, and home health agencies, as well as helping facilities interpret and meet federal regulations. The agency reports ongoing challenges in recruiting and retaining registered nurse surveyors and, as a result, has been operating at a reduced staff level. The additional funding is intended to bring salaries of HFS nurses and other staff to a level that is more competitive within Kansas. The agency reports that the HFS program currently has three filled nurse surveyor positions, seven vacant positions, and plans to add two additional positions.

KANSAS DEPARTMENT FOR HEALTH AND INSURANCE – SALARY ADJUSTMENTS – FY 2024					
Positions	Count	Current Hourly Rate	Hourly Rate Increase		
			Dollars	Percent	
Medicaid Eligibility					
Reimbursement Analyst	1	\$ 27.40	\$ 0.69	2.5 %	
Presumptive Eligibility (PE) Sr. Manager	1	22.16 – 25.68	0.55 – 0.64	2.5	
PE Supervisor	1	22.16 – 25.68	0.55 – 0.64	2.5	
PE Coordinator	8	20.13 – 23.31	0.50 – 0.58	2.5	
Health Facility Surveillance					
RN Health Facility Supervisor	7	\$ 32.55	\$ 3.45	10.6 %	

- **Kansas Department of Transportation.** The Conference Committee deleted \$6.4 million, all from the State Highway Fund, to not implement a targeted salary adjustment plan for FY 2024 and to review at Omnibus. These adjustments include a total of 1,491 employees, including Equipment Operators, Engineer Technicians, Equipment Mechanics, and Professional Engineers, as authorized in Executive Directive No. 22-560.

The agency notes challenges with retaining equipment operators and engineering positions and developed this targeted plan in consultation with national transportation entities, surrounding states, and other state agencies, using market data.

KANSAS DEPARTMENT OF TRANSPORTATION – SALARY ADJUSTMENTS – FY 2024						
Job Classifications	Count	Current Hourly Rate	Hourly Rate Increase			
			Dollars	Percent		
Equipment Operator	732	\$ 15.75 – 20.13	\$ 0.87 – 1.25	4.93 – 7.94 %		
Engineer Technician	317	15.75 – 23.31	1.77 – 2.37	10.17 – 14.29		
Equipment Mechanics	76	17.39 – 19.16	3.19 – 4.71	18.34 – 24.58		
Progression Program Supervisors	189	19.16 – 33.37	0.29 – 7.57	1.01 – 34.16		
Engineer Associates	72	26.98 – 31.96	2.05 – 3.29	7.60 – 10.29		
Professional Civil Engineers	105	32.97 – 39.84	5.89 – 7.45	17.86 – 18.70		

Kansas Public Employees Retirement System

A. HB 2196, KP&F Affiliation and DROP Expansion (Law). HB 2196 authorizes the affiliation of certain persons employed by the Kansas Department of Wildlife and Parks into the Kansas Police and Firemen’s (KP&F) Retirement System beginning in FY 2024. The bill also expands the defined membership of the Deferred Retirement Option Program (DROP) to include any member of KP&F who is eligible to participate in DROP. The bill would also extend the sunset date for DROP from January 1, 2025, to January 1, 2031.

The Kansas Public Employees Retirement System (KPERs) indicates that expending DROP to all KP&F members requires an additional \$166,421 in expenditures, all from the Kansas Public Employees Retirement Fund (Trust Fund), and an additional 2.0 FTE positions for FY 2024, as follows:

- \$75,478 and 1.0 FTE position for a permanent Benefits Analyst II position;
- \$70,943 and 1.0 FTE position for a temporary Benefits Analyst I position to assist with enrollment, tracking, and education for members and employers; and
- \$20,000 for changes to KPERs information technology systems.

Note: Expenses related to the affiliation of certain employees into KP&F are discussed in the Kansas Department of Wildlife and Parks section of this memorandum.

B. HB 2100, Kansas Public Investments and Contracts Protection Act (Governor). HB 2100 creates the Kansas Public Investments and Contracts Protection Act and amends law prohibiting state agencies and other political subdivisions from giving preferential treatment to, or discriminating against, companies based on environmental, social, or governance (ESG) criteria in the procuring or letting contracts.

KPERs indicates enactment of the bill requires an additional \$915,000 in expenditures, all from the Trust Fund, and 1.0 FTE position for FY 2024. That amount includes \$750,000 for proxy voting services and \$165,000 and 1.0 FTE position for a permanent Investment Officer to help administer the Act.

Kansas Department of Labor

A. Forensic Audit Services (Additional Item for Consideration). 2021 Senate Sub. for Sub. for HB 2196 created the Unemployment Compensation and Improvement Council (UCMIC) and authorized it to conduct an audit of the Kansas Department of Labor’s Unemployment Insurance (UI)

system. The UCMIC contracted with FORVIS, LLC for forensic audit services, with a total award amount of \$250,000. Subsequent to the contract being awarded, FORVIS received numerous requests for additional work and meeting attendance outside the scope of the contract. Expenses exceeded the original \$250,000 amount by \$23,000. Accordingly, the agency requests an additional appropriation of \$23,000 SGF to pay remaining expenses from the contract.

B. HB 2401, Unemployment Compensation (Additional Item for Consideration). HB 2401 would amend law related to unemployment compensation. The bill passed the House Committee of the Whole on March 27, 2023, and is currently referred to the Senate Committee on Commerce. The Kansas Department of Labor requests consideration of the following two provisions from the bill, should HB 2401 fail to pass the 2023 Legislature:

- **Begin Benefit Year on a Sunday.** Currently a unemployment insurance (UI) benefit year typically starts on a Sunday and ends 365 days later. As a result, a new benefit year immediately following that may not start on a Sunday as they cannot currently overlap. This provision would make benefit years always begin on a Sunday. The agency indicates this would ease the burden on its staff and is important for modernization. Tata Consultancy Services, the vendor for the UI modernization project, recommends this change and indicates it would save considerable time, effort, and costs on customized programming. The agency indicates this would not negatively affect claimants or employers.
- **State Unemployment Tax Act Amendments.** This provision would remove the mid-year combining of rates when a business acquires another business in Kansas and accepts the experience rating, and only allow for rates to combine at the beginning of the year after the acquisition.

C. GBA No. 1, Item 12, Page 8 - Appeals Backlog.

Department of Administration

A. SB 11, *Ad Astra Plaza (Law)*. Among other provisions, SB 11 designates the Ad Astra Sculpture Fund as a no-limit special revenue fund in FY 2023 for the purpose of developing the *Ad Astra Plaza* on capitol area grounds. The plaza would include a life-size sculpture of the *Ad Astra* statue that tops the State Capitol Building, bronze plaques, and donor bricks.

B. SB 39, *1st Kansas (Colored) Voluntary Infantry Regiment Mural (Law)*. Among other provisions, SB 39 establishes the 1st Kansas (Colored) Voluntary Infantry Regiment Mural Fund for the purpose of developing a mural in the State Capitol Building honoring the regiment.

C. SB 66, *Centralized Electronic Record System (Law)*. SB 66 enacts the Interstate Teacher Mobility Compact (Compact). The provision of the bill enacting the Compact will likely have a negligible impact on the Kansas State Department of Education.

SB 66 also requires state licensing bodies to provide paper-based and verified electronic credentials to all credential holders. Additionally, the bill requires the Secretary of Administration to develop and implement a uniform or singular license verification portal for the purpose of verifying or reporting license statuses such as credentials issued, renewed, revoked, or suspended by licensing bodies or that have expired or otherwise changed in status on or before January 1, 2025.

The agency requests the following expenditures to enact the bill:

- **Licensing Verification Portal.** The Department of Administration would develop and implement a license verification portal for the purpose of verifying or reporting license statuses such as credentials issued, renewed, revoked, or suspended by licensing bodies or that have expired or otherwise changed in status. **The estimated cost for the portal includes a one-time expenditure of \$60,000 develop the portal and recurring expenditures of \$2,000 per month to maintain.**

- **Enterprise Licensing Platform.** The Office of Information and Technology Services (OITS) would also implement an enterprise-wide licensing platform that complies with the verification and reporting requirements of SB 66, particularly for agencies that utilize licensing solutions incompatible with external applications. OITS has identified seven licensing agencies that fall into this category:
 - Board of Accountancy;
 - Board of Barbering;
 - Board of Examiners in Optometry;
 - Board of Veterinary Examiners;
 - Governmental Ethics Commission;
 - Kansas Dental Board; and
 - Kansas State Board of Mortuary Arts.

This platform would allow for instant data sharing between agency records and the Department of Administration's licensing verification portal. The estimated per agency cost for the platform includes one-time expenditures of \$750,000 and recurring expenditures of approximately \$50,000 per year for annual licensing fees. For the seven agencies listed above, the estimate totals **\$5.25 million in one-time expenditures and \$350,000 per year after that.**

The Department of Administration indicates a potential alternative to additional appropriations for FY 2024 would be to provide agencies that require substantial investment an additional year to comply with the provisions of SB 66.

- **Independent Agency Costs.** The provisions of the bill requiring state licensing bodies to provide paper-based and verified electronic credentials will impact several state agencies, as follows:
 - The **Kansas Board of Pharmacy** requests an additional \$65,750 SGF and an additional 1.0 FTE position for FY 2024 and for FY 2025. Included in this estimate is \$53,250 for salaries and wages for a Senior Administrative Assistant. The remaining \$12,500 would be for other operating expenditures, such as overhead costs associated with the new staff person.
 - The **Kansas State Board of Hearing Examiners** requests an additional \$5,000 from the Hearing Aid Board Fee Fund for FY 2024 and FY 2025 for expenditures related to implementing the provisions regarding electronic credentials.
 - The **Office of the Attorney General** requests an additional \$57,275 SGF and an additional 0.5 FTE position for FY 2024. Included in this estimate is \$41,832 for salaries and wages for a part-time Administrative Specialist. The remaining

\$15,443 would be for other operating expenditures, such as IT purchases and IT services.

D. GBA No. 1, Item 17, Page 10 - Kansas Resident Income Tax Rebate.

Kansas State Department of Education

A. HB 2304, Firearm Safety Education Programs in Public School Districts (Veto). HB 2304 would create law related to firearm safety education programs conducted in public school districts. The bill would allow local school boards (local board) to provide firearm safety education programs. The State Board of Education (State Board) would be directed to establish curriculum guidelines for a standardized firearm safety education program, which would be required to include accident prevention.

The bill would provide that if a local board elects to provide firearm safety education, such instruction would have to be in accordance with the guidelines established by the State Board. Further, if a local board elects to provide firearm safety education courses, such instruction would be offered to ensure that all students are provided the opportunity to take the course.

The State Department of Education requests \$70,000, all from the SGF, for the implementation of HB 2304. According to the Department, HB 2304 would require the creation of a standards development committee, which would meet multiple times over the course of a year to develop the required standards. The funds requested would go toward the development and review of materials, transportation reimbursement for some in-person meetings, and other development costs. The Department notes that local school districts would incur costs to train teachers in the new standards and to purchase new curriculum materials, though the cost of these materials would not be known until the standards are developed.

B. HB 2080, Virtual State Assessments for Virtual School Students (Law). HB 2080 enacts law supplemental to the Virtual School Act to allow any student enrolled full-time in a Kansas virtual school to take required statewide assessments in a virtual setting.

The bill requires the administration of any virtual statewide assessment to meet several conditions that, when implemented, will mitigate the risk of a security breach occurring. Such conditions include, but are not limited to, the requirements that a student taking an assessment must be monitored by the exam proctor via a camera for the length of the assessment and that the device on which an assessment is being administered must be equipped with a browser lockdown software.

The bill requires the State Department of Education to implement the provisions of the bill using the Department's funds for the administration of all statewide assessments. The Department of Education requests additional expenditures of \$9,316,344 from the SGF beginning in FY 2024 in order to develop and administer parallel test forms for students enrolled in virtual schools..

This estimate includes expenditures for the state assessments totaling \$5.4 million, including \$5.0 million to develop parallel test forms for virtual students; \$276,640 for test administration monitoring and storage of audio and video recordings of the tests; \$30,000 for IT security required for audio and video monitoring; and \$125,000 for comparability studies and additional psychometric work for the virtual assessments. The Department notes that the cost estimates do not include any additional equipment required for the student to take the test in a virtual environment, such as a computer with a camera. In addition, each virtual student will be required to have a required security

application on the device. The Department notes that of the total cost estimate for the state assessments, \$2.3 million would be considered one-time expenditures and \$3.2 million would be needed on an ongoing basis.

The total cost estimate also includes \$3.9 million for the cost for virtual assessments for the Kansas English Language Proficiency Assessment (KELPA). This estimate includes \$3.7 million for development costs; \$4,704 for test administration monitoring; \$30,000 for information security costs; and \$125,000 for additional psychometric analysis and comparability studies. Of the total cost estimate for KELPA, \$1.8 million would be one-time expenditures and \$2.1 million would be needed on an ongoing basis.

Future costs beyond FY 2024 will depend on the number of virtual students taking the virtual tests. With the enactment of the bill, virtual schools will no longer have to rent space to take the assessments; however, any cost savings will not affect state aid to virtual schools and will have no effect on state expenditures.

C. GBA No. 1, Item 2, Page 2 - K-12 Education Budget Reinstated and Spring 2023 Education Consensus. The Governor recommends the reinstatement of the Kansas State Department of Education's budget into the Omnibus appropriations bill.

The Governor further recommends the adoption of the Spring 2023 Education Consensus estimate. The consensus estimates account for revised student enrollment numbers and property tax revenues, as well as a revised Base State Aid estimate.

- Delete \$10.7 million, including \$9.4 million SGF, for FY 2023 due to reduction in the Weighted FTE enrollment and an increase in the revenue from the Mill Levy.
- Delete \$22.7 million, including \$61.2 million SGF, for FY 2024 due to a reduction in the Weighted FTE enrollment and Base State Aid.
- Delete \$58.1 million SGF for FY 2025 due to a reduction in the Weighted FTE enrollment, Base State Aid, and the sunset of the High Density at Risk Weighting.

Kansas State School for the Deaf

A. Funding and FTE Position for an Outreach Position (House Committee). The agency requested \$30,000 and 0.5 FTE for an outreach position to provide parent-to-parent support. *HB 2184 appropriated the funding.*

Kansas Board of Hearing Aid Examiners

A. GBA No. 1, Item 6, Page 4 - Operating Expenditures.

Board of Regents

A. HB 2184, Transportation Research Fund (Line-Item Veto). The Governor line-item vetoed language concerning a newly created Transportation Research Fund and a transfer of \$9.0 million to the fund from the Transportation Technology Development Fund at the Kansas Department of Transportation (KDOT) for FY 2024. The vetoed language authorized expenditures from the fund for transportation research projects at certain universities. This funding is derived from the State Highway Fund. The Governor stated that the Legislature should fund these research projects at universities through a different manner, rather than by returning to the practice of diverting state highway funding. The veto message expressed support for innovative transportation research at institutions of higher education.

B. HB 2184, Comprehensive Grant (Line-Item Veto). The Governor line-item vetoed language pertaining to the Comprehensive Grant for FY 2024. The language that is being vetoed refers to the Comprehensive Grant being distributed in the same proportionate amount as it was in FY 2022. The Governor stated this language would cut funding for students who have already been awarded scholarships. Continually, she states that this will take away scholarships that were already promised to students who have demonstrated financial need and instead provide 50.0 percent of the allocated funds to only 6.0 percent of Kansas students.

C. HB 2184, Diversity, Equity, and Inclusion Proviso (Line-Item Veto). The Governor line-item vetoed language pertaining to diversity, equity and inclusion. The governor stated that supporting students from all backgrounds regardless of socio-economic status or geographic location, is vital to creating well trained workforce and growing the Kansas economy. The Governor stated that the funding restrictions limits our universities efforts to find a skilled workforce and limit the ability to support students from all background throughout their higher education experience. Continually, she stated that the hallmark of our higher education system is commitment to facilitating open dialogue that allows students to learn, grow and challenge their thinking.

D. Consider the Addition of \$10.5 million SGF for Technical Colleges and Washburn Institute (House Committee). The Committee will consider adding \$10.5 million SGF for a newly created SGF account called Technical Operations Account for the technical colleges operating expenses at the seven colleges.

E. Consider the Addition of \$500,000 SGF for the University Engineering Initiative at Private and Independent Colleges (House and Senate Committees). The Committee will consider adding funding to the University Engineering Initiative at private and independent colleges that have a physical presence in Kansas for FY 2024. The Committee will consider adding language requiring a \$1 for \$1 local match from non-state or private funds and directing that funding can only be used for recruitment and retention of instructional faculty, student aid, internships and purchasing engineering equipment.

F. Consider Possible Adjustments for Community and Technical Colleges (Senate Committee). The Conference Committee on HB 2184 adopted the Senate position of to add \$5.0 million SGF for CTE Capital Outlay for community colleges currently eligible for funding. The Conference Committee adopted the Senate position to add \$14.3 million SGF to community and technical colleges to expand registered apprenticeships, business, and industry partnerships. *The following items are included in HB 2184:*

- The House Committee added \$3.8 million SGF for CTE capital outlay aid;

- The House Committee added 5.0 percent inflation cost to the tiered and non-tiered courses using existing funds;
- The Conference Committee added \$5.0 million SGF for the ten community colleges that are not currently eligible for funding; and
- The Conference Committee added \$6.5 million SGF for a one time expense for community and technical colleges cybersecurity

The agency requests \$2.6 million SGF for student success navigators at each community and technical colleges to work with students to ensure completion and reduce the number of students not completing degrees or programs. *This item was not included in HB 2184.*

G. Consider the Addition of \$6.9 million SGF for Community Colleges for Capital Outlay (Senate Committee). The agency request is to fund advisers at each community college to work with high school students. *This item was not included in HB 2184.*

H. Consider the Addition of \$15.0 million SGF for University Capital Renewal Initiative (Senate Committee). The Board of Regents requests funding for the continued state investment to boost improvement to the state universities facilities with a focus on renovation, infrastructure modernization, and building systems upgrades. *This item was not included in HB 2184.*

I. Consider the Addition of \$21.7 million SGF for Universities Inflation and Cybersecurity (Senate Committee). The agency requests additional funding for mandatory cost increases by universities and an update to the campuses operating cost of IT infrastructure including hardware, software, network, and cybersecurity. *This item was not included in HB 2184.*

J. Washburn University IT Network Support (Senate Committee). The Conference Committee added \$450,000 using federal ARPA funds. This addition fulfills the Washburn Cybersecurity request. *HB 2184 included \$450,000 from federal ARPA funds for this purpose.*

K. Add \$46.0 million SGF for the Board of Regents Building a Talent Pipeline Initiative (Senate Committee). The agency has multiple requests within the Building Talent Pipeline Line enhancement including funding for Strategic Enrollment (\$8.5 million), expanding the distinguished faculty program (\$30 million), Washburn BRITE Center (\$195,275), CTE Capital Outlay Aid (\$3.8 million), and the Technical College salary pilot (\$3.5 million). *These items are not included in HB 2184.*

The Conference Committee funded the request for \$3.8 million SGF for CTE capital outlay aid in HB 2184.

L. Two-Year Colleges Cybersecurity Request (Senate Committee). The Conference Committee added \$6.5 million SGF for the community and technical colleges cybersecurity requests. This addition fulfills the request for cybersecurity at two-year colleges. *HB 2184 included \$6.5 million SGF for this item.*

M. Consider the Addition of \$700,000 SGF for the Hero's Act Scholarship Program (Senate Committee). The agency requests to continue state investment for eligible dependents and spouses of certain deceased/disabled public safety, public office, and military personnel to enroll at higher education institutions with no charge for tuition fees. *This item was not included in HB 2184.*

N. SB 123, Kansas Adult Learner Act (Governor). SB 123 contains the contents of HB 2400 which would create the Kansas Adult Learner Grant Act. The agency estimates administrative expenditures of \$187,427 SGF for salaries and benefits including 2.0 FTE positions. The bill would

require an the appropriation of the new Kansas Adult Learner Grant Fund and an SGF transfer of \$1.0 million to that fund to award maximum \$3,000 scholarship to approximately 166 students. The Adult Learner Grant Act would sunset on July 1, 2028.

The agency estimates the bill would require funding of \$177,119 SGF based on Kansas State Department of Education estimates for the current three year average of CTE credentials received by high school students.

Emporia State University

A. Consider the Addition of \$1.9 million SGF for SMART Kansas 21, Cybersecurity Center, and the Prophet Aquatic Research Center (Senate Committee). The agency requests \$300,000 SGF for the Prophet Aquatic Research and Outreach Center, which provides specialized laboratory facilities to support the research program of the Jones Endowed Professor of Aquatic Sciences for FY 2024. The Center also provides needed infrastructure and staffing to increase the state's capacity to conduct aquatic research, train future aquatic scientists, and expand K-12 outreach education efforts to better inform the public about the importance of water to the state. *This item was not included in HB 2184.*

HB 2184 added \$510,000 SGF for the Science and Math Recruitment of Teachers (SMART) Kansas 21 request and \$1.1 million SGF for Cybersecurity Center Academic programming for FY 2024. The agency states that the SMART Kansas 21 program will assist in recruiting students to careers teaching science and math. These efforts will build on existing strengths in the Departments of Physical Sciences, Biological Sciences, and Mathematics and Economics; as well as recruit, train, and graduate highly qualified teachers from the Teacher's College in areas of need (Life Sciences, Chemistry, Earth and Space Science, Physics, and Math).

The agency states that the funding for the Cybersecurity Center will provide better qualified cybersecurity professionals to the labor market and provide training to organizations operating within rural communities. ESU will target small business, non-profits, agriculture, and area hospitals and health care centers. Resources will be used to raise awareness of the importance and possibilities of careers in cybersecurity.

Fort Hays State University

A. Consider the Addition of \$6.0 million SGF for the Center for Student Success Center (Senate Committee). The agency requests a one-time appropriation of \$6.0 million SGF to construct the Center for Student Success at the Memorial Union for FY 2024. The facility will be used for academic advising, professional development and career success support. This funding would eliminate a student fee and retire the associated bond debt. A bond of \$10.5 million was issued in 2020 for Fort Hays State University to construct a three-story Center for Student Success attached to the Memorial Union, with a portion of the project funded from a private gift. Debt service on the bond is currently financed with a student fee of \$4 per credit hour. *This item was not included in HB 2184.*

Kansas State University

A. Consider the Addition of \$25.0 million SGF for the Bio Manufacturing Program, KSU Ag Innovation and Interdisciplinary Program K-State 105 Initiative (Senate Committee)

The agency requests \$5.0 million SGF for the Land Grant Promise Scholarship expansion offered to Pell Grant eligible students for tuition not covered through aid or other scholarships for FY 2024. *This item was not included in HB 2184.*

The agency requests \$10.0 million SGF for Bio Development Module for FY 2024. This is a one time request that will provide capacity for pilot-scale manufacturing and commercialization of biologics and pharmaceutical compounds in high containment. The agency states that research partnerships will allow for the development of countermeasures for a broad range of current and future emerging diseases to fill the gap from proof of concept to scalable production. This request is to build out shell space in the BRI (Bio-security Research Institute), purchase equipment and support researchers, and support corporate partners using the facility in addition to developing a business model for sustainability. *This item was not included in HB 2184.*

The Conference Committee added \$5.0 million SGF to KSU ESARP for the K-State 105 program for FY 2024 and FY 2025. K-State 105 focuses on enhancing the university's presence in all 105 Kansas counties by building on the university's leadership role and by helping create sustainable growth across the state. The program streamlines methods for businesses and communities statewide to access the university's innovation, talent, and training through local liaisons and coordinated resources. *HB 2184 included \$5.0 million SGF for this item.*

The Conference Committee added \$5.0 million SGF to the Bio Manufacturing Training Education program for FY 2024. The agency states that the Biomanufacturing Training and Education Center (BioMTEC) will serve new bio-science and biomanufacturing industries choosing to locate in Kansas due to the expertise at KSU and the National Bio and Agro-Defense Facility. This request is to renovate 2,000 square feet on central campus to create a dedicated teaching laboratory with a comprehensive biomanufacturing line that supports all phases of biomanufacturing processes. *HB 2184 included \$5.0 million SGF for this item.*

University of Kansas Medical Center

A. Senate Sub. for HB 2060, OBGYN Residency Loans and Osteopathic Medicine Scholarships (Conference Committee). Provisions of Senate Sub. for HB 2060 would include medical residency training in OBGYN as part of postgraduate medical residency programs that qualify for state medical student and medical residency loan assistance. Further, provisions of the bill would increase the number of medical student loan agreements available at the University of Kansas School of Medicine (KUMC) from 6 to up to 12.

KUMC indicates the bill would require the addition of \$943,000 SGF to a newly appropriated OBGYN Medical Student Loan account and \$30,000 SGF to a newly appropriated OBGYN Medical Residency Bridging Loan account annually. The agency indicates that without this additional funding, the expansion could reduce available awards that would have otherwise gone to students enrolled in primary care programs. KUMC also estimates the bill would require the addition of \$27,000 SGF and 0.4 FTE position to administer the program. The agency is requesting a total of \$1.0 million SGF to implement the program for FY 2024. *This item was not included in HB 2184.*

Pittsburg State University

A. Consider the Addition of \$6.0 million SGF for PSU to Support NIMA, Center for Technologies, Global Center for Stem, and National Center for Micropolitan Studies (Senate Committee). The agency requests \$2.0 million SGF to allow PSU to create the The Center for Emerging Technologies which will expand course offerings and degree programs necessary to the cutting-edge technologies that are growing the U.S. and global economy. *This item was not included in HB 2184.*

The agency request \$2.0 million SGF for the Global Center for STEM to improve the teaching of Science, Technology, Engineering and Math across the K-12 curriculum, as well as improved institutional alignment and outreach in technical education. The agency states this interdisciplinary Center will support increased research, education, and outreach capacity and impact as well as facilitate improved internal and external strategic alignment and support the development of an innovative continuing education and professional development approach to support Kansas teachers and students. *This item was not included in HB 2184.*

The agency requests \$2.0 million SGF for the National Micropolitan Studies program. The Office of Management and Budget (OMB) first defined “micropolitan areas” as emerging metropolitan areas important for regional economic growth that are centered on a small urban core of more than 10,000 but less than 50,000 in population, along with closely tied counties. Given the university's geographic location, mission, research, and work in supporting economic prosperity of the region, Pittsburg State University is positioned to lead in research and program development to support the growth of these vital areas. The agency states that the establishment of the program will allow them to attract additional students, and better position Pittsburg State for federal funding for basic and applied research grants. *This item was not included in HB 2184.*

The Conference Committee added \$4.0 million SGF for the NIMA institute Prove-Out Facility. The agency requested a one time match to a federal grant for the National Institute for Materials Advancement (NIMA). Pittsburg State University intends to build and equip the National Institute for Materials Advancement's (NIMA) Prove-Out Facility, a 20,000 square foot facility for local and regional entrepreneurs, and businesses, to assist in moving conceptual products from proof-of concept to pilot-scale within the research center. NIMA's Prove-Out Facility will provide the region with the ability to produce local materials and products, and to provide regional businesses with a skilled workforce to accomplish small-scale runs, and prototyping, for larger-scale production. *HB 2184 included \$4.0 million SGF for this item.*

Wichita State University

A. Consider the Addition of \$20.0 million SGF to Construct a Health Science Education Center in Wichita (Senate Committee). The Senate Committee recommended reviewing the possible addition of \$20.0 million SGF to construct a Health Science Education Center in Wichita, which is a joint project between WSU and the University of Kansas (KU) for FY 2024. *This item was not included in HB 2184.*

The Conference Committee added a total of \$142.0 million, all from federal ARPA funds, for the joint Health Science Education Center project in Wichita for FY 2024. The federal funds are split

evenly between WSU and KU, with \$71.0 million going to each. *HB 2184 includes \$142.0 million from federal ARPA funds for this item, split evenly between WSU and KU.*

Kansas Department of Corrections

A. HB 2184, Pathways to Purpose Pilot Program (Line-Item Veto). The Governor line-item vetoed the \$1.4 million SGF for the Pathways to Purpose Pilot Program for FY 2024. The Governor states she supports substance use treatment programs in the correctional facilities through funding that has been approved in a bipartisan, transparent process. An open, competitive bidding process is key to ensuring that our state contracts provide the most value to Kansas taxpayers. The Governor believes this appropriation fails to do this by creating strict requirements that would likely favor a single vendor.

B. Review the Deletion of \$9.6 million SGF for Adult Correctional Officers to Move to the Kansas Police and Firemen's [KP&F] Retirement System for FY 2024 (Senate Committee). The funding was deleted during conference. No legislation for this action to occur was passed.

C. GBA No. 1, Item 13, Page 8 - Improved Mail Handling Process.

D. GBA No. 1, Item 14, Page 9 - Natural Gas Bills.

Kansas Sentencing Commission

A. Senate Sub. for HB 2010, Certified Drug Abuse Treatment (Conference Committee). This bill contains HB 2070, which would increase the number of offenders who would be eligible for certified drug abuse treatment programs. The Commission estimates enactment of the bill could increase the number of SB 123 drug treatment offenders and estimates the cost at \$1.8 million SGF, based on the average cost of treatment (\$4,057 per offender in FY 2022).

Kansas Department of Agriculture

A. Additional Water Structures Position (Conference Committee). The Conference Committee deleted \$114,107 SGF and 1.0 FTE position to not add additional personnel in the Water Structures program and requested to review at Omnibus. The agency indicates this position would restore stream obstruction services. This item was originally part of an agency enhancement request that included salary adjustments within this program. Those adjustments are discussed in the State Employee Pay section of this memorandum.

B. Additional Water Management Positions (Conference Committee). The Conference Committee deleted \$202,519 SGF and 2.0 FTE positions to not add additional personnel in the Water Management program and requested to review at Omnibus. The agency indicates the funding and positions would enhance available public information and record-sharing capabilities. This item was originally part of an agency enhancement request that included salary adjustments within this program. Those adjustments are discussed in the State Employee Pay section of this memorandum.

C. Additional Water Appropriations Positions (Conference Committee). The Conference Committee deleted \$158,471 SGF and 2.0 FTE positions to not add additional personnel in the Water Appropriations program and requested to review at Omnibus. The agency indicates these positions would reduce processing times for water rights applications. This item was originally part of an agency enhancement request that included salary adjustments within this program. Those adjustments are discussed in the State Employee Pay section of this memorandum.

D. Additional Water Management Grant Position (House Committee). The House Committee requested review at Omnibus of the agency's enhancement request of \$100,000 SGF and 1.0 FTE position for the Water Management Grant program. The agency indicates this position would manage incoming federal funds from the Infrastructure Investment and Jobs Act, ensuring the agency utilizes all available federal funding opportunities.

E. Additional Conservation Grant Position (House Committee). The House Committee requested review at Omnibus of the agency's enhancement request of \$100,000 SGF and 1.0 FTE position for the Conservation Grant program. The agency indicates the Infrastructure Investment and Jobs Act will make more funding available to the states. However, the agency also notes little current capacity to devote time and management towards those federal awards. Hiring a grants manager, according to the agency, would enable that capacity.

F. Extend Funding for Agricultural Marketing Position and Restore Operational Funding (House Committee). The House Committee requested review at Omnibus of the agency's enhancement request of \$355,760 SGF and 1.0 FTE position to extend a grant-funded position and restore funding to support professional and contractual services. Of the total amount, \$100,760 would go to support 1.0 FTE that the agency indicates is currently grant funded. The request would ensure the position would be funded moving forward. The agency also requests funding to restore the 10.0 percent reduction applied to the program in FY 2022.

Department of Wildlife and Parks

A. HB 2184, Kansas Kids Lifetime Combination Hunting and Fishing License (Line-Item Veto). The Governor line-item vetoed language making all children up to 15 years of age eligible for the Kansas Kids Lifetime Combination Hunting and Fishing License for FY 2024. The Governor stated that last year she signed bipartisan HB 2456, which created these licenses for youth between the ages of birth and 7 years. She further stated that if the Legislature would like to pass this type of funding allowance, that the Legislature should work with the Department of Wildlife and Parks to ensure the measure increases outdoor activities while also supporting the long-term financial viability of the agency responsible for encouraging such outdoor activities.

B. HB 2196, KP&F Affiliation and DROP Expansion (Law). Among other provisions, HB 2196 authorizes the affiliation of certain persons employed by the Kansas Department of Wildlife and Parks into the Kansas Police and Firemen's Retirement System (KP&F) on July 1, 2023. The Department of Wildlife and Parks estimates that expenditure limitations would need to be increased by \$1,005,060 total for FY 2024 across several agency fee and federal funds in order to meet employer contributions for those employees newly eligible for KP&F.

Additionally, the Department of Wildlife and Parks estimates a one-time payment of \$2,733,769 to be paid to the Kansas Public Employees Retirement System (KPERs) to offset the loss of contributing members. That payment could be made in 20 yearly installments, or one or two

payments. The Department indicates its preference to make the \$2.7 million payment over two fiscal years, including one in FY 2024 and one in FY 2025.

The bill also expands the Deferred Retirement Option Program (DROP). The fiscal impacts to KPERS is discussed in its section of this memorandum.

C. HB 2039, Lehigh Portland State Park (Law). Among other provisions, HB 2039 requires the Secretary of Wildlife and Parks, or the Secretary's designee, to issue a free permanent hunting and fishing license to any person residing in the state upon providing proof to the Secretary that such person is a disabled veteran. The bill also designates the Lehigh Portland Trails in Allen County as Lehigh Portland State Park.

The Department of Wildlife and Parks estimates \$50,000 would be needed for FY 2024 relating to title work, surveying the 14 parcels of the Lehigh Portland property, performing a Phase I Environmental Site Assessment and closing costs.

The agency has requested the entire project amount from federal funds provided through the State Park Revitalization and Investment in Notable Tourism (SPRINT) Grant offered by the Department of Commerce. If approved, these funds would pay for the entire project cost.

D. GBA No. 1, Item 16, Page 9 - KP&F Unfunded Liability Payment.

Kansas Water Office

A. Senate Sub. for HB 2302, Kansas Water Plan Funding (Law). Senate Sub. for HB 2302 establishes funding for the State Water Plan and water infrastructure projects, creates the Water Technical Assistance Fund (Assistance Fund) and the Water Projects Grant Fund (Grant Fund), and authorizes the Kansas Water Office (KWO) to provide grants.

The bill requires transfers totaling \$35.0 million SGF to the State Water Plan Fund (SWPF) for FY 2024. Of that \$35.0 million SGF transfer, \$5.0 million will be transferred to the Assistance Fund, and \$12.0 million will be transferred to the Grant Fund. Both of those new funds will be administered by the KWO. In order for expenditures to be made from these funds, they will need to be included in an act of appropriation.

In order to fulfill the requirements of the bill, the KWO estimates expenditures totaling \$500,000 from the STWP and requests a new SWPF line item be created for the agency. Of the \$500,000, the KWO estimates \$200,000 for salary and wages and \$300,000 to contract with outside counsel to develop rules and regulations relating to the bill.

B. Water Storage Debt—Milford and Perry Lake Reservoirs (House and Senate Committee). The Governor recommended expenditures totaling \$53.0 million SGF in FY 2023 to pay off water storage debt associated with Milford and Perry Lake reservoirs. Both the House Committee and Senate Committee deleted the funding and requested review at Omnibus.

Additional information regarding water storage debt can be found in the Office of the State Treasurer section of this memorandum.

Adjutant General's Department

A. GBA No. 1, Item 15, Page 9 - Kansas City Readiness Center Flood Repair.

Kansas Department of Transportation

A. SB 49, Light-Mitigating Technology Systems on Wind Turbines (Law). SB 49 requires the installation of a light-mitigating technology system (lighting system) in new and existing wind turbines upon approval from the Federal Aviation Administration (FAA). Further, the bill requires any vendor approved by the FAA for the lighting system installation to provide the Kansas Department of Transportation (KDOT) Aviation Division notice of progress in a manner prescribed by the agency. If the lighting system installation is delayed beyond 24-months, the vendor must update the agency every three months with reasons for the delay and project status.

The agency requests an increase of \$108,000, all from the State Highway Fund, and 2.0 FTE Public Service Administrator positions for the Aviation Division to manage the lighting system filings for FY 2024. This includes \$100,000 for salaries and wages and \$8,000 for operating expenses. These positions would process vendor notices of progress, including notices filed every three months regarding delayed installation, and address inquiries from local governments and citizens. Expenditures would also support development of electronic filing methods.

B. HB 2335, Rail Service Improvement Fund (Law). HB 2335 increases the amount transferred from the State Highway Fund to the Rail Service Improvement Fund from \$5.0 million to \$10.0 million annually, starting in FY 2024. Pursuant to KSA 75-5048, this fund provides grants and assistance to qualified entities for the purposes of acquiring or rehabilitating railroad and rolling stock. The bill will add track maintenance to the list of allowable purposes, include short line railroads under the definition of qualified entities, and require expenditures from the fund of not less than \$10.0 million annually, starting in FY 2024.

The agency indicates this bill effectively merges the Short Line Rail Improvement Fund, which was established with Eisenhower Legacy Transportation Program and sunsets at the end of FY 2023, with the older Rail Service Improvement Fund.

The agency requests an increase in expenditures of \$5.0 million, all from the Rail Service Improvement Fund, to align with the provisions of HB 2335 for FY 2024. This adjustment would provide expenditures totaling \$10.6 million from the fund for FY 2024.

C. HB 2298, Highway Designations (Governor). HB 2298 would designate a portion of US-69 in Crawford County as the Officer Donald Burton Gamblin Jr. Memorial Highway and a portion of I-435 in Johnson County as the Robert Lessen Memorial Highway. The bill would require KDOT to place suitable signs along the highways indicating these designations. The agency requests an increase totaling \$20,640, all from the State Highway Fund, for FY 2024 to manufacture and install the required signs.

Kansas Bureau of Investigation

A. House Sub. for SB 116, Elimination of Concealed Carry License Fees (Law). Among other provisions, House Sub. for SB 116 removes a \$100 issuance fee and a \$25 renewal fee paid to the Attorney General (AG) by persons seeking a concealed carry firearm license. Pursuant to KSA 75-7c13, a portion of the revenue from these fees above what is necessary by the AG to operate the Concealed Carry Licensing Unit is transferred to the Forensic Laboratory Fee Fund at the Kansas Bureau of Investigation (KBI) annually. This transfer supports laboratory services provided to local law enforcement agencies, such as DNA, toxicology, and ballistics analysis.

The KBI requests the addition of \$160,069 SGF for the Forensic Laboratory program for FY 2024 to offset decreased revenue resulting from elimination of the fees. This funding primarily supports salaries and wages expenditures for existing forensic scientist positions. The agency indicates that without this funding, laboratory services could be delayed or limited.

B. Senate Sub. for HB 2010, Jailhouse Witness Testimony (Conference Committee). Among other provisions, Senate Sub. for HB 2010 would require the prosecuting attorney to transmit records to the KBI regarding cases in which jailhouse witness testimony was utilized in a criminal prosecution. Further, the bill would require the KBI to maintain a confidential statewide database of such information, including the criminal history of the jailhouse witness, the cooperative agreements and benefits provided to the jailhouse witness, contents of the witness statement, and any recanting of testimony or statements.

The agency would require the addition of \$182,180 SGF for security measures associated with administering the jailhouse witness database for FY 2024. The agency would expand the existing Kansas Criminal Justice Information System to include this new database. Expenditures include \$165,000 for software licensing, \$12,410 for staff training and installation, and \$4,770 for system maintenance.

C. Postmortem Toxicology Pilot Project (Additional Item for Consideration). The agency requests \$37,000, all from a newly created federal Substance Use Disorder Fund, and 1.0 FTE to hire a temporary Forensic Scientist for a pilot project that expands postmortem toxicology services at forensic laboratories in FY 2023. The agency requests \$37,873, all from the same federal fund, to continue the project for part of FY 2024. The project is collaborative effort, utilizing federal funding provided through the Kansas Department of Health and Environment (KDHE), to monitor substances such as fentanyl and other opioids in cases that exhibit unintentional drug overdose.

KDHE states this pilot project would provide a better understanding of the drug crisis in Kansas by collecting data on overdoses mortality. The KBI states such data would shape public awareness campaigns and support criminal prosecutions. A memorandum of agreement between KBI and KDHE would make the project effective from May to August of 2024, with an option for KDHE to seek further federal funding if the project is beneficial. Expenditures include salaries and wages for a forensic scientist, equipment, and laboratory supplies.