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April 26, 2021

ITEMS FOR OMNIBUS CONSIDERATION

Department of Agriculture

A. GBA No. 3, Item 15, Page 10 – Establishment of Animal Facility Inspection Division.

Kansas Department of Health and Environment – Division of Environment

A. Possible Addition of $120,000, all From the State General Fund (SGF), for Replacement Laboratory Equipment in Fiscal Year (FY) 2021 and for FY 2022 (Senate Committee). The agency requested a supplemental request of $250,000, all SGF, in FY 2021 and an enhancement request of $295,000, all SGF, for FY 2022 for laboratory equipment. The funds would prioritize replacing equipment for testing drinking water, which the agency is currently unable to complete due to broken equipment. The Conference Committee on HB 2007 added $120,000, all SGF, for FY 2022 for laboratory equipment.

B. Addition of Language for FY 2022 Requiring the Agency to Maintain its Current Staffing Levels of Professional and Associate Engineers in the Livestock Waste Management Program and Also Requiring the Agency to Instead Reduce Staffing Levels Among Either Environmental Specialist or Inspection Staff to Achieve SGF Savings (Senate Committee). As part of its reduced resources budget, the agency proposed eliminating an engineer position within its Livestock Waste Management Program. The Senate Committee on Agriculture and Natural Resources heard testimony from stakeholders expressing concern that this elimination would cause a backlog of permits. The Conference Committee on HB 2007 added language requiring the agency to maintain its current staffing levels of engineers in the Livestock Waste Management Program and to reduce staffing levels among either environmental specialist or inspection staff to achieve the SGF savings.

C. Status of Stakeholder Meetings Between Emissions Producers and the Agency, and the Status of the Air Quality Fee Fund (Senate Committee). The Bureau of Air is primarily funded by the Air Quality Fee Fund, which receives fees on each ton of emission produced by Class 1 facilities. As emissions have decreased, revenue for the Bureau has also decreased. The agency is proposing to change its fee schedule to continue adequately funding the program. The agency held six outreach meetings in calendar year (CY) 2020 and has held four meetings so far in CY 2021 to discuss potential fee increases with stakeholders, during which the agency proposed three fee schedule options as well as other mechanisms to control fees. The Air Quality Fee Fund is estimated to reach a negative balance in FY 2025. The agency has stated in order to implement a new fee schedule, it must begin the rules and regulations process by January 2022.

Kansas Department of Labor

A. Senate Sub. for Sub. for HB 2196, Unemployment Insurance Modernization (Governor). Among other provisions, Senate Sub. for Sub. for HB 2196 requires a new unemployment insurance system to be deployed and specifies the system include certain features and benefits. The Kansas Department of Labor (KDOL) estimates a total cost of $46.7 million, including $9.6 million SGF, in FY 2021 and FY 2022 to deploy the new system. This amount requested includes $27.8 million, all from special revenue and federal funds, in FY 2021 and $18.9 million, including $9.6 million SGF, for FY 2022. Of the total amount requested, the agency estimates $42.7 million for design and implementation of the system and $4.0 million in annual maintenance costs.

B. The Agency's FY 2021 and FY 2022 Budgets (Senate Committee). HB 2007 includes KDOL FY 2021 operating expenditures of $746.2 million, including $1.4 million SGF. This is an increase of $541.6 million, all from special revenue funds, above the FY 2021 approved amount. The increase is primarily due to increased expenditures for benefit payments from the Unemployment Insurance Trust Fund ($530.6 million). The increase is also due to increased expenditures on staffing due to additional positions, primarily in the Unemployment Insurance program. This amount includes a $30.0 million transfer from the federal Coronavirus Relief Fund recommended by the SPARK Taskforce and approved by the State Finance Council. These funds have been primarily used for contracted staffing in the Unemployment Insurance call center as well as in Information Technology to implement new unemployment insurance programs. The budget includes 506.1 full-time equivalent (FTE) positions, which is an increase of 119.7 positions above the FY 2021 approved number. This increase is due to additional staffing in response to the COVID-19 pandemic and increased unemployment insurance program activity.

HB 2007 includes KDOL FY 2022 operating expenditures of $452.4 million, including $1.5 million SGF. This is an all funds decrease of $292.1 million and an SGF decrease of $139,379 from the FY 2021 amount in HB 2007. The SGF decrease is primarily due to the agency's reduced resources budget. The all funds decrease is primarily due to decreased benefits payments from the Unemployment Insurance Trust Fund ($260.1 million). The decrease is also due to the $30.0 million transfer from the federal Coronavirus Relief Fund that occurred in FY 2021 not reoccurring in FY 2022.

Department of Wildlife, Parks and Tourism

A. Possible Addition of $50,000 to Combat Aquatic Nuisance Species in Kansas Lakes and Reservoirs for FY 2022 (Senate Committee). The Committee requests fee fund balances for funds that may be used for the addition. The agency requested the enhancement request be funded from the State Water Plan Fund, which has an estimated FY 2022 ending balance of $369,697 based on HB 2007. The agency currently uses Wildlife Fee Fund moneys to fund the project. The Wildlife Fee Fund has an estimated FY 2022 ending balance of $6.4 million.

Kansas State Fair

A. If the Addition of $425,000, all SGF, to Hire 600 Fair-Time Employees for FY 2022 is Still Required (Senate Committee). The Legislative Coordinating Council approved the transfer of an additional $1.3 million, all SGF, in March 2021 to replace lost revenue. The Conference Committee did not include the addition of $425,000, all SGF, in HB 2007.

Board of Veterinary Examiners

A. Status of Executive Order No. 20-19 and Receive Updated Information From the Agency on the Status of the Number of Licenses That Have Not Been Renewed in FY 2021 (Senate Committee). The Senate Committee on Transparency and Ethics heard testimony from the agency expressing concern that veterinarians are allowed to continue practicing without renewing their licenses due to Executive Order No. 20-19. Executive Order No. 20-19 extends professional and occupational licenses during the COVID-19 pandemic until 90 days following the termination of the State of Disaster Emergency. SB 40 extended the State of Disaster Emergency to May 28, 2021, and revoked all executive orders on March 31, 2021. On April 1, 2021, the Governor issued Executive Order No. 21-09, which extends licenses until 90 days following the termination of the State of Disaster Emergency. Currently, 28 veterinarians have not renewed their licenses and the agency is beginning the process for CY 2021 license renewal.

Attorney General

A. Scrap Metal Theft Reduction Reimbursements. HB 2007 includes a transfer of $400,000 from the SGF to the Attorney General Scrap Metal Theft Reduction Fee Fund for the purpose of reimbursing scrap metal dealers $1,000 for each year scrap metal dealers paid registration fees under the Scrap Metal Theft Reduction Act and the act was not operative and for fingerprinting costs prior to July 1, 2020, in FY 2021. The transfer language was added by the Conference Committee on HB 2007, but expenditures were not added to the Attorney General's budget in FY 2021. Adding expenditures in the amount of $400,000 for this purpose in FY 2021 may more accurately reflect the intent of the proviso. Additionally, the Committee may want to consider adding language to allow the agency to make these reimbursements for FY 2022 in case the agency cannot make all reimbursements in the remaining months of FY 2021 due to timing.

B. HB 2114, Elder and Dependent Abuse Team Staffing (Law). HB 2114, as amended, requires the Attorney General to appoint a Kansas elder and dependent abuse multidisciplinary team coordinator and appoint additional staff as necessary to support the coordinator. The coordinator is required to facilitate the convening of an elder and dependent adult abuse multidisciplinary team in each judicial district. Beginning in CY 2022, the Attorney General will be required to submit a report to the Legislature, on or before the first day of each regular legislative session, on the implementation and use of the teams. The Office of the Attorney General states enactment of the bill will require 1.0 FTE position and requests the addition of $97,077, all SGF, for salaries and wages and other operating expenses.

C. HB 2079, Attorney General Duties (Conference Committee). HB 2079, as amended, would transfer certain duties from the Secretary of State to the Attorney General and would amend law related to notices offering help to victims of human trafficking. In addition to language originally included in HB 2079, this bill includes language originally included in SB 264 and SB 56, as follows:

- **Charitable Organizations and Solicitations Act.** The bill would amend the Charitable Organizations and Solicitations Act to transfer responsibilities related to registration under the act from the Secretary of State to the Office of the Attorney General. The bill would require the appropriation of a new no limit fund, the Charitable Organizations Fee Fund, in the State Treasury. All money received under the act would be remitted to the newly created fund. In addition to the creation of the no limit fund, the agency would require the addition of 1.0 FTE position to manage the Act, and $89,128, all SGF, for salaries and wages and other expenses.

- **Safe At Home Program.** The bill also would amend statutes regarding a substitute mailing address program (“Safe at Home” program) for certain victims of domestic violence, sexual assault, human trafficking, or stalking, to transfer responsibility for administering the Safe at Home program from the Secretary of State to the Attorney General. The agency indicates costs of housing the Safe at Home program within its Victim Services Division could be absorbed within existing resources.

- **Kansas Fights Addiction Act.** HB 2079 also includes language from SB 264 that would create the Kansas Fights Addiction Act, which addresses use of funds received from opioid litigation and establishes limits on future opioid litigation by municipalities. The bill would require the Attorney General opioid litigation moneys received by the State to be remitted to the State Treasury. Therefore, the bill would require the appropriation of two new no limit funds in the State Treasury: the Kansas Fights Addiction Fund (KFA Fund), and the Municipalities Fight Addiction Fund (MFA Fund). The bill would require 75.0 percent of all moneys received by the State to be credited to the KFA Fund and 25.0 percent be credited to the MFA Fund and would specify how expenditures are to be made from each fund.

- **Human Trafficking Notices.** The bill also would amend law related to notices offering help to victims of human trafficking to require prominent posting of help in public places. The Office of the Attorney General estimates enactment of the bill would require additional printing and postage expenditures ranging from $2,990 to $6,590, all SGF, for FY 2021 and FY 2022.

D. Senate Sub. for HB 2153, Office of the Child Advocate (Conference Committee). Senate Sub. for HB 2153 would create the Child Advocate Act and establish the Office of the Child Advocate within the Office of the Attorney General. The Office of the Child Advocate would receive and resolve complaints from individuals involved in the child welfare system alleging that the Kansas Department for Children and Families (DCF), the Department’s contracting agencies, or the Kansas Department of Corrections has provided inadequate protection or care of children. The Office of the Attorney General would also assist the Legislature in oversight of the child welfare system. The Office of the Attorney General states enactment of the bill would result in total additional expenditures of $631,204, all SGF, including $543,816 for 6.5 FTE positions. The FTE positions would include a 1.0 FTE Child Advocate position, 3.0 FTE Investigator positions to review and investigate complaints, 2.0 FTE support staff positions to assist with complaint intake and data entry and tracking, and a 0.5 FTE Attorney position to provide legal support to the Office of the Child Advocate.

E. HB 2158, State Child Death Review Board Records Confidentiality (Conference Committee). HB 2158, as amended, would amend provisions in the statute governing the State Child Death Review Board regarding confidentiality of information acquired by and records of the board. The bill would clarify the language of a current exception to this confidentiality for certain legislators and legislative committees and would add additional exceptions to confidentiality to allow the board, or the board’s designee, to disclose information and records to certain entities. The Attorney General states 1.0 additional FTE position and $83,173, all SGF, would be required to coordinate the additional requirements included in the bill.

Kansas Lottery

A. GBA No. 3, Item 2, Page 3 – Lottery and Gaming Revenues.

Office of the State Treasurer

A. House Sub. for SB 88, City Utility Low-Interest Loan Program (Law). House Sub. for SB 88 creates the City Utility Low-Interest Loan Program (Loan Program), which provides loans to cities for extraordinary electric or natural gas costs incurred during the extreme winter weather event of February 2021. The total aggregate amount of loans issued under the Loan Program, administered by the State Treasurer, cannot exceed $100.0 million of unencumbered idle funds. The bill also amends law governing the investment of state moneys to add Loan Program loans and applicable interest rates.

The Office of the State Treasurer estimates that the implementation of House Sub. for SB 88 will require increased expenditures of $33,000 in FY 2021 and $46,000 for FY 2022, all from special revenue funds, to implement the Loan Program. The agency requests that amount come from the State Treasurer's Operating Fund or other fees within the agency. The agency also estimates the need to hire at least a 0.5 FTE position to manage the Loan Program. In addition, the agency indicates there will be the need to hire outside legal counsel to draft loan contracts with cities and to write expedited rules and regulations.

The Senate Committee recommended increased expenditures of $33,000, all from the State Treasurer Operating Fund, in FY 2021 and recommended reviewing the addition of increased expenditures of $46,000, all from the State Treasurer Operating Fund, and the addition of a 0.5 FTE position for FY 2022 at Omnibus. The House Committee made no recommendation for FY 2022. The Conference Committee on HB 2007 concurred with the Senate Committee and added the funding for FY 2021.

B. SB 86, Kansas Economic Recovery Loan Deposit Program (Law). Provisions of SB 15 creating the Kansas Economic Recovery Loan Deposit Program were repealed and enacted in SB 86 allowing the provisions to be effective upon publication in the Kansas Register instead of upon publication in the statute book. SB 86 also makes minor technical changes to House Sub. for SB 88. SB 86 allows national banking associations, state banks, trust companies, and savings and loan associations to deduct the interest income received from qualified agricultural real estate loans and single-family residence loans attributed to Kansas from net income, if the interest is included in the Kansas taxable income of a corporation. The bill includes specific definitions for interest, qualified agricultural real estate, single- family residence, net interest income received from qualified agricultural real estate loans attributed to Kansas, and net interest income received from single family residence loans attributed to Kansas. The new tax deduction will go into effect beginning in tax year 2023.

The bill creates the Kansas Economic Recovery Loan Deposit Program that will be administered by the State Treasurer. The program provides an incentive for banks, credit unions, and farm credit institutions to make commercial or agricultural loans. The State Treasurer will direct the Pooled Money Investment Board (PMIB) to deposit up to $60.0 million from idle funds at eligible lending institutions that will earn the State interest that is 2.0 percent below the market rate with a minimum interest rate of 0.25 percent. The interest rate on the deposit will be recalculated on the first business day of January of each year. Eligible lenders will then make commercial or agricultural loans with an interest rate that cannot be greater than 3.0 percent above the interest rate earned on the

State's deposit of funds. Each eligible borrower will be able to receive a business loan of up to $250,000. The interest rate on the loan will also be recalculated on the first business day of January of each year. The term of the loan cannot exceed ten years.

The State Treasurer indicates the bill will require $53,000 from the State Treasurer Operating Fund for FY 2022 to hire 1.0 FTE position to manage this new program.

C. GBA No. 3, Item 3, Page 4 – Unclaimed Property Production System Replacement.

Office of Administrative Hearings

A. Possible Addition of Funding for Salary Increases (House Committee). The House Committee requested a review of the Office of Administrative Hearings enhancement request for salary increases for staff, including Administrative Law Judges, for FY 2022.

The agency requested an FY 2022 enhancement totaling $80,379, all from the Administrative Hearings Office Fund, for pay increases for four Administrative Law Judges and the Director, who is also an Administrative Law Judge. The addition of funding would result in a 10.0 percent to 14.0 percent salary increase for the four Administrative Law Judges and the Director. The agency states three of the Administrative Law Judges have not received a salary increase since FY 2020, and the Director's only salary increase occurred in July 2019 in accordance with the 2.5 percent increase authorized for all state employees. The agency further states that its personnel, particularly Administrative Law Judges, earn less than comparable state employees, including other state agency Chief and General Counsels and Administrative Law Judges employed by the Kansas Workers Compensation Division. Currently, the agency's Administrative Law Judges are compensated from $79,000 to $87,000 per year, and the Director is compensated at $92,250 per year.

The agency provided the following salary information for comparable state employees as of November 2020 for comparison:

COMPARABLE STATE EMPLOYEE SALARIES AS OF NOVEMBER 2020

Agency	**Position**	**Annual Salary**
Kansas Commission on Peace Officers' Standards and Training	Chief Counsel	$ 86,151
Corporation Commission	Chief Counsel	90,000
Kansas Department of Agriculture	Chief Counsel	92,434
Kansas Department for Aging and Disability Services	Chief Counsel	100,000
Insurance Department	Chief Counsel	100,957
Department of Labor	Chief Counsel	102,500
Department of Administration	Chief Counsel	104,000
Kansas Public Employees Retirement System	Chief Counsel	113,682
Department of Revenue	Chief Counsel	118,169
Governor	Chief Counsel	120,438

COMPARABLE STATE EMPLOYEE SALARIES AS OF NOVEMBER 2020		
Agency	**Position**	**Annual Salary**
Department of Commerce	Chief Counsel	120,822
Health Care Stabilization Fund	Chief Counsel	125,585
Kansas Racing and Gaming Commission	General Counsel	88,843
Corporation Commission	General Counsel	93,808
Kansas Highway Patrol	General Counsel	95,325
Kansas Department of Health and Environment	General Counsel	97,375
Department for Children and Families	General Counsel	100,000
Judicial Branch	General Counsel	101,015
Board of Regents	General Counsel	103,975
Department of Education	General Counsel	109,671
Insurance Department	General Counsel	111,353
Bank Commissioner	General Counsel	116,407
Kansas Workers Compensation Division	Administrative Law Judge	109,341

The agency notes the requested salary increases do not completely resolve the compensation gap between its Administrative Law Judges and comparable state employees, but the requested salary increases will help the agency attract and retain qualified Administrative Law Judges.

The Governor did not recommend funding for this FY 2022 enhancement request. The House Committee did not recommend the pay increases, but recommended the Committee consider salary increases for agency staff at Omnibus to help maintain salary consistency between the agency, the Judicial Branch, and other comparable state employees and improve the ability of the agency to attract qualified Administrative Law Judges.

State Board of Tax Appeals

A. The Agency's Fee-based Revenue in FY 2021 (Senate Committee). The Senate Committee recommended review of the agency's fee-based revenue in FY 2021. The State Board of Tax Appeals (BOTA) is required by KSA 74-2438a to set and charge filing fees to recover all or part of the cost of the adjudication process. The agency's established filling fees are stated in KAR 94-5-8. The fees are collected when any tax protest, tax grievance, tax exemption, and any other original proceeding is filed with BOTA. Revenue, expenditures, and balances for the BOTA Filing Fee Fund are as follows:

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	$ 1,058,283	$ 972,096	$ 972,096	$ 757,830	$ 757,830
Revenue	873,163	900,000	900,000	900,000	900,000
Transfers in	0	0	0	0	0
Funds Available	*$ 1,931,446*	*$ 1,872,096*	*$ 1,872,096*	*$ 1,657,830*	*$ 1,657,830*
Less:					
Expenditures	$ 959,350	$ 1,114,266	$ 1,114,266	$ 1,135,468	$ 1,235,468
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	**$ 972,096**	**$ 757,830**	**$ 757,830**	**$ 522,362**	**$ 422,362**
Ending Balance as Percent of Expenditures	101.3%	68.0%	68.0%	46.0%	34.2%
Month Highest Ending Balance	December $ 1,165,123	July $ 1,021,636	July $ 1,021,636	July $ 786,769	July $ 786,769
Month Lowest Ending Balance	April $ 887,013	June $ 757,830	June $ 757,830	June $ 422,362	June $ 422,362

B. Option of Requiring Counties to Reimburse Filing Fees to Taxpayers Who Prevail Upon Appeal to the State Board of Tax Appeals (Senate Committee). The Senate Committee recommended review of the option of requiring counties to reimburse filing fees to taxpayers who prevail upon appeal to BOTA. According to BOTA, this change in the process would give the county no incentive to work with the taxpayer to find a mutually agreed valuation of property and would increase agency case hearings. The agency states that this proposed change would not reduce filing fees, as the taxpayer would still pay the filing fee to the Board, and the county would be responsible for the reimbursement. The agency states that in FY 2019, the total dollar amount of granted, partial, or stipulated cases was $258,089, of which $192,725 resulted from Property Valuations Appeals.

The Kansas Association of Counties further noted that this change would impact Johnson County the greatest, as the majority of appeals result from there. Further, the change could incentivize taxpayers to not provide information to participate in the initial stage and increase the time it takes to process appeals at BOTA.

Board of Mortuary Arts

A. GBA No. 3, Item 13, Page 9 – Funeral Home Inspector.

Kansas Department of Commerce

A. Review of Vacant Positions (Senate Committee). The Senate Committee requested a review of vacant positions in the Kansas Department of Commerce (Commerce). Prior to Omnibus, the Committee received testimony that Commerce had 47.3 vacant FTE positions comprising $624,918 in Economic Development Initiatives Funds (EDIF), $1.1 million in federal funds, and $990,340 in other special revenue funds.

As of April 14, 2021, the following personnel adjustments have been made:

- 8.0 FTE positions have been filled, comprising $472,843 all funds, including $240,195 from the EDIF. The positions are in business finance, legal, Broadband, and various federal programs and the Main Street Program;
- 31.3 FTE positions are currently open or have been approved for posting, comprising $1.8 million all funds, including $384,723 from the EDIF;
- 1.0 FTE position is currently being held open and the duties are being fulfilled by a contractor; and
- 7.0 FTE positions have been identified for elimination, comprising $395,167 all funds. Commerce has indicated there are no plans to fill these positions in the near future.

B. Senate Sub. for Sub. HB 2196, Unemployment Insurance Modernization (Governor). Senate Sub. for Sub. for HB 2196 is the Unemployment Insurance Modernization bill further described in Kansas Department of Labor Item A, on Page 2. Included in the bill are provisions for Reemployment and Work Skills Training Services. The bill requires the Secretary of Labor and the Secretary of Commerce to jointly establish and implement programs providing reemployment and work skills training services to Unemployment Insurance benefit recipients, to be known as the "my reemployment plan" program, by June 1, 2021. The program will be available to all claimants except for those in the shared work program, trade readjustment assistance programs, or on temporary layoff with a return-to-work date. The bill requires the Secretary of Labor to provide the names and contact information of claimants who have received benefits for three continuous weeks to the Secretary of Commerce. The Secretary of Commerce would then be required to request the following documents and information from such claimants:

- Resume;
- Work history;
- Skills list; and
- Job search plan.

The Secretary of Labor is also required to share labor market information and current available job positions with the Secretary of Commerce. The bill requires the Secretary of Commerce to:

- Collaborate with the KANSASWORKS workforce system to provide assistance, when requested, to claimants;
- Match open job positions with claimants based upon skills, work history, and job location;
- Facilitate and oversee the claimant and employer interview process;
- Monitor the results of job matches, including information regarding claimants who did not attend an interview or did not accept a position, and report such claimants to the Secretary of Labor; and
- Develop and implement a work skills training or retraining program for claimants in collaboration with the KANSASWORKS workforce system, the Secretary of Labor, and other organizations.

The bill authorizes the Secretary of Labor to allow claimants to participate in work training or retraining programs offered by the Secretary of Commerce in lieu of the job search requirements. Claimants attending such training will be required to participate for no less than 25 hours per week, and their attendance and progress will be monitored by the Secretary of Commerce. Claimants who fail to meet attendance and progress requirements will be disqualified by the Secretary of Labor within five business days of receiving the report of their noncompliance. Benefits will be restored upon reestablishment of compliance as reported by the Secretary of Commerce or the Secretary of Labor finding a show of good cause by the claimant.

The Secretaries of Commerce and Labor are required to enter into appropriate agreements for the sharing of relevant information and to provide an annual status update and progress report for the "my reemployment plan" program to specified legislative standing committees.

Commerce estimates the bill will cost $94,300, but has not yet identified a funding source, for FY 2022 to implement the revised work skills training program and develop a digital interface between the KDOL and Commerce.

Kansas Department of Revenue

A. Addition of $80,600 in FY 2021 and $112,500 for FY 2022, all from Special Revenue Fund, for Out-of-State Travel (Senate Committee). The Senate Committee on Taxation deleted funding, all from special revenue funds, for out-of-state travel in FY 2021 and FY 2022 and directed the agency to limit or eliminate all out-of-state travel for those years. According to the Department of Revenue, the Governor's recommendation deleted $442,950 in FY 2021 and FY 2022 to eliminate out-of-state travel financed from the SGF. The remaining special revenue funded out-of-state travel is primarily for tax auditors to visit taxpaying entities in order to verify compliance with Kansas tax law. According to the Department of Revenue, these visits can only be completed in person, as the records are not available online. The Senate Committee on Ways and Means restored the funding and recommended review at Omnibus of deleting the funding instead.

Other Statewide Adjustments

A. Performance-Based Budgeting Proposals (House and Conference Committees). HB 2007 added language directing state agencies, with the exception of postsecondary educational institutions, to submit performance-based budgets in compliance with KSA 75-3718b for FY 2022 and FY 2023.

On or before November 15, 2022, the Legislative Division of Post Audit will review agency budgets to determine whether they are in compliance with the performance based budgeting statute. If the Legislative Post Auditor determines that the agency budget is not in compliance with the statutory requirements, the Director of Accounts and Reports would lapse 2.0 percent from all SGF moneys appropriated or reappropriated for such agency for FY 2023. SGF moneys appropriated for human services caseloads expenditures and debt service are not subject to this lapse.

The Conference Committee on HB 2007 requested review of this proposal to determine which entity would be best suited to review and validate performance-based budget submissions.

State Employee Pay

A. State Employee Pay Adjustments (Conference Committee). The Governor recommended adding $31.5 million, including $11.3 million SGF, for a 2.5 percent salary increase for state employees for FY 2022. The recommendation would adjust base salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Employees excluded from this plan include Highway Patrol law enforcement positions, legislators, teachers and licensed personnel and employees at the Schools for the Blind and Deaf, employees at the Kansas

Bureau of Investigation who are part of the Recruitment and Retention Plan, and statewide elected officials. If approved, funds would be appropriated to and certified for distribution by the State Finance Council.

Employees of state universities were not included in the proposed pay plan; however, the Governor added $10.3 million to the University Operating Grant, to be used at the Board of Regents' discretion, and $76,770 to the Board of Regents administration program, all SGF, which is an amount equivalent to what the pay plan would have provided for university and Board employees. Both House and Senate Committees deleted the $10.3 million allocated to the University Operating Grant and added that same amount to the State University Capital Renewal Initiative for FY 2022.

The Conference Committee on HB 2007 deleted the Governor's state employee pay plans, as well as the following salary adjustments, for review at Omnibus:

HB 2007 CONFERENCE SALARY ADJUSTMENTS FOR REVIEW AT OMNIBUS, ALL FUNDS

Agency	Adjustment	FY 2021	FY 2022	FY 2023
State Bank Commissioner	Merit-based increases	$ (141,227)	$ (303,285)	$ (194,888)
Board of Regents	Amount equal to 2.5 percent	-	(76,770)	-
Health Care Stabilization Fund Board	Merit-based increases	-	(33,767)	-
Judicial Branch	2.5 percent, judges and justices	-	(9,410,085)	-
Judicial Branch	2.7-18.9 percent, non-judge	-	(10,824,403)	-
State Employee Pay	2.5 percent, all employees*	-	(31,490,809)	-
TOTAL		**$ (141,227)**	**$ (52,139,119)**	**$ (194,888)**

** Excludes Highway Patrol law enforcement positions, legislators, teachers and licensed personnel and employees at the Schools for the Blind and Deaf, employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and statewide elected officials.*

- **State Bank Commissioner.** The agency requests $141,227 in FY 2021, $303,285 for FY 2022, and $194,888 for FY 2023, all from special revenue funds, for merit-based salary adjustments based on an annual performance review of its employees. See Office of the State Bank Commissioner Item A, on Page 22 for additional information.

- **Board of Regents.** The Governor recommended $76,770, all SGF, for the Board of Regents administration program for FY 2022, which is an amount equivalent to a 2.5 percent salary adjustment. See Board of Regents Item A, on Page 37 for additional information.

- **Health Care Stabilization Fund Board.** The agency requests $33,767, all from special revenue funds, for merit-based salary adjustments for FY 2022. See Health Care Stabilization Fund Board of Governors Item A, on Page 15 for additional information.

- **Judicial Branch.** The agency requests $20.2 million, all SGF, in enhancement funding for salary adjustments for FY 2022, including a 25.4 percent increase for judges and justices ($9.4 million) and increases ranging from 2.7 percent to 18.9 percent for non-judge employees ($10.8 million). Of note, the Governor's recommended state employee pay plan includes $3.4 million, including $2.5 million SGF, for a 2.5 percent adjustment for all Judicial Branch employees for FY 2022, in addition to the agency's requested adjustments.

The House Committee recommendation included an alternate pay plan for judges and justices, instead adjusting salaries by 5.0 percent for FY 2022, FY 2023, and FY 2024. Additionally, the House Committee recommendation included language to limit salary increases for non-judicial employees to a maximum of 12.0 percent. The House Committee recommendation would also exclude employees of the Judicial Branch from the statewide employee pay increase. See Judicial Branch Item B, on Page 12 for additional information.

- **State Employee Pay.** The Governor recommended adding $31.5 million, including $11.3 million SGF, for a 2.5 percent salary increase for state employees for FY 2022. The recommendation would adjust base salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch.

Both House and Senate Committees also recommended consideration of additional salary adjustment items at Omnibus, as follows:

	Reference*	FY 2021	FY 2022	FY 2023
House Items for Consideration				
Office of Administrative Hearings	6	$ -	$ 80,379	$ -
Kansas Neurological Institute	25	-	2,165,729	-
Parsons State Hospital	25	-	2,122,435	-
Sentencing Commission	30	-	82,659	-
TOTAL–House Items		**$ -**	**$ 4,451,202**	**$ -**
Senate Items for Consideration				
Department of Wildlife, Parks and Tourism	2	$ -	$ 29,687	$ -
Sentencing Commission	30	-	82,659	-
TOTAL–Senate Items		**$ -**	**$ 112,346**	**$ -**

** Additional information on these items may be found in this memorandum, on the pages listed.*

Judicial Branch

A. Docket Fee Fund Revenue and GBA No. 3, Item 16, Page 11 (House and Senate Committees). The House Committee recommended adding $7.4 million, all SGF, and deleting that amount from the Docket Fee Fund in FY 2021 to replace lost fee fund revenue. This funding originated from the SGF Coronavirus Response Account appropriated to the Legislative Coordinating Council in 2020 SB 66. The remaining balance of the Coronavirus Response Account will be lapsed back to the SGF. The Senate Committee recommended reviewing Docket Fee Fund revenue at Omnibus. The Conference Committee on HB 2007 concurred with the Senate position to not add the funding and review at Omnibus instead.

Docket Fee Fund revenue totaled $26.8 million in FY 2019, $23.5 million in FY 2020, and $21.6 million in FY 2021. The agency indicates that, when compared to normal court operations reflected in the FY 2019 amount, revenue to the Docket Fee Fund decreased by $3.3 million in FY 2020, of which $2.7 million is attributable to the COVID-19 pandemic, and $5.2 million in FY 2021.

DOCKET FEE FUND REVENUE, FY 2017–FY 2021

Fiscal Year	Revenue	Change from Prior Fiscal Year
FY 2017	$ 25,721,661	$ (43,523)
FY 2018	26,690,923	969,262
FY 2019	26,783,272	92,349
FY 2020	23,525,960	(3,257,312) *
FY 2021	21,572,822	(1,953,138)

** The agency attributes $2.7 million of this amount to the COVID-19 pandemic.*

B. Judicial Branch FY 2022 Enhancement Requests (House and Senate Committees). For FY 2022, the Judicial Branch requests enhancement funding totaling $24.5 million, all SGF, and 70.0 FTE positions for the following items:

- $10.8 million, all SGF, for salary increase for non-judge employees for FY 2022. The request includes adjustments between 2.7 and 18.9 percent depending on the position. The agency indicates this would bring employee salaries to market level.

  The House Committee recommended retaining the funding and adding language to limit non-judicial employee salary increases to a maximum of 12.0 percent for FY 2022. The Senate Committee recommended deleting the funding for review at Omnibus. The Conference Committee on HB 2007 concurred with the Senate position to not fund the enhancement requests and review at Omnibus.

- $9.4 million, all SGF, for salary increases for judges and justices for FY 2022. The request includes an adjustment of 25.4 percent to all judges and justices within the agency. The agency indicates this would make district judge salaries equal to the average adjusted salaries of district judges in Colorado, Missouri, Nebraska, and Oklahoma.

  The House Committee recommended deleting the funding and instead adopting a three-year pay plan with a 5.0 percent increase for each year, adding $1.9 million for FY 2022, $1.9 million for FY 2023, and $2.0 million for FY 2024. The Senate Committee recommended deleting the funding for review at Omnibus. The Conference Committee on HB 2007 concurred with the Senate position to not fund the enhancement requests and review at Omnibus.

- $4.3 million, all SGF, and 70.0 FTE positions for new court services officer (CSO) positions for FY 2022. In response to weighted workload studies conducted by the National Center for State Courts (NCSC), the Kansas Supreme Court formed a CSO workload study group to examine each statutory and non-statutory CSO task to determine its authority and purpose. In October 2019, the group submitted its final report to the Court, finding that the Judicial Branch does not currently have enough personnel to adequately perform all statutorily mandated CSO duties.

  The House Committee recommended retaining the funding, while the Senate Committee recommended deleting the funding for review at Omnibus. The Conference

Committee on HB 2007 concurred with the Senate position to not fund the enhancement requests and review at Omnibus.

Department of Administration

A. GBA No. 3, Item 4, Page 5 – Securities Act Fee Fund Lawsuit.

Kansas Insurance Department

A. GBA No. 3, Item 4, Page 5 – Securities Act Fee Fund Lawsuit.

Board of Indigents' Defense Services

A. The Agency's FY 2022 Enhancement Requests (Senate Committee). The agency requested $16.0 million, all SGF, in enhancement funding for FY 2022. 2020 SB 66 required the agency to submit a report to the Legislative Budget Committee detailing the status of staff vacancies and retention and to formulate a strategy to address the staffing concerns. The report proposes a three-phase plan to address the issues and concerns identified by the agency. The FY 2022 enhancement requests align with phase one of the report.

The Senate Committee concurred with the Governor's recommendation to include $4.1 million, all SGF, for the agency's enhancement request for immediate recruitment and retention. The Senate Committee recommended the remainder of the agency's enhancements be reviewed at Omnibus:

- $200,000, all SGF, for the purchase and implementation of a case management system for FY 2022. The agency states the implementation of a case management system would provide assistance to employees by facilitating effective and efficient representation of their clients. A one-time $150,000 amount will be used for the custom build of a system, including the integration of the agency's historical data. The estimated yearly fee, based on the number of new cases the agency anticipates entering into the system, would be approximately $50,000 per year;

- $3.6 million, all SGF, to fund an assigned counsel rate increase to $100 per hour for FY 2022; and

- $7.8 million, all SGF, and 94.0 FTE positions for caseload staffing levels for FY 2022. The request includes $2.9 million for an additional 25.0 FTE positions for public defenders and $4.9 million for an additional 59.0 FTE position for support staff.

The Conference Committee on HB 2007 deleted $4.1 million, all SGF, from the Governor's recommendation for immediate recruitment and retention and reallocated the funds as follows:

- $200,000, all SGF, for the agency's enhancement request for the purchase and implementation of a case management system for FY 2022; and

- $3.9 million, all SGF, to partially fund the agency's enhancement request for caseload staffing for FY 2022 to hire 26 additional public defenders and necessary support staff. The agency anticipates this would fund a total of 45.0 FTE positions.

B. Addition of Language to Increase the Hourly Rate for Assigned Counsel up to $100 per Hour for FY 2022 (House and Conference Committees). The House Committee added language that would authorize the agency to increase the assigned counsel hourly rate up to $100 per hour. The current assigned counsel rate is $80 per hour. This language would take effect if HB 2363 or any other legislation that increases the compensation rate of assigned counsel is not passed by the Legislature during the 2021 Session and enacted into law. The Conference Committee on HB 2007 concurred with the House and added this language.

C. Assigned Counsel Caseload Estimate (House and Senate Committees). The Assigned Counsel program provides for attorneys not employed by the agency (assigned counsel) to provide legal services for indigent defendants, that the agency otherwise cannot provide for through a public defender office, either due to high caseloads or conflicts of interest. In Fall 2020, representatives of BIDS, the Division of the Budget (DOB), and the Kansas Legislative Research Department (KLRD) developed a caseload estimate for the Assigned Counsel program for FY 2021 and FY 2022. Those estimates are included in the Governor's budget recommendation.

The Governor recommended expenditures of $14.8 million, including $14.5 million SGF, for the Assigned Counsel program in FY 2021. The recommendation included a reduction to assigned counsel expenditures of $3.0 million from the SGF as a result of the Fall Assigned Counsel Consensus Caseload Estimate. Additionally, the Governor recommended expenditures of $16.5 million, including $16.3 million SGF, for the Assigned Counsel program for FY 2022. The recommendation included an increase to assigned counsel expenditures of $1,360,665 from the SGF as a result of the Fall Assigned Counsel Consensus Caseload Estimate.

In April 2021, BIDS, DOB, and KLRD met again to review the caseload estimate. Based on the assigned counsel expenditures thus far in FY 2021, as well as the current developments with the ongoing COVID-19 pandemic, the group determined there was not sufficient information to warrant adjusting the estimates for FY 2021 and FY 2022.

Behavioral Sciences Regulatory Board

A. Sub. for HB 2066, Occupational and Professional Licensing Standards (Law). Sub. for HB 2066 amends the occupational and professional licensing standards for regulatory agencies to receive and review applications for specific military, persons establishing residency in Kansas, or law enforcement. The agency requests yearly expenditures beginning in FY 2022, totaling $22,850, all from the Behavioral Sciences Regulatory Board Fee Fund, and a 0.5 FTE position for a licensing specialist. This amount would include $20,350 for the licensing specialist position and $2,500 for office equipment and other expenses associated with this new position. See Kansas State Board of Healing Arts Item A and Board of Pharmacy Item A, on Page 36 for additional information.

Health Care Stabilization Fund Board of Governors

A. Deletion of Proposed Salary Adjustments for Merit-Based Increases Based on Annual Performance Reviews (Senate Committee). In its budget request, the Health Care Stabilization

Fund Board of Governors included funds to provide merit-based salary increases for its employees totaling $33,767, all from special revenue funds. The Governor's recommendation provided a 2.5 percent salary increase for all executive branch employees. The funding associated with these merit-based increases was also included. When the Senate Committee removed the Governor's recommendation for a 2.5 percent increase, it also removed the funding for the agency's merit-based increases. The Conference Committee on HB 2007 concurred with the Senate to delete the funding.

Kansas Commission on Veterans Affairs Office

A. GBA No. 3, Item 8, Page 7 – Veterans Services Program.

Kansas Department of Health and Environment – Division of Health

A. Managed Care Organization (MCO) Rates (House Budget Committee). Review information outlining the process by which Kansas sets and adjusts the rates paid to the MCOs providing KanCare services. The Social Services Budget Committee would also like information on federal laws that guide the rate-setting process for states with managed care; how other states with Medicaid managed care set rates; and whether other states have legislative oversight of the rate-setting process.

A summary of the compiled information is below:

Federal Regulations for MCO Contracts and Rates

States implement managed care in various ways. However, all states must comply with the federal regulations governing managed care (42 C.F.R. § 438.1 *et seq.* (2021)). These federal regulations address contract requirements, actuarial soundness, rate development standards, state responsibilities, and MCO standards. Under federal law, payments to MCOs must be reviewed and determined by CMS to be actuarially sound. States are required to develop rates that meet generally accepted actuarial principles and practices as well as CMS standards. Capitation rates are deemed actuarially sound when the rates are projected to provide for all reasonable, appropriate, and attainable costs required under the contract terms and for the operation of the plan for both the time period of the contract and the population covered under its terms. CMS will review and approve rates that meet its standards and actuarial principles.

Summary of Findings

There are 37 other states, as well as the District of Columbia, that utilize managed care. KLRD reached out to those 37 states and received responses from 14 states and the District of Columbia. A synthesis of the 15 responses follow:

- Generally, states make their managed care contracts available to the public. Out of the 15 respondents, only North Dakota did not make its MCO contracts publicly available. The Kansas Department of Health and Environment (KDHE) makes the terms of those MCO contracts publicly available on the Department of Administration website;

- The length of each state's MCO contract ranges from one year to five years. Of those states that provided this information, five states have one-year contracts, two states have three-year contracts, four states have four-year contracts, and two states have five-year contracts. Many of these states provide at least one option for an annual renewal following the end of the contract period. Kansas has four year contracts;

- All responding states reported they review or edit contract terms on a regular basis to ensure rates still meet the federal requirement that rates are actuarially sound. States typically review one to two times a year or on an "as-needed" basis. Items that states identify as prompting the need for a contract review include Medicaid-related legislative actions and policy changes such as changes to available benefits or provider rate increases.

- Kansas conducts a mid-year review to determine whether a rate adjustment must be made to maintain actuarial soundness. If it is determined a rate adjustment is needed to maintain actuarial soundness, the contracts with participating MCOs are amended to reflect the needed rate changes;

- Generally, MCOs do not have the ability to appeal rates. Out of the states that responded, only North Dakota allowed for an appeal process. In Kansas, MCOs do not have the opportunity to appeal rates;

- States vary widely in the groups and individuals that participate in the contract and rate-setting process. Some of the entities involved in this process across the responding states include the state Medicaid agency, state legal or administrative offices, subject matter experts, and community stakeholders. In Kansas, MCO contracts are competitively bid and negotiated by KDHE with support from the Department of Administration; and

- State legislatures play a limited role in the rate-setting and oversight process, with the majority of the states reporting the legislature does not provide oversight to the rate-setting process:

  – Arizona and Washington reported the legislature plays a direct role in the rate development or review process. In Washington, representatives from the legislative fiscal committees participate in the group that oversees rate development, and in Arizona, capitation rates are submitted to the Joint Legislative Budget Committee for review;

  – Ohio and Louisiana have legislative committees that provide oversight of the Medicaid program (Ohio's committee has the opportunity to set an overall growth rate);

  – Four states report the legislature plays a role through making budgetary and policy decisions that impact the state Medicaid program and benefits and, therefore, impact MCO rates; and

  – Seven states reported there is no legislative oversight in their state.

B. 340B Drug Pricing Program (House Committee). Review adding language that prevents Prescription Benefit Managers (PBMs) from discriminating against or providing differential treatment to pharmacies or providers that purchase or dispense drugs purchased under the Federal 340B program in FY 2021 and FY 2022.

Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for high numbers of uninsured and low-income patients. These organizations include community health centers, children's hospitals, critical access hospitals, rural referral centers, and public and nonprofit disproportionate share hospitals (DSH) that serve low-income and indigent populations.

The Community Care Network of Kansas reports that community health centers in Kansas dispensed almost half a million 340B medications in 2019. Community health centers have also expressed concerns that PBMs are discriminating against programs covered under the 340B program by reducing reimbursement rates and excluding participating pharmacies from their pharmacy networks.

C. Senate Sub. for HB 2208, Rural Hospital Programs (Law). Senate Sub. for HB 2208 creates two new programs within KDHE: the Rural Emergency Hospital Act and the Rural Hospital Innovation Grant Program. In addition, it requires KDHE to create a payment system for Certified Community Behavioral Health Centers (CCBHCs).

1. **Rural Emergency Hospital Act (Act).** This Act creates a category of licensure to enable certain Kansas hospitals to receive federal health care reimbursement as rural emergency hospitals. As part of the Act, rural emergency hospitals will receive benefits coverage for services that would be covered if performed by a general hospital or critical access hospital.

   KDHE estimates that implementation of the Act requires additional expenditures of $183,680 SGF and 2.0 FTE positions for FY 2022. The amount includes $129,000 for salary and wages ($64,500 for each position); $40,600 for two vehicles; $10,000 for travel; $2,520 for computers and data; and $1,560 for communications. One position will be needed to develop state licensure regulations and collaborate with the federal Centers for Medicare and Medicaid Services. The other position will conduct the initial licensure surveys of rural emergency hospitals.

2. **Certified Community Behavioral Health Clinics.** The bill requires the Kansas Department for Aging and Disability Services (KDADS) to certify as a CCBHC any community mental health center licensed by KDADS that provides the following services: crisis services; screening, assessment, and diagnosis, including risk assessment; person-centered treatment planning; outpatient mental health and substance use services; primary care screening and monitoring of key indicators of health risks; targeted case management; psychiatric rehabilitation services; peer support and family supports; medication assisted treatment; assertive community treatment; and community-based mental health care for military service members and veterans.

   The bill allows KDHE to implement a phased-in implementation schedule, beginning with the certification of 6 facilities by May 1, 2022, and adding an additional 20 by July 2024. While KDHE will implement the payment system, expenditures for the program would be included in the KDADS budget. See KDADS Item F, on Page 24 for additional information.

3. **Rural Hospital Innovation Grant Program (grant program).** The bill creates the grant program and the Rural Hospital Innovation Grant Fund (Fund), both of which are

administered by the Secretary of Health and Environment (Secretary). The grant program allows eligible counties to apply for grants for the purpose of strengthening and improving the health care system and increasing access to health care services. The bill allows the Secretary to award a grant only if the state moneys to be awarded in the grant is matched by private stakeholders, including hospital foundations or other organizations, on a basis of $2 of private stakeholder moneys for every $1 of state moneys. The bill requires moneys credited to the Fund to be used only for purposes related to the grant program.

The bill requires the Director of the Budget to certify and determine on June 15, 2021, unencumbered federal funds received by the State that may be used to award such grants. An aggregate amount equal to $10.0 million in available special revenue bonds will be transferred to the Fund on July 1, 2021. If the amount of the available funds is less than $10.0 million, an amount equal to the difference between the available special revenue funds and $10.0 million will be transferred from the SGF to the Fund on July 1, 2021. In addition, KDHE estimates an additional $100,000 is required to fund a new FTE program manager position and other operating expenditures.

D. Human Services Consensus Caseloads – GBA No. 3, Item 1, Page 2. 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 Legislative Research Department (Consensus Group) met on April 19, 2021, to revise the estimates on human services consensus caseload expenditures for FY 2021 and FY 2022. 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 2021 estimates was the budget approved by the 2021 Legislature for FY 2021 and FY 2022, as represented in HB 2007. The estimate for FY 2021 is a decrease of $353.7 million from all funding sources, and a State General Fund decrease of $189.5 million, compared to the FY 2021 approved. The estimate for FY 2022 is a decrease of $268.8 million from all funding sources and a State General Fund decrease of $141.6 million below the FY 2022 approved. The combined estimate for FY 2021 and FY 2022 is an all funds decrease of $622.5 million, and a State General Fund decrease of $331.2 million, below the approved amount.

The administration of KanCare within the state is accomplished by KDHE maintaining financial management and contract oversight, including regular medical services, while KDADS administers the Medicaid Waiver programs for disability services, as well as 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 section, KanCare Medical estimates include all Medicaid KanCare expenditures for all agencies.

FY 2021

For FY 2021, the revised estimate for all human service consensus caseloads is $3.8 billion from all funding sources, including $1.0 billion from the State General Fund. This is an all funds decrease of $353.7 million, including $189.5 million from the State General Fund, below the budget approved by the 2021 Legislature.

KanCare Medical

The FY 2021 estimate for KanCare Medical is $3.5 billion from all funding sources, including $829.5 million from the State General Fund. This a decrease of $334.4 million from all funding sources, including $178.0 million from the State General Fund, below the amount approved by the 2021 Legislature. The KanCare Medical estimate includes medical expenditures for KDHE and KDADS.

The KanCare Medical all funds decrease is largely attributable to a decrease in capitation expenditures. The decrease is a result of lower estimated population growth as compared to estimates made last fall. When the Consensus Group met in late October 2020, it was estimated that the number of KanCare members could reach a high of approximately 400,000 members by the end of FY 2021, which would have been an increase of approximately 70,000 members since March 2020. The large increase was attributed to federal restrictions on removing individuals from Medicaid until the end of the month in which the public health emergency (PHE) ends, as a condition of accepting the increase of 6.2 percent in the federal Medical Assistance Percentage (FMAP) match rate. Since the October 2020 estimates, additional months of actual population data under the PHE have been received. Based on these data, it is now estimated that the number of KanCare members could reach approximately 385,000 members. In addition, midyear rate adjustments for Managed Care Organizations (MCOs) were lower than anticipated, which also contributed to the decrease in capitation expenditures.

The all funds decrease is also attributable to Health Insurance Provider Fees (HIPF), an annual tax on health care providers. The decrease resulted from payments that were originally anticipated in FY 2021 being shifted to FY 2022. Also contributing to the all funds decrease is a decrease to fee for service expenditures that resulted from lower utilization of school-based services, inpatient and other services.

The all funds decrease is partially offset by a temporary increase of $15 per day for Nursing Home reimbursement rates which was intended to help alleviate increased costs that occurred due to COVID.

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). The increased FMAP is in effect for all of FY 2021, raising the FY 2021 FMAP from its base of 59.55 percent to 65.75 percent. This is expected to decrease the required state share of Medicaid expenditures by approximately $240.0 million in FY 2021. The extension of the increased FMAP through all of FY 2021 is a change from the October 2020 estimates. Under the October 2020 caseload estimates, it was assumed the increased FMAP would be in effect for the first, second, and third quarters of FY 2021. The temporary increase in the FMAP began on January 1, 2020 and extends through the last day of the calendar quarter in which the public health emergency (PHE) is declared terminated by the federal Department of Health and Human Services. The federal Centers for Medicare and Medicaid Services will inform states when the public health emergency period for COVID-19 ends. The caseload estimates include enhanced funding through September 2021 as the current PHE is scheduled to continue through July of 2021.

Contributing to the State General Fund reduction is an increase of $12.9 million from the Medical Assistance Fee Fund (HMO Privilege Fee) that is available to offset State General Fund obligations based upon Spring 2021 consensus revenue estimates.

Included in the KanCare Medical estimate is an increase of $75.2 million from all funding sources, including $26.3 million State General Fund, to provide a $15 increase to the daily reimbursement rate for nursing facilities approved by the FY 2021 Legislature. This recommendation continues a daily rate increase that was first provided at the beginning of FY 2021, which was provided through the federal Coronavirus Aid, Relief, and Economic Security Act funding, and approved by the Strengthening People and Revitalizing Kansas Taskforce.

Expenditures for Medicaid Expansion are not included in the KanCare Medical estimates for FY 2021 or FY 2022. While the additional funding for Medicaid expansion was included in the FY 2022 budget approved by the 2021 Legislature, HB 2007 also stipulated that if Medicaid expansion did not pass, the funds would be transferred to the Children's Health Insurance Program. Because the expansion of Medicaid eligibility was not approved by the 2021 Kansas Legislature at the time of the Consensus Group meeting, the money was not factored into the estimated caseload expenditures for either fiscal year.

FY 2022

The FY 2022 revised estimate is $4.1 billion from all funding sources, including $1.3 billion from the State General Fund. The estimate is a change from the amount approved by the 2021 Legislature, reflecting an all funds decrease of $268.8 million, including a decrease of $141.6 million from the State General Fund.

KanCare Medical

The FY 2022 estimate for KanCare Medical is $3.7 billion from all funding sources, including $1.1 billion from the State General Fund. The estimate is a change from the amount approved by the 2021 Legislature, reflecting an all funds decrease of $262.0 million, and a State General Fund decrease of $140.3 million.

The all funds decrease is largely due to decreased KanCare capitation expenditures as a result of lower than expected estimates for member populations. As mentioned above, federal rules are in place during the PHE that restrict the removal of individuals from Medicaid until the end of the month when the public health emergency ends. When the Consensus Group made its estimates last fall, it was expected that the growth in membership in FY 2021 would remain higher than normal in FY 2022 even after the end of the PHE when eligibility staff at the Kansas Department of Health and Environment (KDHE) were to reinstate the redetermination process for all Medicaid recipients. For the April 2021 estimate, it is now expected that KDHE will be able to process redeterminations of the PHE growth population within six months from the end of the PHE. Also contributing to the all funds decrease is an anticipated reduction in risk corridor payments to MCOs resulting from a reduction in the utilization of medical services.

The all funds decrease is partially offset by a projected 3.2 percent rate adjustment for MCOs, based on cost trends, and Health Insurance Provider Fee (HIPF) payments that shifted from FY 2021 to FY 2022. An additional offset to the all funds decrease is the full implementation of the Support and Training to Employ People Successfully (STEPS) pilot program. STEPS is an extension of the working healthy program that allows individuals between the ages of 16 and 65 who meet the Social Security Administration definition of disability and are not being served by a home and community based services waiver, to receive supportive employment services.

The State General Fund decrease is largely attributable to decreases in KanCare capitation expenditures and to the extension of the temporary 6.2 percentage-point increase to the FMAP through the first quarter of FY 2022. The U.S. Department of Health and Human Services announced the renewal of the PHE effective April 21, 2021. With this renewal, the enhanced FMAP will be available through September 2021, effectively decreasing the base state share by approximately 1.55 percent for FY 2022. However, due to the 6.2 percent increase in effect for all of FY 2021, the overall state share increased by 4.18 percent between FY 2021 and FY 2022. Also contributing to the State General Fund reduction is an increase of $17.5 million from the Medical Assistance Fee Fund (HMO Privilege Fee), which is used to offset State General Fund obligations.

The decrease to the State General Fund was partially offset by the shift of HIPF payments from FY 2021 to FY 2022. Shifting the payments to FY 2022 will increase the amount needed from the State General Fund for HIPF over the fall estimate due to outstanding payments that will have exceeded the timeline to be eligible for federal match. The decrease to the State General Fund also includes a $13.0 million reduction to funds available from the Medical Programs Fee Fund, a fund used to offset State General Fund caseload expenditures.

E. GBA No. 3, Item 6, Page 6 – State Loan Repayment Program.

F. GBA No. 3, Item 7, Page 6 – Children's Health Insurance Program.

Office of the State Bank Commissioner

A. Deletion of Proposed Salary Adjustments for Merit-Based Increases Based on Annual Performance Reviews (Senate Committee). In its budget request, the Office of the State Bank Commissioner included funds to provide merit-based salary increases for its employees totaling $141,227 in FY 2021, $303,285 for FY 2022, and $194,888 for FY 2023, all from special revenue funds. The agency indicates that each year it conducts performance reviews of its employees. Traditionally, the agency has budgeted a lump sum of money which is used to provide merit-based increases based on those performance reviews. While the Governor's recommendation provided a 2.5 percent salary increase for all Executive Branch employees, the funding associated with these merit-based increases was also included. When the Senate Committee removed the Governor's recommendation for a 2.5 percent increase, it also removed the funding for the agency's merit-based increases. The Conference Committee on HB 2007 concurred with the Senate and deleted the funding for review at Omnibus.

According to the agency, the practice of providing merit-based salary increases was part of a pay schedule negotiated with the Governor when the agency's employees shifted from classified to unclassified status in 2012. While KSA 75-3135a allows the bank commissioner to establish a salary schedule for unclassified positions, that schedule is subject to approval by the governor and acts of appropriation.

Kansas Department for Aging and Disability Services

A. Procedures to Include All Expenditures for Programs of All-Inclusive Care for the Elderly Services in the Human Services Consensus Caseloads Process (Senate Committee). The Program of All-Inclusive Care for the Elderly (PACE) is a form of managed care in which the providers accept a capitated rate in the form of a monthly premium, which extends over the life of the participant regardless of changes in health status. For this capitated rate, the provider assumes the full risk for their participant's long-term care needs. PACE allows individuals 55 years or older to receive community-based services as an alternative to nursing home care.

PACE providers generally provide adult day care services, clinical services, therapies, meals, and assistance with activities of daily living and medication management. KDADS estimates that the PACE program will serve approximately 695 participants a month in CY 2021 and CY 2022. PACE is not considered an entitlement program, and such non-medical services are not included in the Human Services Consensus caseloads process, in which entitlement program expenditures are estimated. Non-medical services were excluded several years ago due to budget constraints. At the time, it was determined that growth in the program should be considered as enhancements by the Governor and the Legislature during the budget process.

Items included in Caseloads are agreed upon by KLRD and DOB, with some guidance by the Legislature when there is clear Legislative intent that an item be included. Ultimately, KLRD and the Division of the Budget (DOB) would have to agree to include all PACE expenditures in Human Services Consensus caseloads process or be specifically directed in legislation. Currently, the House Committee has expressed its intent that all PACE expenditures be included in Caseloads through a recommendation made during KDADS' budget deliberations.

B. Addition of SGF Moneys Related to Legislation Passed that would Expand the Number of Individuals Receiving Substance Abuse Treatment Services from the 2003 SB 123 Program (Senate Committee). The 2003 SB 123 program is administered by the Kansas Sentencing Commission. The program provides state-funded substance abuse treatment for nonviolent offenders convicted of drug possession. The program was designed to divert low-level drug offenders out of the prison system and reduce recidivism among this group of offenders. HB 2026 is currently in Conference Committee and, if passed, would increase the number of individuals receiving substance abuse treatment services. The fiscal impact associated with growth in this program is reflected in the Kansas Sentencing Commission's section, Item B, Page 30.

C. The Need for Additional Funding for Medicaid Home and Community Based Services —Brain Injury Waiver (Senate Committee). The Medicaid Home and Community Based Services Brain Injury (HCBS BI) waiver provides individuals with traumatic and acquired brain injuries services within the community to improve their quality of life and avoid institutionalization. Traditionally, HCBS BI waiver participants receive various professional therapies (physical, occupational, speech, behavior, and cognitive), transitional living skills, and personal attendant care with the goal of recovering from the brain injury. The 2018 Legislature enacted language lifting the age restrictions for coverage and requiring coverage for individuals with acquired brain injuries. After implementation in FY 2020, the agency indicated dramatic growth of the waiver population. Without further funding the agency indicated a wait list would be implemented. During FY 2020, the average monthly population of the waiver was approximately 450 individuals. Since the expansion in eligibility, the population has grown an average of 3.5 percent a month in the waiver population. As of March 2021, there were 725 individuals receiving these services.

The agency requested supplemental and enhancement funding for additional HCBS BI waiver services to avoid the creation of a wait list. The requests were not included in the Governor's budget recommendation. The Senate Subcommittee recommended additional funding for HCBS BI funding in FY 2021, and the review of additional funding at Omnibus for FY 2022. Subsequently, the Governor released GBA No. 2, Item 1, which recommended additional funding for these waiver services in FY 2021 and FY 2022. The House and Senate Committees adopted GBA No. 2, Item 1, and deleted the committee's recommendation to add funding but retained the desire to review growth of the HCBS BI waiver population at Omnibus.

D. The Need for Additional Funding for Senior Care Act Services (Senate Committee). The Senior Care Act provides homemaker, chore, attendant care, and case management services in participants' homes. These services are designed to prevent premature nursing home placement. The 2020 Legislature originally added $3.0 million, all SGF, for Senior Care Act funding in FY 2021. However, that funding was subsequently allotted by the Governor on June 25, 2020. The House Committee recommended adding funding to restore the allotment. The Senate Subcommittee recommended that restoration of the the allotment be reviewed at Omnibus. The Conference Committee on HB 2007 concurred with the House and added the funding.

E. Addition of Funding for the Statewide Mobile Response Program and the 988 Crisis Hotline (Conference Committee). In FY 2020, the Federal Communications Commission announced that all telecommunication carriers will be required to implement a 988 code for behavioral health crisis calls. This code would operate similarly to the 911 number, but rather than be routed to emergency services, these calls would be routed to national suicide prevention crisis centers. The Senate added $3.0 million SGF for operational costs of expanding the call capacity of the 988 hotline in Kansas for FY 2022. This funding would allow for the increased call volume anticipated once the 988 code goes live. The funding was not recommended by the Conference Committee on HB 2007 and instead was recommended for review at Omnibus.

This funding is related to HB 2281 (House Committee on Appropriations), which would establish a $0.50 per month fee per telecommunication subscriber. The revenue generated from this fee would then be used to cover the costs of implementation of the 988 code. The expenditures covered by $3.0 million Senate add would cover the same expenditures as the revenue raised by the HB 2281 funding. The bill was requested by the Association of Community Mental Health Centers of Kansas, and was recommended to be passed by House Committee on Health and Human Services and referred back to the House Committee on Appropriations.

The agency requested an enhancement in FY 2022 of $5.0 million SGF for the establishment of the Mobile Response and Stabilization Services Program for providing crisis mental health services for adults. This enhancement was included in the Governor's recommendation and was related to implementation of the program. Where the $3.0 million added by the Senate Committee covers costs associated with operating the 988 number, the KDADS' enhancement covers expenditures for uninsured individuals who would need additional services after contacting the hotline.

F. Senate Sub. for HB 2208, Certified Community Behavioral Health Clinic Certification (Law). Senate Sub. for HB 2208 requires KDADS to certify as a certified community behavioral health clinic (CCBHC) any community mental health center (CMHC) licensed by KDADS that provides the following services: crisis services; screening, assessment, and diagnosis, including risk assessment; person-centered treatment planning; outpatient mental health and substance use services; primary care screening and monitoring of key indicators of health risks; targeted case management; psychiatric rehabilitation services; peer support and family supports; medication-assisted treatment; assertive community treatment; and community-based mental health care for military service members and veterans. This bill requires a total increase in expenditures of at least $2.7 million, including $1.2 million SGF, for Medicaid expenditures and operating expenditures in FY 2022.

KDADS and KDHE plan to implement a phased-in certification process schedule, beginning with 6 facilities by May 1, 2022 and an additional 20 by July 2025. The total costs for Medicaid services are projected to range from $40.8 million to $71.9 million from all funding sources, including a range of $16.3 million to $28.8 million SGF. These costs would be spread over the 4-year certification schedule and would be lower toward the beginning of the implementation in FY 2022 and increase to the projected high end of the range as all 26 CMHCs become certified.

PHASED IMPLEMENTATION OF CCBHC CERTIFICATION

	FY 2022	FY 2023	FY 2024	FY 2025
Number of CMHCs	6	9	18	26
Services Cost Estimate—Low End				
SGF	$ 627,342	$ 5,646,077	$ 11,292,153	$ 16,310,888
All Funds	1,568,355	14,115,191	28,230,383	40,777,220
Services Cost Estimate—High End				
SGF	$ 1,106,096	$ 9,954,861	$ 19,909,722	$ 28,758,488
All Funds	2,765,239	24,887,153	49,774,306	71,896,220

In addition to Medicaid expenditures, KDADS anticipates additional operating costs of $1.1 million, including $556,710 SGF, for FY 2022. This includes the addition of 10.0 FTE positions and other contractual services associated with CCBHC certification and compliance. See KDHE Item C, on Page 18 for additional information.

G. Human Services Consensus Caseloads and GBA No. 3, Item 1, Page 2. 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 Legislative Research Department (Consensus Group) met on April 19, 2021, to revise the estimates on human services consensus caseload expenditures for FY 2021 and FY 2022. The caseload estimates include expenditures for Temporary Assistance for Needy Families, the Reintegration/Foster Care Contracts, KanCare Regular Medical Assistance, and KDADS Non-KanCare. See KDHE Item D, on Page 19 for additional information regarding KanCare Medical expenditures.

The estimate in FY 2021 for KDADS Non-KanCare is $35.0 million, including $22.5 million from the State General Fund. This is a decrease of $6.1 million, including $8.2 million from the State General Fund, below the amount approved by the 2021 Legislature. The decrease is primarily due to decreased expenditures on retroactive fee-for-service payments attributable to both fewer delays in eligibility determinations for pending claims and possible decreases in individuals entering nursing facilities due to the COVID-19 pandemic.

The estimate for FY 2022 for KDADS Non-KanCare is $40.0 million, including $26.0 million from the State General Fund. The estimate is a change from the amount approved by the 2021 Legislature, reflecting an all funds decrease of $3.4 million, and a State General Fund decrease of $1.5 million. The decrease is mainly attributable to the continued decrease in nursing facility fee for service expenditures because of the pandemic.

State Institutions for Intellectual Disabilities

A. Addition of Funds to Increase the Starting Salaries for Direct Support Positions at the State Institutions for Intellectual Disabilities (House Committee). Both State Institutions for Intellectual Disabilities (I/D Institutions) requested enhancements to increase the starting salaries of Mental Health/Developmental Disability Technicians (MHDDTs). These are direct care positions, which work one-on-one with residents at the I/D Institutions. The current starting wage for MHDDTs is $12.35 per hour, and the agencies aim to increase the rate to $14.66 per hour, while allowing for a proportionate pay increase to other direct support positions. Both I/D Institutions have indicated difficulty in retaining staff due the low starting salary and competition with private industry as well as other state agencies.

- **Kansas Neurological Institute (KNI).** For KNI, the request is an increase of $2.2 million, all SGF, for FY 2022. This would affect approximately 307.5 FTE positions. The resident population at KNI is older and many have significant medical needs, which according to the agency, requires more staff that is trained to meet those medical needs.

- **Parsons State Hospital and Training Center (Parsons).** For Parsons, the request is an increase of $2.1 million, all SGF, for FY 2022. This would affect approximately 322.5 FTE positions. The resident population at Parsons tends to exhibit disruptive behaviors, which the agency indicates elevates the risk for staff.

The agencies' requests were not included in the Governor's recommendation. The House Budget Committee recommended funding for the agencies' enhancements. The House Committee did not recommend the funding and instead recommended the salary increases be reviewed at Omnibus.

B. GBA No. 3, Item 14, Page 9 – Energy Bills Related to February Cold Weather Event.

State Institutions for Mental Health

A. Fiscal Impact of Increasing Starting Salaries at Larned State Hospital to Bring Employee Pay to the Same Level as Starting Salaries for Similar Positions at Larned Mental Health Correctional Facility (House Committee). Larned State Hospital (LSH) and Larned Correctional Mental Health Facility (LCMHF) are adjacent facilities located in Larned, Kansas. Both facilities have periodically experienced difficulties with staffing shortages. In FY 2020, the starting wage for Correctional Officers I, the primary entry-level position, at LCMHF was raised to $18.26 per hour. The primary entry-level position at LSH is Mental Health/Developmental Disability Technicians (MHDDT), which currently has a starting wage of $16.16 per hour. This discrepancy has reportedly created staffing challenges at LSH, as employees shift to LCMHF due to the higher starting wage.

In FY 2020, the Governor issued Executive Directive 19-510, which provided slight salary increases for certain positions at LSH in an effort to address the pay discrepancy. The Executive Directive raised the starting wage for MHDDT positions to $16.16, and provided similar increases for other positions at LSH. HB 2007 directs LSH to increase wages for entry-level positions to the same level as similar positions at LCMHF. The House Committee recommended that funding for such increases be reviewed at Omnibus. LSH estimates that the fiscal impact of this salary adjustment would require an increase of $2.9 million, all SGF, for FY 2022. This would affect approximately 756.0

FTE positions at LSH. This additional funding would increase LSH's base budget to sustain the increase in future fiscal years.

B. GBA No. 3, Item 14, Page 9 – Energy Bills Related to February Cold Weather Event.

Department for Children and Families

A. HB 2158, Non-Temporary Assistance for Needy Families Child Care (Conference Committee). HB 2158 would extend non-temporary assistance for needy families child care by adding an exemption to the 20-hour-per-week work participation requirement for adult caretakers of a child in custody of the Secretary for Children and Families in out-of-home placement and needing child care assistance. DCF indicated that this would not have a fiscal effect because federal Child Care and Development Fund moneys are currently being claimed for these cases. However, if it is determined the current claiming methodology is not allowable, approximately $160,000, all SGF, would be needed to fully fund the services annually. The bill is currently being considered by the Senate Public Health and Welfare and House Children and Seniors Conference Committee.

B. Human Services Consensus Caseloads and GBA No. 3, Item 1, Page 2. The estimate for the Temporary Assistance for Needy Families (TANF) program is $11.5 million, all from federal funds, which is a decrease of $2.6 million below the amount approved by the 2021 Legislature. While the caseload increased due to the pandemic, the total estimated increase did not develop. The caseload peaked in June 2020, remained steady for a few months, and has recently had a steady decline. The availability of COVID-19 stimulus funds is serving as a deterrent for potential clients to meet the TANF eligibility requirements. Estimated expenditures for the Foster Care program are $257.5 million, including $181.4 million from the State General Fund. The estimate is a decrease of $10.5 million from all funding sources, and a decrease of $3.4 million from the State General Fund. While the projected number of children is slightly higher than the fall estimate, the projected average cost per child is lower than was estimated in the fall. Additionally, DCF will receive $8.3 million through the St. Francis repayment plan that will be used toward the foster care program in FY 2021.

The Families First Prevention Grantees (family preservation services) are serving approximately 900 children per month. As this program continues to grow, foster care caseloads are expected to decrease further. Additionally, the Family Preservation Grantees are projected to serve approximately 2,000 families annually. It is estimated that contract costs will continue to fluctuate based on acuity and service needs of children which can impact placement costs and needed supports.

The estimate for the Temporary Assistance for Needy Families program is $10.9 million, all from federal funds, which is a decrease of $2.6 million below the amount approved by the 2021 Legislature. Estimated expenditures for the Foster Care program are $265.5 million from all funding sources, including $181.0 million from the State General Fund. The estimate is a change from the amount approved by the 2021 Legislature, reflecting an all funds decrease of $891,000, including an increase of $130,000 from the State General Fund. The costs for foster care services are expected to continue to decline compared to the approved because of a continuation of the conditions discussed in FY 2021. DCF will receive $4.1 million through the St. Francis repayment process that will be used for the foster care program for FY 2022. Additionally, a portion of the savings is from maintaining the FY 2022 Case Management Provider rates at the FY 2021 levels.

Kansas Department of Corrections

A. Addition of $21.1 Million, all SGF, to the Evidence-Based Juvenile Programs Account to Restore Lapsed Funding in FY 2021 (Senate Committee). The Governor's recommendation included a lapse of $42.2 million, all SGF, from the Evidence-Based Juvenile Programs (EBJP) account in FY 2021. The Senate Committee recommended a lapse of $21.1 million in FY 2021, which was adopted in HB 2007. Further, the Senate Committee recommended an Omnibus review of potentially restoring the remaining $21.1 million lapsed in FY 2021. HB 2007 provides an available balance of $35.4 million for the fund in FY 2021, with planned expenditures totaling $14.3 million for grants and statewide contracts to reduce juvenile incarceration.

The EBJP account is administered by the Kansas Department of Corrections (KDOC) and is intended to support evidence-based community programs for juvenile offenders and juvenile experiencing mental health crises pursuant to KSA 75-52,164. The Juvenile Justice Oversight Committee (JJOC) makes recommendations to the Secretary of Corrections regarding expenditures from the account. Existing programs include, but are not limited to:

- Statewide contracts including Functional Family Therapy, Crossover Youth Practice Model, mental health services, and substance abuse counseling for families;

- Aid to county governments through Reinvestment and Collaboration Grants; and

- Assistance to local Juvenile Correction Advisory Boards to implement evidence-based juvenile programs within the community.

Due to the limited time remaining in FY 2021, the agency anticipates utilizing the unexpended funds to supplement $12.5 million appropriated to the EBJP account for FY 2022. The agency anticipates total expenditures of $21.6 million from the EBJP account in FY 2022 to sustain existing programs. The remaining balance will reappropriate to subsequent years to extend the lifetime of existing programs to FY 2023 without an increase in SGF appropriations or a reduction in programs. The agency estimates that if the lapsed $21.1 million were restored, the lifetime of existing programs would be extended to FY 2025 without an increase in the yearly SGF appropriation to the account.

B. Status of the Evidence-Based Juvenile Programs Account of the SGF for FY 2022 and the Potential Impact of Shifting $300,000 to the Department of Education (KSDE) for a Juvenile Transitional Crisis Center Pilot Project at KSDE (House Committee). HB 2007 shifts $300,000, all SGF, from the EBJP account at KDOC to the Juvenile Transitional Crisis Center Pilot Project account at KSDE for FY 2022. The House Committee recommended reviewing the status of the EBJP.

The Juvenile Transitional Crisis Center Pilot Project is a program of the Beloit Special Education Cooperative that uses evidence-based practices to meet the needs of students identified as at-risk or with disabilities.

The EBJP account is intended to support evidence-based programs for juvenile offenders to reduce reliance on incarceration. HB 2007 lapsed $21.1 million from the EBJP account in FY 2021, creating an available balance of $35.4 million for the fund with planned expenditures totaling $14.3 million. This balance is the result of partially restoring funds proposed to be lapsed in the Governor's recommendation. Due to the limited time remaining in FY 2021, the agency anticipates utilizing the unexpended funds to supplement the $12.5 million appropriated to the EBJP account for FY 2022. The agency anticipates total expenditures of $21.6 million from the EBJP account for FY 2022 to sustain existing programs. Any remaining balance for FY 2022 will reappropriate to subsequent years to extend the lifetime of existing programs to FY 2023 without an increase in SGF appropriations or a reduction in programs.

C. Addition of Funding for Unit Team Counselor and Parole Officer Pay Equity (Senate Committee). The Senate Committee recommended reviewing the possible addition of two agency enhancement requests that were not included in the Governor's recommendation. The items to be reviewed total $3.8 million, all SGF, for FY 2022, and include:

- $2.2 million, all SGF, to provide a 15.0 percent pay increase for unit team counselors at correctional facilities in FY 2022. Team counselors serve as case managers coordinating resources for inmates, such as educational programs and reentry planning. The current starting wage for team counselors is $18 per hour. The agency states that recent pay increases for correctional officers, without commensurate increases for team counselors, has resulted in retention challenges.

- $1.6 million, all SGF, to provide a 15.0 percent pay increase for parole officers at 17 parole offices throughout the state in FY 2022. Parole officers provide supervision of offenders post release, which includes conducting regular assessments and meeting with offenders in their community. The current starting wage for parole officers is $18 per hour, which the agency indicates is lower than the average starting wage for county correctional officers and court services officers, who receive an average of $21 per hour. According to the agency, this disparity has resulted in parole officers leaving the KDOC System for these entities.

D. Cost Estimate for a Study of Potentially Repurposing the Kansas Juvenile Correctional Complex and Establishing Three Regional Juvenile Facilities (House Committee). The House Committee requested the agency provide a cost estimate for a study to examine repurposing the Kansas Juvenile Correctional Complex in Topeka and establishing three or more smaller, regional juvenile facilities in FY 2021. Regions for consideration should include south-central, northeast, and western Kansas, with a preference toward utilizing existing state and county facilities rather than new construction. The study should also address future plans for the former Larned Juvenile Correctional Facility and other underutilized facilities within the correctional system.

The agency estimates this feasibility study would cost $200,000 and recommends funding from either the State Institutions Building Fund (SIBF) or SGF. The study includes:

- Assessment of current trends regarding the juvenile offender population, forecast of future capacity needs, and location of youth entering the system:

- Operational assessment and development of a concept for new or renovated facilities that are smaller and regionally-based; and

- Comparative analysis of national trends in reform strategies for development of juvenile rehabilitative facilities.

The agency anticipates providing the study's findings to the Legislature by July 2022. The estimate proposed includes a rigid timeline that involves architectural services at the Department of Administration as well as the State Building Advisory Committee. According to KSA 76-6b04, SIBF moneys may be used for expenditures related to the construction or reconstruction of buildings housing juvenile offenders. The current estimated ending balance for the SIBF is $11.7 million for FY 2022.

E. The Potential to Utilize COVID-19 Federal Relief Funds to Support Replacement of Adult and Juvenile Offender Management Data Systems. (Senate Committee). HB 2007 appropriates $5.0 million, including $2.0 million SGF, in FY 2021 and $2.1 million SGF for FY 2022 for the replacement of the adult Offender Management Information System (OMIS) and the Juvenile Correctional Facility System (JCFS). OMIS and JCFS track inmate locations, custody classification, and other core services. A replacement system will consolidate management of adult and juvenile population information and enable data collection to better determine outcomes.

The total project cost is $25.8 million, which includes an initial payment of $5.0 million and debt service on a $20.0 million loan terminating in FY 2027. Though replacement of these systems is not exclusively attributed to COVID-19, the agency notes these obsolete systems are based on technology that exhibited failures during the pandemic.

The American Rescue Plan Act (ARPA) provides two potential funding sources for Kansas that may be suitable for data system replacement. However, federal guidance regarding the use of these funds is yet to be published. These funds include the following:

- **Federal Coronavirus State Fiscal Recovery Fund.** ARPA provides an estimated $1.6 billion to state government in Kansas from the federal Coronavirus State Fiscal Recovery Fund. Funds may be used for costs incurred through December 31, 2024, to:
  - Respond to the COVID-19 public health emergency and its negative economic impacts;
  - Provide government services affected by a revenue reduction resulting from COVID-19; and
  - Make investments in water, sewer, and broadband infrastructure.
- **Federal Coronavirus Capital Projects Fund.** ARPA provides an estimated $142.8 million to state government in Kansas from the federal Coronavirus Capital Projects Fund. Funds may be used for capital projects that enable work, education, and health monitoring in response to the COVID-19 public health emergency. The U.S. Department of the Treasury is directed to establish an application process within 60 days of ARPA enactment to allow states to access their allocations.

F. GBA No. 3, Item 12, Page 8 – Energy Bills Related to February Cold Weather Event.

Kansas Sentencing Commission

A. Addition of Funding for a Salary Adjustment for All Employees. (House and Senate Committees). The House and Senate Committees recommended considering the possible addition of $82,659, all SGF, for an agency-wide pay increase for FY 2022. The Kansas Sentencing Commission monitors criminal justice sentencing trends, collects sentencing data, and provides objective guidance to policymakers. The agency has a staff of 13.5 FTE positions, with several positions requiring advanced criminal justice and data analytics skills. The agency indicates these are skills sought by federal and state justice entities and attributes recent critical staff vacancies to below-market pay.

In FY 2020, the agency contracted with an independent consulting group to conduct an agency-wide salary survey. This survey compared work performed by the agency with comparable local and national entities and determined that seven positions were below the average market rate, with an additional three positions at risk of falling below the average market rate. The study recommended an 8.6 percent pay increase to be implemented over a period of two years, totaling $69,211 in FY 2021 and $82,659 for FY 2022. The agency indicates that continued insufficient pay may exacerbate retention challenges and inhibit its ability to provide timely legislative impact assessments and prison population projections to the Legislature, Governor, KDOC, and other justice entities. The Governor did not recommend this pay increase.

During budget hearings with Legislative committees in February 2021, the agency adjusted its proposed pay plan and requested just $82,659 for FY 2022 only, due to the limited time for implementation in FY 2021. Both House and Senate Committees recommended consideration of this item at Omnibus.

B. Addition of Funding for Legislation Expanding the 2003 SB 123 Substance Abuse Treatment Program (House and Senate Committees). The House and Senate Committees recommended reviewing the possible addition of SGF moneys for legislation expanding the SB 123 program. The SB 123 program is a non-prison sanction providing certified substance abuse treatment for nonviolent offenders convicted of certain drug offenses. The program is administered by the Kansas Sentencing Commission pursuant to KSA 75-52,144 and is designed to divert low-level drug offenders out of the prison system. The only bill affecting expenditures for the SB 123 program is HB 2026, which is currently in Conference.

C. HB 2026, Expanding SB 123 Eligibility (Conference Committee). HB 2026 would expand eligibility for SB 123 substance abuse treatment to include certain persons who have entered into diversion agreements. Eligibility would include persons:

- Charged with felony possession of a controlled substance;
- Whose criminal history score is C or lower;
- Who have no prior felony drug convictions; and
- Who have entered into a diversion agreement in lieu of further criminal proceedings after July 1, 2021.

The agency estimates this bill would require an increase of $265,104, all SGF, for treatment of 75 additional persons in the SB 123 program for FY 2022. The average annual cost for treatment in the program was $3,535 per offender in FY 2020. The bill is currently in conference between the Senate Committee on Judiciary and the House Committee on Corrections and Juvenile Justice.

Adjutant General

A. GBA No. 3, Item 17, Page 11 – Energy Bills Related to February Cold Weather Event.

Kansas Bureau of Investigation

A. HB 2058, Kansas Protection of Firearms Rights Act (Veto). HB 2058 would amend law related to the recognition and issuance of concealed carry licenses; would create two concealed carry license classes; and would create the Kansas Protection of Firearms Rights Act. Upon issuance of an expungement order, the KBI would be required to report to the FBI that such expunged record should be withdrawn from the National Instant Criminal Background Check System (NICS). The KBI would be required to include such expungement order in the person's criminal history record for purposes of documenting the restoration of such person's right to keep and bear arms. The bill was vetoed by the Governor on April 23, 2021.

The agency requests $250,000, all SGF, to contract vendor updates for the Criminal History Repository inclusive of expungement responsibilities, and related coding and software updates for FY 2022.

B. Possible Addition of Funding for the Agency's Scrap Metal Repository Oversight Duties for FY 2022 (Senate Committee). The Senate Committee recommended reviewing the possible addition of $30,000, all SGF, to support the agency's scrap metal repository oversight duties for FY 2022.

2019 HB 2248 transferred responsibility for the creation and maintenance of the scrap metal database repository from the Attorney General to the KBI. The agency received a one-time budget appropriation of $180,000, all SGF, to create the database in FY 2020. The agency notes that it partnered with the Information Network of Kansas (INK), and the database went live on the required date of July 1, 2020.

The agency notes that the creation of the scrap metal database system included associated personnel costs totaling $65,790 for hiring an individual to develop processes and procedures surrounding the repository, prior to the system going live. The agency states that it was able to find cost efficiencies in developing the repository in collaboration with INK, and while INK assumed costs associated with developing the repository, the agency is still required to pay $30,000 per year for the systems maintenance and upkeep. With the original appropriation of $180,000, all SGF, and accounting for personnel costs ($65,790), the agency was left with $114,210 being reappropriated from FY 2020 to FY 2021.

The agency states its budget request included the allowance to retain a total of $60,000 of these reappropriated dollars to provide the funds necessary to pay $30,000 in FY 2021, and $30,000 in FY 2022 to INK for the scrap metal repository maintenance. The Governor's recommendation allowed the agency to retain $30,000, all SGF, in FY 2021, but recommended lapsing the remaining funding for FY 2022 ($84,210). The agency requests the addition of $30,000, all SGF, to fund the repository through FY 2022, and further notes that, "at which point the bill will sunset unless further acted upon by the Legislature (July 1, 2023)."

The agency requests $30,000, all SGF, for systems maintenance and upkeep for the scrap metal database repository for FY 2022.

C. GBA No. 3, Item 5, Page 6 – Increased Telecommunication Costs.

Kansas Department of Transportation

A. HB 2247, Highway Designations (Law). HB 2247 designates portions of highway in Johnson, Marshall, and Norton counties as memorial highways and designates certain bridges in Cowley, Riley, and Seward counties as memorial bridges. The new designations are as follows:

HB 2247 NEW DESIGNATIONS			
Original Bill	**Designation**	**Requested Expenditures**	**Required Receipts Prior to Expenditures**
HB 2247	The portion of K-67 in Norton County from the southern limits of the Norton Correctional Facility to the northern limits of the Norton Correctional Facility would be designated as the COII Trenton J Brinkman Memorial Highway	$ 3,420	$ 5,130
HB 2019	Bridge No. 54-88-17.86 (013) located on US-54 in Seward County would be designated as the Jack Taylor Memorial Bridge; and Bridge No. 54-88-17.1.87 (006) located on US-54 in Seward County would be designated as the Max Zimmerman Memorial Bridge	4,750	7,125
HB 2132	Bridge No. 0081-B0058 located on US-77 in Riley County would be designated as the PFC Loren H Larson Memorial Bridge	2,860	4,290
HB 2100	Bridge No. 0018-009 located on US-166 in Cowley County would be designated as the SGT Tyler A Juden Memorial Bridge	2,860	4,290
SB 20	A portion of US-69 in Johnson County, from I-435 to 135th Street, as the Senator Dennis Wilson Memorial Highway	5,660	8,490
SB 26	A portion of K-7 in Johnson County, between K-10 and West Santa Fe Street as the Senator Bud Burke Memorial Highway	4,040	6,060
SB 19	The portion of US-77 from the western city limits of the city of Blue Rapids to the eastern city limits of the city of Waterville, in Marshall County, as the CPL Allen E. Oatney and SP4 Gene A. Myers Memorial Highway. The designation of Prairie Parkway would be removed from this portion of US-77	2,760	4,140

The Secretary of Transportation (Secretary) is required to place suitable signs to indicate the designations. Under continuing law, the Secretary is precluded from placing these signs until the Secretary has received sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing such signs, plus an additional 50.0 percent of the initial cost to defray future maintenance or replacement of the signs. This bill was signed by the Governor on April 16, 2021. The agency would need to receive a total of $39,525 in order to provide for the designation and memorial signage in the bill. The agency is requesting a State Highway Fund operations account expenditure limitation increase of $26,350 to expend gifts and donations received for signs for FY 2022.

B. GBA No. 3, Item 9, Page 7 – Transfer to the Special City and County Highway Fund.

C. GBA No. 3, Item 10, Page 8 – County Equalization and Adjustment Fund Proviso.

Kansas Highway Patrol

A. History of Law Enforcement Officer Pay Plans in FY 2021, with Respect to Capitol Police (Senate Committee). The Senate Committee added language in Sub. for SB 267 to require the Kansas Highway Patrol to use the KHP Training Academy for the training of all of their law enforcement officers in FY 2021; and added language to utilize existing resources to provide pay parity for the Capitol Police for FY 2022. The Conference Committee on HB 2007 agreed to include both of these language additions.

2016 Legislative actions:

- The approved FY 2017 budget included increases reflective of the agency's institution of the new pay plan proposed during the 2015 Session. Greater flexibility was provided to allow the agency to self-fund a portion of the newly proposed pay plan for non-supervisory personnel in FY 2016 and for FY 2017. The agency's approved FY 2017 budget included the progression of the pay plan to include supervisory ranks;
- Passed 2016 HB 2696, which, among other actions, created the KHP Staffing and Training Fund and added a new $2.00 nonrefundable surcharge to each vehicle registration fee to be deposited into the Fund. Additionally, passed 2016 House Sub. for SB 249, which appropriated the KHP Staffing and Training Fund as a no limit fund for FY 2017; and
- Executive Directives No. 15-470 (Effective January 3, 2016) and No. 16-471 (Effective June 5, 2016) authorized the KHP Career Progression Plan (CPP), and they were subsequently modified by Executive Directives No. 20-513 (Effective March 22, 2020) and No. 20-525 (Effective October 4, 2020).

The agency notes that Troop K (Capitol Police) currently employs the following classification of personnel: (**LEO** – Law Enforcement Officer / **CAG** – Capital Area Guards).

Additionally, the agency notes that some Capitol Police and Motor Carrier Inspector LEO's in some instances have received basic training at the Kansas Highway Patrol academy under prior administrations for various reasons, but are not required to attend the KHP Academy (prior to language contained in HB 2007). Applicants hired for an LEO position that are already police officers are not required to attend another academy for LEO positions such as the Capitol Police. All applicants, including current certified police officers internally or externally, that are hired for a Trooper position, are required to go through the Kansas Highway Patrol Trooper Basic Training Academy. Generally, the agency sends non-certified LEO's, such as Capitol Police applicants to the Kansas Law Enforcement Basic Certification (KLETC) academy. Due to the difference in duties between a Capitol Police Officer and a Trooper position, as well as the timing of hiring, it is considered by the KHP to be more efficient in most instances to utilize the KLETC academy for Capitol Police applicants. The KHP believes that trying to utilize the Basic Trooper Academy may result in a larger delay in the hiring of Capitol Police applicants.

Capitol Police LEO I – 999 – Civilian part time (999 hours/annually), not covered members of Kansas State Trooper Association (KSTA) bargaining unit and classification is not covered by KHP CPP. Must have high school diploma or GED, certified LEO credentials in good standing with the Commission on Peace Officers' Standards and Training, and obtain National Incident Management System and Incident Command System (NIMS ICS) training within one year of hiring.

Capitol Police LEO I – Full Time – Probationary members are not covered by the Memorandum of Agreement, however, non-probationary members are fully covered unit members of the KSTA bargaining unit, classification is covered under the KHP CPP. Must complete basic law enforcement training program recognized by the Kansas Law Enforcement Training Commission and obtain certification as a law enforcement officer from the Kansas Law Enforcement Training Commission. At time of appointment, candidate must take and pass a drug screening test approved by the Division of Personnel Services and be required to pass a physical and psychological exam administered by the hiring agency. Use of firearm might be necessary, therefore candidates cannot have been convicted of, and must be free of any diversions from, a felony or misdemeanor domestic violence crimes.

Capitol Police LEO II – Full Time – Probationary members are not covered by the Memorandum of Agreement, however, non-probationary members are fully covered unit members of the KSTA bargaining unit, classification is covered under the KHP CPP. Is an advanced and experienced full-service position. Must successfully complete and maintain certification in advanced enforcement efforts. Required to hold Kansas Certification as a Law Enforcement Officer and have served five (5) years as a Kansas law enforcement Officer. Must successfully complete and maintain certification in advanced enforcement efforts.

Capitol Police LEO III (Three Position Descriptions depending on position):

Public Resource Officer - PUBLIC CONTACT / PUBLIC RELATIONS OFFICER – Not covered members of the KSTA bargaining unit, however classification is covered under the KHP CPP. Provides oversight and enforcement of the statues and Administrative Rules and Regulations of the State of Kansas. Assists Troop Commander and Agency supervisors with execution of special assignments/events. Oversees the full and part-time law enforcement operations and activities for the Kansas Judicial Center, Memorial building, and Insurance Building by creating an managing plans of operations for assignments. Provides oversight to all matters personnel related. Communicates and confers with the public, public officials, news media, court officials and other law enforcement agencies in order to establish and maintain good working relations. Must have high school diploma or GED. Must successfully complete and maintain certification in advanced enforcement efforts.

Shift Supervisor - Not covered members of the KSTA bargaining unit, however classification is covered under the KHP CPP. Provides oversight and enforcement of the statues and Administrative Rules and Regulations of the State of Kansas. Assists Troop Commander and Agency supervisors with execution of special assignments/events. Facilitates and oversees the administrative functions of the Troop including oversight of law enforcement operations and activities for assigned shift, inspections of work areas, equipment and assigned vehicles. Provides oversight of the training of assigned personnel and assists with personnel matters as assigned. Must successfully complete and maintain certification in advanced enforcement efforts.

Administrative - Not covered members of the KSTA bargaining unit, however classification is covered under the KHP CPP. Enforces the statutes and Administrative Rules and Regulations of the State of Kansas, in order to improve the safety of its citizens and the public. Assists Troop Commander with administrative and office related matters and duties and with maintaining and updating the schedule. Supervises assigned administrative staff and assists with the overall administrative functions/operations of the Troop. Conducts inspections of assigned work areas and equipment utilized by Communication Specialists, Central Monitoring and Capitol Area Guards. Assists Troop Commander and Agency supervisors with the coordination and execution of security operations for special assignments/events. Communicates and confers with the public, public officials, news media, court officials and other law enforcement agencies in order to establish and maintain good working relations. Must successfully complete and maintain certification in advanced enforcement efforts.

CAG I - Civilian full and part-time 999, not covered members of KSTA bargaining unit and classification is not covered by KHP CPP. Are required to communicate and collaborate with fellow employees; analyze, discern, and disseminate electronic video and fire systems information; and tour building facilities for safety, security, and lack of vandalism. Must have a high school diploma or GED. Maintains certifications in CPR, first aid, AED (defibrillator), and is skilled in their application.

CAG II - Civilian full-time, not covered members of KSTA bargaining unit and classification is not covered by KHP CPP. The primary duty is the supervision of Capitol Area Guard I's (CAG I). Ensures compliance with responsibilities established by the Kansas Highway Patrol policy and procedure manual and local troop directives. Work daily with the public, State Officials, and agency employees. Supervises, directs, and schedules Capitol Area Guard I's (CAG's) for multiple duty shifts in order to provide security for multiple state owned and operated buildings and posts assignments. Required to communicate and collaborate with fellow employees; analyze, discern, and disseminate electronic video and fire systems information; and tour building facilities for safety, security, and lack of vandalism. Must have a high school diploma or GED equivalent. Complete KHP basic supervisory course within 12 months and meet prerequisite training.

B. Deletion of Funding for Law Enforcement Aircraft Replacement in FY 2021 (Senate Committee). The Senate Committee recommended deleting $15.3 million, all from the KHP Operations Fund, to not purchase two new helicopters ($11.4 million / $5.7 million per helicopter), or one multipurpose single-engine airplane ($5.0 million). The Senate Committee retained $700,000, all from the KHP Operations Fund, to provide for the FLIR upgrade to the agency's 2012 Cessna 206 aircraft. This included reducing the transfer from the State Highway Fund by the same amount.

The Conference Committee on HB 2007 agreed to delete $13.1 million, all from the KHP Operations Fund, from the Governor's recommended FY 2021 supplemental funding to replace law enforcement aircraft ($16.0 million), and reduce the transfer from the State Highway Fund by the same amount. This reduction retained $2.25 million for a light plane Cessna 206, and $700,000 to provide for an upgrade to the FLIR on the agency's 2012 Cessna 206 aircraft in FY 2021. The agreement included the agency's trade-in of currently owned 1978 and 1998 Cessna aircraft.

C. GBA No. 3, Item 11, Page 8 – Energy Bills Related to February Cold Weather Event.

Kansas State Board of Healing Arts

A. Sub. for HB 2066, Occupational and Professional Licensing Standards (Law). Sub. for HB 2066 amends the occupational and professional licensing standards for regulatory agencies to receive and review applications for specific military, persons establishing residency in Kansas, or law enforcement. The Board of Healing Arts anticipates an increase in expenditures of $14,120 and 1.0 FTE position in FY 2021 and $48,485 in salaries and fringe benefits for the FTE position for FY 2022. See Behavioral Sciences Regulatory Board Item A, on Page 15, and Board of Pharmacy Item A, on Page 36, for additional information.

Board of Pharmacy

A. Sub. for HB 2066, Occupational and Professional Licensing Standards (Law). Sub. for HB 2066 amends the occupational and professional licensing standards for regulatory agencies to receive and review applications for specific military, persons establishing residency in Kansas, or law enforcement. The Board of Pharmacy receives approximately 2,650 initial applications per fiscal year that would meet the criteria of the bill. Therefore, the Board anticipates an increase in expenditures of $7,500 for contractual attorney services and $35,750 for salaries and fringe benefits for a 0.5 FTE licensing position for a total cost of $43,250 for FY 2022. See Behavioral Sciences Regulatory Board Item A, on Page 15, and Kansas State Board of Healing Arts Item A, on Page 36, for additional information.

B. HB 2079, Prescription Drug Monitoring Program Act (Conference Committee). HB 2079 would create law in the Prescription Monitoring Program Act to establish the Prescription Monitoring Program Fund as a no limit fund in the Board of Pharmacy. Each year, the Attorney General would transfer $200,000 from the Kansas Fights Addiction Fund to the Prescription Monitoring Program Fund as moneys are available. The funds would be used for the purpose of operating the Prescription Monitoring Program (K-TRACS).

University of Kansas

A. Possible Addition of $100,000, all SGF, to the Geological Survey to Conduct Seismic Surveys for FY 2022 (Senate Committee). The Committee recommends reviewing the possible addition to the Geological Survey, which has a current expenditure limit of $6.1 million, and proviso language that states that "in addition to the other purposes for which expenditures may be made by the above agency from the geological survey account of the state general fund for FY 2022, expenditures shall be made by the above agency from the geological survey account of the state general fund for FY 2022 for seismic surveys in an amount not less than $100,000."

University of Kansas Medical Center

A. Addition of $500,000, all SGF, to the Midwest Stem Cell Therapy Center for Conducting Clinical Trials to Treat COVID-19 Patients Using MSCTC-0010 Cells for FY 2022 (Senate Floor Debate). During action in the Senate Committee of the Whole, Senator Thompson offered an amendment to recommend adding $500,000, all SGF, to the Kansas University Medical Center's Midwest Stem Cell Therapy Center account for the purpose of conducting clinical trials to treat COVID-19 patients using MSCTC-0010 cells developed at the Midwest Stem Cell Therapy Center. The amendment also stated that the appropriation of $500,000 would be reviewed by the Senate Committee on Ways and Means and the House Committee on Appropriations prior to passage of the Omnibus reconciliation spending limit bill of the FY 2021 regular session of the Legislature. The amendment was subsequently withdrawn.

Board of Regents

A. The Governor's Pay Plan (House and Senate Committees). The House Committee recommended reviewing the Governor's 2.5 percent pay plan for FY 2022. This would include $76,770 in the Board of Regents Administration Program and $10.3 million in the University Operating Grant for state universities, which is equivalent to the SGF portion of the proposed 2.5 percent employee pay plan to be spent at the Board's discretion. The Senate Committee recommended the review of the $76,770, which was deleted from the Board of Regents Administration Program for FY 2022. See State Employee Pay Item A, on Page 10 for additional information.

At the request of the Board of Regents, both the House and the Senate Committees have deleted the $10.3 million for the universities and have added $10.3 million to a new line item in the Board of Regents budget entitled State University Capital Renewal Initiative to be used for deferred maintenance for FY 2022.

B. Addition of $10.0 Million for the University Operating Grant (House Committee). The House Committee recommended reviewing the addition of $10.0 million, all SGF, to the University Operating Grant within the Board of Regents budget, to be dispersed for operating expenditures for the universities for FY 2022. The Conference Committee on HB 2007 added $25.9 million to the universities operating accounts.

C. Funding of the Career Technical Education Tuition (SB 155) in FY 2021 and for FY 2022 (Senate Committee). The Senate Committee recommended reviewing the possible addition of $2.1 million to this fund in FY 2021 and $8.3 million in FY 2022 to fully fund the program. The House Committee position added the funding for both years. The Conference Committee on HB 2007 concurred with the House position and added the funding for both years.

The Board of Regents requests additional proviso language under the Career Technical Education Tuition line for both FY 2021 and FY 2022. The agency requests the addition of a generic definition of high school credential to the AO-K Work Program established in the 2019 SB 199. This language would be added in the provisos after " ... for the payment of technical education tuition for adult students who are enrolled in technical education classes while obtaining a GED ***or pursuing a high school equivalency (HSE) credential*** using the accelerating opportunity program ..."

D. Deferred Maintenance of the State Universities (Senate Committee). The Senate Committee recommended the review of the state university deferred maintenance policies and plans within the Board of Regents. The Board is to provide a report on the status of deferred maintenance at the universities for FY 2022. The following is a report from the Board of Regents:

The Kansas Board of Regents has committed to address aging facilities and infrastructure at the campuses of the state universities. The Board’s new strategic plan guides the way for the development of a multi-year capital renewal initiative to ensure that campus buildings are maintained, deferred maintenance is addressed, and the campuses of the state universities are modernized and revitalized to support the higher education needs for Kansas in the 21st century.

Two critical studies commissioned by the Board of Regents and conducted over the course of 2020 represent a foundational effort towards establishing a sustainable initiative to rejuvenate the buildings that support the teaching and research missions of the institutions. These studies updated facilities condition and space utilization data for a significant portion of the systemwide facilities portfolio. The results of those studies were initially presented to the Board in November 2020. Since that time, the Board has directed staff to develop financing options and propose policies in support of a capital renewal initiative to address campus facilities.

The System will be able to use the results of the studies to consider how best to prioritize projects and determine the most productive usage of space. This data set will support the capital planning process with an eye toward thoughtfully reducing the physical campus footprint, in response to flattening enrollment trends and the growth of hybrid and on-line course delivery. This right-sizing of spaces and improvement of buildings will enhance the quality, condition, performance and utilization of university facilities.

Development of the facility renewal framework is still underway, with supportive policy and funding scenarios likely to be formalized during the summer of 2021. The Board has directed that the $10.3 million appropriated by the Legislature for FY 2022 be devoted to the capital renewal initiative, potentially for the purpose of paying debt service on a state-issued bonded indebtedness. Other financing options to potentially leverage a portion of the Educational Building Fund are also under consideration.

E. Status of the SGF and COVID-19 Federal Relief Funding Distribution (Senate Committee). The Senate Committee recommended a review of the SGF and COVID-19 federal relief funding distribution to the universities and colleges for FY 2022. A summary of the federal COVID funding by the Board of Regents is provided here as is a table with the funding breakdown.

The CARES Act from March 2020 contained the first round of Higher Education Emergency Relief Funds (HEERF). HEERF 1 allocations must be used to provide direct emergency aid to students, including "grants to students for food, housing, course materials, technology, health care, and childcare." The second half of the funding was provided "to each institution of higher education to prevent, prepare for, and respond to coronavirus."

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) enacted in late December 2020 included what are referred to as HEERF 2 allocations for the U.S. Department of Education to disburse to institutions of higher education (IHEs). IHEs have one year from the award date to expend funds unless an extension is granted. Similar to HEERF 1, a portion of the award must be used for student grants, but in this round, the CRRSAA requires institutions to prioritize students with exceptional need, such as those who are Pell-eligible and authorized grants to students who are exclusively enrolled in distance education. The institutional portion of the HEERF 2 may be used to defray expenses associated with coronavirus (lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll) and to carry out student support activities authorized by the Higher Education Act that address needs related to coronavirus or to make additional student grants.

The American Rescue Plan Act of 2021, H.R. 1319, appropriates another round of federal funding for IHEs from the HEERF. Institutions must spend at least 50.0 percent of their HEERF 3 allocation on emergency financial aid grants provided directly to students. Institutions can use remaining funds to replace lost revenue, reimburse for emergency expenses, and more, in a manner similar to HEERF 2 and 1. Institutions must use a portion of their allocation for implementing evidence-based practices to monitor and suppress coronavirus, and to conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to a recent unemployment of a family member or to other circumstances.

As a condition of receiving the education stabilization funding in the federal legislation, states must maintain spending on both K-12 and higher education in FY 2022 and FY 2023 at least at the proportional levels relative to a state's overall spending, averaged over FY 2018, FY 2019 and FY 2020. The MOE requirements can be waived by the Secretary of Education.

FEDERAL COVID ALLOCATIONS TO KANSAS INSTITUTIONS OF HIGHER EDUCATION

	HEERF 1		HEERF 2		HEERF 3		GEER
Institution	Institution Share	Student Grants	Institution Share	Student Grants	Institution Share	Student Grants	SGF Swap
Emporia State University	$ 1,758,810	$ 1,758,810	$ 3,835,236	$ 1,758,810	$ 4,918,500	$ 4,918,500	$ 1,505,594

FEDERAL COVID ALLOCATIONS TO KANSAS INSTITUTIONS OF HIGHER EDUCATION							
	HEERF 1		**HEERF 2**		**HEERF 3**		**GEER**
Institution	Institution Share	Student Grants	Institution Share	Student Grants	Institution Share	Student Grants	SGF Swap
Fort Hays State University	1,262,037	1,262,038	4,786,907	1,370,261	5,413,000	5,413,000	1,596,822
Kansas State University	6,343,277	6,343,277	13,501,741	6,343,277	17,518,000	17,518,000	7,443,502
Pittsburg State University	2,659,384	2,659,385	5,694,361	2,659,385	7,328,500	7,328,500	1,684,463
University of Kansas*	7,594,822	7,594,823	15,477,323	7,594,823	20,442,000	20,442,000	11,046,033
Wichita State University	4,393,232	4,393,233	10,598,199	4,393,233	13,158,500	13,158,500	2,997,749
Washburn University	2,250,087	2,250,087	5,773,929	2,250,087	7,058,500	7,058,500	-
Haskell Indian Nations University	555,739	555,739	1,282,075	555,739	1,597,500	1,597,500	-
Community Colleges	13,396,110	13,396,118	46,267,871	13,396,118	52,644,500	52,644,500	-
Technical Colleges	2,116,964	2,116,968	6,772,987	1,932,047	8,382,500	8,382,500	-
Private Nonprofit / Proprietary Institutions	10,145,207	10,145,220	15,623,914	6,124,627	23,491,500	23,491,500	-
TOTAL	**$ 52,475,669**	**$ 52,475,698**	**$ 129,614,543**	**$ 48,378,407**	**$ 161,953,000**	**$ 161,953,000**	**$ 26,274,163**

** A portion of the funding allocated to the University of Kansas will be directed to KU Medical Center.*

F. Comprehensive Grant Funding for FY 2022 (Senate Committee). The Senate Committee recommends review of the Comprehensive Grant funding level. The program provides for a maximum individual grant, for a student enrolled at a state educational institution or municipal university, of up to $2,000 maximum and a minimum award of $100. The maximum individual grant awarded for a student enrolled at an independent institution is $3,500 and a minimum award of $200. The current FY 2022 expenditure amount in the fund is $16.3 million, which is expected to assist 9,500 students for FY 2022.

G. Status of HB 2101, the Kan-Grow Engineering Initiative, for FY 2022 (Law). The Senate Committee recommends reviewing the status of Kan-Grow Engineering Initiative, which would expire on June 30, 2022. The Committee requested the agency provide information on how many students leave the state after graduating from the program. Additionally, the Committee recommended reviewing possibly adding the private colleges to the program for FY 2022.

HB 2101 passed out favorably from both the House and Senate Committees and was passed by the House Committee of the Whole with a vote of 112 to 12 and the Senate Committee of the Whole with a vote of 37 to 2. The bill was signed into law on April 16, 2021.

H. HB 2021, Tuition Waiver Program (Law). This bill adds eligible students to the existing Tuition Waiver program in the Board of Regents' budget. The bill sets a maximum for total reimbursement for tuition and fees of the spouses and dependents of public safety officers in any fiscal year to $350,000. The current funding in the account for dependents and spouses of deceased military personnel, prisoners of war, and individuals declared by a court as wrongfully convicted is $134,657 and 14 people in FY 2019 and FY 2020 were eligible for the waiver. The Board of Regents states that the addition of the spouses and dependents of public safety officers would increase the number of people eligible for the Tuition Waiver program and is requesting an additional $350,000 from the Tuition Waiver Fund to cover those costs.

I. HB 2064, Kansas Promise Scholarship Act (Law). This bill would establish the Kansas Promise Scholarship Act and the Kansas Promise Scholarship Fund (Fund), which would subsequently require an appropriation. The bill would require scholarship amounts to be the average aggregate amount of tuition, and related fees minus any moneys the recipient has received in the form of grants, scholarships, or other financial assistance not requiring payment. The eligible postsecondary institutions would include community colleges, technical colleges, Washburn Institute of Technology, and any independent not-for-profit postsecondary institution whose main campus or principal place of operation is in Kansas that offers a program eligible under the Act. The eligible programs would include information technology and security; physical and mental healthcare; early childhood education and development; and advanced manufacturing and building trades. The bill limits appropriations to the Fund at no more than $10.0 million for FY 2022 and FY 2023. Beginning in FY 2024, all subsequent appropriations can not exceed 150.0 percent of the expenditures in the preceding year.

Kansas State School for the Deaf

A. Funding the Implementation of Phase 3 of the Language Assessment Program for FY 2022 (Senate Committee). The Senate Committee recommended the review of funding to implement Phase 3 of the Language Assessment Program (LAP) in the Kansas State School for the Deaf (KSSD), with additional information from the Children's Cabinet, Kansas State Department of Education (KSDE), and KSSD. KSSD included an enhancement request of $466,658, all SGF, to fund implementation of Phase 3 of the LAP in its budget request for FY 2022. The Governor did not recommend the funding.

KSA 75-5397e established the LAP to be coordinated by the Kansas Commission for the Deaf and Hard of Hearing (KCDHH), which is a commission in the Department for Children and Families. The purpose of the program is to assess, monitor, and track language milestones, including English and American Sign Language, for children ages birth to eight. KSA 75-5397e also states that these language assessments are to be provided through early intervention services in the Kansas Department of Health and Environment (KDHE) or through the school district, for children ages 3 and older.

In addition to establishing the LAP, KSA 75-5397e also:

- Created a 16 member advisory committee to develop an implementation plan for the LAP by January 31, 2018;
- Required KSSD, KSDE, and KDHE enter into interagency agreements with KCDHH to share statewide aggregate data;
- Required KCDHH publish a report every January 31, beginning in 2019, that details the language and literacy development milestones for children birth to age eight who are deaf or hard of hearing, using existing data; and
- Defined certain terms used in the statute.

The recommendations submitted in the advisory committee report to the Governor and the Legislature on January 31, 2018 included a five year phase-in of the LAP, beginning with students already being served by KSSD in the first two years and followed by statewide expansion by age; designating KSSD the lead agency for implementation due to staff expertise in deaf education; a statewide organization structure with additional positions and stakeholder's council; and estimated implementation costs of $200,000 for Phase 1 and Phase 2 to be absorbed by KSSD.

As lead agency, KSSD began to establish and administer the LAP, including housing the database and having KSSD specialists provide all assessments. Expenditures anticipated by KSSD include various assessment tools, training of specialists and team members, database development and maintenance, salary costs for 10 specialists, and travel costs related to the assessments. KSSD used SoundBeginnings grant funding from KDHE to cover initial database costs, but had annual user fees of $15,000 for 25 users beginning in FY 2021. Phase 1 of the LAP included those children, ages zero to three, served through Sound START in FY 2019 (20 children) and Phase 2 expanded the LAP to KSSD children ages three to eight and outreach evaluation children ages three to eight in FY 2020 (110 children). KSSD absorbed the $210,722 to implement Phase 1 and Phase 2.

KSSD requested $466,658 to implement Phase 3 of the LAP in FY 2021. This funding was not included in 2020 SB 66, the 2020 appropriations bill. As part of its FY 2022 budget submission, KSSD requested $466,658 to implement Phase 3 for FY 2022. The Governor did not recommend the funding. This funding would include the following:

- $264,032 for salaries and wages for the 4.0 FTE positions that would be added;
- $128,096 for travel costs for evaluations;
- $19,939 for assessment tools;
- $23,071 for training and professional development;
- $15,000 for database maintenance and fees for 25 users; and
- $16,520 for office supplies, cell phones, and promotional materials.

The Senate Committee on Education recommended that Senate Ways and Means review the funding of Phase 3 of the LAP at Omnibus with additional information from the Children's Cabinet, KSDE, and KSSD.

Since mid-February, representatives of those three agencies, as well as KDHE, have been meeting to determine how the LAP could be funded in FY 2022 and moving forward. Representatives of the Children's Cabinet, KSDE, KDHE, and KSSD met on April 23, 2021 to finalize funding details for the LAP. At this meeting, consensus was reached on funding the LAP for FY 2022. KDHE's IDEA Part C Program will enter into an agreement with KSSD to provide the language assessments for children aged birth to three, which will cost an estimated $349,000. For the language assessments for children three to eight, KSDE will provide grant funding to KSSD totaling $200,000 from existing resources. The KSDE funding is only available from decreased travel costs due to the COVID-19 pandemic and this funding will likely not be available in the future. KDHE and KSDE will also work with KSSD to identify funding sources for the LAP for future fiscal years. The three agencies will work together to collect and share accurate data for the LAP.

Department of Education

A. HB 2039 (Veto). HB 2039 would implement course and graduation requirements related to civics and financial literacy. The bill was vetoed by the Governor on April 22, 2021.

The bill would make passage of a civics test or series of tests totaling 60 questions drawn from the naturalization test administered by the U.S. Citizenship and Immigration Services a graduation requirement for students enrolled at an accredited public, private, and parochial high school beginning in school year 2022-2023. Schools would be required to provide the civics test to students in a course of instruction beginning in school year 2021-2022. The bill would require the civics test be administered within a course of instruction and failure to pass results in the student would result in the student not meeting graduation requirements. The bill would allow the State Board of Education (State Board) rules and regulation authority and would require the State Board report to the Legislature aggregate achievement data received from each high school on the civics test. Students with an Individualized Education Program would be allowed accommodations and exemptions.

The bill would also amend law regarding personal finance literacy education curriculum to make passage of a personal financial literacy course a graduation requirement for all students enrolled in an accredited public, private, and parochial high school, beginning in school year 2025. The bill further would require those schools implement and provide a course of instruction on personal financial literacy to students in grades 10 through 12 using curriculum standards created by the State Board in school years 2023 and 2024.

The bill would require the State Board:

- Develop curriculum, materials, and guidelines for local boards of education and governing bodies for accredited nonpublic schools for the implementation of personal financial literacy instruction;
- Adopt a glossary of personal financial literacy terminology to be used in implementing the course of instruction;
- Develop state curriculum standards for students in kindergarten through grade 9 within existing mathematics or other appropriate subject-matter curriculum; and
- Create a course of instruction on personal financial literacy for students in grades 10 through 12 that is one semester or two quarters or equivalent and includes the following topics:
    - Saving and investing topics such as understanding the function of investments, wealth building, and saving for college;
    - Credit and debt topics such as dangers associated with excessive debt, consumer awareness, information about credit bureaus, payday loans, car title loans, collection practices;
    - Financial responsibility and money management topics such as budgeting and negotiating techniques; and
    - Insurance, risk management, and income topics such as insurance coverage, taxes, renting or purchasing real estate, mortgages, automobile loans, and personal loans.

The bill would require net expenditures of approximately $470,000, all SGF, according to KSDE. Per the agency, HB 2039, as introduced, would have a fiscal impact of total additional expenditures of $400,000, all SGF, for FY 2022. This estimate assumes an estimated cost of $10 per test and administration of 40,000 tests to an estimated 37,700 students. HB 2031 (the personal financial literacy bill) as introduced, would have a fiscal impact of total additional expenditures of $70,000, all SGF, for FY 2022 according to KSDE. These expenditures would be attributable to costs associated with the development of materials and in-person meeting reimbursement and travel costs. KSDE also noted that school districts would incur costs associated with training teachers and purchasing new curriculum materials.

B. Kansas State Department of Education (KSDE) Budget (House and Senate Committees).

FY 2021

The **Governor** recommends revised expenditures of $5.7 billion, including $3.9 billion SGF, in FY 2021. This is an all funds increase of $3.6 million, or 0.1 percent, and an SGF decrease of $30.1 million, or 0.8 percent, from the agency's revised estimate. The Governor's recommendation includes 261.9 FTE positions, which is the same number as the agency's request. The increase is primarily attributable to the allocation of $41.6 million from the federal Coronavirus Relief Fund (CRF) by the SPARK Taskforce to the Children's Cabinet, partially offset by the Governor's recommendation to adopt the Fall 2020 Education Consensus Estimates and the deletion of reappropriated funds.

The **Senate Committee** concurred with the Governor's recommendation in FY 2021 with the following change:

- Delete language added by the Senate Committee on Education requiring KSDE fund the Center for READing Project Manager(s) Grant position and Interim Dyslexia Coordinator/Consultant position and review at Omnibus.

The **House Committee** recommended deleting provisions lapsing $30.1 million, all SGF, to reflect the deletion of the KSDE budget from Sub. for HB 2397 and insertion of the KSDE budget into Sub. for HB 2119, as recommended by the House Committee on K-12 Education Budget, in FY 2021.

The **Conference Committee** concurred with the House Committee and deleted provisions lapsing $30.1 million, all SGF, to reflect the deletion of the KSDE budget from the appropriations bill (HB 2007) and insertion of the KSDE budget into a separate bill (SB 175). [*Note*: The Conference Committee Report for SB 175 was not adopted by both chambers of the Legislature.]

FY 2022

The **Governor** recommended expenditures of $5.8 billion, including $4.2 billion SGF, for FY 2022. This is an all funds decrease of $57.6 million, or 1.0 percent, including an SGF decrease of $45.4 million, or 1.1 percent, below the agency's request. The Governor's recommendation includes 261.9 FTE positions, which is a decrease of 1.0 FTE below the agency's request. The all funds decrease is primarily attributable to the Governor's recommendation to adopt the Fall 2020 Education Consensus Estimates and the Governor not recommending the agency's enhancement requests. The FTE position decrease is attributable to the Governor not recommending the agency's enhancement request to create a Dyslexia Coordinator position.

The **Senate Committee** recommended expenditures of $5.8 billion, including $4.0 billion SGF, for FY 2022. This included the following adjustments:

- Add $148,000, all SGF, for Local Option Budget (LOB) State Aid, and add language allowing USD 499 Galena to calculate LOB using the current year calculation rather than the three-year average and review at Omnibus;

- Delete $183.2 million, all SGF, and add $183.2 million, from other funds, for State Foundation Aid and LOB State Aid and review at Omnibus;

- Delete $52.8 million, all SGF, and add $52.8 million, from other funds, and delete language extending the high-density at-risk weighting and review at Omnibus; and

- Delete $250,000, all SGF, for dyslexia positions and implementation grants added by the Senate Committee on Education and review at Omnibus adding the funding.

The **House Committee** concurred with the Governor's recommendation for FY 2022 with the following adjustments:

- Add $300,000 all SGF, to the Juvenile Transitional Crisis Center Pilot Account for FY 2022, and add language directing KSDE make that funding available to the Beloit crisis center and directing the Commissioner of Education provide the 2022 Legislature an update on that center;

- Delete expenditures of $5.8 billion, including $4.2 million SGF, and 261.9 FTE, to reflect the deletion of the KSDE budget from Sub. for HB 2397 and insertion of the KSDE budget into Sub. for HB 2119, as recommended by the House Committee on K-12 Education Budget, for FY 2022; and

- Add language creating a state-wide program in the Children's Cabinet to cooperate with the Dolly Parton Imagination Library for the purpose of providing books for all Kansas children ages zero to five free of charge, and add $425,000, from federal funds allocated to the agency for such a program, for FY 2022.

The **Conference Committee** concurred with the Governor's recommendation for FY 2022 with the following adjustments:

- Concur with the Senate Committee and add $148,000, all SGF, for LOB State Aid, and add language allowing USD 499 Galena to calculate LOB using the current year calculation rather than the three-year average and review at Omnibus;

- Concur with the House Committee and add $300,000 all SGF, to the Juvenile Transitional Crisis Center Pilot Account for FY 2022, and add language directing KSDE make that funding available to the Beloit crisis center and directing the Commissioner of Education provide the 2022 Legislature an update on that center;

- Concur with the House Committee and delete expenditures of $5.8 billion, including $4.2 million SGF, and 261.9 FTE, to reflect the deletion of the Department of Education budget from HB 2007 and insertion of the Department of Education budget into SB 175 for FY 2022; and

- Concur with the House Committee and add modified language creating a state-wide program in the Children's Cabinet to cooperate with the Dolly Parton Imagination Library for the purpose of providing books for all Kansas children ages zero to five free of charge and providing for expenditures up to $425,000, from federal funds allocated to the agency for such a program, for FY 2022.

[*Note*: The Conference Committee Report for SB 175 was not adopted by both chambers of the Legislature.]

FY 2023

The **Governor** recommended expenditures of $3.1 billion, all SGF, for FY 2023, including $2.5 billion for the SGF portion of the State Foundation Aid and $534.1 million for Supplemental State Aid, which provides equalization for school districts' Local Option Budgets. The Governor's recommendation for FY 2023 is based on the Fall 2020 Education Consensus Estimates and does not include expenditures for the other components of the State Foundation Aid, which are the 20-mill property tax levy, the School District Finance Fund (optional local property taxes), and the Mineral Production Education Fund. The Governor's recommendation also does not include Special Education State Aid, KPERS-USDs, KPERS Non-USDs, Capital Outlay State Aid, Capital Improvement State Aid, other aid programs, the Children's Cabinet, or the KSDE operating budget.

The **Senate Committee** recommended expenditures of $3.1 billion, including $2.7 billion SGF, for FY 2022. This included the following adjustments:

- Add $90,000, all SGF, for LOB State Aid, and add language allowing USD 499 Galena to calculate LOB using the current year calculation rather than the three-year average, and review at Omnibus;

- Delete $280.3 million, all SGF, and add $280.3 million, from other federal funds, for State Foundation Aid and LOB State Aid and review at Omnibus; and

- Delete $52.8 million, all SGF, and add $52.8 million, from other federal funds, and delete language extending the high-density at-risk weighting through FY 2023 and review at Omnibus.

The **House Committee** concurs with the Governor's recommendation for FY 2023 with the following adjustments:

- Delete $3.1 billion, all SGF, to reflect the deletion of the KSDE budget from Sub. for HB 2397 and insertion of the KSDE budget into Sub. for HB 2119, as recommended by the House Committee on K-12 Education Budget, for FY 2023; and

- Add language creating a state-wide program in the Children's Cabinet to cooperate with the Dolly Parton Imagination Library for the purpose of providing books for all Kansas children ages zero to five free of charge, and add $850,000, from federal funds allocated to the agency for such a program, for FY 2023.

The **Conference Committee** concurred with the Governor's recommendation for FY 2023 with the following adjustments:

- Concur with the Senate Committee and add $90,000, all SGF, for LOB State Aid, and add language allowing USD 499 Galena to calculate LOB using the current year calculation rather than the three-year average and review at Omnibus;

- Concur with the House Committee and delete $3.1 billion, all SGF, to reflect the deletion of the Department of Education budget from HB 2007 and insertion of the Department of Education budget into SB 175 for FY 2023; and

- Concur with the House Committee and add modified language creating a state-wide program in the Children's Cabinet to cooperate with the Dolly Parton Imagination Library for the purpose of providing books for all Kansas children ages zero to five free of charge and providing for expenditures up to $850,000, from federal funds allocated to the agency for such a program, for FY 2023.

[*Note*: The Conference Committee Report for SB 175 was not adopted by both chambers of the Legislature.]

Sub. for HB 2119 / SB 175

The House Committee on K-12 Education Budget inserted the Governor's budget recommendation into Sub. for HB 2119, which, among other things, would create the Student Empowerment Act and amend the Kansas School Equity and Enhancement Act to extend the high-density at-risk weighting through FY 2022, and make the following adjustments and notations for the KSDE budget for FY 2021, FY 2022, and FY 2023:

- Recommend school districts provide $500, from federal Elementary and Secondary School Emergency Relief (ESSER) Fund moneys received under federal COVID-19 relief legislation, in additional compensation to teachers who provided in-class instruction for the full school year 2020-2021 in FY 2021.

- Add language directing KSDE expend $5.0 million for Safety and Security Grants, $3.9 million for the Mental Health Intervention Team (MHIT) Pilot Program, and $100,000 for Communities in Schools from the ESSER Fund received under federal COVID-19 relief legislation, if the funding is identified as available for such purposes;

- Add language directing KSDE to expend moneys, from funds received under federal COVID-19 relief legislation, if allowable, or from existing resources, to implement Phase 3 of the Language Assessment Program in the Kansas State School for the Deaf. [*Note*: Additional information on the Language Assessment Program can be found under the Kansas State School for the Deaf.];

- Add language allowing KSDE to distribute moneys from the Local School District Contribution Checkoff Fund not tied to a current school district to all Kansas school districts;

- Delete the language extending the high-density at-risk weighting language for FY 2023; and

- Reauthorize the 20-mill property tax levy for FY 2022 and FY 2023, and continue the exemption of residential property up to $20,000 of its appraised valuation from the 20-mill property tax levy for taxable years 2021 and 2022.

[*Note*: The Conference Committee Report for SB 175 was not adopted by both chambers of the Legislature.]

C. Dyslexia Positions and Grants Proposed by the Senate Committee on Education (Senate Committee). The Senate Committee on Ways and Means did not recommend adjustments made by the Senate Committee on Education related to state dyslexia positions and grants in FY 2021 and for FY 2022 and requested these items be reviewed at Omnibus. The agency requested $97,253, all SGF, and 1.0 FTE position, to fund salary and operating expenditures for the creation of a state dyslexia coordinator. The Legislative Task Force on Dyslexia recommended the creation of a position in KSDE to coordinate and implement statewide dyslexia and early learning initiatives to the Governor and Legislature since FY 2020. The Governor did not recommend the funding or position.

For FY 2021, the Senate Committee on Education added language directing KSDE to fund the Center for READing Project Manager(s) Grant position and Interim Dyslexia Coordinator/Consultant position from within existing resources for FY 2021. The Interim Coordinator/Consultant position would serve as chair of the hiring committee to oversee the hiring and work of the Project Manager(s) and meet weekly with the Dyslexia Coordinator to provide continuity and support. The Project Manager(s) would assist in the development and support of a Science of Reading curricula for Kansas Board of Regents institutions, based on the Knowledge and Practice Standards set by KSDE. The Project Manager(s) would also develop and support resources for school districts, including a textbook, professional development, and a list of qualified trainers.

For FY 2022, the Senate Committee on Education added $250,000, all SGF, for state dyslexia positions and implementation grants, which would include:

- $100,000 for the statewide Dyslexia Coordinator position, which was recommended by the Legislative Task Force on Dyslexia. The position will oversee and assist colleges of education to develop curricula based on Knowledge and Practice Standards set by KSDE and oversee the development of resources for school districts, including a textbook, professional development, and a list of qualified trainers;

- $80,000 for the Center for READing Project Manager(s) grant position originally funded from existing resources in FY 2021;

- $40,000 for the Interim Dyslexia Coordinator/Consultant position originally funded from existing resources in FY 2021; and

- $30,000 for implementation grants to be awarded to Kansas Board of Regents institutions and not-for-profit college and university schools or departments of education that transition to Science of Reading instruction or training exclusively in their Elementary Education curricula by the Fall 2022 semester. Curricula must be based on Knowledge and Practice Standards set by the Kansas State Department of Education.

The funding is to be divided evenly upon review and approval by the Dyslexia Coordinator or Interim Dyslexia Coordinator.

D. USD 499 Galena Local Option Budget Add (Senate Committee). The Senate Committee on Ways and Means requested to review the addition of LOB State Aid and language allowing USD 499 Galena to calculate LOB using the current year calculation rather than the three-year average for FY 2022 and FY 2023. The Committee added $148,000, all SGF, for FY 2022 and $90,000, all SGF, for FY 2023. The Conference Committee included this funding and language in HB 2007.

E. Deletion of SGF and Addition of Other Funds for State Foundation Aid and LOB State Aid (Senate Committee). The Senate Committee on Ways and Means requested to review the deletion of SGF and replacement with other funds for State Foundation Aid and LOB State Aid for FY 2022 and FY 2023. The Senate Committee deleted $183.2 million, all SGF, and added $183.2 million, from other funds, for State Foundation Aid and LOB State Aid for FY 2022. In addition, the Senate Committee deleted $280.3 million, all SGF, and added $280.3 million, from other funds, for State Foundation Aid and LOB State Aid for FY 2023. The Senate Committee requested to review this item to determine if federal funds received under federal COVID-19 relief legislation could be used in place of SGF.

Approximately $1.3 billion was appropriated for KSDE and school districts under the federal CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan Act. Of that total, approximately $1.2 billion was directed to be allocated to school districts. As of April 8, 2021, school districts had been awarded $84.1 million and expended $57.3 million, all from the federal CARES Act. School districts also expended approximately $74.0 million from CARES Act Coronavirus Relief Fund moneys allocated to counties. Federal funds received under federal COVID-19-relief legislation are limited to specific uses and require states to maintain certain expenditures levels as compared to the overall budget, including barring decreases that disproportionately affect high-poverty school districts on a per-pupil basis. The Conference Committee did not include this adjustment in HB 2007 for FY 2022 and FY 2023.

F. Deletion of Language Extending High-Density At-Risk Weighting and Adjusting Funding (Senate Committee). The Senate Committee on Ways and Means requested to review the deletion of $52.8 million, all SGF, and addition of $52.8 million, from other funds, and deletion of language extending the high-density at-risk weighting for FY 2022 and FY 2023. The Senate Committee requested to review this item to determine if federal funds received under federal COVID-19 relief legislation could be used in place of SGF. The Conference Committee on HB 2007 did not include the funding adjustment or the deletion of the language.