



Memorandum

Date: January 14, 2022

Re: Legislative and Policy Report

Overview

The first week of Session is always exciting, between the Governor's State of the State Address, the release of the Governor's Budget, and bill introductions. There is little floor work in either chamber, but rather, lots of informational hearings and recap briefings on interim committee reports and bills from last Session that are still alive in committee. For the most part, while COVID certainly remains a part of our daily lives in our communities, activity at the Statehouse is largely back to normal and running smoothly, for now. While Webex and virtual testimony are still options that many utilize, the Statehouse is certainly more bustling than last Session with fuller committee rooms, big groups bustling around the halls, and advocacy days beginning soon.

This report provides a summary of the first week's activities, including the Governor's State of the State and FY23 budget, to relevant hearings, and a look ahead to next week. The Governor's State of the State address is available here: <https://governor.kansas.gov/wp-content/uploads/2022/01/EMBARGOED-2022-SOTS-address.pdf>

In addition to mostly introductory committee briefings, the Redistricting Committee began meetings on Congressional maps next week.

Big Picture Issues

Both the Legislature and the Governor have made their priorities clear in the first week of the Session. Tax relief, mental health, economic recovery and workforce, and shoring up the rainy day fund seem to be priorities for both the Legislature and Governor, though both have different ideas for achieving those policy goals.

Tax Issues:

- The Governor has two priorities when it comes to taxes. First, her plan to "axe the food sales tax," by eliminating the state's 6.5% sales tax on food. Hearings on the Governor's proposal will take place in the coming weeks. Already, other proposals have been introduced that may complicate the Governor's wish for a "clean" bill, from an exemption for hygiene products to a sales tax exemption for all food, even at restaurants.
- The Governor has also proposed a \$250 tax break for individuals (\$500 for joint filers) who filed a tax return last year. Republicans, however, are skeptical of a one-time tax cut and have promised longer-term, "more meaningful tax relief," according to legislative leadership.

Mental Health:

- Whereas last year, COVID was front and center of legislative debate, there are a handful of healthcare issues to debate, several of which are specific to mental health services.

- The Governor’s budget includes several items related to mental health services, including, but not limited to, the following:
 - \$29.3 million to KDADS to increase mental health services across the state, including crisis intervention centers, suicide prevention grants, additional regional beds, and in-prison services.
 - \$3 million for the K-12 Mental Health Intervention Team (MHIT) program providing behavioral health services for students.

It is also expected that funding for the 988 NSPL will garner much attention this session, and further informational briefings on the topic took place this week.

Governor’s Budget: The State Budget Director presented Governor Kelly’s budget to the Joint Committee on Senate Ways and Means and House Appropriations on Wednesday, January 12th. The Governor’s budget is focused on economic growth and paying down debt, and continued funding of core services, including K-12 education. The Governor has proposed a budget and the Legislature now must approve a budget and as is customary the final product will not look like the proposal.

- The Governor’s Budget Summary Report presentation can be found here: https://budget.kansas.gov/wp-content/uploads/Directors_Overview-01.12.2022.pdf
- Volumes I and II of the Governor’s proposed fiscal year 2022 budget can be found here:
- https://budget.kansas.gov/wp-content/uploads/FY2023_GBR_Vol1-UPDATED-01.12.2022.pdf
- https://budget.kansas.gov/wp-content/uploads/FY2023_GBR_Vol2-1.12.2022.pdf

Unlike last year’s relatively flat budget, this year’s budget invests in services due to federal funds flowing into Kansas, in addition to a three billion dollar ending balance. Overall, the budget directs the investment of \$2.4 billion SGF of “one-time funding to areas that will provide long-term benefit to the state.”

Hearings on the budget will begin by early February. What will set this year’s budget process apart from any other year is the extraordinary amount of federal dollars received by Kansas through the American Rescue Plan Act (ARPA) dollars. The leadership of the budget committees have indicated the process will essentially be separated into two budgets: one for State General Fund (SGF) and another for ARPA to accommodate the one-time, federal funds. This is where the SPARK committee from last fall will come back into play; the four advisory panels will begin meeting at the end of January to decide how to spend \$1.1 billion of the ARPA funds by the end of March. The regular budget committees will likely make recommendations to the advisory panels for how to spend these funds, and in turn, the advisory panels will submit their recommendations to the SPARK Executive Committee. Currently, the State Finance Council (SFC) has the final say on the SPARK Executive Committee’s recommendations, but the Legislature will likely take control of the final disposition of the ARPA funds.

Current Healthcare Issues

There has been little action or discussion this week on items directly related to health care, but here are a few highlights.

Governor's Budget

- In addition to the select items listed above, the Governor's FY23 budget includes increased funding for a variety of services:
 - \$4.2 million SGF to extend Medicaid coverage for pregnant women up to 12 months post-partum.
 - \$10 million SGF to implement crisis intervention centers.
 - \$20 million SGF for affordable housing options.
 - \$21 million restored to the Evidence-Based Practices Juvenile fund.
 - Additionally, the Governor's budget "increases resources for substance use treatment and suicide prevention."
- The Governor's Budget again includes Medicaid Expansion, noting the unique opportunity currently offered by the federal government to states that have not already expanded. States are eligible for a five percent increase in the FMAP for eight quarters if they choose to expand Medicaid. That five percent increase covers the state's cost to expand Medicaid. Don't expect any hearings this session on Medicaid expansion.

Upcoming Hearings

- House Children and Seniors began a series of hearings health-related topics. Childcare services overviews were provided this week, children and seniors nutarian issues will be covered next week, the following week childhood stresses and their impacts are scheduled.

Legislation of Interest

Pending healthcare legislation will grow in the coming weeks.

Bills that have been published and the bill history can be found on the Legislature's official website: http://www.kslegislature.org/li/b2021_22/measures/bills/

Other New Healthcare Related Bills and Issues

- HB 2461: Providing for sales tax exemption for hygiene products.
 - http://kslegislature.org/li/b2021_22/measures/documents/hb2461_00_0000.pdf
 - As it's currently written, "hygiene products" would include the following: "antiperspirants, cotton swabs, dental floss, deodorants, diapers, menstrual cups, mouthwash, panty liners, sanitary napkins, shampoo, soaps and cleaning solutions, suntan lotions, suntan screens, tampons, toilet tissues and toothpaste."
- Senate Resolution 1724: Physician's declaration of COVID public policy issues.
 - Not a bill, but a statement resolution emphasizes COVID vaccination risks to children; natural immunity is the "best long-lasting solution;" no one should interfere with a physician's ability to use "numerous available agents."

Other New Child Welfare Related Bills and Issues

- SB 332: Prohibiting the use of a mobile telephone while driving in school or construction zones or by individuals less than 18 years of age.
 - http://kslegislature.org/li/b2021_22/measures/documents/sb332_00_0000.pdf
- HB 2468: Creating the Kansas foster youth bill of rights.
 - http://kslegislature.org/li/b2021_22/measures/documents/hb2468_00_0000.pdf
- HB 2469: Creating the Kansas foster parents bill of rights.
 - http://kslegislature.org/li/b2021_22/measures/documents/hb2469_00_0000.pdf

Upcoming Activities

The legislative schedule of hearings is updated regularly throughout the week can be found in the House and Senate calendars on the Legislature website at:

http://kslegislature.org/li/b2021_22/chamber/calendars/

Additionally, all hearings are now available online live and archived by the end of each day. You can find those hearings on the Legislature website at: <http://sg001-harmony.sliq.net/00287/Harmony/en/View/Calendar/>

Monday, January 17.

No Session. Martin Luther King Jr. Day.

Tuesday, January 18.

Senate Health. 8:30 AM.

- Presentation on “State of Health” in Kansas, Acting KDHE Secretary Janet Stanek.

House Children & Seniors. 1:30 PM.

- Presentation on Joint Committee on Child Welfare System Oversight, Legislative Research.
- Overview of KDADS & DCF, Secretary Howard.

House Social Services Budget. 3:30 PM.

- Presentation on Recommendations for KDHE from KanCare Oversight Committee.

Wednesday, January 19.

House Appropriations. 9:00 AM.

- Presentation on Mental Health Post-Pandemic.

House Children & Seniors. 1:30 PM.

- Presentation on Children & Senior Nutrition.

Thursday, January 20.

Senate Health. 8:30 AM.

- Hearing on 2021 SB 42: Concerning the study and investigation of maternal deaths in Kansas. http://kslegislature.org/li/b2021_22/measures/documents/sb42_00_0000.pdf