



Memorandum

Date: January 12th, 2023

Re: Legislative and Policy Report

Overview

As with most years, this first week has seen little floor work in either chamber, but rather, lots of informational hearings and briefings on interim committee reports. The first few weeks of this Session include a significant amount of new lawmakers' education on topics ranging from the state budget to state agencies to the process in general.

This report provides a summary of the first week's activities, from general highlights to the FY24 budget, to relevant hearings, as well as a look ahead to next week, which promises to be even busier as bill hearings begin.

Five Highlights from the Week

1. The Governor's Budget was released Thursday. More details and links to the summary and full budget are below.
2. Governor's State of the State delayed until Tuesday, January 24th, due to the Governor contracting COVID. This has somewhat delayed the Legislature's normal first-week pace of making policy priorities clear.
3. Governor Kelly released her first Executive Order of the 2023 Session, to establish an Early Childhood Transition Task Force to explore the creation of a cabinet-level agency focused solely on early childhood efforts in Kansas.
 - a. <https://governor.kansas.gov/governor-kelly-signs-first-executive-order-of-second-term-to-improve-early-childhood-care-and-education/>
4. Republicans released their 2023 policy agenda on Tuesday, detailing their legislative agenda for the Session, which includes things such as election integrity, reducing abortions, passing the parents bill of rights and prohibiting transgender students from participating in women's sports, as well as expanding the low-income student scholarship program for private schools.
5. The trend of significant economic development projects seems set to continue, with hints of several major projects—from hydrogen hubs to renewable energy investments to advanced manufacturing projects and semi-conductor facilities—in the works. The progress at Panasonic also promises to be a topic this Session, with a trailer bill likely to address several of the impacts Panasonic will have on the region.

Big Picture Issues

The state's historic ending balance focuses some spending on tax relief and mental health, and economic recovery and workforce are priorities for both the Legislature and Governor, though both have different ideas for achieving those policy goals.

Tax Issues:

- In the weeks leading up to the Session, the Governor released her three-point plan for tax relief. The Governor's plan has the following three goals:
 - Immediately eliminate the state sales tax on food,
 - Sales tax holiday for school supplies,
 - And cut taxes on social security income.
 - No sign yet of a variety of property tax bills.
 - Governor's Tax Relief Plan: <https://governor.kansas.gov/governor-kelly-releases-tax-cut-plan-to-save-kansans-more-than-500m-over-next-three-years/>
- While a bill to immediately eliminate the state sales tax on food has not yet been introduced, a bill creating a sales tax holiday for school supplies has been introduced and has a hearing next 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 Thursday, January 12th. The Governor's budget builds on continued strong revenue collections, slowing inflation, and very low unemployment. Ending state revenue balances in the current fiscal year are \$981 million (25% ending balance) and \$993 million (35.3% ending balance) in the next fiscal year.

The budget targets several areas, none particularly surprising and other than budget stabilization, few large-cost items.

Tax relief:

- Tax relief through passage of accelerated elimination of sales tax on food; establish four-day sales tax holiday; trim social security tax cliff.

Large One-Time projects.

- \$500 million to budget stabilization fund; infrastructure hub matching funds.

Healthcare focus.

- Medicaid expansion generates revenue the first two years with enhanced match; \$12 million for HCBS wavier services; foster care foster home grants; veterans services.

Education.

- Fully fund K-12, includes cost of living increase; fully fund 92% special education at \$72 million per year for five years.
- Higher education includes \$108 million including base increases and one-time expenses.

Housing and workforce.

- Variety of small projects, pilots, housing loans; 5% State employee raise.

Budget details are available here:

- The Governor's Budget Summary Report presentation can be found here: https://budget.kansas.gov/wp-content/uploads/Director_Presentation-01.12.2023.pdf
- Volumes I and II of the Governor's proposed fiscal year 2023 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

Hearings on the budget will begin in the next few weeks, by early February. The Legislature's budget deliberations will likely involve how best to spend new rounds of federal funds. While

SPARK and CARES dollars were the focus over the last few years, the Bipartisan Infrastructure Law and other recent federal measures may take up more of the time this year.

Current Healthcare Issues

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

KAAP Activities

- CARE Provider legislation was introduced on Thursday in House Child Welfare and Foster Care Committee. No bill number yet. Tentative hearing scheduled for January 25th.

Governor's Budget

- In addition to the select items listed above, the Governor's FY24 budget includes increased funding for a variety of services:
 - \$5.1 Million SGF to increase placement rates for relative and non-kinship foster homes.
 - \$3 Million SGF to expand the Mental Health Intervention Team Pilot to add an additional 15-25 districts to the program.
 - Adds an incremental \$72.4 million each of the next five years to fully fund special education.
 - \$1 Million of Commerce's EDIF (Economic Development Incentives Fund) for early childhood education and care.
- Like last year, 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.
- The budget also includes the impact of declining FMAP ratios each quarter beginning April 1, 2023 because the federal Omnibus budget bill begins reducing the federal government's proportional contribution. During the PHE, the federal contribution increased 6.2 % (\$65 million per quarter) but it will step down each quarter and end this calendar year.

Other Emerging Issues

- PHE's End: As the end of the Public Health Emergency approaches, the state is preparing for roughly 110,000 Kansans to roll off Medicaid at the end of 2023. KDHE and providers are working on solutions to ensure these Kansans have coverage once they lose their Medicaid eligibility.
- Welfare Reform Committee: The new Welfare Reform Committee met for the first time this week and clarified its intent, which is to understand the state's current welfare system, consider if the state is following the law and intent of programs, and improve programs. The committee's main focus will be on SNAP, children's issues, and some health issues.
- As noted above, we will be monitoring the introduction and progress of the Governor's task force to create the early childhood task force. We will have more when the process begins.

Legislation of Interest

Pending healthcare legislation will grow in the coming weeks before early February. There will be an overwhelming volume of healthcare legislation, and we will attempt to track only those that are either of significant interest and impact, and those that are likely to advance.

Bills that have been published and the bill history can be found on the Legislature's official website: http://www.kslegislature.org/li/b2023_24/measures/bills/

Vaccinations

- There are already a handful of concerning anti-public health and vaccinations bills, most introduced by Senator Mark Steffen (R-Hutchinson). It is unclear yet when and/or if some of these get a hearing. With the Chair of Senate Health, Bev Gossage, absent for the next few weeks, it is unlikely we will see many of these move in the near future. Some of the concerning bills include the following:
 - SB 6: Restricting the authority of the secretary of health and environment and local health officers to prevent the introduction and spread of infectious or contagious diseases; repealing the authority of the secretary to quarantine individuals and impose associated penalties.
 - http://kslegislature.org/li/b2023_24/measures/documents/sb6_00_0000.pdf
 - SB 20: Requiring childcare facilities, elementary, secondary, postsecondary educational institutions and employers to grant exemptions from vaccine requirements without inquiring into the sincerity of the request and repealing the meningitis vaccine requirement to live in student housing.
 - http://kslegislature.org/li/b2023_24/measures/documents/sb20_00_0000.pdf
 - HB 2007: Prohibiting the secretary of health and environment from requiring a COVID-19 vaccination for care at a childcare facility or attendance at a school.
 - http://kslegislature.org/li/b2023_24/measures/documents/hb2007_00_0000.pdf

Prior Authorization Legislation.

- KHA is working on legislation regarding prior authorization. The bill has not been introduced yet.

Gender Issues

- Gender Reassignment Surgery.
 - Senators Mike Thompson (R-Shawnee) and Mark Steffen have introduced SB 12: Enacting the Kansas child mutilation prevention act to criminalize performing gender reassignment surgery or prescription of hormone replacement therapy on certain persons and providing grounds for unprofessional conduct for healing arts licensees.
 - http://kslegislature.org/li/b2023_24/measures/documents/sb12_00_0000.pdf

Children/Family

- HB 2009: Providing for sales tax exemption for feminine hygiene products and diapers.
- SB 21: Providing for sales tax exemption for feminine hygiene products and diapers.

Child Welfare Related Bills and Issues

- HB 2021: Expanding the use of the Evidence-Based Program account money to youth not yet in the system.
 - http://kslegislature.org/li/b2023_24/measures/documents/hb2021_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/b2023_24/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 Legislative YouTube at:

https://www.youtube.com/channel/UC_0NO-Pb96CFABvxDwXAq8A

Monday, January 16.

No Session. Martin Luther King Jr. Day.

Tuesday, January 17.

Senate Health. 8:30 AM.

- Presentation on 988 Annual Reports.

House Health. 1:30 PM.

- DCF & KDADS Presentations.

Welfare Reform. 1:30 PM.

- Informational briefing on DCF cash assistance program.
- Overview of DCF internal reforms.

Wednesday, January 18.

Senate Health. 8:30 AM.

- Overview of LPA Audit: Reviewing Foster Care Services for the Health and Safety of Children.
- Overview of Select Committee Reports.

House Health. 1:30 PM.

- Presentation on CMHCs.

Child Welfare & Foster Care. 1:30 PM.

- Joint Meeting with Corrections & Juvenile Justice on Crossover Youth.

Thursday, January 19.

Senate Health. 8:30 AM.

- Overview of Select Interim Committee Reports.

House Health. 1:30 PM.

- Presentations from KMS and KDHE.

Welfare Reform. 1:30 PM.

- Informational briefing on DCF food assistance programs.
- Overview of DCF internal reforms.

House Social Services Budget. 3:30 PM.

- KDADS Presentation on Targeted Case Management.