

Report of the Special Committee on Legislative Budget to the 2025 Kansas Legislature

CHAIRPERSON: Representative Troy Waymaster

VICE-CHAIRPERSON: Senator Rick Billinger

OTHER MEMBERS: Representatives Avery Anderson, Sydney Carlin, Will Carpenter, Ken Corbet, Pam Curtis, Daniel Hawkins, Henry Helgersen, Kyle Hoffman, Steven K. Howe, Jarrod Ousley, and Kristey Williams; and Senators Larry Alley, J.R. Claeys, Renee Erickson, Michael Fagg, Ty Masterson, Virgil Peck, Mike Petersen, Pat Pettey, Jeff Pittman, and Dinah Sykes

STUDY TOPIC

The Committee is directed to develop a Legislative Budget Recommendation for FY 2025, FY 2026, and FY 2027 for select agencies. This recommendation will serve as the starting point for legislative deliberation on the budget during the 2025 Legislative Session.

Special Committee on Legislative Budget

REPORT

Conclusions and Recommendations

The Special Committee on Legislative Budget (Committee) recommends the following adjustments be made to the FY 2025 and FY 2026 agency budget requests:

- Remove contracted nursing expenses in Larned State Hospital and Osawatomie State Hospital base budgets for FY 2026;
- Require 1.5 full-time employee positions included in the budget of the State Historical Society to be contingent upon the purchase of the Curtis House in FY 2025 and for FY 2026;
- Remove \$93.0 million State General Funds (SGF) for the Kansas Bureau of Investigation law enforcement center for FY 2026 and address funding options during the 2025 Legislative Session;
- Remove all agency and department salary and wage increases to be addressed in a global discussion on salaries during the 2025 Legislative Session;
- Fully adopt the fall 2024 consensus estimates for the human services consensus caseloads and the education consensus caseloads;
- Delete all agency enhancement and supplemental requests in the revised FY 2025, FY 2026, and FY 2027 budget summaries for budget committees to review during the 2025 Legislative Session;
- Delete any requests for new full-time employee positions and any associated costs in FY 2025 and FY 2026 for budget committees to review during the 2025 Legislative Session;
- Review all SGF reappropriations and identify those that can be lapsed in FY 2025;
- Suspend the transfer of \$50.0 million SGF to the Build Kansas Fund for FY 2026, retaining \$5.0 million SGF for the operations of the Infrastructure Hub and contracted grant writers assisting smaller communities. Further, authorize the State Finance Council to approve the appropriate amount to transfer when the Build Kansas Fund is exhausted;
- Amend KSA 12-5256 to not transfer \$2.0 million in FY 2026 from the Economic Development Initiatives Fund (EDIF) to the State Housing Trust Fund;
- Suspend the FY 2026 transfer of \$1.2 million EDIF to the Department of Commerce for broadband; and
- Appropriate a State Finance Council Grant Fund and deposit all unencumbered American Rescue Plan Act funds into the State Finance Council Grant Fund in FY 2025, FY 2026, and FY 2027, including accrued interest, and grant authority to the State Finance Council, by the majority vote of the legislative members of the State Finance Council, to expend those moneys at any time, regardless of whether the Legislature is in session.

Proposed Legislation: None.

BACKGROUND

The Special Committee on Legislative Budget (Committee) was created by the Legislative Coordinating Council (LCC) to hear agency budgets prior to the 2025 Session with the goal of allowing for a more informed legislative body and beginning budget deliberations as close to the first day of the 2025 Session as possible.

The Committee was authorized by the LCC to meet for five days and met at the Statehouse on November 8 and December 12, 13, 18, and 19.

COMMITTEE ACTIVITIES

Overview of Agency Requests

At the November 8 meeting, the Assistant Director for Fiscal Affairs in the Kansas Legislative Research Department (KLRD) provided an overview of the statewide FY 2025 Approved Budget, FY 2025 Revised Estimate, and FY 2026 Agency Request. The overview included information as submitted to the Governor and KLRD as of November 6, 2024. The overview and the upcoming budget presentations were compiled using the Technical Corrected budget versions as produced by the Kansas Division of the Budget. The Assistant Director described a likelihood that some of the numbers in the overview and upcoming budget presentations will be adjusted as the Division of the Budget completes its technical review.

The overview provided by the Assistant Director showed that the budget, as based on the agencies' requests, adjusted total state expenditures to \$27.1 billion, including \$10.9 billion State General Funds (SGF), for FY 2025. This is an all funds increase of \$897.0 million, or 3.4 percent, and an SGF decrease of \$204.5 million, or 1.8 percent, from the FY 2025 approved budget as adjusted by \$621.4 million in SGF reappropriations.

The overview showed expenditures totaling \$26.1 billion, including \$11.4 billion SGF, for FY 2026. This is an all funds increase of \$630.5 million, or 2.5 percent, and an SGF increase of \$925.0 million, or 8.8 percent, above the FY 2025 approved budget without reappropriations.

Budget Summaries

In December, the Committee received information on agency budgets and determined its recommendations.

The Chairperson provided an overview of the budget review process, explaining that Committee recommendations will be embedded in a bill to be introduced at the beginning of the 2025 Legislative Session. During Session, House budget committees will hold budget hearings and modify the bill as has been done in previous years.

The Committee reviewed the budget summaries for each state agency as presented by KLRD staff. Each budget summary provided the Committee with an overview of the agency's supplemental requests and enhancements, as well as any other changes the agency made to its FY 2025 or FY 2026 budget as compared with the amount approved for FY 2025. The Committee also heard updated estimates for human services and education consensus caseload expenditures.

At the request of the Committee, KLRD staff provided a breakdown of the remaining American Rescue Plan Act (ARPA) funding and the accumulated interest. Also in response to Committee requests, the budget summary documents were updated to include the change in the Consumer Price Index for All Urban Consumers over the past decade and Special Revenue Fund tables for fee-funded agencies.

CONCLUSIONS AND RECOMMENDATIONS

The Committee discussed a variety of issues raised by the budget summary presentations and agreed to the following recommendations:

- Remove contracted nursing expenses in Larned State Hospital and Osawatimie State Hospital base budgets for FY 2026;
- Require the 1.5 full-time employee positions included in the budget of the State Historical Society to be contingent upon the purchase of the Curtis House in FY 2025 and for FY 2026;
- Remove \$93.0 million SGF for the Kansas Bureau of Investigation law enforcement

center for FY 2026 and address funding options during the Legislative Session;

- Remove all agency and department salary and wage increases to be addressed in a global discussion on salaries during the 2025 Legislative Session;
- Fully adopt the fall 2024 consensus estimates for the human services consensus caseloads and the education consensus caseloads;
- Delete all agency enhancement and supplemental requests in the revised FY 2025, FY 2026, and FY 2027 budget summaries for budget committees to review during the 2025 Legislative Session;
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- Amend KSA 12-5256 to not transfer \$2.0 million in FY 2026 from the Economic Development Initiatives Fund (EDIF) to the State Housing Trust Fund;
- Suspend the FY 2026 transfer of \$1.2 million EDIF to the Department of Commerce for broadband; and
- Appropriate a State Finance Council Grant Fund and deposit all unencumbered ARPA funds into the State Finance Council Grant Fund in FY 2025, FY 2026, and FY 2027, including accrued interest, and grant authority to the State Finance Council, by the majority vote of the legislative members of the State Finance Council, to expend those moneys at any time, regardless of whether the Legislature is in session.