

KANSAS DEPARTMENT OF CREDIT UNIONS

Budget Committee Report

KLRD Analyst: Waddell
KLRD Summary: Vol. 1, Pg. 440

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GBR Analysis: Vol. 1, Pg. 83

Executive Summary

Summary of Total Expenditures, FY 2023 – FY 2027					
	SGF	All Other Funds	Total	FTE Positions	
FY 2023 Actual	\$ -	\$ 1,014,497	\$ 1,014,497	12.0	
FY 2024 Actual	-	1,226,838	1,226,838	12.0	
FY 2025 Actual	-	1,205,247	1,205,247	12.0	
FY 2026					
Approved, with Reappropriations	\$ -	\$ 1,440,160	\$ 1,440,160	12.0	
Agency Revised Estimate	-	1,769,929	1,769,929	12.0	
Special Committee on the State Budget	-	1,440,160	1,440,160	12.0	
House Committee of the Whole	-	1,440,160	1,440,160	12.0	
Senate Committee of the Whole	-	1,769,929	1,769,929	12.0	
Legislative Approved	-	1,769,929	1,769,929	12.0	
Governor's Recommendation	-	1,769,929	1,769,929	12.0	
FY 2027					
Approved, without Reappropriations	\$ -	\$ 1,374,455	\$ 1,374,455	12.0	
Agency Request	-	1,726,468	1,726,468	12.0	
Special Committee on the State Budget	-	1,396,699	1,396,699	12.0	
House Committee of the Whole	-	1,726,468	1,726,468	12.0	
Senate Committee of the Whole	-	1,726,468	1,726,468	12.0	
Legislative Approved	-	1,735,567	1,735,567	12.0	
Governor's Recommendation	-	1,726,468	1,726,468	12.0	

The mission of the Kansas Department of Credit Unions (KDCU) is to protect Kansas citizens from undue risk by ensuring safe and sound operation of state-chartered credit unions. The agency regulates compliance with state and federal laws, conducts examinations, approves new charters and mergers, and oversees liquidation when necessary. Kansas has 44 natural-person, member-owned, state-chartered credit unions and one corporate credit union under KDCU supervision. State-chartered credit unions must insure deposits through the National Credit Union Administration (NCUA), undergo examinations at least every 18 months, and pay annual fees based on asset size. Federally chartered credit unions in Kansas operate under NCUA and are exempt from KDCU oversight.

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FY 2026

Summary of Legislative Recommendations, FY 2026					
	SGF	All Other Funds	Total	FTE Positions	
Approved, with Reappropriations	\$ -	\$ 1,440,160	\$ 1,440,160	12.0	
Agency Revised Estimate	-	1,769,929	1,769,929	12.0	
Special Committee on the State Budget (SBC)					
Change from Agency Revised Estimate	\$ -	\$ (329,769)	\$ (329,769)	-	
TOTAL – Special Committee	\$ -	\$ 1,440,160	\$ 1,440,160	12.0	
House Committees					
Agriculture and Natural Resources Budget	\$ -	\$ -	\$ -	-	
Appropriations	-	-	-	-	
Committee of the Whole	-	-	-	-	
Subtotal – House Change from SBC	\$ -	\$ -	\$ -	-	
TOTAL – Current House Position	\$ -	\$ 1,440,160	\$ 1,440,160	12.0	
Senate Committees					
Local Government, Transparency and Ethics	\$ -	\$ 329,769	\$ 329,769	-	
Ways and Means	-	-	-	-	
Committee of the Whole	-	-	-	-	
Subtotal – Senate Change from SBC	\$ -	\$ 329,769	\$ 329,769	-	
TOTAL – Current Senate Position	\$ -	\$ 1,769,929	\$ 1,769,929	12.0	
Legislative Approved					
Conference Committee	\$ -	\$ 329,769	\$ 329,769	-	
Governor's Vetoes	-	-	-	-	
Veto Overrides	-	-	-	-	
Certifications	-	-	-	-	
Subtotal – Approved Change from SBC	\$ -	\$ 329,769	\$ 329,769	-	
GRAND TOTAL – Final Approved	\$ -	\$ 1,769,929	\$ 1,769,929	12.0	

Agency

The **agency** submits a revised estimate of \$1.8 million, all from the Credit Union Fee Fund, and 12.0 FTE positions in FY 2026. This represents an increase of \$329,769, or 22.9 percent, above the amount previously approved by the 2025 Legislature. The increase is attributable entirely to the following supplemental requests:

1. **Examiner Training:** The agency's request includes \$58,000, all from the Credit Union Fee Fund, for examiner training, contingent on the National Credit Union Administration (NCUA) no longer providing access to its New Credit Union Examiner Training Program (STEP) and related core curriculum. Reduced federal staffing and proposed operational changes may limit training availability, and some KDCU examiners have already been placed on wait lists for upcoming sessions.

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2. **Examination Software:** The agency requests \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software, contingent on the NCUA discontinuing state access to its examination software. KDCU currently uses the Modern Examination and Risk Identification Tool (MERIT), which is provided at no cost through the NCUA's Share Insurance Fund. The agency indicates that continued access is uncertain, pending a feasibility study by NCUA.
3. **Examiner Salaries:** The agency requests \$186,769, all from the Credit Union Fee Fund, to fund two vacant Financial Examiner positions at current market salary levels. Each position includes a salary of \$65,000 and benefits of \$28,385, for a total of \$93,385 per position. The agency is approved for 12.0 FTE positions. No additional FTE authority is being requested; the funding is solely to fill existing vacancies.

Special Committee on the State Budget

The **Special Committee** concurs with the agency's revised estimate in FY 2026, with the following adjustments:

1. Delete \$58,000, all from the Credit Union Fee Fund, for examiner training in FY 2026.
2. Delete \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software in FY 2026.
3. Delete \$186,769, all from the Credit Union Fee Fund, to fund two vacant Financial Examiner positions in FY 2026.

House Committees

House Committee on Agriculture and Natural Resources Budget

The **House Budget Committee** concurs with the Special Committee's recommendation in FY 2026.

House Committee on Appropriations

The **House Committee** concurs with the House Budget Committee's recommendation in FY 2026.

House Committee of the Whole

The **House Committee of the Whole** concurs with the House Committee's recommendation in FY 2026.

Senate Committees

Senate Committee on Local Government, Transparency and Ethics

The **Senate Committee** concurs with the Special Committee's recommendation in FY 2026, with the following adjustments:

1. Add \$58,000, all from the Credit Union Fee Fund, for examiner training for FY 2026.
2. Add \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software for FY 2026.
3. Add \$186,769, all from the Credit Union Fee Fund, to fund two vacant Financial Examiner positions for FY 2026.

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Senate Committee on Ways and Means

The **Senate Committee on Ways and Means** concurs with the Senate Committee's recommendation in FY 2026.

Senate Committee of the Whole

The **Senate Committee of the Whole** concurs with the House Committee's recommendation in FY 2026.

Conference Committee

The **Conference Committee** concurs with the Special Committee's recommendation in FY 2026, with the following adjustments:

1. Add \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software, contingent on the NCUA discontinuing state access to its examination software in FY 2026.
2. Add \$186,769, all from the Credit Union Fee Fund, to fund two vacant Financial Examiner positions at current market salary levels in FY 2026.
3. Add \$58,000, all from the Credit Union Fee Fund, for examiner training, contingent on the NCUA no longer providing access to its New Credit Union Examiner Training Program (STEP) and related core curriculum in FY 2026.

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FY 2027

Summary of Legislative Recommendations, FY 2027					
	SGF	All Other Funds	Total	FTE Positions	
Approved, without Reappropriations	\$ -	\$ 1,374,455	\$ 1,374,455	12.0	
Agency Request	-	1,726,468	1,726,468	12.0	
Special Committee on the State Budget (SBC)					
Change from Agency Request	\$ -	\$ (329,769)	\$ (329,769)	-	
TOTAL – Special Committee	\$ -	\$ 1,396,699	\$ 1,396,699	12.0	
House Committees					
Agriculture and Natural Resources Budget	\$ -	\$ 329,769	\$ 329,769	-	
Appropriations	-	-	-	-	
Committee of the Whole	-	-	-	-	
Subtotal – House Change from SBC	\$ -	\$ 329,769	\$ 329,769	-	
TOTAL – Current House Position	\$ -	\$ 1,726,468	\$ 1,726,468	12.0	
Senate Committees					
Local Government, Transparency and Ethics	\$ -	\$ 329,769	\$ 329,769	-	
Ways and Means	-	-	-	-	
Committee of the Whole	-	-	-	-	
Subtotal – Senate Change from SBC	\$ -	\$ 329,769	\$ 329,769	-	
TOTAL – Current Senate Position	\$ -	\$ 1,726,468	\$ 1,726,468	12.0	
Legislative Approved					
Conference Committee	\$ -	\$ 329,769	\$ 329,769	-	
Governor's Vetoes	-	-	-	-	
Veto Overrides	-	-	-	-	
Certifications	-	9,099	9,099	-	
Subtotal – Approved Change from SBC	\$ -	\$ 338,868	\$ 338,868	-	
GRAND TOTAL – Final Approved	\$ -	\$ 1,735,567	\$ 1,735,567	12.0	

Agency

The **agency** submits a revised estimate of \$1.7 million, all from the Credit Union Fee Fund, and 12.0 FTE positions. This represents an increase of \$352,013, or 25.6 percent, above the amount previously approved by the 2025 Legislature for FY 2027. The increase is attributable entirely to the following enhancement requests:

- **Examiner Training:** The agency requests \$58,000, all from the Credit Union Fee Fund, to replace access to NCUA examiner training if federal support is unavailable.
- **Examination Software:** The agency requests \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software previously provided by NCUA. This request is contingent on the NCUA discontinuing state access to the software, ensuring KDCU can continue to complete examinations and meet statutory timelines.

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- **Examiner Salaries:** The agency requests \$186,769, all from the Credit Union Fee Fund, to fill two vacant examiner positions at current market salary levels.
- **2025 Legislative Pay Plan:** The 2025 Legislature approved salary increases for most state employees based on the Department of Administration's market survey for FY 2026. The agency request includes \$22,244, all from the Credit Union Fee Fund, for FY 2027 to account for an increase in expenditure limitations inadvertently omitted from the plan.

Special Committee on the State Budget

The **Special Committee** concurs with the agency request for FY 2027, with the following adjustments:

1. Delete \$58,000, all from the Credit Union Fee Fund, for examiner training for FY 2027.
2. Delete \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software for FY 2027.
3. Delete \$186,769, all from the Credit Union Fee Fund, to fund two vacant Financial Examiner positions for FY 2027.

House Committees

House Committee on Agriculture and Natural Resources Budget

The **House Budget Committee** concurs with the Special Committee's recommendation for FY 2027, with the following adjustments:

1. Add \$58,000, all from the Credit Union Fee Fund, for examiner training for FY 2027.
2. Add \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software for FY 2027.
3. Add \$186,769, all from the Credit Union Fee Fund, to fund two vacant Financial Examiner positions for FY 2027.
4. Add language noting, that on or before January 11, 2027, the State Department of Credit Unions shall provide a report to the House Committee on Appropriations and the Senate Committee on Ways and Means on the status of the agency's access to the National Credit Union Administration's **examination software** and **examiner training** program and if funding from the Credit Union Fee Fund for examination software and examiner training is still needed during the fiscal year ending June 30, 2027.

House Committee on Appropriations

The **House Committee** concurs with the House Budget Committee's recommendation for FY 2027, with the following adjustment:

1. Add language noting, that on or before January 11, 2027, the State Department of Credit Unions shall provide a report to the House of Representatives Committee on Appropriations and the Senate Committee on Ways and Means on the status of the agency's access to the National Credit Union Administration's **examination software** and **examiner training** program. If the agency reports that access has been granted, the expenditure limitation for the Credit Union Fee Fund for the fiscal year ending June 30, 2027, shall be reduced from \$1,726,468 to \$1,583,468.

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House Committee of the Whole

The **House Committee of the Whole** concurs with the House Committee's recommendation for FY 2027.

Senate Committees

Senate Committee on Local Government, Transparency and Ethics

The **Senate Committee** concurs with the Special Committee's recommendation for FY 2027, with the following adjustments:

1. Add \$58,000, all from the Credit Union Fee Fund, for examiner training for FY 2027.
2. Add \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software for FY 2027.
3. Add \$186,769, all from the Credit Union Fee Fund, to fund two vacant Financial Examiner positions for FY 2027.

Senate Committee on Ways and Means

The **Senate Committee on Ways and Means** concurs with the Senate Committee's recommendation for FY 2027.

Senate Committee of the Whole

The **Senate Committee of the Whole** concurs with the House Committee's recommendation for FY 2027.

Conference Committee

The **Conference Committee** concurs with the Special Committee's recommendation for FY 2027, with the following adjustments:

1. Add \$85,000, all from the Credit Union Fee Fund, to obtain third-party examination software, contingent on the NCUA discontinuing state access to its examination software for FY 2027.
2. Add \$186,769, all from the Credit Union Fee Fund, to fund two vacant Financial Examiner positions at current market salary levels for FY 2027.
3. Add \$58,000, all from the Credit Union Fee Fund, for examiner training, contingent on the NCUA no longer providing access to its New Credit Union Examiner Training Program (STEP) and related core curriculum for FY 2027.
4. Add language directing that, on or before January 11, 2027, the agency shall provide a report to the House Committee on Appropriations and the Senate Committee on Ways and Means on the status of agency access to the NCUA examination software and training program. If access has been granted, the agency's expenditure limitation shall be reduced by \$143,000, removing the funding provided in Items 1 and 3.

Legislative Approved

HB 2513 authorized the following statewide adjustments which were certified following the conclusion of the 2026 Session:

1. Add \$9,099 to implement the Executive Branch pay plan approved by the 2026 Legislature and certified by the State Finance Council for FY 2027.