



Chairman Waymaster and Members of the Committee:

Thank you for the opportunity to provide testimony on the need for budget process reform in Kansas. As you know, state law mandates that the governor provide a budget report to the Legislature. However, what might have initially been a good idea, this practice [has evolved](#) into the governor proposing an [entire budget](#), with the Legislature simply adjusting from this the governor’s baseline. The Legislature should instead have a more active, leading role in proposing the budget, working with the governor to improve it, and giving the governor ways to adjust it with line-item vetoes to help provide prudent fiscal management of taxpayer money.

Opportunities Moving Forward

Regardless of who proposes the budget, the state should consider a year-round approach to spending and budget review. The budget committees should meet periodically after a regular session annually to conduct performance-based analyses. State law requires [performance-based budgeting](#), but it has yet to be [faithfully implemented](#), and time limits during the legislative session make it difficult to police. As part of a year-round budget process, the Legislature should notify agencies that no spending increases will be approved for agencies that fall short of performance-based budgeting expectations.

Another effective method for evaluating whether programs are delivering their intended goals is through independent, external [efficiency audits](#). Unlike internal reviews, these audits objectively assess government programs’ effectiveness, which can suffer from the “fox guarding the henhouse” syndrome. While not perfect, efficiency audits can mobilize public interest from taxpayers and watchdogs to advocate for reforms or eliminate inefficient programs, thereby reducing unnecessary taxpayer expenditures. The Kansas process of Legislative Post Audit is a terrific step towards this goal and places the auditing process outside of the executive branch agencies themselves. The goal would be to have the auditing done under the auspices of the actual appropriators – you.

Other ideas include improving the [sunset review](#) process and requiring the sundown of programs and agencies to enhance Kansas’ budget effectiveness. This process can help with [priority-based budgeting](#), which combines performance-based and zero-based budgeting. Combining better review processes during the year, sunset meetings, and program sundown at fixed intervals would improve the budget process. Add a broad spending limit with a strong, preferably constitutional, constraint. This would compel legislators to identify inefficiencies and phase out failing programs. A fiscal rule such as KPI’s [Responsible Kansas Budget](#) could serve this purpose effectively by keeping spending to less than population growth plus inflation.

Learning from Other States

Many states have [adopted best practices](#) to improve their budget processes. Here's an overview of what other states are doing:

- **Colorado:** [Taxpayer's Bill of Rights](#) (TABOR) restricts the revenue that state and local governments can retain and spend. Excess revenues are refunded to taxpayers, helping enforce fiscal discipline, but should move to cutting rates rather than giving checks.
- **Florida:** Long-term financial planning is emphasized, requiring a three-year outlook on budgetary impacts for proposed expenditures and revenue changes.
- **Louisiana:** Louisiana uses a flawed [top-down budgeting approach](#) where the governor's proposed budget is the starting point for the Legislature to tweak. The state conducts insightful [efficiency audits](#) of some programs through the state auditor's office.
- **Texas:** Texas uses bottom-up, [performance-based budgeting](#), starting with a ceremonial budget from the governor that the Legislature crafts further. Texas also has a relatively strong spending limit, [updated in 2021](#), based on the rate of population growth and inflation, and conducts [external efficiency audits](#) on some programs.
- **Utah:** Utah's [one-door policy](#) streamlines operations and improves service delivery through efficiency audits and performance-based budgeting. It also involves putting the workforce and safety net together under one agency, which could be part of Congress extending the [Workforce Innovation and Opportunity Act](#) (WIOA) this year. Utah also has a constitutional spending limit tied to population growth and inflation.

Recommendations for Kansas

Kansas can draw inspiration from these states and the American Legislative Exchange Council's (ALEC) [budget reform toolkit](#):

- **Providing Annual Budget Analysis:** Evaluating the budget and specific programs through the budget committees after regular sessions annually.
- **Adopting Priority-Based Budgeting:** Implementing a combination of performance-based and zero-based budgeting with [priority-based budgeting](#) for thorough evaluation and justification of all expenditures of taxpayer money.
- **Conducting Independent Efficiency Audits:** Regular, external efficiency audits can bring transparency and accountability to government programs and savings to taxpayers.
- **Strengthening Spending Limits:** Imposing strong constitutional or statutory spending limits, like KPI's Responsible Kansas Budget, Texas' limit, or Colorado's TABOR, helps enforce fiscal discipline for state and local spending with surpluses to lower tax rates.
- **Engaging in Long-Term Financial Planning:** Incorporating long-term financial planning can ensure sustainability and preparedness for economic fluctuations.
- **Reducing Dependency on Federal Funds:** With the federal government running massive deficits, Kansas should prepare for potential reductions in [federal funds](#) by focusing on transparency and reducing dependency.

By adopting these best practices, Kansas can move toward a more efficient, accountable, and fiscally responsible budget process. Incorporating these reforms will help Kansas enhance its budget process, prioritize taxpayer money, and provide tax relief as often as possible. Thank you for your time, and I look forward to your questions.