

THE KANSAS BUDGET PROCESS

January 14, 2021

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Kansas Legislative Research Department

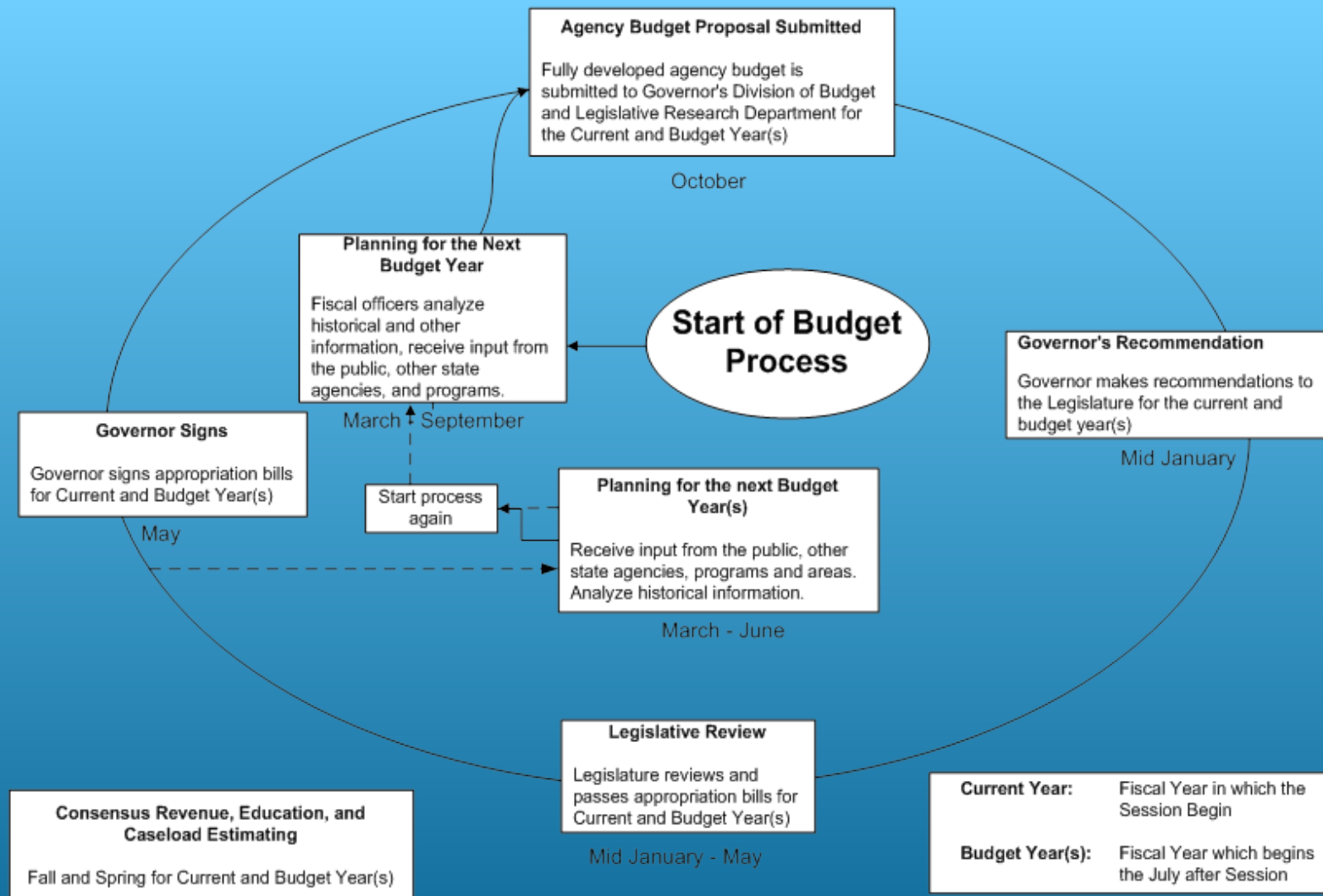


KLRD

Kansas Legislative Research Department

Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934

State Budget Process



State Agencies

Agencies submit budget requests by October 1 each year

- **Most agencies are executive branch agencies under the direct control of the Governor**
 - The Governor performs a thorough review of these budget requests
- **The judicial and legislative branches are independent of the Governor's control**
 - By law, the judicial branch budget request is submitted directly to the Legislature
 - By practice, the same is generally true for the legislative branch

The Role of the Governor



The Governor
recommends

The Legislature
appropriates

Governor's Recommendations

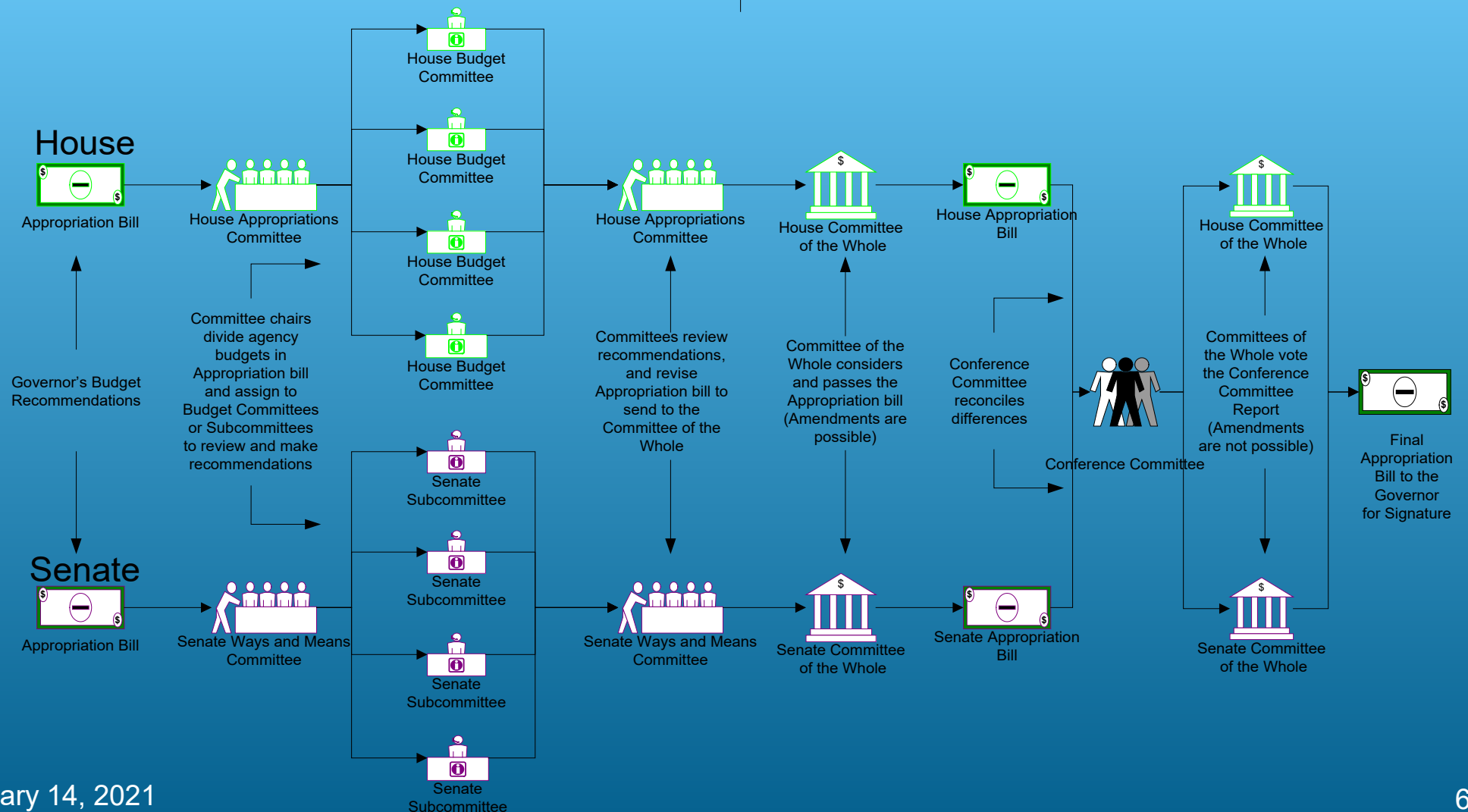
The Governor's budget staff, led by the Director of the Budget, makes initial recommendations, which are adjusted by the Governor to form the recommendation

- The Governor makes initial budget and budget-related policy recommendations at the beginning of the session—this is the starting point for consideration by the Legislature
- The Governor's budget recommendations must provide for a statutory State General Fund ending balance equal to 7.5 percent or more of proposed expenditures
- During the session, the Governor may propose changes to the original recommendation, based on anything from technical corrections to changes in policy
- Kansas Legislative Research Department fiscal staff analyze both agency budget requests and the Governor's recommendations and prepares the *Budget Analysis* for distribution early in the session

Basic Process to Pass an Appropriation Bill

Kansas Legislative Research Department

December 7, 2010



Appropriations Bills

Generally, three identical appropriation bills reflecting the Governor's recommendations are introduced in each chamber:

- Current year supplemental expenditures (supp. bill)
- Budget year(s) appropriation ("mega" bill)
- Capital improvements

Bills are prepared by Revisor of Statutes, in consultation with the Division of the Budget, and are referred to the Senate Ways and Means and House Appropriations committees

The bills may be combined into one appropriations bill to allow the Legislature to consider the budget as a whole, not in isolated pieces

House Budget Committees

- **Budget committees typically consist of 9 members**
- **The Budget committees are assigned to review budgets based on designated subject matter areas:**
 - Agriculture and Natural Resources
 - K-12 Education
 - Higher Education
 - General Government
 - Legislative
 - Transportation and Public Safety
 - Social Services

Senate Ways and Means Subcommittees

- **The 2020 Senate Ways and Means Committee was divided into 16 different Subcommittees, composed of 3-5 members, all of whom served on the Senate Ways and Means Committee**
- **Each Committee member serves on a number of different Subcommittees**

Role of Budget Committees and Subcommittees

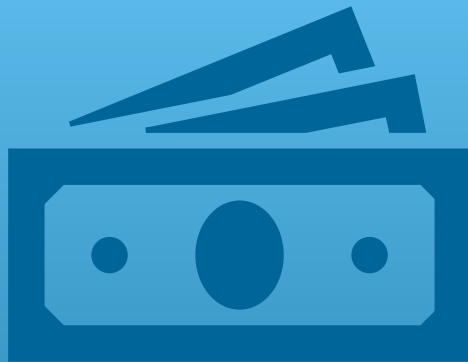
Members of the Budget Committees and Subcommittees:

- Are briefed on all major issues in their assigned agency budgets
- Seek agency and public input on their assigned budgets
- Make recommendations for budget adjustments and policy changes to the full Committee

Functions of government reflect the six classifications into which similar agencies are grouped that share similar basic purposes of state government

- General Government
 - *Includes Elected Officials, Legislative Agencies, Judicial Branch, Revenue, Administration, Commerce, and Lottery*
- Human Services
 - *Includes Dept. for Children and Families, Dept. for Aging and Disability Services and Hospitals, KDHE-Health*
- Education
 - *Includes K-12 Education, Regents and Institutions, Schools for Blind and Deaf, and State Library*
- Public Safety
 - *Includes Dept. of Corrections and Facilities, Adjutant General's Dept., KBI, and Highway Patrol*
- Agriculture and Natural Resources
 - *Includes Agriculture, KDHE-Environment, State Fair, Water Office, and Wildlife, Parks and Tourism*
- Transportation
 - *Includes Dept. of Transportation*

Expenditures by Major Purpose



State Operations. Actual agency operating costs for salaries and wages, contractual services, commodities, and capital outlay.

Aid to Local Units. Aid payments to counties, cities, school districts, and other local government entities. May be from state or federal funds.

Other Assistance, Grants, and Benefits. Payments made to or on behalf of individuals as aid, including public assistance benefits, unemployment benefits, and tuition grants.

Capital Improvements. Cash or debt service payments for projects involving new construction, remodeling and additions, rehabilitation and repair, razing, and the principal portion of debt service for a capital expense.

Full Committee Consideration of Budgets

The full House Appropriations and Senate Ways and Means committees:

- **Discuss all recommendations made by the Budget Committee or Subcommittee on each agency budget**
- **Approve or amend the recommendations throughout the session**
- **Review the complete “big picture” budget and make recommendations for consideration by the full Chamber**

Full Chamber Consideration

For consideration by the full Chamber, legislative staff:

- Prepares the detailed adjustments to appropriations bills to reflect Committee recommendations
- Prepares summary material explaining the original recommendations and any changes recommended by the Committee

The full Chamber considers the complete budget as recommended by the Committee

- All members have an opportunity to propose floor amendments that will further adjust the recommendations
- Floor amendments are prepared by the Office of Revisor of Statutes, in consultation with legislative fiscal staff
- Floor amendments are required to comply with Pay-Go requirements unless the budget year ending balance on the profile is equal to or greater than 7.5 percent

Conference Committee Process

- A 6-member Conference Committee, usually composed of the Chair, Vice-Chair, and Ranking Minority Member of the House Appropriations Committee and Senate Ways and Means Committee meets to reconcile any differences in the House and Senate versions of the budget
- When the Conference Committee reaches an agreement, legislative staff prepares a Conference Committee Report and an explanation of the agreement

Conference Committee Process

- The full Chambers then vote on whether the Conference Committee Report should be approved
- No amendments are allowed at this point of the process
- The Conference Committee Report generally combines all of the various appropriations bills into one bill
- Usually another bill in one of the Committees serves as the “vehicle” for the budget bill

The Omnibus Bill

- **At first adjournment usually in early April, the Legislature goes home for two to three weeks prior to the “veto” session, which is to consider any vetoes by the Governor**
- Usually about a week before the full Legislature returns, the House Appropriations and Senate Ways and Means committees return to consider items to include in the last appropriations bill of the year—the Omnibus appropriation bill

Why an Omnibus Bill?

- **The Omnibus Bill is designed to make adjustments to agency budgets**
 - To reflect the impact of legislation passed during the session
 - To address budget amendments recommended by the Governor
 - To address items specifically deferred by the Committees (to allow for consideration of more current information or availability of additional resources)
 - To make technical adjustments needed to accurately reflect the Legislature's recommendation
 - To meet the requirement that the projected State General Fund ending balance is equal to 7.5 percent of the approved expenditures

The Omnibus Process

The Senate and House committees develop their own versions of the bill



The remaining process is similar to the regular session appropriation process, on a substantially shorter time frame

Consensus Estimating

Twice each year, representatives of the Legislative Research Department and the Division of the Budget, in consultation with other agencies, develop consensus estimates in a number of areas

- **Consensus Revenue Estimating**
- **Education Funding**
- **Transportation Funding**
- **Assigned Counsel (BIDS)**
- **Social Services Caseloads and Funding**

Consensus Revenue Estimating

In November and April of each year, representatives of the Legislative Research Department, the Division of the Budget, and the Department of Revenue, along with three university economists, meet to project revenue to the State General Fund

- The November estimate is used by the Governor to develop the initial budget recommendations
- The April estimate is used by the Governor to amend the budget recommendations and by the Legislature to make necessary adjustments to the budget

The Ending Balance Law

Statutory provisions require a projected State General Fund ending balance equal to 7.5 percent of expenditures (for FY 2021, 7.5 percent is approximately \$602 million)

The requirement applies at two points:

- The Governor's original budget recommendation must provide for the statutory ending balance in the budget year
- The Legislature's final approved budget for the budget year must also provide for the required ending balance
- The ending balance provisions have often been waived by the Legislature beginning in FY 2004

Contact Information

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