

STATE BUDGET

Kansas Budget Stabilization Fund

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Various laws or statutory sections are designed to provide certain safeguards with respect to state budgeting and management of expenditures and to prevent deficit financing. The most recent measure taken by the Legislature is the Budget Stabilization Fund. The Fund is intended to receive revenues when receipts exceed expectations and conserve them for periods of economic recession.

Budget Stabilization Fund

The 2016 Legislature in HB 2739 established the Budget Stabilization Fund. The Legislative Budget Committee was statutorily charged in KSA 75-6706 with developing and recommending a method to fund the Budget Stabilization Fund based on a review of risk-based practices used by other states, relative annual variance from revenue and expenditure estimates, and the circumstances upon which the funds may be expended.

In FY 2020, 50.0 percent of the amount that State General Fund (SGF) receipts exceeded the

consensus revenue estimates were transferred from the SGF to the Budget Stabilization Fund, totaling \$81.9 million. Various other provisions including the transfer of 10.0 percent of the unencumbered ending balance and transfers to the Kansas Public Employees Retirement System were briefly enacted into law but suspended prior to application.

The Budget Stabilization Fund can be expended solely by an act of appropriation by the Legislature or the State Finance Council as an act of legislative delegation. The Budget Stabilization Fund shall not be considered as part of the ending balance of the SGF for compliance with any other statutory requirements such as allotments or the unencumbered ending balance requirement.

The Governor recommended that the balance of the Budget Stabilization Fund be transferred into the SGF due to anticipated shortfall in revenue due to COVID-19. Despite the fact that the shortfalls were not realized, the funds were transferred to the SGF via act of appropriation in FY 2022. The Governor also recommended suspending transfers from the SGF to the Budget Stabilization Fund for FY 2021.

The balance of the Budget Stabilization Fund at the beginning of FY 2022 was zero. Transfers of excess receipts are currently scheduled for FY 2022 and FY 2023.

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