State Budget–Appropriations; HB 2513

HB 2513 contains FY 2026 funding adjustments, funding for state agencies for FY 2027, and selected adjustments for FY 2028, FY 2029, and FY 2030. The bill also provides funding and implementation for a new agency, the Office of Early Childhood.

FY 2026

The bill adjusts total state expenditures to $27.8 billion, including $10.9 billion from the State General Fund (SGF), in FY 2026. This is an all funds increase of $1.7 billion, or 6.4 percent, and a SGF decrease of $213.6 million, or 1.9 percent, from the FY 2026 approved budget. Further, this is an all funds increase of $352.1 million, or 1.3 percent, and an SGF increase of $326.7 million, or 3.1 percent, above the Special Committee on the State Budget's recommendation. This leaves a remaining balance in the SGF of $2.2 billion in FY 2026.

Significant SGF Additions to the Approved Budget

- $39.2 million SGF to increase expenditures for contract staffing at Larned State Hospital and Osawatomie State Hospital;
- $4.0 million SGF to cover reimbursements lost in federal adjustment to the Emergency Management Performance Grant change to coverage years;
- $1.0 million SGF for Board of Indigents' Defense Services (BIDS) expert witness costs;
- $1.9 million, including $810,888 SGF, for Kansas Eligibility Enforcement System upgrades; and
- $658,045 SGF for additional pay for certified teachers for the school year and for pay for support staff salaries for an additional 6 days of instruction at the Kansas State School for the Blind and Kansas State School for the Deaf.

Significant SGF Lapses to the Approved Budget

- $68.9 million SGF, to adopt the Fall 2025 Consensus human services caseloads estimates. The bill includes an additional $431.0 million in expenditures from all funds. The SGF decrease is primarily attributable to lower than anticipated KanCare costs statewide; however, these are offset by increases in foster care costs in the Sedgwick County region.

Significant Non-SGF Additions to the Approved Budget

- $1.0 million from the State Water Plan Fund (SWPF) for the Musil Center for Sustainable Wheat Production.

Policy Changes Included in HB 2513 in FY 2026

- Language requiring the Kansas State Department of Education (KSDE) to report state assessment cut scores using cut score standards from prior to July 1, 2025, and prohibiting KSDE from using the new cut scores when reporting results of the state assessments for school year (SY) 2025-2026;

- Language requiring KSDE to update the SY 2025-2026 school district financial accountability reports, both statewide and district-level, to include a report on special education funding, including specific funding sources to be included in the report;

- Language requiring the Department of Commerce to disclose the amount offered and claimed, payroll incentives, training incentives, and relocation incentives for the Attracting Powerful Economic Expansion Act in the agency's transparency database;

- Language exempting BIDS from lapsing funding related to vacant full-time equivalent (FTE) positions; and

- Language authorizing any state employee or legislator to park in any state parking lot or facility from 5:00 p.m. to 11:00 p.m.

FY 2027

The bill adjusts total state expenditures to $26.8 billion, including $10.7 billion SGF, for FY 2027. This is an all funds decrease of $1.0 billion, or 3.7 percent, and an SGF decrease of $186.4 million, or 1.7 percent, from the FY 2026 revised estimate. Further, this is an all funds increase of $487.7 million, or 1.9 percent, and an SGF increase of $238.0 million, or 2.3 percent, from the Special Committee on the State Budget's recommendation. This leaves a remaining balance in the SGF of $1.8 billion for FY 2027.

Significant SGF Additions

- $20.7 million SGF in funding for technical and community colleges;

- $20.0 million SGF and $2.0 million from non-SGF sources ($22.0 million total) and 336.0 FTE positions, to fund the first year of operations at the South Central Regional Mental Health Hospital;

- $18.9 million SGF and $30.9 million from non-SGF sources ($49.8 million total) for a Medicaid capacity payment for nursing facilities of $15 per resident per day;

- $15.8 million SGF and $25.9 million from non-SGF sources ($41.7 million total) to provide a 6.0 percent reimbursement rate increase for providers of Home and Community Based Services (HCBS) Intellectual/Developmental Disability waiver services;

- $15.0 million SGF and $41.5 million from non-SGF sources ($56.5 million total), for the Children's Health Insurance Program;

- $15.0 million SGF and $24.5 million from non-SGF sources ($39.5 million total) to cover the current HCBS Frail Elderly waiver services overages and to formally establish a waitlist for such waiver services;

- $13.2 million SGF and $22.1 million from non-SGF sources ($35.3 million total) for a 1.0 percent statewide salary adjustment for FY 2027. The following are excluded from this adjustment: Judicial and Legislative branch employees, statewide elected officials, teachers and licensed personnel of the Kansas State Schools for the Blind and Deaf, part-time non-benefits-eligible employees, and employees on a formal, written career progression plan.

  The bill also contains funding for salary adjustments for designated employees, including judges and justices of the Judicial Branch, licensed personnel of the Kansas State Schools for the Blind and Deaf, legislators, and legislative staff;

- $12.0 million SGF to increase expenditures for contract staffing at Larned State Hospital and Osawatomie State Hospital;

- $11.0 million SGF for debt service payments for the Veterinary Diagnostic Lab at the Kansas State University Veterinary Medical Center;

- $10.0 million SGF for hospitals providing inpatient behavioral health services for adults;

- $6.0 million SGF for Special Education State Aid, for a total of $617.0 million contingent on the SY 2025-2026 statewide and district-level financial accountability reports, including the report on special education funding, being posted by June 30, 2026, and that when publishing the SY 2026-2027 financial accountability reports, the special education funding report portion must be published at the same time;

- $5.4 million SGF for the health care contract for correctional facilities;

- $5.3 million SGF and $8.0 million from non-SGF sources ($13.3 million total) to increase the Physical Disability agency-directed personal care services from

$19.52 per hour to $29.00 per hour and reduce the Frail Elderly Level 3 Personal Care Services from $33.24 to $30.00 per hour;

- $5.0 million SGF for the Nuclear Research Accelerator at Kansas State University to develop facilities for lab-based courses and nuclear energy research;

- $5.0 million SGF for Alzheimer's research;

- $5.0 million SGF for aviation research;

- $5.0 million SGF to provide funding for individuals who are included in the uninsured, non-Medicaid-eligible federal block grant population;

- $4.0 million SGF and $6.5 million from non-SGF sources ($10.5 million total) to accommodate the number of individuals served on the HCBS Brain Injury waiver;

- $4.0 million SGF for community mental health centers;

- $3.0 million SGF for the Cybersecurity Center for Excellence;

- $3.0 million SGF for the Pregnancy Compassion Awareness Program;

- $3.0 million SGF for Nutrition Services and adds language requiring expenditures to be distributed proportionally based on the number of meals provided plus the number of individuals on a waitlist for FY 2027. The bill includes language specifying that no less than $5.7 million be disbursed directly to Meals on Wheels service providers;

- $3.0 million SGF for the Community-Based Primary Care Clinic Program;

- $2.7 million SGF for Children's Advocacy Centers to address increased service demand;

- $2.7 million SGF for Blueprint for Literacy;

- $2.5 million SGF to reinstate Kansas Safe and Secure Schools Grants for unified school districts;

- $2.5 million SGF and $4.5 million from non-SGF sources ($7.0 million total) to accommodate the number of individuals served on the HCBS Technology Assisted waiver;

- $1.8 million SGF and $2.9 million from non-SGF sources ($4.7 million total) to fund services for the HCBS Community Support waiver;

- $2.2 million SGF to fully fund the food service contract for correctional facilities;

- $1.0 million SGF for BIDS expert witness costs;

- $1.0 million SGF for the Hearing Protection for Law Enforcement Program;

- $1.0 million SGF to implement the HERO pilot program for evaluation and treatment of trauma-related mental health conditions;

- $1.0 million SGF and $3.0 million from non-SGF sources ($4.0 million total) to implement Centers for Medicare and Medicaid Services (CMS) Final Rule 0056-F in KMMS that modernizes electronic pharmacy transactions; and

- $850,000 SGF and $2.6 million from non-SGF sources ($3.4 million total) for Gainwell Technologies to complete system changes required by CMS Final Rule 0057-F pertaining to interoperability of Medicaid data.

Significant SGF Deletions

- $10.0 million SGF from Excel in Career Technical Education (2012 SB 155) for FY 2027. The bill includes the following language:

    - Language limiting funding to juniors or seniors, students that have not previously failed the same course, and students that have not previously failed two Excel in CTE courses;

    - Language allowing the community and technical colleges to collect tuition and fees from the high school student if such student is deemed ineligible for reimbursement for FY 2027; and

    - Language indicating legislative intent to cap the funding at $50.0 million SGF for future years;

- $9.3 million SGF to lapse 1.5 percent of state operations funded from the SGF. This lapse would not apply to SGF-financed operating expenditures for authorized contractual services, specific projects, or an identified program or entity. The following are exempt from this provision: judicial and legislative agencies, correctional facilities, Kansas Bureau of Investigation, Kansas Sentencing Commission, veterans homes, Office of the Attorney General, state hospitals, Kansas Highway Patrol, Kansas Board of Regents, and Regents institutions;

- $6.0 million SGF from the Mental Health Intervention Team; and

- $2.0 million SGF for the virtual math program in KSDE.

Significant SGF Transfers

- $20.0 million from the SGF to the Build Kansas Matching Grant Fund (Build Fund). The bill includes language requiring that $5.0 million from the Build Fund to be transferred to the State Finance Council should the program be extended. The bill also includes language dedicating $10.0 million from the Build Fund to an economic development project recommended by the Department of Commerce, and if the project is not completed, the $10.0 million would return to the Build Fund.

Significant Non-SGF Additions

State Water Plan Fund

- $1.7 million SWPF for Aid to Conservation Districts; and
- $1.0 million SWPF for Contamination Remediation.

American Rescue Plan Act (ARPA) State Relief Fund

- $10.0 million ARPA to develop and attract new businesses to Kansas;

- $6.0 million ARPA for the Moderate Income Housing Grant;

- $5.0 million ARPA for planning and construction of a new dairy facility and adds language requiring a dollar-for-dollar match from university funds and the dairy industry;

- $5.0 million ARPA to support, modernize, and sustain integration for the existing Kansas Statewide Interoperable Communication System;

- $2.0 million ARPA for one-time funding for Inclusion Connections for BelongKC construction expenses to build a home for 41 young adults with intellectual/developmental disabilities for FY 2027;

- $2.0 million ARPA for Beyond Visual Line of Sight Unmanned Aerial Systems infrastructure, navigation, operations, and commercialized support; and

- $1.0 million ARPA to restore the junior officer quarters at Fort Dodge.

Other Non-SGF Sources

- $3.5 million State Institutions Building Fund to remodel the A building at Adair Acute Care on the campus of Osawatomie State Hospital to provide additional federally certified beds;

- $1.0 million Economic Development Initiatives Fund (EDIF) for the Towns Grant;

- $3.2 million, including $2.4 million from the Kansas Highway Patrol's Operations Fund, for modernization of agency equipment and technology; and

- $2.0 million, all from the 911 Operating Fund, for critical facility mapping grants.

Significant Non-SGF Deletions

- $12.1 million SGF, including a corresponding deletion of $12.1 million from federal funds, for the administrative portion of the Supplemental Nutrition Assistance Program (SNAP). The bill includes language requiring the Department for Children and Families (DCF) to provide expenditure information on SNAP administration expenditures and payment error rates before the State Finance Council releases the $12.1 million.

Policy Changes Included in HB 2513 for FY 2027

- Language requiring KSDE to report state assessment cut scores using cut score standards from prior to July 1, 2025, and prohibiting KSDE from using the new cut scores when reporting results of the state assessments for SY 2025-2026 and SY 2026-2027;

- Language requiring KSDE to use existing funds to establish a complaint process and penalty for school districts regarding student walkouts under certain circumstances; requiring that penalties assessed from such walkouts be remitted to the SGF; and requiring that, if a walkout occurs, the school day will not count as an instructional school day;

- Language to transfer an additional $2.0 million, for a total of $10.0 million, from the Lottery Operating Fund to the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund within Kansas Department for Aging and Disability Services and to transfer 25.0 percent of the balance in the Attracting Professional Sports to Kansas Fund within the Department of Commerce to the HCBS Fund of the State Finance Council, provided that moneys credited to such fund be transferred to the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund;

- Language establishing the Office of Early Childhood and authorizing funding and FTE positions to be transferred from the Kansas Department of Health and Environment (KDHE), DCF, and KSDE to this new agency;

- Language directing KDHE to implement the child, adolescent, and adult immunization schedules from the federal Centers for Disease Control and Prevention that are in effect on July 1, 2026;

- Language prohibiting KDHE from expending any funds to enter into a contract with, or make a grant to entities that assist, provide, perform, promote, counsel towards, refer for, or provide facilities for abortions. Additionally, this language excludes entities prohibited from performing abortions under chapter 76 of the *Kansas Statutes Annotated*—unless in the event of a medical emergency;

- Language withholding $5.0 million SGF from DCF's operating account until the agency can certify to the State Finance Council that the Healthy Foods Waiver has been implemented statewide on or before January 1, 2027;

- Language allowing the Office of the State Treasurer to enter into loan agreements up to $50.0 million for the Aviation Loan Program that limits the eligible borrower to an airport or entity with majority ownership in Kansas, and requires that for one new Kansas job, paying 85.0 percent of county mean wage, with one job per $300,000 loan allotment that must be filled by citizens or lawful permanent residents; violations of the terms of the program would result in termination of the loan agreement;

- Language authorizing any state employee or legislator to park in any state parking lot or facility from 5:00 p.m. to 11:00 p.m;

- Language requiring the Department of Administration to develop and operate a single, searchable website that includes information about nonprofit and non-governmental organizations that receive appropriated state funds in FY 2026. This requirement would apply only to organizations that receive an amount of $50,000 or greater in any fiscal year. Furthermore, the agency would be required to compile and make available this information for FY 2020 to FY 2025;

- Language requiring all applicants requesting state-appropriated funds to provide the following information before funds are distributed: a statement of purpose, measurable outcome metrics, and a description of how progress will be measured. Applicants would receive 50.0 percent of the funds awarded upfront and 50.0 percent upon demonstration of measurable progress toward declared outcome metrics;

- Language authorizing state employees to extend an offer of employment to prospective employees, if failure to obtain a tax clearance is the only reason for denying employment. The Department of Administration, in consultation with the Department of Revenue, is required to provide such employees with details of any outstanding obligations preventing the employee from obtaining such tax

clearance. The prospective employee would be required to satisfy the tax obligation, either immediately or by entering into a payment arrangement, prior to receiving an offer of employment;

- Language to lapse funding for any FTE positions paid from the EDIF that have been vacant for all or part of the fiscal year;

- Language to implement an $11 fee associated with the costs of postage and production of personalized and specialized license plates, with the exception of certain specialized license plates related to military service, to the individual purchaser for FY 2027;

- Language to credit interest earned to the SGF. This provision would take effect only when the Budget Stabilization Fund balance reaches 20.0 percent of actual tax receipt revenues in the previous fiscal year, and this transfer would be limited to 50.0 percent of the amount of tax-only receipts that exceed Consensus Revenue Estimates; and

- Language to lapse SGF associated with the salaries and wages of positions that have been vacant for 60 calendar days or the entire fiscal year.