Appropriations; SB 125

SB 125 contains supplemental funding in FY 2025, funding for most state agencies for FY 2026, and selected adjustments for FY 2027.

FY 2025

The bill adjusts total state expenditures to $27.08 billion, including $10.85 billion from the State General Fund (SGF), in FY 2025. Compared against FY 2024 actual expenditures, the bill increases all fund expenditures by $2.77 billion, or 11.4 percent, and SGF expenditures by $1.48 billion, or 15.8 percent. Compared against the FY 2025 budget approved by the 2024 Legislature, the bill increases all fund expenditures by $1.73 billion, or 6.8 percent, and SGF expenditures by $320.7 million, or 3.0 percent.

Significant SGF Additions to the Approved Budget

- $38.0 million SGF for contract nursing staff at Larned and Osawatomie state hospitals;
- $10.3 million SGF for debt service on Series 2025A bonds to consolidate debt service payments for three projects approved by the 2024 Legislature: the Kansas Bureau of Investigation (KBI) Forensic Lab in Pittsburg, the Department of Corrections Topeka Central Health and Behavioral Health Support Building, and the Kansas State University Pure Imagination Facility;
- $10.0 million SGF to hire a private vendor for firearm detection software to be used only in public school buildings and for no more than two years;
- $10.0 million SGF to adopt the spring human services caseload estimate upon certification of the State Finance Council;
- $5.8 million SGF for the Bombardier Defense Project; and
- $16.2 million, including $4.8 million SGF, for the Kansas Department of Health and Environment's (KDHE) contract with Gainwell Technologies.

Significant SGF Lapses to the Approved Budget

- $150.5 million SGF for KanCare non-caseloads (HCBS waiver) funds that were reappropriated due to a higher-than-anticipated federal match;
- $171.1 million, including a deletion of $121.4 million SGF, to adopt fall education consensus numbers;

- $19.7 million SGF in unused funds for the Children's Health Insurance Program;

- $101.3 million, including a decrease of $21.7 million SGF, to adopt the fall human services caseloads estimate;

- $6.9 million SGF in unused funds appropriated for the state employee pay plan in 2024 SB 28; and

- $5.0 million SGF in unused funds appropriated to the Board of Indigents' Defense Services for general operating expenditures.

Significant Non-SGF Additions to the Approved Budget

- $179.4 million from the State Highway Fund (SHF) for modernization, preservation, and local construction of bridges;

- $100.0 million from the Restricted Fee Fund for the 11th and Mississippi capital improvement project at the University of Kansas;

- $65.7 million from federal funds for SUN Bucks, the summer electronic benefits transfer (EBT) program that provides eligible, school-aged children $120 per summer when school meals are unavailable;

- $71.2 million from federal American Rescue Plan Act (ARPA) funds for the Wichita Biomedical Campus;

- $44.8 million from federal Title XIX funds to adjust Kansas Department for Aging and Disability Services estimated Title XIX funding for Medicaid to reflect the updated federal medical assistance percentage;

- $41.3 million from the Restricted Fee Fund for the Ag Innovation Initiative at Kansas State University;

- $30.0 million from the Health Collaboration account for the Health Science Education Center project at Wichita State University;

- $28.7 million SHF for the construction of District One headquarters in Topeka and the modernization of Kansas Department of Transportation buildings;

- $25.2 million from federal funds to support private financing to small businesses through the State Small Business Credit Initiative;

- $22.4 million from federal ARPA funds for the State Defense Building project for the Adjutant General's Department;

Policy Changes Included in SB 125 for FY 2025

- Language to suspend budget stabilization fund transfers and allow the State Treasurer to invest funds;

- Language to no longer provide continuous eligibility for Medicaid for the parent and caregiver population;

- Language appropriating $3.7 million, including $1.8 million SGF, to the State Finance Council, and language requiring that such funds be released to the Department for Children and Families upon the certification by the Secretary for Children and Families that a waiver has been submitted exempting candy and soda from EBT purchases;

- Language extending the sunset date for the surcharge of certain Judicial Branch fees, which are transferred to the SGF, to June 30, 2027; and

- Language prohibiting the Kansas Lottery from expending moneys to negotiate or to enter into any contract or extension of an existing contract or renewal of an existing contract for the management of sports wagering with any lottery gaming facility manager.

FY 2026

The bill provides for state expenditures totaling $25.60 billion, including $10.64 billion SGF, for FY 2026. Compared against FY 2025 recommended expenditures, the bill decreases all fund expenditures by $1.47 billion, or 5.4 percent, and SGF expenditures by $210.5 million, or 1.9 percent.

Significant SGF Additions

- $106.3 million, including $40.0 million SGF, to provide salary adjustments to state employees based on the Department of Administration Market Survey, as follows:
  - Employees who are under market pay by 10.0 percent or more would receive either an increase to bring salaries to 10.0 percent under market pay or a 2.5 percent increase, whichever is greater;
  - Employees who are under market pay by less than 10.0 percent and employees who are over market pay by 10.0 percent or less would receive a 2.5 percent increase if classified;
  - Employees who are over market pay by more than 10.0 percent would receive a 1.0 percent increase;
  - Employees not reflected in the Market Survey would receive a 2.5 percent increase;

- All unclassified employees with job classifications that are not included in the Market Survey will be compensated via a merit pool;
- Executive Branch agencies, Legislative Branch agencies, the Judicial Branch, and universities will receive a sum equivalent of the total of 2.5 percent of the salaries of all benefits-eligible unclassified employees in such agency, to be distributed as a merit pool; and
- The following employees are excluded from these provisions:
  - Judges and justices;
  - Statewide elected officials;
  - Legislators;
  - 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 who are not otherwise named in these adjustments;

- $75.5 million, including $29.3 million SGF, for an add-on payment to nursing facilities of $20 per day, based on the number of Medicaid residents;

- $14.3 million SGF for the Two-year College apprenticeship account, with language to allocate funding to designated schools;

- $12.0 million SGF for the Regional Growth and Development Initiative, including $3.8 million SGF for Pittsburg State University, $3.8 million SGF for Emporia State University, and $4.4 million for Fort Hays State University;

- $10.5 million SGF for Two-year Colleges Student Success Initiatives, with language to distribute funds to designated schools;

- $30.2 million, including $13.2 million transferred from APEX funds, $5.0 million transferred from ARPA interest funds, $5.0 million from the State Water Plan Fund, and $7.0 million SGF for the Kansas Campus Restoration Fund;

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

- $10.0 million SGF for additional Special Education State Aid funding, for a total of $611.0 million for Special Education State Aid. This is also included for FY 2027 as maintenance-of-effort funding;

- $7.0 million SGF for the Technical Colleges operating grant;

- $5.8 million SGF for National Institute for Student Success playbooks at state institutions and Washburn University;

- $16.7 million, including $5.0 million SGF, for the KDHE's contract with Gainwell Technologies;

- $5.0 million SGF for Career Technical Education capital outlay aid, with language allocating funding to designated schools;

- $5.0 million SGF for aviation research at Wichita State University;

- $12.4 million, including $4.8 million SGF, to fully rebase nursing facility reimbursement rates; and

- $4.1 million SGF to adopt GBA No.1, Item 2, to be released to the Department of Corrections upon certification by the Secretary of Corrections that an increase to entry-level correctional officer pay differentials at Lansing Correctional Facility is necessary.

Significant SGF Deletions

- $10.0 million SGF for the Kansas Blueprint for Literacy;

- $11.6 million, including $7.3 million SGF, to lapse 1.5 percent of state operations funded from the SGF and SHF. This includes expenditures for salaries and wages, contractual services, commodities, and capital outlay only. The following agencies are exempt from this provision:
    - Judicial and Legislative branch agencies;
    - Correctional facilities;
    - Kansas Sentencing Commission;
    - KBI;
    - Office of the Attorney General;
    - Kansas Highway Patrol;
    - State hospitals;
    - Veterans and soldiers homes; and
    - State Board of Regents institutions; and

- $5.0 million SGF from the cooperative extension operating account for the KSU 105 project.

Significant Non-SGF Additions

- $4.0 million from ARPA interest to provide a grant to an airport for technology, tower upgrades, vertiport, heliport, and office space to attract e-aviation unmanned aircraft systems testing or manufacturing to Kansas, with language to transfer the funds;

- Language authorizing bonding authority of $128.0 million, with language requiring an additional $2.0 million from private funds for the construction of a veterinary diagnostic laboratory on the Manhattan campus; and

- Language authorizing bonding authority of $80.0 million for a new KBI headquarters in downtown Topeka.

State Water Plan Fund Additions

- $2.0 million State Water Plan Fund (SWPF) for streambank stabilization projects;

- $2.6 million SWPF for irrigation technology;

- $5.3 million SWPF for conservation district aid;

- $3.1 million SWPF for contamination remediation;

- $2.0 million SWPF for high plains aquifer partnerships; and

- Language allowing the Secretary of Agriculture to transfer funding between lines of appropriation of the SWPF.

Economic Development Initiatives Fund Adjustments

- An additional $1.5 million Economic Development Initiatives Fund (EDIF) for a talent grant fund; and

- A deletion of $1.5 million EDIF for the “Love, KS” marketing campaign.

Policy Changes Included in SB 125 for FY 2026:

- Language directing the Department of Administration to certify that state agencies have eliminated Diversity, Equity, and Inclusion positions, policies, programs, and related grants or contracts;

- Language to authorize the Kansas Developmental Finance Authority to issue STAR Bonds for any STAR Bond project;

- Language directing the Kansas Legislative Research Department and the Office of Revisor of Statutes to identify money for services to K-12 students at public schools and include this information in the review of education caseload estimates;

- Language to update the definition of “temporarily unemployed” to include individuals covered by a collective bargaining agreement who have been laid off from full-time work and reasonably expect to resume full-time work within six months. Such individuals would be exempt from enrolling in My Reemployment Plan, and unemployment benefits would be limited to eight weeks;

- Language to no longer provide continuous eligibility for Medicaid for parents and caregivers;

- Language directing the State Department of Education to expend $2.0 million from existing resources to issue a request for proposal for a supplemental American history online curriculum;

- Language to allow the State Treasurer to invest Budget Stabilization Funds;

- Language to lapse funding associated with the salaries and wages of vacant positions at the end of the fiscal year;

- Language to require that critical access hospitals and rural emergency hospitals pay the provider assessment in the Health Care Access Improvement Program as long as they have annual revenues that are above the threshold established by the Health Care Access Improvement Panel;

- Language prohibiting the Kansas Lottery from expending moneys to negotiate or to enter into any contract or extension of an existing contract or renewal of an existing contract for the management of sports wagering with any lottery gaming facility manager; and

- Language prohibiting Larned State Hospital from using contract agency nursing staff for FY 2027.