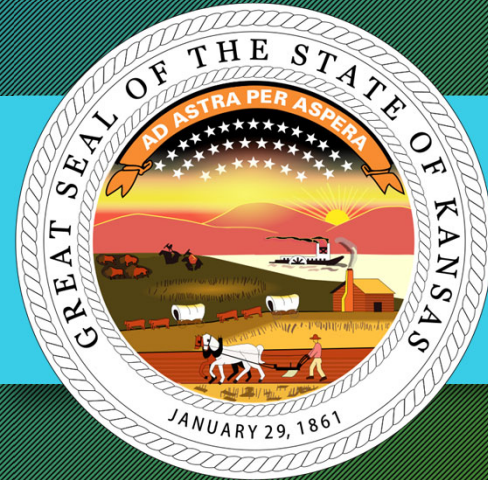


# Basics of State Budgeting

Kansas Division of the Budget  
August 12, 2025





# Agenda

2

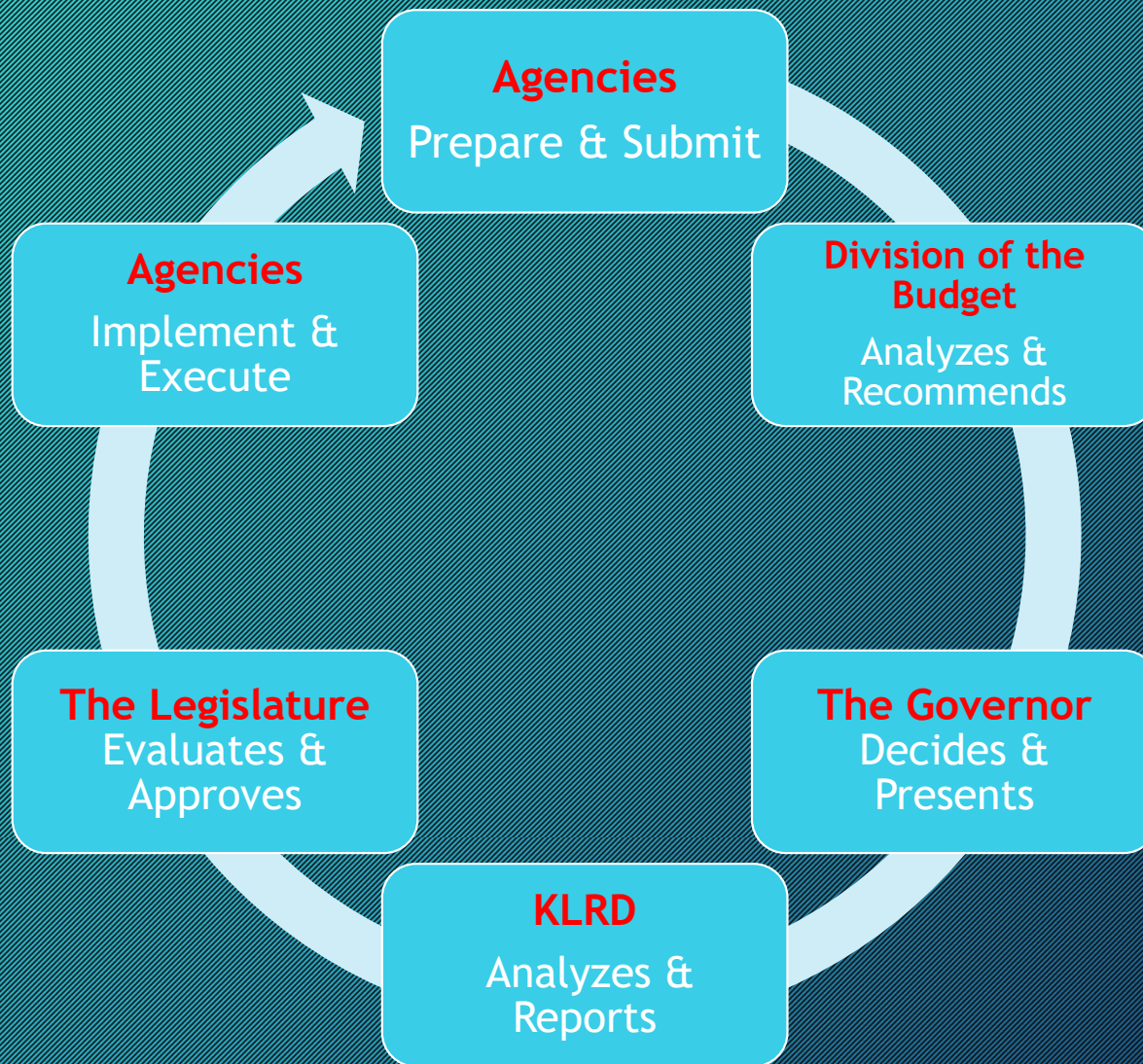
- Welcome
- Training
  - Key Players & Budget Cycle
  - Terminology
  - Allocations, Appropriations, Expenditures Limitations & Allotments
  - Revenues & Expenditures
  - Classification of Employees
  - Budget Mechanics
  - Components of Your Budget



# Key Players & Budget Cycle

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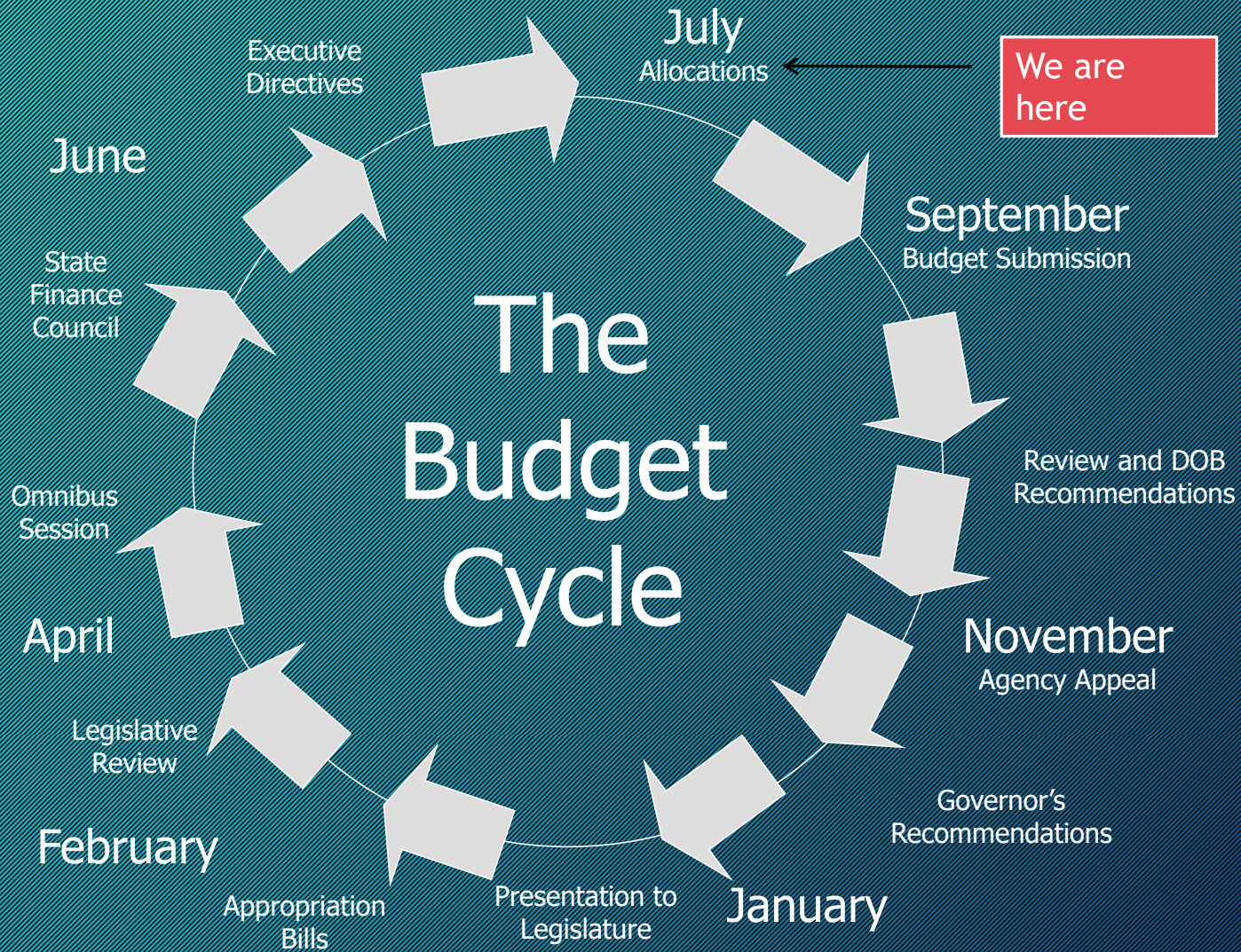


# Agencies

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- Annual
  - Most agencies have one-year budgets
  - Current year adjustments (FY 2026) and one budget year (FY 2027)
- Biennial
  - Biennial agencies have two-year budgets
  - Current year adjustments, one budget year, one out year







# Terminology

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# Acronyms & Terms

8

- Notable Funds:
  - SGF - State General Fund
  - AF - All Funds (including SGF)
  - EDIF - Economic Development Initiatives Fund
  - ELARF - Expanded Lottery Act Revenues Fund
  - CIF - Children's Initiatives Fund
  - SWPF - State Water Plan Fund
- Systems:
  - IBARS - Internet Budget And Reporting System
  - SHARP - Statewide Human Resource And Payroll System
  - SMART - Statewide Management, Accounting, and Reporting Tool



# Acronyms & Terms

9

- GBR: The Governor's Budget Report
  - **Volume 1:** Overview of Governor's budget plan
  - **Volume 2:** Financial profiles of each agency, by program
    - Includes agency's mission, philosophy, goals and objectives, & performance measures
- Comparison Report
  - Compares the GBR to the Legislature's Approved Budget
  - Starting point for the approved amount
- Chart of Accounts
  - Lists approved amounts



# Acronyms & Terms

10

- GBA: Governor's Budget Amendment
  - GBA
    - The Governor may recommend adjustments to the budget during the Legislative Session
    - May include caseload adjustments or adjustments based on new information
    - Should not include items the Governor already reviewed and did not recommend



# Acronyms & Terms

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- Notable Entities

- KLRD—Kansas Legislative Research Department
- SFC—State Finance Council
- OITS—Office of Information Technology Services
- A&R—Accounts and Reports
- OPS—Office of Personnel Services
- KPERS—Kansas Public Employees' Retirement System
- CRE Group—Consensus Revenue Estimating Group



# Acronyms & Terms

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- Fiscal Year

- Federal Government: Oct 1 — Sept 30
- Kansas: July 1 — June 30
- Cities' & Counties: Jan 1 — Dec 31
- Tax Year: Jan 1 — Dec 31

- Kansas

- Current Year = FY 2026
- Budget Year = FY 2027
- Out Years = FY 2028, FY 2029, etc.



# Allocations, Appropriations, Expenditure Limitations & Allotments

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# Allocations

14

- First step for DOB in planning for the upcoming budget year
  - DOB's broad framework for "slicing the state budget pie"
  - DOB provides the Governor & agencies with budget allocations in July
  - Only certain funds allocated
    - State General Fund, Economic Development Initiatives Fund, Children's Initiative Fund, State Water Plan Fund, Expanded Lottery Act Revenues Fund
- Agencies use allocation numbers as starting point for budget preparations for the upcoming budget year



# Allocations: Process Overview

15

- How allocations are calculated:
  - DOB begins with the budget approved by the Legislature
  - FY 2026 used as a basis for FY 2027
  - DOB may add or subtract monies to account for specific items
    - One-time expenditures
    - Adjustments for debt service, etc
    - Annualization of partial year funding
    - Fringe benefits
    - Other known changes



# Appropriations

16

- An amount of money for a particular purpose that an agency is authorized to spend during a fiscal year
  - Entire amount is usually available at the start of the fiscal year
- **State General Fund (SGF):** Largest “uncommitted” revenue sources available to the state
  - Fund to which most general tax receipts are credited
- Other appropriated funds
  - State Water Plan Fund, Economic Development Initiatives Fund, Expanded Lottery Act Revenues Fund, Children's Initiative Fund



# Appropriation Bills

17

- Legal mechanism that authorizes the expenditure of government funds
  - The basis of the Chart of Accounts
  - Helps guide the accounting system and approved budget in IBARS
- Types:
  - Supplemental (FY 2026)
  - Mega (FY 2027)
  - Omnibus (can contain adopted GBAs or new appropriations needed to implement bills enacted by the Legislature)
  - In recent history, sometimes the Legislature combines the above types into one bill at the end of the Session (Megabus)
- Statutory Citations
  - 2025 Session Laws, Chapter 117 (Senate Bill 125)



# Expenditure Limitations

18

- Maximum amount that may be spent in a given fiscal year
- Specific to special revenue funds
  - Special revenue funds receive funding from a dedicated source of revenue
- Types:
  - Limited
  - No Limit
- Caveats for No Limit Funds
  - Need justification to deviate significantly from what was submitted
  - No limit funds can become limited if not managed responsibly



# Rescissions and Allotments

19

- Procedures under which expenditure authorities are legally reduced when resources appear insufficient to cover appropriations
  - Rescissions—when the Director of the Budget believes the balance of the SGF will be less than \$100.0 million in a fiscal year, reductions can be made across-the-board of equal percentage amounts across state government, with limited exceptions of debt service, KPERS-School employer contributions, certain evidenced-based programs for juvenile offenders, and demand transfers associated with school district capital improvement aid (KSA 75-6704). This procedure has never been implemented, but rather allotments have been.
  - Allotment—when the Secretary of Administration, on the advice of the Budget Director, can implement an allotment system when it appears the State General Fund (or any special revenue fund) are likely to be insufficient to cover appropriations or approved expenditures, with limited exceptions, including the Legislature, Judicial Branch, certain evidenced-based programs for juvenile offenders (KSA 75-3722). Allotments can be targeted and not necessarily across-the-board



# Revenues & Expenditures

20



# Consensus Revenue Estimate (CRE)

21

- Official estimates for revenues to the State General Fund
  - Determines how much money may be available to spend
  - Two estimates: November & April
  - KSA 75-6701
- The Governor's budget uses the November estimates as a base
  - Estimates adjusted to reflect Governor's recommendations that would affect State General Fund receipts
- The Legislature starts with the Governor's budget
  - Incorporates April estimates during the Session
  - Adjusts for enacted legislation



# Consensus Revenue Estimate (CRE)

22

- Developed using a consensus process that involves:
  - Division of the Budget
  - Kansas Legislative Research Department
  - Department of Revenue
  - Three consulting economists, one from each of the following universities:
    - University of Kansas
    - Kansas State University
    - Wichita State University
- CRE memos and SGF revenue receipts are posted to DOB Website: <https://budget.kansas.gov/estimates/>



# Categories of Expenditures

23

- Budgeting expenditures in IBARS utilizes the same Uniform Expense Account Classification that SMART uses.
- State Operations
  - Expenses for the “day-to-day” business of state government
    - Salaries & Wages
    - Contractual Services
    - Commodities
    - Capital Outlay
- Aid to Local Governments
  - Payments made to governments that provide services at the local level, and:
    - Have taxing authority (in most cases)
    - Examples—General state aid to school districts, disaster relief, special city and county highway aid, etc.



# Categories of Expenditures

24

- Other Assistance, Grants and Benefits
  - Payments made to individuals and agencies that are not governmental in nature
- Debt Service
  - Principal and interest payments for bonds
- Capital Improvements
  - Expenses for rehabilitation and repair, construction, and remodeling of state-owned buildings and facilities
  - Includes debt service-principal payments
- Shrinkage
  - Monies reduced from salaries and wages and reallocated (if possible) under the assumption that some positions will be vacant
  - If possible, agencies should reduce FTE positions that are vacant for multiple years to be more accurate
  - Only a budgeting tool and will not be found in SMART



# Expenditures

25

- Non-reportable
  - Disbursements such as refunds, advances, and investments which do not represent governmental costs.
  - “Off budget” to avoid duplication
    - Department of Administration: Printing plant
    - Dollars are spent by state agencies for printing services
    - Same dollars are spent again for operating costs of the plant
    - To avoid reporting expenditures twice, the agencies’ costs are treated as reportable and the printing plant’s costs are non-reportable, or “off-budget”
  - Cannot be made from the SGF, EDIF, SWPF, CIF, ELARF, or the three building funds



# Expenditures - Transfers

26

- Two types of transfers:
  - Demand Transfer
    - Expenditure of monies from the State General Fund which is determined by a formula in statute
    - Less common
  - Revenue Transfer
    - Authority in appropriation bills to transfer all or any part of the revenue in a particular fund to another fund either between agencies or within an agency
    - More common
- *It is very important to include accurate transfers in IBARS*



# Classification of Employees

27



# Classification of State Employees

28

- Classified Positions — Regulated by the Kansas Civil Service Act
  - **Regular Classified Positions**
    - Included in the agency's reported FTE position count in the budget
    - Receive full benefits, based on the percentage time of the position
  - **Temporary Classified Positions**
    - Do not exceed 999 hours of employment in a 12-month period
    - Not included in the agency's reported FTE position count in the budget
    - Usually do not receive benefits



# Classification of State Employees

29

- **Unclassified Positions**—Serve at the pleasure of the appointing authority
  - **Regular Unclassified Positions**
    - Included in the agency's reported FTE position count in the budget
    - Receives full benefits based on the percentage time of the position
  - **Temporary Unclassified**
    - Not Included in the agency's reported FTE position count in the budget
    - Limited to 999 hours in a year
    - Fringe benefits are at the discretion of the appointing authority
  - **Non-FTE Unclassified Permanent**
    - Temporary Unclassified
    - Has on-going duties & receives retirement and other benefits
    - Included in the agency's reported FTE position count in the budget



# Classification of State Employees

30

- For budget reporting purposes, an agency's FTE count is the sum of regular classified positions + regular unclassified positions + non-FTE unclassified positions
- Although the Legislature approves a count of FTE positions in reports, there currently is not an FTE position limitation in the appropriations bill



# Budget Mechanics

31



# General Concepts

32

- Appropriation
  - Specified amount agency is authorized to spend
- Reappropriation
  - Unexpended funds remaining at the end of the fiscal year that are carried over to the next fiscal year



# General Concepts

33

- Lapse
  - Portion of appropriation that is not spent or reappropriated
- Encumbrance
  - “Accounts Payable” tied to a specific fiscal year
  - Prevents comingling of monies appropriated to specific fiscal years
    - Ensures FY 2026 monies are used for FY 2026 expenditures
  - Considered an expenditure for budgeting purposes



# Appropriation Language

34

## ATTORNEY GENERAL

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2026, the following:  
Operating expenditures (082-00-1000-0103).....\$9,201,268

← Appropriation

Provided, That any unencumbered balance in the operating expenditures account in excess of \$100 as of June 30, 2025, is hereby reappropriated for fiscal year 2026:

← Reappropriation

Provided, however, That expenditures from this account for official hospitality shall not exceed \$2,000.

← Official Hospitality

(e) On July 1, 2025, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$460,593 from the Kansas endowment for youth fund to the tobacco master settlement agreement compliance fund (082-00-2383-2320) of the attorney general.

← Transfer



# Appropriation Language: Transfer Authority

35

- (d) During the fiscal year ending June 30, 2026, the attorney general, with the approval of the director of the budget, may transfer any part of any item of appropriation for fiscal year 2026 from the state general fund for the attorney general to another item of appropriation for fiscal year 2026 from the state general fund for the attorney general. The attorney general shall certify each such transfer to the director of accounts and reports and shall transmit a copy of each such certification to the director of legislative research

Approval  
Needed

Actions  
Required



# System Structures

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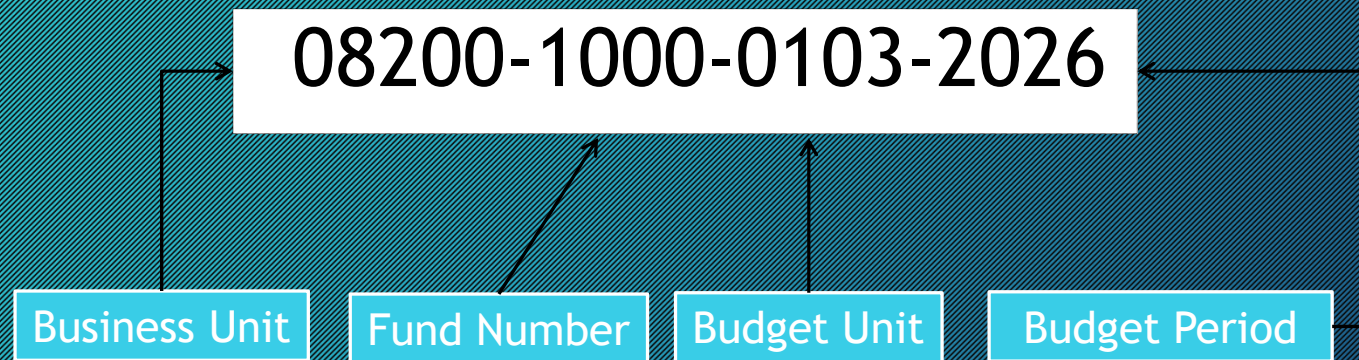
- **Fund:** Basic unit of classification for agency monies

<u>Fund Classes</u>		
1.	1000 series	State General Fund
2.	2000 series	Special Revenue—State
3.	3000 series	Special Revenue—Federal
4.	4000 series	Highway
5.	5000 series	Enterprise
6.	6000 series	Intra-governmental Service
7.	7000 series	Trust
8.	8000 series	Capital
9.	9000 series	Clearing



# Reading an Account Number (SMART)

37





# Chart of Accounts

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ATTORNEY GENERAL								
Chart of Accounts								
Business Unit	Fund	Fund Descr	Bud Unit	Bud Unit Descr	Budget Period	Approp Type	Appropriation/ Limitation	CF_ATTRIB_VAL UE
08200	1000	STATE GENERAL FUND	0040	LITIGATION COSTS	2026	APPROPRIATED	78000	
08200	1000	STATE GENERAL FUND	0040	LITIGATION COSTS	2026	CIT-SESS 2021		0HB 2007-SEC 38
08200	1000	STATE GENERAL FUND	0040	LITIGATION COSTS	2026	CIT-STATUTE		OK.S.A. 75-3726B
08200	1000	STATE GENERAL FUND	0040	LITIGATION COSTS	2026	FTNOTE-SESS2021		008222
08200	1000	STATE GENERAL FUND	0040	LITIGATION COSTS	2026	FTNOTE-SESS2021		0SOK03
08200	1000	STATE GENERAL FUND	0103	OPERATING EXPENDITURES	2026	APPROPRIATED	4310584	



## Expenditure Classification

1. 5100 Salaries & Wages
2. 5200 Contractual Services
3. 5300 Commodities
4. 5400 Capital Outlay
5. 5500 Grants, Claims & Shared Revenue
6. 5600 Debt Service
7. 5700 Non-Expense



## Revenue Classification

1. 4100 Taxes
2. 4200 Agency Earnings
3. 4300 Money-Property
4. 4400 Gifts, Donations, Federal
5. 4500 Other Revenue
6. 4600 Non-Revenue



# System Structures

41

- Object codes: six digits
- Expenditure example
  - 51XXXX Salaries and Wages
    - 510100 Pay of Regular Classified Employees
  - Complete listing: Policy #7,002—Uniform Expenditure Account Classification
- Revenue example
  - 41XXXX Taxes
    - 410110 Real Estate and Other Property Tax
  - Complete listing: Policy #6,002—Uniform Revenue Account Classification



# Budget Adjustments

42

- Reduced Resources
  - Targeted reduction to a program or agency budget to meet the allocation provided by DOB in July
  - Usually a dollar amount that equates to a predetermined percentage for all agencies
  - Each item submitted as a change package



# System Structures

43

- Reporting Levels
  - In the state's budgeting system, a reporting level is used to identify the agency and major program level
- IBARS Tree Structure
  - 288 — Level 1 is the Agency Level
  - 00 — Level 2 is the Agency or Division Level
  - 01030 — Level 3 is the SMART Program Level
  - 0101200 — Level 4 is the SMART Department ID Level

288-00-01030-0101200



# Functions of Government

44

- General categories for reports and publications
  - Function 1: General Government
  - Function 2: Human Services
  - Function 3: Education
  - Function 4: Public Safety
  - Function 5: Agriculture & Natural Resources
  - Function 6: Transportation



# Budget Adjustments

- **Supplementals**
  - Adjustment to the current year budget (FY 2026)
- **Enhancements**
  - Adjustment to the budget year request or base budget (FY 2027)
- Every adjustment to a limited or appropriated funding source must be submitted as a change package
- Not every change has to be attached to a change package for no limit funds, but agencies should still provide justification
- Requests must include impacts on performance measures



# Components of Your Budget

46



# Components

47

- Narrative
  - Strategic Plan
  - Program Narrative
    - Subprogram Narrative
  - Statutory History
  - Agency-wide Overview
  - Actual Position Numbers
  - New Funds
  - Summary of Supplementals and Enhancements
  - Expenditure Justification by Object Code
- Explanation of receipts in funding sources



# Components - Performance Measures

48

- Performance measures flow logically from the Strategic Plan
  - Outputs: The number of units of a product or service produced.
  - Outcomes: Measures the ultimate benefits associated with a program or service. Also known as results.
  - Measures should be reliable, consistent, obtainable, and quantifiable.
- Example: Seat Belts
  - Objective: Reduce fatalities due to noncompliance with seatbelt law
  - Strategy: Conduct additional hours of seatbelt law enforcement
  - Outputs: Number of hours of enforcement and number of citations
  - Outcome: Percentage or number of motorist fatalities caused by noncompliance with seatbelt law



# Components - Performance Measures

49

- Measures to Include:
  - Key measures developed with DOB from prior years
  - Measures related to supplementals and enhancements
  - Measures related to outcomes that serve the agency mission
- Tips for Estimating Future Measures:
  - Work with your agency to provide meaningful future estimates
  - Try to avoid simply keeping measures flat
  - Show how additional funds would affect the measures
  - Enhancements that do not demonstrate the effect on performance measures may not be considered



# Other Components

50

- Capital Improvements Budget
- Children's Services Budget



# Budget Reports & Forms

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- Forms Generated by the Budget System
  - DA 402 & SR05A—Agency Expenditure Summary by Program and Funds
  - DA 404—Fund Revenues
  - DA 406/410—Expenditures by Record Class and Funds
- Forms Generated Outside the Budget System
  - DA 400—Agency Narrative, Program Description and Performance Measures
  - DA 405—Explanation of Receipts
  - DA 417—Children's Services
  - DA 418, et al.—Capital Improvements



## Key Dates

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**IBARS Opens: August 15,  
2025**

**Budget Submission:  
September 15, 2025**



# Key Resources

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- DOB Website — <http://budget.kansas.gov/>
  - **The FY 2027 Budget Instructions with Budget Cost Indices**
    - Primary resource for budget procedures
  - Performance Based Budgeting Resources
  - IBARS User Manual
  - Official budget publications
    - *Governor's Budget Report*
    - *Comparison Report*
- *Session Laws of Kansas*
- Your Budget Analyst



# Basics of State Budgeting

## Division of the Budget

Questions?

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