HB 2739 directs the Secretary of Administration, in consultation with the Division of the Budget, the Office of Revisor of Statutes, and the Kansas Legislative Research Department, to develop a revised budget process. On or before January 9, 2017, the agencies are required to prepare a program service inventory, to include:

- Identification of programs by function and purpose;
- State or federal statutory authority for those programs;
- An indication of whether the programs are mandatory or permissive;
- Program history and objectives;
- Any state matching or maintenance of effort requirements for federal funds;
- Prioritization of all programs and subprograms; and
- A description of the consequence of not funding each program or subprogram.

On or before January 6, 2018, the bill requires the revised budget process to result in common accounting procedures from budget development through actual expenditures by fund.

On or before January 14, 2019, the bill requires the revised budget process to result in a system of performance budgeting using outcome measures to evaluate program effectiveness.

The bill also establishes the Budget Stabilization Fund within the State Treasury as of July 1, 2017. The bill prohibits expending moneys from the Fund without an act of the Legislature or approval from the State Finance Council. The Budget Stabilization Fund retains any interest earnings from funds deposited within it. Any moneys contained within this fund would be included as part of the State General Fund ending balance for purposes of the Governor’s Budget Report to the Legislature. However, the bill prohibits the Secretary of Administration from considering the balance in the Budget Stabilization Fund for the purpose of determining whether an allotment is warranted.

The bill further directs the Legislative Budget Committee to meet for up to ten days between the 2016 and 2017 Legislative Sessions to study and review policies concerning transfers to, and expenditures from, the Budget Stabilization Fund. The review by the Legislative Budget Committee will include but not be limited to:

- Analyzing risk-based budget stabilization practices in other states;
- The appropriate time period over which to analyze State General Fund revenues and expenditures;
● Which entity should certify the reserve amount necessary in the Budget Stabilization Fund;

● Sources of funding for the Budget Stabilization Fund;

● The appropriate level of risk of exhausting the balance within the Budget Stabilization Fund during an economic downturn; and

● The circumstances under which money could be withdrawn from the Budget Stabilization Fund.

**Key Deposit Funds**

The bill removes the authorization for the Chief Administrative Officer at the Kansas state hospitals to establish key deposit funds to retain moneys from Kansas state employees provided as security deposits for keys to the state facilities.