

SESSION OF 2007

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 30**

As Amended by House Committee of the Whole

**Brief\***

SB 30, as amended by the House Committee of the Whole, would establish the Keeping Education Promises Trust Fund. The purpose of the Trust Fund is to set aside the second and third years (FY 2008 and FY 2009) of the increased State General Fund support that the 2006 Legislature approved in the school finance bill (SB 549) for general state aid, supplemental state aid, and special education service aid. The enhanced amounts that the 2006 Legislature approved for school finance increases in FY 2008 is \$149.0 million and in FY 2009 is \$122.7 million, or a total of \$271.7 million for the two years. This section of the bill provides that:

- In the current fiscal year (FY 2007), upon publication in the *State Register*, \$271.7 million would be transferred from the State General Fund to the Trust Fund;
- At the beginning of FY 2008 (July 1, 2007), \$149.0 million would be transferred out of the Trust Fund and back to the State General Fund;
- At the beginning of FY 2009 (July 1, 2008), \$122.7 million would be transferred out of the Trust Fund and back to the State General Fund; and
- Only an act of the Legislature could modify or change the Trust Fund and not the State Finance Council.

Another section of the bill relates to the State Board of Regents Crumbling Classroom bonds. Those bonds were issued in 1996 for repair and maintenance at the State Regents institutions. Of the total of \$179 million in bonds for construction and renovation projects, \$76.6 million remains (in principal and interest) to satisfy the obligation as scheduled by 2012. This section of the bill provides that:

---

\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- In the current fiscal year (FY 2007), upon publication in the *State Register*, \$76.6 million would be transferred from the State General Fund to a new fund entitled the Regents Crumbling Classrooms Debt Payment Fund;
- For each of the scheduled payments on the bonds (\$1.6 million in FY 2007 and approximately \$15.0 million each fiscal year from 2008 to 2012), an appropriate amount would be transferred from the Debt Payment Fund to the Regents Crumbling Classroom bond payment account (the Comprehensive Rehabilitation and Repair Fund); and
- Only an act of the Legislature could modify or change the Debt Payment Fund and not the State Finance Council.

The bill also transfers \$80.0 million from the State General Fund in FY 2008 to a newly created fund called the State Debt Reduction Fund. The State Debt Reduction Fund would be a reserve fund that would make funding available for future payments for the State General Fund financed pension obligation bonds of the Kansas Public Employees Retirement System.

In total, the bill would lower the State General Fund ending balance by \$348.3 million in FY 2007 and \$80.0 million in FY 2008.

## **Background**

The House Appropriations Committee received testimony on the Senate passed version of the bill from representatives of the Kansas Association of School Boards and the United School Administrators of Kansas. There was no testimony in opposition to the bill.

In the Senate, the introduced version of the bill was referred to the Senate Committee of the Whole. However, the Senate Ways and Means Committee held an informational hearing on the bill. At that hearing, representatives of the Kansas National Education Association, the United School Administrators of Kansas, and the Kansas Association of School Boards testified in favor of the bill. There was no testimony in opposition to the bill.

The fiscal note prepared by the Division of the Budget was not available at the time of the hearing.