

March 12, 2025

The Honorable Renee Erickson, Chairperson  
Senate Committee on Government Efficiency  
300 SW 10th Avenue, Room 144-S  
Topeka, Kansas 66612

Dear Senator Erickson:

**SUBJECT:** Fiscal Note for SB 281 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 281 is respectfully submitted to your committee.

SB 281 would establish the Kansas Postsecondary Education Savings Account and the ABLE Savings Account Grant Incentive Trust Fund. The State Treasurer would be required to credit all monies received in connection with the Kansas Postsecondary Education Savings Account and the Kansas ABLE Savings Account Grant Incentive Program to the Kansas Postsecondary Education Savings Account and the ABLE Savings Account Grant Incentive Trust Fund. The bill would also eliminate the Low-Income Family Postsecondary Savings Accounts (KIDS Program).

The bill would limit grant awards to not exceed \$100 per participant that could be awarded only to qualified individuals who have: (1) a Kansas-sponsored Postsecondary Education Savings Account or a Kansas ABLE Savings Account and (2) completed a financial education training program developed by the State Treasurer. The program would be subject to other qualifications and limitations as outlined in the bill. The grant awards would be funded with an annual \$200,000 transfer from the State General Fund to the Kansas Postsecondary Education Savings Account and the ABLE Savings Account Grant Incentive Trust Fund.

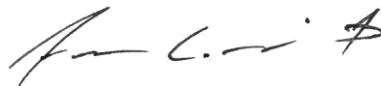
The bill would eliminate the state's annual matching contributions under the KIDS Program. The State Treasurer would not be required to approve any withdrawals under the KIDS Program as in existence prior to July 1, 2025. The State Treasurer would have the ability to adopt rules and regulations or polices deemed necessary by the agency to administer any accounts opened pursuant to the KIDS Program. The bill would take effect upon its publication in the *Kansas Register*.

The Office of the State Treasurer estimates SB 281 would increase State General Fund revenues by \$250,000 in FY 2026 and \$295,000 in FY 2027. Under current law, the KIDS Program is estimated to receive State General Fund transfers of \$450,000 in FY 2026 and \$495,000 in FY 2027, which are eliminated in the bill. Beginning in FY 2026, the bill would make an annual transfer of \$200,000 from the State General Fund to the Kansas Postsecondary Education Savings Account and the ABLE Savings Account Grant Incentive Trust Fund. The net effect would increase overall State General Fund revenues by \$250,000 in FY 2026 and \$295,000 in FY 2027. The bill is also estimated to reduce agency fee fund expenditures by \$250,000 in FY 2026 and \$295,000 in FY 2027. The FY 2027 expenditure reductions are based on the agency's upcoming budget request, which is based on historic funding levels and trends and is less than the statutory annual cap on grants under the KIDS Program. Longer-term net expenditure reductions could be up to \$520,000 annually (the statutory annual cap for the KIDS Program of \$720,000, minus \$200,000 for grants under the newly established program).

The agency indicates the KIDS Program is currently operated by a team of 7.00 FTE positions. The agency states these employees devote approximately 852 staff-hours annually, but none of these employees are solely or predominantly assigned to the KIDS Program and all have responsibilities in other program areas. The agency states if the bill is enacted, it would not result in any personnel savings but would free up resources to for these employees to devote time to other agency operations. The program's contracted Program Manager also devotes resources to the KIDS Program, which the agency estimates at 1,045 staff-hours annually. The cost of these resources is paid out of the Program Manager's fees charged to all account owners. If the KIDS Program is eliminated, the agency estimates the state will be better able to lower fees charged to program participants.

The Board of Regents states enactment of the bill would not have a fiscal effect on the Board or postsecondary educational institutions at this time; however, the Board indicates there could be a fiscal effect at public postsecondary educational institutions if enactment of the bill led to an increase in additional students enrolling. The Department of Revenue indicates enactment of the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with SB 281 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Becky Pottebaum, Board of Regents  
John Hedges, Office of the State Treasurer  
Lynn Robinson, Department of Revenue