

February 4, 2019

The Honorable Carolyn McGinn, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas 66612

Dear Senator McGinn:

SUBJECT: Fiscal Note for SB 1 by Senator Denning

In accordance with KSA 75-3715a, the following fiscal note concerning SB 1 is respectfully submitted to your committee.

Under current law, \$45,000,000 is to be transferred from the State Highway Fund to the General State Aid Transportation Weighting—State Highway Fund in FY 2019. The General State Aid Transportation Weighting—State Highway Fund is a special revenue fund in the Department of Education. The transfer is divided into four equal installments of \$11,250,000 each, which are to be transferred on July 1, 2018, October 1, 2018, January 1, 2019 and April 1, 2019.

SB 1 would appropriate \$22,500,000 from the State General Fund to the State Foundation Aid account of the Department of Education in FY 2019. The bill would also eliminate the January and April transfers from the State Highway Fund, which total an amount identical to the appropriation. If the January transfer is made before the effective date of the bill, the bill would lapse \$11,250,000 from the total amount appropriated from the State General Fund to the Department of Education. If both the January and April transfers are made before the effective date of the bill, the bill would lapse the total amount appropriated to the Department of Education in SB 1. The bill would require that all costs associated with transportation weightings be funded from the State General Fund and would prohibit using transfers from the State Highway Fund.

The bill would require the State Highway Fund to be reimbursed as a result of the FY 2019 transfers to the General State Aid Transportation Weighting—State Highway Fund of the Department of Education. The bill would require \$45,000,000 to be transferred from the State General Fund to the State Highway Fund in FY 2019. If the January and April transfers are not made prior to the effective date of the bill, the transfer from the State General Fund to the State Highway Fund would be reduced to \$22,500,000. If the April transfer is not made prior to the

effective date of the bill, the transfer from the State General Fund to the State Highway Fund would be reduced to \$33,750,000.

The bill would become effective upon its publication in the *Kansas Register*.

As of January 2, 2019, the July 2018, October 2018 and January 2019 transfers from the State Highway Fund to the General State Aid Transportation Weighting—State Highway Fund of the Department of Education have been made resulting in a total of \$33,750,000 transferred so far in FY 2019. Given this information, the fiscal effect can be divided into two scenarios.

Scenario 1: SB 1 enacted before April 1, 2019.

Scenario 1 Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	(\$33,750,000)	(\$33,750,000)	--	--
Expenditure	\$11,250,000	--	--	--
FTE Pos.	--	--	--	--

Under this scenario, \$11,250,000 would be lapsed from the \$22,500,000 appropriated to the State Foundation Aid account of the State General Fund resulting in additional expenditures of \$11,250,000 from the State General Fund in FY 2019. There would be no change to all funds expenditures because \$45,000,000 would still be spent on transportation weighting: \$11,250,000 from the State General Fund and \$33,750,000 from the General State Aid Transportation Weighting—State Highway Fund. Also under this scenario \$33,750,000 would be transferred from the State General Fund to the State Highway Fund.

Scenario 2: SB 1 enacted after April 1, 2019.

Scenario 2 Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	(\$45,000,000)	(\$45,000,000)	--	--
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

Under this scenario, the entire \$22,500,000 appropriated to the State Foundation Aid account of the State General Fund in FY 2019 would be lapsed leaving no additional expenditures from the State General Fund. This scenario would require \$45,000,000 to be transferred from the State General Fund to the State Highway Fund.

As reflected in *The FY 2020 Governor's Budget Report*, the Governor recommends eliminating the \$45,000,000 transfer from the State Highway Fund to the General State Aid Transportation Weighting—State Highway Fund of the Department of Education in FY 2020 with a corresponding increase of the same amount from the State General Fund.

Sincerely,

A handwritten signature in black ink, reading "L. L. Campbell". The signature is written in a cursive style with a large, sweeping initial "L".

Larry L. Campbell
Director of the Budget