

March 12, 2020

The Honorable Molly Baumgardner, Chairperson
Senate Committee on Education
Statehouse, Room 445B-S
Topeka, Kansas 66612

Dear Senator Baumgardner:

SUBJECT: Fiscal Note for SB 473 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 473 is respectfully submitted to your committee.

Under current law, the Kansas Investments Developing Scholars (KIDS) Matching Grant Program provides a dollar-for-dollar match up to \$600 grant each year to each qualifying participant who contributes at least \$100 toward a beneficiary's postsecondary education through the Learning Quest 529 Education Savings Program and has household income below 200.0 percent of the federal poverty level. SB 473 would allow accounts established for a qualifying child with a family member that is currently serving or honorably discharged from the armed forces of the United States, or currently serving or has retired from the Kansas National Guard to qualify for the KIDS Matching Grant Program. The bill would allow up to 300 participants from a qualifying military family to qualify for the matching grant each year beginning in calendar year 2020 without any household income restrictions. The bill would allow contributions from a charitable organization and non-family members to a Learning Quest account to now qualify for the KIDS Matching Grant Program. Learning Quest account withdrawals from charitable organization contributions would be restricted to be used only for qualifying education expenditures.

The Office of the State Treasurer indicates SB 473 would decrease State General Fund revenue by approximately \$50,000 in FY 2021 by increasing the State General Fund transfer to the Kansas Postsecondary Education Savings Program Trust Fund by that same amount. The bill is estimated to have similar results in future fiscal years.

To formulate these estimates, the Office of the State Treasurer reviewed data on the KIDS Matching Grant Program. The Office indicates that it is authorized to match up to \$600 for up to

1,200 participants based on contributions to their Learning Quest accounts. If all participants receive the maximum match, then the annual maximum State General Fund transfer commitment would be \$720,000 (\$600 match x 1,200 participants). However, the program had only 774 participants with total matching contributions of \$393,166 in 2019, or an average match of \$508 per participant. For the last five years, the program had an average of 754 participants with total matching contributions averaging \$389,010, or an average match of \$516 per participant. Under current law, the Office estimates that it will receive a transfer of \$568,000 from the State General Fund in FY 2021 to fully fund the current match obligations of the KIDS Matching Grant Program. The bill would increase participation levels in the KIDS Matching Grant Program and would increase the State General Fund transfer by approximately \$50,000 to fund the additional match obligations for new participants. The Office indicates that the bill does not adjust the program's maximum State General Fund transfer amount for the match, but would allow it greater flexibility to operate this program. The Office indicates that the costs to update forms and instruction would be negligible and could be absorbed within existing resources. Any fiscal effect associated with SB 473 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell
Director of the Budget

cc: Jennifer Hermann, Office of the Treasurer
Lynn Robinson, Department of Revenue