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Kansas Education Ruling Adds to Budget Stress, Says S&P.

A Kansas court decision on money for schools and a projected \$280 million deficit have raised “additional obstacles” to balancing the state’s budget in this year and beyond, according to Standard & Poor’s.

A court ruled last week that public schools were unconstitutionally underfunded. While the ruling is expected to be appealed to the Kansas Supreme Court, S&P said today the impact “could require substantially higher education funding” if upheld. The ratings company said next year’s budget, beginning July 1, “will be an important component” of Kansas’s future credit quality.

Under Republican Governor Sam Brownback, the state has cut income taxes, contributing to shortfalls and, in August, a credit downgrade from S&P, to AA from AA+. The company also assigned a negative outlook to the state. Moody’s Investors Service also cut the grade.

Brownback, a 58-year-old who was re-elected in November, said last month he must take “corrective action” to close a \$280 million budget hole created by the tax cuts, saying he would reduce spending on pensions and highways.

“We remain concerned about the one-time nature of most of the budget fixes,” the S&P report said.

Eileen Hawley, Brownback’s spokeswoman, said in an e-mail that the governor will present “structurally balanced budget proposals” for the 2016 and 2017 fiscal years next week.

Brownback has said he plans to continue the tax-cutting strategy as part of a plan to increase economic activity and attract new residents.

Kansas has the fifth-weakest pension system among the U.S. states, according to data compiled by Bloomberg.

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