
State of Kansas checking account runs low

By Tim Schrag

Published: Wednesday, February 18, 2009

Updated: Wednesday, February 18, 2009

Kansas legislators are facing the brunt of economic hardship thanks to a worsening recession and a lower than predicted tax revenue. This can be seen in the state's checking account, which only had \$10 million in it as of Monday. As a direct effect, the state did not have the \$24 million in its general funds to cover payroll for the state's 42,000 employees and about \$20 million for payments to Medicaid providers such as doctors, hospitals and nursing homes.

Rep. Sydney Carlin-D, of Manhattan, said over 11,000 paychecks alone would be affected at K-State including students, faculty members and other K-State employees if nothing is done.

According to democratic legislators, Republicans, who hold majorities in both chambers, held Gov. Kathleen Sebelius' proposal to borrow \$225 million from healthy state funds to cover shortages in the general state fund to meet the state's payroll and issue tax refunds, so Sebelius would sign the proposed 2009 budget bill. According to a press release, Sebelius signed the bill but vetoed several components, solving the current budget gap and protecting public schools from the drastic cuts proposed by the House and Senate.

"This budget represents deeper cuts than I would have preferred, but we have a shared responsibility to make these difficult decisions and enact a balanced budget," Sebelius said in the press release.

Dennis McKinney-D, treasurer for the state, said during the months of February and March, cash balances are low and the \$225 million transfer, or certificate of indebtedness, into the state general fund is needed to hold the state over until tax receipts start to file in March and April. A certificate of indebtedness is a transfer of funds from one state account to another that must be paid back by June 30 of 2009.

According to Rep. Tom Hawk-D, of Manhattan, GOP leaders held on to the transfer because they felt without the budget bill signed, there would not be enough funds available to pay back the certificate.

In an Associated Press article Tuesday, Senate Majority Leader Derek Schmidt-R, of Independence, Kan., accused Sebelius of "manufacturing a crisis," blaming her for the budget freezing that could have been prevented had she just signed the 2009 budget legislation.

McKinney also said he was primarily concerned with getting the state's bills paid on time so that its credit rating isn't hurt by this crisis.

"We've had budget struggles in the past, but we've always paid our bills on time," McKinney said. "We are going to cut spending and this funds transfer needs to take place at the same time to allow us to pay our bills on time."

"It would be unconscionable to not pay people when we have the access to do so," Carlin said.

The State Finance Council has the authority to issue a certificate and will be meeting today at 2:00 p.m. to determine what will be done.

"I am hopeful that we'll get the certificate signed tomorrow and state employees will get their checks on time Friday," Hawk said.

Powered by  and  NETWORKS