

1 A CONCURRENT RESOLUTION establishing the Debt Affordability Task Force.

2 WHEREAS, the fiscal health of a state is characterized by its capacity to meet both
3 immediate and long-term financial responsibilities required to provide essential public
4 services; and

5 WHEREAS, Kentucky's overall fiscal health has historically ranked alongside
6 highly leveraged states like Illinois, Connecticut, and New Jersey; and

7 WHEREAS, the Commonwealth of Kentucky's current financial condition has seen
8 substantial improvement in the short term, but still faces significant structural challenges;
9 and

10 WHEREAS, in May 2021, Fitch Ratings recognized improvements in Kentucky's
11 fiscal condition, upgrading the state's outlook from "negative" to "stable"; and

12 WHEREAS, even with the recent improvements in Kentucky's fiscal condition,
13 Kentucky still carries one of the lowest credit ratings in the nation; and

14 WHEREAS, since 2016 the General Assembly has enacted important reforms to the
15 state's pension systems and consistently provided historic levels of pension funding; and

16 WHEREAS, Kentucky's long-term fiscal challenges are also defined by debt
17 authorized in the general fund, road fund, and agency fund; and

18 WHEREAS, Kentucky's appropriation for debt service increased from \$537 million
19 in FY 2010 to \$1.15 billion in FY 2022; and

20 WHEREAS, the Federal Reserve Bank has stated policymakers must carefully
21 balance a state's capital needs with efforts to keep debt levels affordable; and

22 WHEREAS, the three major credit rating agencies consider a state's debt burden
23 and debt management policies among various factors when assigning ratings; and

24 WHEREAS, Kentucky currently lacks a clear approach to collect, evaluate, and
25 monitor debt-related data; and

26 WHEREAS, there are best practices available for Kentucky to evaluate and monitor
27 debt-related data and consider strategies for publicly reporting and managing the state's

1 non-pension related debt; and

2 WHEREAS, prudent debt management would be a signal Kentucky is on track to
3 join the ranks of the most fiscally responsible states in the nation;

4 NOW, THEREFORE,

5 *Be it resolved by the House of Representatives of the General Assembly of the*
6 *Commonwealth of Kentucky, the Senate concurring therein:*

7 ➔Section 1. The Legislative Research Commission is hereby directed to establish
8 the Debt Affordability Task Force. The duties of the task force shall include but are not
9 limited to:

10 (1) Analyzing and reporting on the current outstanding debt issued by state
11 agencies, universities, and state-affiliated independent authorities and commissions;

12 (2) Defining and describing Kentucky's current, non-pension debt obligations,
13 utilizing generally accepted measurements that allow for comparisons against peer states;

14 (3) Identifying and recommending best practices for measuring and publicly
15 reporting on Kentucky's non-pension debt obligations, the Commonwealth's capacity to
16 repay existing debt, and decisions on issuing new debt; and

17 (4) Identifying and recommending action to improve Kentucky's credit rating,
18 including any immediate opportunities to reduce Kentucky's non-pension debt
19 obligations.

20 ➔Section 2. The Debt Affordability Task Force shall be composed of the
21 following members, with final membership of the task force subject to consideration and
22 approval of the Legislative Research Commission:

23 (1) One member of the House of Representatives appointed by the Speaker of the
24 House of Representatives who shall be designated to serve as co-chair;

25 (2) One member of the House of Representatives appointed by the Minority Floor
26 Leader of the House of Representatives;

27 (3) One member of the Senate appointed by the President of the Senate who shall

1 be designated to serve as co-chair;

2 (4) One member of the Senate appointed by the Minority Floor Leader of the
3 Senate;

4 (5) The President of the Council on Postsecondary Education, or designee;

5 (6) A representative from the Kentucky School Boards Association recommended
6 by the Executive Director of the Kentucky School Boards Association and appointed
7 jointly by the President of the Senator and Speaker of the House;

8 (7) A citizen representative from a public policy non-profit organization
9 appointed by the Speaker of the House of Representatives; and

10 (8) A citizen representative from a public policy non-profit organization
11 appointed by the President of the Senate.

12 ➔Section 3. The executive branch of government shall promptly provide
13 necessary data, research, and other requested information to assist the Debt Affordability
14 Task Force in the performance of its duties.

15 ➔Section 4. The Debt Affordability Task Force shall meet monthly during the
16 2022 Interim of the General Assembly. The task force shall report its findings and
17 recommendations to the Legislative Research Commission for referral to the appropriate
18 committee by December 1, 2022.

19 ➔Section 5. Provisions of this Resolution to the contrary notwithstanding, the
20 Legislative Research Commission shall have the authority to alternatively assign the
21 issues identified herein to an interim joint committee or subcommittee thereof, and to
22 designate a study completion date.