

DEPARTMENT OF EDUCATION

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Expenditure	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Operating Expenditures:					
State General Fund	\$ 2,971,210,817	\$ 3,034,301,958	\$ 3,080,547,437	\$ 3,655,299,970	\$ 3,038,088,648
Other Funds	852,821,468	638,586,285	637,951,862	634,302,755	628,132,643
GRAND TOTAL	\$ 3,824,032,285	\$ 3,672,888,243	\$ 3,718,499,299	\$ 4,289,602,725	\$ 3,666,221,291
Percentage Change:					
Operating Expenditures					
State General Fund	9.7 %	2.1 %	3.7 %	20.5 %	(1.4) %
All Funds	6.7	(4.0)	(2.8)	16.8	(1.4)
FTE Positions	210.3	191.8	188.3	191.8	187.3
Non-FTE Perm. Uncl. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	210.3	191.8	188.3	191.8	187.3

AGENCY OVERVIEW

The State Board of Education is a ten-member elected board established by the Kansas Constitution. It is responsible for the general supervision of public school and all other educational interests of the state that are not under the jurisdiction of the State Board of Regents. Its duties include accrediting elementary and secondary schools, establishing standard courses of study in the public schools, certifying teachers and administrators, approving public and private teacher education programs and administering a variety of state and federal aid and other assistance programs.

MAJOR ISSUES FROM PRIOR YEARS

School Finance Lawsuit: *Montoy et al. v. State of Kansas*

2005 Session. On January 3, 2005, the Kansas Supreme Court issued a decision in *Montoy et al. v. State of Kansas* which found that the Legislature had failed to meet its burden to make a suitable provision for the finance of public schools as required by the Kansas Constitution. The Court retained jurisdiction and gave the Legislature until April 12, 2005, to enact corrective legislation.

The 2005 Legislature enacted House Bill 2247, House Bill 2259, and Senate Bill 43, which amended portions of the school finance formula or affected the distribution of state aid, and appropriated \$141.1 million from the State General Fund in additional funding for elementary and secondary schools.

2005 Interim. On June 3, 2005, the Supreme Court issued a supplemental opinion in which it found that funding approved by the 2005 Legislature (during the regular session) did not satisfy the Legislature's constitutional obligation to adequately fund schools. The Court retained jurisdiction and told the Legislature it had until July 1, 2005 to increase funding for school year 2005-06 by an additional \$143.0 million.

2005 Special Session. In June 2005, the Legislature convened a special session and enacted House Substitute for SB 3, which made further revisions to the school finance formula, and added an additional \$148.4 million from the State General Fund for school finance, resulting in a total increase of \$289.5 million in funding for school year 2005-06.

In July 2005, the Supreme Court ruled that the Legislature had complied with its June order with regard to providing additional funding for the 2005-06 school year. The Court continued to retain jurisdiction in the case, pending completion of a study of educational costs by the Legislative Division of Post Audit.

2006 Session. The Legislature, upon reviewing a cost study analysis issued by the Legislative Division of Post Audit, enacted 2006 Senate Bill 549, a \$466.2 million (from the State General Fund), three-year school finance plan which appropriated increased funding of \$194.5 million in the 2006-2007 school year, \$149.0 million in the 2007-2008 school year, and \$122.7 million in the 2008-2009 school year. The bill:

- Increased the Base State Aid Per Pupil (BSAPP) from \$4,257 to \$4,316 in FY 2007, to \$4,374 in FY 2008, and \$4,433 in FY 2009;
- Increased at-risk weighting from 19.3 to 27.8 in FY 2007, to 37.8 in FY 2008, and 45.6 in FY 2009;
- Increased the Local Option Budget (LOB) authority from 27.0 percent to 30.0 percent in FY 2007 and to 31.0 percent in FY 2008 and thereafter;
- Created new weighting categories for high density at-risk pupils and for pupils who are not proficient on the basis of state assessments, but are not eligible for free lunches;
- Included funding for action taken by the 2005 Legislature (House Substitute for SB 3) to increase the level of special education excess costs funding from 81.7 percent to 89.3 percent in FY 2006 and to 92.0 percent in FY 2007 and thereafter;
- Clarified that the Capital Outlay State Aid Program, created by the 2005 Legislature (House Substitute for SB 3), is a demand transfer; and
- Continued the School District Capital Improvement State Aid Program as a revenue transfer for FY 2006 and FY 2007, and provided that beginning in FY 2008, funding for the program would come from a demand transfer.

Staff Note: The 2006 Legislature appropriated \$10.0 million, all from the State General Fund, in FY 2007 for the non-proficient weighting. This weighting was created for only one year. The non-proficient weighting provisions in SB 549 were set to expire on June 30, 2007. The 2007 Legislature removed the sunset date for the non-proficient weighting. See the Other Major Issues summary below for the 2007 Session for more information on the removal of the sunset date.

2006 Interim. In July 2006, the Supreme Court dismissed the case, ruling that the Legislature had substantially complied with the Court's prior orders to correct flaws in the School Finance Act. The Court stated that the constitutionality of 2006 Senate Bill 549 was not before it and noted that the Legislature will have provided at least \$755.7 million in additional funding for elementary and secondary education by school year 2008-09. The Court also lifted the stay it had placed on two provisions contained in the 2005 legislation and dismissed the appeal.

Other Major Issues

2006 Session. The Legislature approved a supplemental appropriation of \$364,746 from the State General Fund and 7.0 non-FTE permanent unclassified positions in FY 2006 to allow the agency to get an early start on implementing a multi-year project to develop the Enterprise Data Warehouse. An additional \$375,167 from the State General Fund and 8.0 non-FTE permanent unclassified positions (including the 7.0 non-FTE permanent unclassified positions from FY 2006) were appropriated in FY 2007 to complete the first-year implementation of the project.

The 2006 Legislature also approved FY 2007 State General Fund appropriations of \$1.8 million for professional development, \$1.0 million for the Mentor Teacher Program Grants, and \$300,000 as a grant to the Challenger Learning Center in Wellington for math and science teachers to receive on-site training. The grant required a dollar-for-dollar, non-state match.

The 2006 Legislature, in order to address a shortfall in the Children's Initiatives Fund, shifted \$3.8 million, out of a total of \$9.3 million, in expenditures from the Children's Initiatives Fund to the State General Fund in FY 2006 and shifted \$9,029,045 from the Children's Initiatives Fund to the State General Fund in FY 2007.

2007 Session. The Legislature approved the addition of \$40,558, all from the State General Fund, and a 0.5 FTE position for a part-time Education Program Consultant in FY 2008. This position assists school districts in developing policies prohibiting bullying as well as designing and implementing bullying prevention and character development programs per 2007 Senate Bill 68. The bill required school districts to adopt policies against bullying. The position also administers two after school programs.

The 2007 Legislature also approved the addition of \$23.1 million, all from the State General Fund, for aid and other assistance programs in FY 2008 including:

- \$4.0 million in General and Supplemental General State Aid to fund 2007 House Bill 2159 in FY 2008 which allowed all school districts to conduct a second count of students who are military dependents on February 20, 2008, and February 20, 2009.
- \$1.0 million in Supplemental General State Aid to fund a 1.0 percent increase in the LOB authority in FY 2008. Language in the appropriations bill (2007 House Bill 2368) increased the LOB authority from 31.0 percent to 32.0 percent in FY 2008 and thereafter.

Staff Note: The Legislature approved the LOB increase in the appropriations bill during the regular legislative session. Subsequently, during the Omnibus session, the Legislature passed 2007 SB 68 which maintained the LOB authority at 31.0 percent. The Legislature did not resolve the conflict in the LOB authority cap prior to adjourning the 2007 Session.

- \$16.1 million in special education excess costs to cover reductions in federal funding for Medicaid reimbursements. The reduction in federal funding was due to a decision by the federal Centers for Medicare and Medicaid Services to begin requiring school districts to request reimbursements on a service-by-service basis in FY 2008, rather than using a bundled payment rate.
- \$250,000 to serve 595 students who were on the Parents as Teachers Program waiting list as of December 31, 2006.
- \$500,000 for the Mentor Teacher Program to fund the second year of mentoring 1,000 probationary teachers in FY 2008. This amount will provide \$500 grants to mentor teachers who support new teachers during their second year of teaching.
- \$400,000 for the Discretionary Grant Program to fund after school programs for middle school students in FY 2008 with the requirements that:
 - The programs must operate a minimum of two hours a day, every day school is in session, and a minimum of six hours a day for a minimum of five weeks during the summer;
 - The programs provide a dollar-for-dollar local match and awards cannot exceed \$25,000 per grant; and
 - The Kansas State Department of Education (KSDE) report on the outcomes of the programs to the House Appropriations Committee and Senate Ways and Means Committee during the 2008 Session.
- \$420,120 for one-half of the funding requested for the Kansas Career Pipeline (KCP) with the requirement of a dollar-for-dollar match by business and industry in FY 2008. The KCP is a career development program that matches the aptitude and interests of students and adults with Kansas career options.
- \$400,000 for the Juvenile Detention Facilities Program in FY 2008 to fund 46 of the estimated 100 beds in the psychiatric residential facilities added in 2007 Senate Bill 95. This legislation corrected and updated state law regarding treatment facilities for mentally ill youth who are eligible for two-for-one educational funding.

The 2007 Legislature approved the transfer of \$122.7 million from the State General Fund to a newly established Keeping Education Promises Trust Fund in FY 2008 to set aside the third year of increased funding (FY 2009) in the three-year school finance bill (2006 Senate Bill 549). In FY 2009, \$122.7 million was transferred back to the State General Fund for General State Aid (\$82.7 million), Supplemental General State Aid (\$15.0 million), and special education excess costs (\$25.0 million).

The 2007 Legislature also removed, in 2007 Senate Bill 68, the sunset date of June 30, 2007 for the non-proficient weighting created in the three-year school finance plan. No additional funding was needed for the continuation of the non-proficient weighting in FY 2008. The \$10.0 million, all from the State General Fund, the 2006 Legislature appropriated for the weighting in FY 2007 was already included in the agency's FY 2008 budget to finance the weighting in the base General State Aid appropriation.

2007 Interim. In June 2007, the Attorney General issued an opinion that the 1.0 percent LOB increase (from 31.0 percent to 32.0 percent) in the 2007 appropriations bill violated Article 2, Section 16 of the Kansas Constitution, which prohibits a bill from containing more than one subject. However, since the appropriations bill contained a severability provision, the Attorney

General indicated that the LOB increase language could be excised without affecting the remaining provisions in the bill.

2008 Session. The 2008 Legislature approved funding of \$2.5 billion, all from the State General Fund, for General and Supplemental General State Aid. This resulted in a BSAPP of \$4,433 in FY 2009. In addition, the 2008 Legislature:

- Continued funding for the third year of the three-year school finance plan approved by the 2006 Legislature. The Legislature also added \$37.2 million, all from the State General Fund, in FY 2010 to add a fourth year to the plan. This resulted in a BSAPP increase of \$59, from \$4,433 to \$4,492.
- Approved funding of \$427.6 million, all from the State General Fund, in state aid for special education to fund the statutory level of excess costs at 92.0 percent.
- Approved funding of \$249.4 million, all from the State General Fund, for Kansas Public Employee Retirement System school (KPERs-School) payments in FY 2009.

The 2008 Legislature also amended language contained in a previous appropriations bill that required a dollar-for-dollar match from business and industry for the Kansas Career Pipeline. The legislation retained the dollar-for-dollar match but broadened the sources which may be used.

The 2008 Legislature shifted \$7.5 million in funding for the Parents as Teachers program from the State General Fund to the Children's Initiatives Fund in FY 2009. In addition, expenditures of \$5.0 million, all from the Children's Initiatives Fund, were made for the Kansas Preschool program, formerly known as the Pre-K Pilot. The program was previously included in the budget of the Department of Social and Rehabilitation Services (SRS) prior to FY 2009. The Legislature's action transferred the program from SRS to the Department of Education and combines it with the Four Year Old At-Risk program.

2009 Session. The 2009 Legislature made the following adjustments in FY 2009:

- Accelerated the KPERs Death and Disability moratorium to FY 2009 which was a reduction of \$10.7 million, including \$10.6 million from the State General Fund;
- Deleted \$27.8 million, all from the State General Fund, from General State Aid which resulted in a reduction of \$44 in the BSAPP. When coupled with the Governor's recommendation, it was a total reduction of \$66 for a BSAPP of \$4,367;
- Deleted \$4.5 million, all from the State General Fund, for a 1.0 percent reduction in Special Education funding;
- Accelerated the transfer of \$37.2 million from the Keeping Education Promises Trust Fund to the State General Fund from FY 2010 to FY 2009. This was the fourth year payment in school finance funding;
- Added \$3.4 million, all from the State General Fund, for local effort adjustments, (or less than expected property tax valuations) and also added \$2.9 million, all

from the State General Fund, for a shortfall in KPERS-School employer contributions in order to maintain funding at the level included in 2009 House Substitute for Senate Substitute for SB 23, the 2009 Mega bill; and

- Funded the Kansas Career Pipeline at \$91,965, all from the State General Fund.

Staff Note: The Governor vetoed the 1.0 percent reduction to Special Education and the General State Aid reduction. Instead, the Governor allotted \$7.1 million, all from the State General Fund, to reduce the BSAPP by \$11 for a BSAPP of \$4,400 in FY 2009.

2010 Session. For FY 2010, the Legislature made the following adjustments:

- Deleted \$102.0 million, all from the State General Fund, in General State Aid. This includes a .25 percent reduction for reappropriations in FY 2010. The result is a BSAPP of \$4,280 for FY 2010.
- Deleted \$4.5 million, all from the State General Fund, to carry forward a 1.0 percent reduction in Special Education funding;
- Added \$4.4 million, all from the State General Fund, for local effort adjustments (or less than expected property tax valuations);
- Added \$10.72 million, including \$10.7 million from the State General Fund for the KPERS Death and Disability moratorium that was accelerated to FY 2009;
- Deleted the transfer of \$1.1 million from the State Safety Fund to the State General Fund as recommended by the Governor for Driver's Education;
- Deleted \$50,383, all from the State General Fund, for longevity; and
- Added \$108,515, including \$47,949 from the State General Fund, for undermarket pay adjustments.

The following program reductions were made in FY 2010:

- \$240,000, all from the State General Fund, for national teacher board certification;
- \$50,000, all from the State General Fund, for funding provided to the Kansas Historical Society for Kansas history curriculum;
- \$35,000, all from the State General Fund, for the Kansas Association for Conservation and Environmental Education program;
- \$50,000, all from the State General Fund, for declining enrollment; and
- \$68,161, all from the State General Fund, for association memberships.

The Kansas Preschool program was funded with \$100,000, all from the State General Fund. Previously, the program was funded by the Children's Initiatives Fund.

For FY 2011, the Legislature made the following adjustments:

- Deleted \$32.75 million, all from the State General Fund, in General State Aid to delete the Governor's recommendation to increase the BSAPP \$50 from \$4,012 to \$4,062 in FY 2011.
- Added \$15,695, all from the State General Fund, for the Interstate Compact on Education for Military Children in FY 2011. The 2008 Legislature passed 2008 HB 2714 which authorized Kansas' membership in the Compact. The bill requires Kansas to pay a fee of \$1 for each child of active duty military personnel to the Compact.
- Deleted \$12.8 million, all from the State General Fund, for KPERS-School employer contributions based on lower than anticipated salary increases and the number of school employees in FY 2011.

2011 Interim. The Legislative Educational Planning Committee made the following recommendations with regard to K-12 education:

- Approve a base state aid per pupil of no less than \$3,780 during the 2012 Legislative Session.
- Maintain the current formula under which virtual education students are counted as 1.0 FTE.
- Provide additional funding for the Department of Education totaling \$50,000, all from the State General Fund, to fund the provisions of 2011 SB 21, which established a uniform accounting and reporting system for receipts and expenditures at the school district level beginning July 1, 2012.
- Introduce a bill to extend the provision of the law allowing school districts to keep up to 10.0 percent of their general fund budgets in a contingency reserve account to the 2014-2015 school year. If a bill is not passed, the law reverts to allowing only six percent be kept in a contingency reserve account.
- Introduce a bill to repeal the portion of the special education state aid formula that determines the minimum and maximum amount of special education state aid a school district may receive. If not repealed, the provision becomes effective for the 2012-2013 school year.
- Introduce a bill that would amend the law related to school districts' calculation of supplemental general state aid (local option budget) by allowing districts to choose the 2008-2009 special education state aid or the current year's special education state aid, whichever amount is greater, upon which to base its supplemental general state aid calculation.

2011 Session. The 2011 Legislature made the following adjustments:

- Added \$21.7 million, all from the State General Fund, in FY 2011 to ensure the state meets federal special education maintenance of effort requirements. The Legislature added \$21.2 million and included language allowing for the certification of the amount necessary for maintenance of effort requirements at the end of the 2011 Session. If more than the initial \$21.2 million was required to

meet the certification, the additional funding would be transferred from the KPERS-School account. In June, the Department of Education, the Kansas Legislative Research Department and the Division of the Budget met and determined that an additional \$476,000 was necessary to meet the federal maintenance of effort requirement.

- Deleted \$69.2 million, all from the State General Fund, to delay the April 15th KPERS-School payment in FY 2011 to FY 2012.
- Added \$52,287, all from the State General Fund, for school food assistance in FY 2012 in order to meet federal maintenance of effort requirements set forth by the U.S. Department of Agriculture. By adding the funds, the state is eligible to receive approximately \$97.0 million in federal funds for the school lunch program.
- Added \$69.2 million, all from the State General Fund, for FY 2012 for the April 15, 2011, KPERS-School payment which was deleted in FY 2011.
- Added 15.0 FTE positions in FY 2012.
- Deleted \$1.5 million, all from the State General Fund, to eliminate funding for the Mentor Teacher Program in FY 2012.
- Deleted \$35,000, all from the State General Fund, for the Communities in School program in FY 2012.
- Deleted \$35,000, all from the State General Fund, to eliminate funding for the Agriculture in Classroom program in FY 2012.
- Deleted \$125,000, all from the State General Fund, to eliminate half of the funding for after school programs for middle school students in FY 2012.
- Deleted \$187,500, all from the State General Fund, to eliminate half of the funding for after school programs in FY 2012.
- Deleted \$55,525, all from the State General Fund, to eliminate funding for teacher national board certification.
- Added \$70,000, all from the State General Fund, for membership dues for the Council of Chief State School Officers and the National Association of School Boards of Education in FY 2012.
- Deleted \$301,865, all from the Children's Initiatives Fund, in the Parents As Teachers program to adjust for reduced revenues from tobacco settlement payments.
- Deleted \$200,188, all from the Children's Initiatives Fund, in the Pre-K pilot program to adjust for reduced revenues from tobacco settlement payments.
- Deleted language in FY 2012 that required the award for parent education program grants (Parents As Teachers) be conditioned on the school district

providing services for those families at 150.0 percent of federal poverty level and charging a fee for those families above that income level.

- Passed House Bill 2015 which extended the sunset date to June 30, 2014, for calculating the local option budget of a school district. Under prior law, when the base state aid per pupil (BSAPP) is \$4,433 or less, a school board may calculate the local option budget based on a BSAPP of \$4,433, or an amount that does not exceed an amount of 30.0 percent of its general fund budget, whichever is greater; plus the amount received in special education state aid in school year 2008-09, or the current appropriation, whichever is higher. The bill also reauthorizes the school district property tax mill levy for the 2011–2012 and 2012–2013 school years. The bill extends the deadline for repeal of the \$20,000 residential property tax exemption to the end of tax year 2012.
- Passed House Sub. for Sub. for SB 111 which changed the starting date of the portion of the special education school finance formula that determines the minimum and maximum amount of special education state aid a school district may receive. The bill also allows school districts to expend a portion of the unencumbered balances held in particular funds and provides a prioritized list. Local school boards are not limited to using the funds in the priority list and are not required to expend the total unencumbered balance before utilizing the unencumbered balance in another fund. The bill limits the amount of money a school district can use from its unencumbered balance through a formula which is calculated by the State Board of Education.
- Passed Senate Bill 21 which allows any school district having authority for ancillary school facilities weighting, cost of living weighting, or declining enrollment weighting to spend the motor vehicle-related revenue derived as a result of these weightings. Prior law allowed a school district to receive this revenue, but not spend the revenue. The bill also established a uniform reporting system for receipts and expenditures for school districts beginning July 1, 2012.

BUDGET SUMMARY AND KEY POINTS

FY 2012 – Current Year. The agency estimates a revised FY 2012 budget of \$3.7 billion, including \$3.0 billion from the State General Fund. This is an all funds increase of \$14.7 million, or 0.4 percent, and a State General Fund decrease of \$14.6 million, or 0.5 percent, below the amount approved by the 2011 Legislature. The estimate includes 191.8 FTE positions, an increase of 3.8 FTE positions above the amount approved by the 2011 Legislature.

Included in the revised estimate is a supplemental request of \$102,521, all from the State General Fund, for salaries and wages for a new part-time Accountant III position and a full-time Applications Developer II position, as well as other operating costs associated with 2011 House Bill 2360. The bill created the Uniform Financial Accounting and Reporting Act which requires the Kansas State Board of Education to develop and maintain a uniform reporting system for the revenue and expenditures of local school districts. Absent the supplemental request, the estimate is an all funds increase of \$14.6 million, or 0.4 percent, and a State General Fund decrease of \$14.7 million, or 0.5 percent, below the amount approved by the 2011 Legislature. The State General Fund decrease is due to a lapse of \$14.7 million in KPERS-School payments.

FY 2012 – Consensus Revenue Estimates. Staff from the Kansas Department of Education (KSDE), the Division of the Budget, and the Kansas Legislative Research Department meet in November each year to revise estimates for school finance and special education programs based on information contained in school district budgets. Revisions are made again in April based on the most recent estimates available. Staff from all three agencies also meet with staff from the KPERS in November each year to revise estimates for the KPERS-School employer contribution payments. The revised estimates, based on the November 2011 School Finance Consensus Estimates, are not included in the agency budget summaries below for FY 2012 or FY 2013, but are discussed in the Budget Overview and Program Detail sections of this overview. The following outlines the changes made to the estimates based on the November 2011 meeting:

- **General State Aid** – an increase of \$24.7 million, or 1.3 percent, above the 2012 approved amount. The increase is due to an increase in weighted FTE enrollment of approximately 7,958 students, including special education, and an increase in the number of students eligible for free lunch. For the 2010-2011 school year there were 179,254 students eligible for free lunch. For the 2011-2012 school year, the estimate is 187,397, an increase of 8,143 students or 4.5 percent. Overall, 41.0 percent of all students in Kansas are eligible for free lunch.
- **Supplemental State Aid** – an increase of \$56.2 million, or 16.6 percent, above the 2011 approved amount. Supplemental General State Aid was funded at \$339.2 million, all from the State General Fund, in FY 2010 and FY 2012, and \$338.7 million in FY 2011. The appropriation for this state aid program has remained flat, despite consensus estimates, resulting in a consistent increase in the amount of funding needed for the program. In addition, in FY 2010 the state received \$85.9 million in federal State Fiscal Stabilization Funds and utilized these funds for Supplemental General State Aid.
- **Capital Outlay Aid** – funding for capital outlay is not included in the FY 2012 estimate.
- **Capital Improvement Aid** – an increase of \$4.8 million, or 4.8 percent, above the 2012 approved amount. This is due to the state's continued obligation for bonds. General obligation bonds that are passed by school districts for construction, remodeling, and major equipment purchases are partially offset by capital improvement aid. The amount paid to each school district is based on its assessed valuation per pupil compared to the state median assessed valuation per pupil.
- **KPERS-School** – a decrease of \$14.6 million, below the FY 2012 approved amount.
- **Special Education** – an increase of \$9.7 million, or 2.3 percent, above the 2012 approved amount to fund special education at 92.0 percent of excess costs. This includes an estimated 27,058 FTE special education students, an additional 25 teachers, and an average 1.0 percent teacher salary increase. Absent the additional \$9.7 million, special education state aid would be funded at 90.0 percent of excess costs.

The **Governor** recommends a FY 2012 budget of \$3.7 billion, including \$3.1 billion from the State General Fund in FY 2012. The recommendation is an all funds increase of \$45.6 million, or 1.2 percent, and a State General Fund increase of \$46.3 million, or 1.5 percent, above the agency revised FY 2012 estimate. The increase is due to the addition of \$21.7

million, all from the State General Fund, for KPERS-School employer contributions and \$24.6 million, all from the State General Fund, for General State Aid. The 2011 Legislature delayed the FY 2012 KPERS-School payment until FY 2013 to address an issue with the special education federal maintenance of effort requirement. The Governor recommends making this payment in FY 2012, and subsequently reduced the appropriation for KPERS-School in FY 2013 to reflect the payment. The increase was offset by a reduction of \$14.7 million, all from the State General Fund, due to lower than anticipated increases in teacher salaries for the current school year for a total increase of \$7.0 million. The Governor also added funding for General State Aid per the November 2011 consensus estimates to maintain the Base State Aid Per Pupil at \$3,780. The recommendation is an all funds increase of \$60.3 million, or 1.6 percent, above the amount approved by the 2011 Legislature. The recommendation is a State General Fund increase of \$31.6 million, or 1.1 percent, above the amount approved by the 2011 Legislature. The increase is due to the addition of \$7.0 million in KPERS-School employer contributions and \$24.6 million in General State Aid. The recommendation is increase of \$28.7 million in all other funds. The other funds increase is mainly due to an increase of \$21.1 million in federal funds, \$4.8 million in the School District Capital Improvements Fund, \$1.0 million in School District Finance funding, and \$1.4 million in Education Jobs (EduJobs) Funds. In FY 2012, South Carolina declined federal EduJobs funds, resulting in an increase to Kansas award. This funding was distributed to school districts through the current school finance formula.

FY 2013 – Budget Year. The **agency** requests a FY 2013 budget of \$4.3 billion, including \$3.7 billion from the State General Fund. This is an all funds increase of \$616.7 million, or 16.8 percent, and a State General Fund increase of \$621.0 million, or 20.5 percent, above the revised FY 2012 estimate. The agency request includes an enhancement request totaling \$616.5 million, including \$612.4 million from the State General Fund. Absent the enhancement, the request would be \$3.7 billion, including \$3.0 billion from the State General Fund. The request is an all funds increase of \$230,102, or less than 0.1 percent, and a State General Fund increase of \$8.6 million, or 1.4 percent, above the revised FY 2012 estimate. This increase is mainly attributable to KPERS-School. The KPERS employer contribution rate increases six-tenths of 1.0 percent in FY 2013 while salaries and are projected to increase 1.0 percent. The agency's revised FY 2012 estimate was \$344.7 million while the FY 2013 request is \$353.8 million, an increase of \$9.1 million, or 2.6 percent.

The **Governor** recommends a FY 2013 budget of \$3.7 billion, including \$3.0 billion from the State General Fund for FY 2013. The recommendation is an all funds decrease of \$623.4 million, or 14.5 percent, and a State General Fund decrease of \$617.2 million, or 16.9 percent, below the agency FY 2013 request. The Governor did not recommend any of the agency's enhancement requests totaling \$616.5 million, including \$612.4 million from the State General Fund. In addition, the Governor recommended making the delayed KPERS-School payment in FY 2012, and subsequently reduced the appropriation for KPERS-School in FY 2013.

The **Governor** also proposes a new school finance plan for FY 2013 which would take effect in the 2013-2014 school year. The plan, known as Excellence in Education, consists of the following three main funding sources:

Base State Aid per Pupil - The proposed formula sets the minimum base aid per pupil (BSAPP) at the statutory amount of \$4,492. School districts are paid by multiplying the value to a district's full time student enrollment. Full time enrollment would be calculated with the current declining enrollment factor. According to the Governor's office, the Legislature could choose to enact a BSAPP amount in excess of \$4,492 by budget law or other statute.

Property Valuation Equalization Fund - The proposed formula will require that the 20 mills in state mandated property taxes for education be collected by the state and placed in a Property Valuation Equalization Fund (PVEF). Currently, the 20 mills remain at the local level and are counted against a district's state aid payment. This fund will be equalized to pay greater amounts to those school districts with lower property tax valuations.

Supplemental Equalization Fund - The Supplemental Equalization Fund (SEF) will make payments to school districts that do not have their Baseline Amount Requirement, or BAR. The BAR would be calculated as follows:

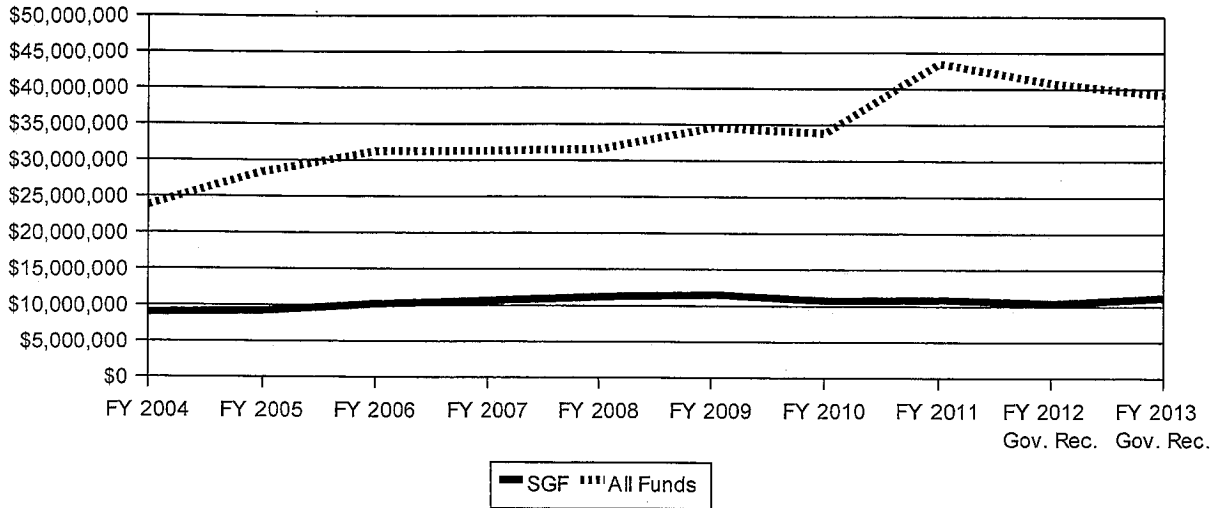
- Each year school districts will receive a payment equal to or greater than their Baseline Amount Requirement (BAR). For the first year after transitioning from the current school finance formula, this amount will be equivalent to the amount that each district receives from the current formula in General State Aid, Supplemental State Aid, General Fund Local Effort, and the Local Option Budget Effort. In following years, the BAR for a school district will be equivalent to its BAR from the previous year plus or minus the district's FTE count (with the declining enrollment factor) times the previous year's BSAPP or minus the total dollar amount of any enacted downward adjustments in property tax mills levied for the district's budget through the combination of their base aid per pupil payment, their equalization fund payment, and their local effort. Each district's SEF payment will be guaranteed year to year, and if the Legislature appropriates more money for the SEF than is necessary to meet all school district BARs, the remaining amounts would be paid out to all eligible school districts on a per-pupil basis.

In addition, the BAR would have a 106.0 percent BAR Cap. In the first year, the proposed formula would cap the amount of a PVEF payment to any school district in excess of 106% of the district's BAR. Any funds above the cap would then be deposited in the SEF. In future years, the cap would never drop below 106%, but it could be higher than 106.0 percent if the following conditions are met: if a school district that is (1) above average in property tax valuation per pupil, and (2) the district's valuation encompasses more than 5.0 percent of 1 mill of the entire state's taxable property value raises their local mill levy for education to the point at which their total aid payment is more than 106.0 percent of their BAR, then the percentage cap will be equivalent to such district's percentage of their BAR. The Legislature could also raise the cap in any budget law or other statute.

Local Control - At any point, a school district is eligible to raise local funds that would amount in a total aid payment in excess of their BAR.

BUDGET TRENDS

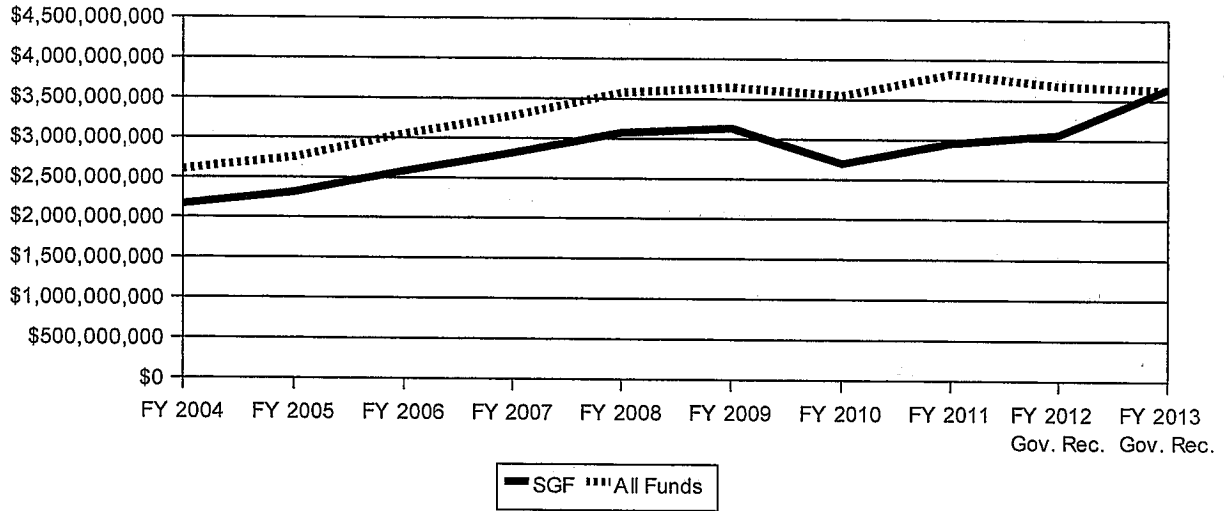
OPERATING EXPENDITURES FY 2004 – FY 2013



OPERATING EXPENDITURES FY 2004 – FY 2013

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2004	\$ 8,998,326	3.4 %	\$ 23,776,092	1.4 %	211.3
2005	9,223,327	2.5	28,368,204	19.3	210.8
2006	10,178,425	10.4	31,190,558	9.9	198.3
2007	10,663,086	4.8	31,269,033	0.3	215.7
2008	11,237,342	5.4	31,551,327	0.9	212.3
2009	11,510,498	2.4	34,561,283	9.5	213.3
2010	10,735,847	(6.7)	33,840,356	(2.1)	210.3
2011	10,876,684	1.3	43,460,681	28.4	210.3
2012 Gov. Rec.	10,373,100	(4.6)	40,747,684	(6.2)	188.3
2013 Gov. Rec.	11,196,369	7.9	39,154,320	(3.9)	187.3
Ten-Year Change Dollars/Percent	\$ 2,198,043	24.4 %	\$ 15,378,228	64.7 %	(24.1)

**AID AND OTHER ASSISTANCE
FY 2004 – FY 2013**



**AID AND OTHER ASSISTANCE
FY 2004 – FY 2013**

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2004	\$ 2,165,590,801	2.9 %	\$ 2,602,983,449	4.6 %	0.0
2005	2,314,942,104	6.9	2,755,159,521	5.8	0.0
2006	2,583,947,248	11.6	3,050,572,112	10.7	0.0
2007	2,819,051,089	9.1	3,284,176,331	7.7	0.0
2008	3,075,357,811	9.1	3,575,547,560	8.9	0.0
2009	3,135,854,735	2.0	3,647,248,002	2.0	0.0
2010	2,698,815,637	(13.9)	3,549,720,129	(2.7)	0.0
2011	2,960,334,113	9.7	3,824,032,285	7.7	0.0
2012 Gov. Rec.	3,070,174,337	3.7	3,677,751,615	(3.8)	0.0
2013 Gov. Rec.	3,026,893,279	(1.4)	3,627,066,971	(1.4)	0.0
Ten-Year Change Dollars/Percent	\$ 861,302,478	39.8 %	\$ 1,024,083,522	39.3 %	0.0

Summary of Operating Budget FY 2011 - FY 2013

	Actual 2011	Agency Request			Governor's Recommendation				
		Estimate FY 2012	Request FY 2013	Dollar Change from FY 12	Percent Change from FY 12	Rec. FY 2012	Rec. FY 2013	Dollar Change from FY 12	Percent Change from FY 12
By Program:									
Administration	\$ 13,324,206	\$ 17,185,626	\$ 15,825,126	\$ (1,360,500)	(7.9)%	\$ 17,083,105	\$ 15,910,313	\$ (1,172,792)	(6.9)%
Governance of Education	331,790	375,797	384,098	8,301	2.2	375,797	384,098	8,301	2.2
Child Nutrition and Wellness	3,165,309	3,625,536	3,589,155	(36,381)	(1.0)	3,625,536	3,589,155	(36,381)	(1.0)
Standards and Assessments	13,310,207	9,985,487	8,896,895	(1,088,592)	(10.9)	9,985,487	8,896,895	(1,088,592)	(10.9)
Special Education	6,119,675	4,540,942	4,519,874	(21,068)	(0.5)	4,540,942	4,519,874	(21,068)	(0.5)
Title Programs and Services	8,301,113	6,163,981	6,080,581	(83,400)	(1.4)	6,163,981	6,080,581	(83,400)	(1.4)
Career and Technical Education	1,630,678	1,782,345	1,883,536	101,191	5.7	1,782,345	1,883,536	101,191	5.7
Financial Aid	3,777,849,307	3,629,228,529	4,248,423,460	619,194,931	17.1	3,674,942,106	3,624,956,839	(49,985,267)	(1.4)
TOTAL	\$ 3,824,032,285	\$ 3,672,888,243	\$ 4,289,602,725	\$ 616,714,482	16.8 %	\$ 3,718,499,299	\$ 3,666,221,291	\$ (52,278,008)	(1.4)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 17,103,072	\$ 18,997,626	\$ 19,524,563	\$ 526,937	2.8 %	\$ 18,911,904	\$ 19,064,928	\$ 153,024	0.8 %
Contractual Services	24,897,351	20,504,911	18,252,230	(2,252,681)	(11.0)	20,504,296	18,935,952	(1,568,344)	(7.6)
Commodities	1,100,324	1,182,848	1,116,940	(65,908)	(5.6)	1,181,848	1,115,940	(65,908)	(5.6)
Capital Outlay	359,934	164,820	144,900	(19,920)	(12.1)	149,636	37,500	(112,136)	(74.9)
Subtotal - Operations	\$ 43,460,681	\$ 40,850,205	\$ 39,038,633	\$ (1,811,572)	(4.4)%	\$ 40,747,684	\$ 39,154,320	\$ (1,593,364)	(3.9)%
Aid to Local Units	3,739,414,369	3,590,161,786	4,208,196,078	618,034,292	17.2	3,635,875,363	3,585,565,290	(50,310,073)	(1.4)
Other Assistance	41,157,235	41,876,252	42,368,014	491,762	1.2	41,876,252	41,501,681	(374,571)	(0.9)
TOTAL	\$ 3,824,032,285	\$ 3,672,888,243	\$ 4,289,602,725	\$ 616,714,482	16.8 %	\$ 3,718,499,299	\$ 3,666,221,291	\$ (52,278,008)	(1.4)%
Financing:									
State General Fund	\$ 2,971,210,817	\$ 3,034,301,958	\$ 3,655,299,970	\$ 620,998,012	20.5 %	\$ 3,080,547,437	\$ 3,038,088,648	\$ (42,458,789)	(1.4)%
CIF	12,239,130	12,037,447	12,366,812	329,365	2.7	12,037,447	8,347,291	(3,690,156)	(30.7)
All Other Funds	840,582,338	626,548,838	621,935,943	(4,612,895)	(0.7)	625,914,415	619,785,352	(6,129,063)	(1.0)
TOTAL	\$ 3,824,032,285	\$ 3,672,888,243	\$ 4,289,602,725	\$ 616,714,482	16.8 %	\$ 3,718,499,299	\$ 3,666,221,291	\$ (52,278,008)	(1.4)%

BUDGET OVERVIEW

A. FY 2012 – Current Year

Adjustments to Approved State General Fund Budget

The 2011 Legislature approved a State General Fund budget of \$3.0 billion for the Department of Education in FY 2012. An adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$531,546, based on the reappropriation of FY 2011 funding which was not spent in FY 2011 and has shifted to FY 2012. This reappropriation is offset by a lapse of \$14.7 million, all from the State General Fund, in KPERS-School.

	CHANGE FROM APPROVED BUDGET				
	Approved 2011 Legislature	Agency Estimate FY 2012	Agency Change from Approved	Governor Rec. FY 2012	Governor Change from Approved
State General Fund	\$ 3,048,922,882	\$ 3,034,301,958	\$ (14,620,924)	\$ 3,080,547,437	\$ 31,624,555
All Other Funds	609,245,383	638,586,285	29,340,902	637,951,862	28,706,479
TOTAL	\$ 3,658,168,265	\$ 3,672,888,243	\$ 14,719,978	\$ 3,718,499,299	\$ 60,331,034
FTE Positions	188.0	191.8	3.8	188.3	0.3

The **agency** estimates a revised FY 2012 budget of \$3.7 billion, including \$3.0 billion from the State General Fund. This is an all funds increase of \$14.7 million, or 0.4 percent, and a State General Fund decrease of \$14.6 million, or 0.5 percent, below the amount approved by the 2011 Legislature. The estimate includes 191.8 FTE positions, an increase of 3.8 FTE positions above the amount approved by the 2011 Legislature.

Included in the revised estimate is a supplemental request of \$102,521, all from the State General Fund, for salaries and wages for a new part-time Accountant III position and a full-time Applications Developer II position, as well as other operating costs associated with 2011 House Bill 2360. The bill created the Uniform Financial Accounting and Reporting Act which requires the Kansas State Board of Education to develop and maintain a uniform reporting system for the revenue and expenditures of local school districts. Absent the supplemental request, the estimate is an all funds increase of \$14.6 million, or 0.4 percent, and a State General Fund decrease of \$14.7 million, or 0.5 percent, below the amount approved by the 2011 Legislature. The State General Fund decrease is due to the following adjustments:

	<u>State General Fund</u>	<u>All Funds</u>
KPERS Lapse	\$ (14,723,445)	\$ (14,723,445)
Supplemental request	102,501	102,501
TOTAL	<u>\$ (14,620,944)</u>	<u>\$ (14,620,944)</u>

Also included in the agency revised FY 2012 estimate are federal American Recovery and Reinvestment Act (ARRA) funds totaling \$14.1 million. The following chart provides a breakdown of the funds included in the revised FY 2012 estimate:

Special Education - Part B	\$ 388,641
Special Education - Early Childhood	8,279
Title I Grants to School Districts	4,080,899
Title I School Improvement Grants	7,200,000
Title II Part D - Education Technology	228,414
Education for Homeless	18,614
Title I, Part D	227,494
AmeriCorps	98,798
Statewide Longitudinal Data System	1,808,823
TOTAL	<u>\$ 14,059,962</u>

Below is a brief description of each category of funding provided and expenditures for previous fiscal years.

State Fiscal Stabilization Fund. The State Fiscal Stabilization program provided funding to states in order to aid in the stabilization of state and local budgets with the intent to minimize or avoid reductions in education and other essential services. The Department of Education expended \$224.6 million in FY 2010 and \$52.8 million in FY 2011. There are no funds for this program in FY 2012.

Special Education - Part B (includes Early Childhood). Part B of the IDEA (Individuals with Disabilities Education Act) provides federal funds to state educational agencies and local educational agencies to help ensure that children with disabilities, including children aged three through five, have access to a free appropriate public education to meet each child's unique needs and prepare him or her for further education, employment, and independent living. The federal Act provided enhanced funding with the state's existing special education funding formula. In FY 2010 and FY 2011, the Department of Education expended \$54.2 million in FY 2010 and \$52.3 million in FY 2011 in Special Education - Part B funds.

Title I Grants to School Districts. The federal act provided \$10.0 billion nationwide to local education agencies (LEAs) for programs under Title I, Part A of the Elementary and Secondary Education Act of 1965 (Title I). These funds are targeted to schools that serve high concentrations of students from families that live in poverty. The funds are provided to help improve teaching and learning for those students most at risk of failing to meet state academic achievement

standards. The additional resources were intended to enable those schools to increase the number of students served and also increase the quality of teaching and learning. The Department of Education expended the following Title I Grants to school districts in previous years: \$614,182 in FY 2009; \$27.8 million in FY 2010; and \$36.7 million in FY 2011.

Title I School Improvement Grants. Title I School Improvement, a component of Title I, requires school districts to review the status of every school annually. Benchmarks are utilized in order to ensure that the school is making adequate progress toward achieving the long-term proficiency goal. The federal funds were targeted to specific proven investments in Title I schools and districts that face severe academic challenges. Title I schools identified for school improvement, corrective action or restructuring can receive additional funding administered by the Department of Education. In FY 2011, the Department of Education expended \$7.2 million in School Improvement Grants.

Title II - Part D Education Technology. This federal program improves student academic achievement through the use of technology in elementary and secondary schools. It is designed to assist every student—regardless of race, ethnicity, income, geographical location, or disability—in becoming technologically literate by the end of eighth grade. In addition, it encourages the effective integration of technology resources and systems with professional development and curriculum development to promote research-based instructional methods that can be widely replicated. The Department of Education expended \$2.0 million in FY 2010 and FY 2011 in Title II - Part D Technology grants.

Education for the Homeless. This federal program ensures that homeless children and youth enroll in, attend, and succeed in school. It also enables these students to have access to educational and other services needed to help them meet State academic and achievement standards. In addition, school districts are provided with additional resources to remove barriers to the enrollment, attendance, or success in school of homeless children and youth. The Department of Education expended \$279,244 in FY 2010 and \$162,573 in FY 2011 for this program.

Title I - Part D. This program provides federal funding via the Title I formula to support education and training for students who are residents within a juvenile detention center or correctional facility. Students who reside in eligible facilities are placed there by the courts due to adjudication or pre-adjudication in a criminal or civil court case. The Department of Education expended \$564,014 in FY 2010 and \$841,353 in FY 2011 in Title I - Part D grants.

AmeriCorps. AmeriCorps Kansas provides financial support through grants to public and nonprofit organizations that sponsor service programs around the state, including faith-based and other community organizations, higher education institutions, and public agencies. These groups recruit, train and place AmeriCorps participants throughout the community to meet critical community needs in education, public safety, health, and the environment. The Department of Education expended \$429,791 in FY 2010 and \$102,341 in FY 2011 in AmeriCorps grants.

Statewide Longitudinal Data System. The Kansas Department of Education was awarded a three-year, \$9.1 million federal grant for the continued design and implementation of a statewide longitudinal data system. This system will support the development and implementation of data systems to enable the state to examine student progress from early childhood to career, including matching teachers to students. The Department of Education expended \$1.2 million in FY 2011.

The **Governor** recommends a FY 2012 budget of \$3.7 billion, including \$3.1 billion from the State General Fund in FY 2012. The recommendation is an all funds increase of \$45.6 million, or 1.2 percent, and a State General Fund increase of \$46.3 million, or 1.5 percent, above the agency revised FY 2012 estimate. The increase is due to the addition of \$21.7 million, all from the State General Fund, for KPERS-School employer contributions and \$24.6 million, all from the State General Fund, for General State Aid. The 2011 Legislature delayed the FY 2012 KPERS-School payment until FY 2013 to address an issue with the special education federal maintenance of effort requirement. The Governor recommends making this payment in FY 2012, and subsequently reduced the appropriation for KPERS-School in FY 2013 to reflect the payment. The increase was offset by a reduction of \$14.7 million, all from the State General Fund, due to lower than anticipated increases in teacher salaries for the current school year for a total increase of \$7.0 million. The Governor also added funding for General State Aid per the November 2011 consensus estimates to maintain the Base State Aid Per Pupil at \$3,780.

The recommendation is an all funds increase of \$60.3 million, or 1.6 percent, above the amount approved by the 2011 Legislature. The recommendation is a State General Fund increase of \$31.6 million, or 1.1 percent, above the amount approved by the 2011 Legislature. The increase is due to the addition of \$7.0 million in KPERS-School employer contributions and \$24.6 million in General State Aid. The recommendation is increase of \$28.7 million in all other funds. The other funds increase is mainly due to an increase of \$21.1 million in federal funds, \$4.8 million in the School District Capital Improvements Fund, \$1.0 million in School District Finance funding, and \$1.4 million in Education Jobs (EduJobs) Funds. In FY 2012, South Carolina declined federal EduJobs funds, resulting in an increase to Kansas award. This funding was distributed to school districts through the current school finance formula.

B. FY 2013 – Budget Year

FY 2013 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 4,289,602,725	\$ 3,666,221,291	\$ (623,381,434)
FTE Positions	191.8	187.3	(4.5)
Change from FY 2012:			
<i>Dollar Change:</i>			
State General Fund	\$ 620,998,012	\$ (42,458,789)	
All Other Funds	(4,283,530)	(9,819,219)	
TOTAL	<u>\$ 616,714,482</u>	<u>\$ (52,278,008)</u>	
<i>Percent Change:</i>			
State General Fund	20.5 %	(1.4) %	
All Other Funds	(0.7)	(1.5)	
TOTAL	<u>16.8 %</u>	<u>(1.4) %</u>	
Change in FTE Positions	0.0	(1.0)	

The **agency** requests a FY 2013 budget of \$4.3 billion, including \$3.7 billion from the State General Fund. This is an all funds increase of \$616.7 million, or 16.8 percent, and a State General Fund increase of \$621.0 million, or 20.5 percent, above the revised FY 2012 estimate. The agency request includes an enhancement request totaling \$616.5 million, including \$612.4 million from the State General Fund. Absent the enhancement, the request would be \$3.7 billion, including \$3.0 billion from the State General Fund. The request is an all funds increase of \$230,102, or less than 0.1 percent, and a State General Fund increase of \$8.6 million, or 1.4 percent, above the revised FY 2012 estimate. This increase is mainly attributable to KPERs-School. The KPERs employer contribution rate increases six-tenths of 1.0 percent in FY 2013 while salaries and are projected to increase 1.0 percent. The agency's revised FY 2012 estimate was \$344.7 million while the FY 2013 request is \$353.8 million, an increase of \$9.1 million, or 2.6 percent.

The **Governor** recommends a FY 2013 budget of \$3.7 billion, including \$3.0 billion from the State General Fund for FY 2013. The recommendation is an all funds decrease of \$623.4 million, or 14.5 percent, and a State General Fund decrease of \$617.2 million, or 16.9 percent, below the agency FY 2013 request. The Governor did not recommend any of the agency's enhancement requests totaling \$616.5 million, including \$612.4 million from the State General Fund. The recommendation includes the following adjustments:

- **General State Aid.** The recommendation includes \$14.5 million, all from the State General Fund, to maintain the Base State Aid Per Pupil at \$3,780 for the 2012-2013 school year.

- **KPERS-School Employer Contribution.** The recommendation includes accelerating the KPERS-School payment that was delayed from FY 2012 to FY 2013. Therefore, the FY 2013 appropriation was reduced \$21.7 million, all from the State General Fund, to reflect the accelerated payment and the FY 2012 budget was increased by the same amount.
- **Technical Education.** The recommendation includes deleting \$28.9 million, all from the State General Fund, for the Career and Technical Education weighting under the current school finance formula. A corresponding amount was added for Technical Education grants to school districts. The Governor further recommends an additional \$500,000, all from the State General Fund, for transportation costs associated with the new Career and Technical Education program, as well as \$50,000, all from the State General Fund, to promote the program. Under the current formula, students enrolled in a career and technical education program received a weighting of 0.5.
- **Department of Education office move.** The recommendation includes \$700,000, all from the State General Fund, for expenses associated with the agency's move to a new location.
- **Mentor Teacher Program.** The recommendation includes \$1.1 million, all from the State General Fund, for partial restoration of the Mentor Teacher Program for FY 2013.
- **Voluntary Retirement Savings Program (VRIP).** The recommendation includes savings of \$101,112, including \$57,921 from the State General Fund, and 1.0 FTE position for VRIP.
- **Food Service Maintenance of Effort.** The recommendation includes \$23,028, all from the State General Fund, for the food service program for FY 2013. The funding allows the Department of Education to meet maintenance of effort requirements set forth by the United States Department of Agriculture for the school lunch program.

The **Governor** also proposes a new school finance plan for FY 2013 which would take effect in the 2013-2014 school year. The plan, known as Excellence in Education, consists of the following three main funding sources:

Base State Aid per Pupil - The proposed formula sets the minimum base state aid per pupil (BSAPP) at the statutory amount of \$4,492. School districts are paid by multiplying the value to a district's full time student enrollment. Full time enrollment would be calculated with the current declining enrollment factor. According to the Governor's office, the Legislature could choose to enact a BSAPP amount in excess of \$4,492 by budget law or other statute.

Property Valuation Equalization Fund - The proposed formula will require that the 20 mils in state mandated property taxes for education be collected by the state and placed in a Property Valuation Equalization Fund (PVEF). Currently, the 20 mils remain at the local level and are counted against a district's state aid payment. This fund will be equalized to pay greater amounts to those school districts with lower property tax valuations.

Supplemental Equalization Fund - The Supplemental Equalization Fund (SEF) will make payments to school districts that do not have their Baseline Amount Requirement, or BAR. The BAR would be calculated as follows:

- Each year school districts will receive a payment equal to or greater than their Baseline Amount Requirement (BAR). For the first year after transitioning from the current school finance formula, this amount will be equivalent to the amount that each district receives from the current formula in General State Aid, Supplemental State Aid, General Fund Local Effort, and the Local Option Budget Effort. In following years, the BAR for a school district will be equivalent to its BAR from the previous year plus or minus the district's FTE count (with the declining enrollment factor) times the previous year's BSAPP or minus the total dollar amount of any enacted downward adjustments in property tax mills levied for the district's budget through the combination of their base aid per pupil payment, their equalization fund payment, and their local effort. Each district's SEF payment will be guaranteed year to year, and if the Legislature appropriates more money for the SEF than is necessary to meet all school district BARs, the remaining amounts would be paid out to all eligible school districts on a per-pupil basis.

In addition, the BAR would have a 106% BAR Cap. In the first year, the proposed formula would cap the amount of a PVEF payment to any school district in excess of 106% of the district's BAR. Any funds above the cap would then be deposited in the SEF. In future years, the cap would never drop below 106%, but it could be higher than 106% if the following conditions are met: if a school district that is (1) above average in property tax valuation per pupil and (2) the district's valuation encompasses more than 5.0 percent of 1 mill of the entire state's taxable property value raises their local mill levy for education to the point at which their total aid payment is more than 106% of their BAR, then the percentage cap will be equivalent to such district's percentage of their BAR. The Legislature could also raise the cap in any budget law or other statute.

Local Control - At any point, any school district is eligible to raise local funds that would amount in a total aid payment in excess of their BAR.

Also included in the plan is a change to the current career and technical education formula. Under the Governor's proposed school finance plan, the current weighting of .05 for technical education from the current school finance formula would no longer be used to calculate career and technical education funding. Funding would be distributed to school districts based on enrollment in technical programs for the 2012-2013 school year. An additional amount of funding would be provided to the Kansas Board of Regents to pay tuition for all high school students enrolled in a career and technical education course or program offered by a community college or technical college. Funding would also be provided to the Regents for state tiered technical aid for these programs. All credit hours for secondary students enrolled in postsecondary technical education programs are eligible for tiered state aid. Under the proposal, students enrolled in such postsecondary programs could count those courses toward both high school and postsecondary credit. If a program is offered by a postsecondary institution, is duplicative of the school district program, and located within 30 miles of the district, the district would not be eligible to receive funding for students participating in the district's program. It would be the role of the Kansas State Board of Education to review the programs at the district and postsecondary level to determine if the program at the district is duplicative. If the postsecondary institution does not have the capacity for the district students, these

limitations may be waived. In addition, high schools are who have students participating in the program are eligible to receive an aware of \$1,000 for each student who receives an industry recognized credential in certain occupations identified by the Kansas Department of Labor, with special attention provided to certification in the area of agriculture.

FY 2013 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
<i>Agency Operating Budget:</i>						
Reduce Shrinkage	\$ 267,727	\$ 267,727	0.0	\$ 0	\$ 0	0.0
Waive Monumental Surcharge	0	0	0.0	0	0	0.0
<i>Financial Management</i>						
Development Fee	65,663	65,663	0.0	0	0	0.0
Replacement Vehicles	0	107,400	0.0	0	0	0.0
<i>Uniform Accounting System</i>						
	92,411	92,411	1.5	0	0	0.0
Subtotal - Operations	\$ 425,801	\$ 533,201	1.5	\$ 0	\$ 0	0.0
<i>Aid and Other Assistance:</i>						
General State Aid	\$477,507,286	\$ 477,507,286	0.0	\$ 14,547,000	\$ 14,547,000	0.0
<i>Supplemental General State Aid</i>						
	73,649,954	73,649,954	0.0	0	0	0.0
Capital Outlay State Aid	25,000,000	25,000,000	0.0	0	0	0.0
Special Education	21,798,351	21,798,351	0.0	0	0	0.0
<i>Professional Development</i>						
	8,500,000	8,500,000	0.0	0	0	0.0
Mentor Teacher Program	3,000,000	3,000,000	0.0	1,100,000	1,100,000	0.0
<i>Juvenile Detention Facilities Fund</i>						
	1,132,650	1,132,650	0.0	0	0	0.0
School Food Assistance	993,417	993,417	0.0	0	0	0.0
<i>Governor's Teaching Excellence Award Program</i>						
	350,000	350,000	0.0	0	0	0.0
Parents As Teacher	0	2,543,459	0.0	0	0	0.0
Pre-K Pilot	0	1,476,062	0.0	0	0	0.0
Subtotal - Aid and Other Assistance	\$611,931,658	\$ 615,951,179	0.0	\$ 0	\$ 0	0.0
GRAND TOTAL	\$612,357,459	\$ 616,484,380	1.5	\$ 15,647,000	\$ 15,647,000	0.0

Enhancements Detail

The agency request includes seventeen enhancements totaling \$616.5 million, including \$612.4 million, from the State General Fund. The request includes five enhancements in the agency's operating budget totaling \$533,201, including \$425,801 from the State General Fund. The remaining enhancements are in Aid and Other Assistance and total \$616.0 million, including \$611.9 million from the State General Fund.

Enhancements Related to Agency Operating Budget

Reduce Shrinkage Rate for Salaries and Wages. The agency requests \$267,727, all from the State General Fund, to reduce shrinkage for salaries and wages. The 2009 Legislature approved an increase in the agency's shrinkage rate from 5.6 to 8.0 percent. According to the agency, due to the reductions made during the 2010 and 2011 Session, it was necessary to increase the shrinkage rate from 8.0 to 10.7 percent in FY 2011 and 10.8 percent for FY 2012. Furthermore, the 2011 Legislature eliminated 22.0 vacant FTE positions, some of which were being held vacant to meet the current shrinkage rate of 10.8 percent. The additional funding would return the agency's shrinkage rate to 8.0 percent.

The **Governor** did not recommend the enhancement.

Waive Monumental Building Surcharge. The agency requests \$160,320, all from the State General Fund, which is the same amount included in the agency's FY 2013 budget for the Monumental Surcharge. The agency would instead utilize those funds to aid in the payment of additional lease costs for the last six months of FY 2013, as well as moving costs. The amount would also be used in FY 2014 to spread the additional lease cost over 12 months. According to the agency, without additional funding for increased lease costs, the Department will have to make additional reductions in other areas of the operating budget. The agency anticipates that the new lease will increase approximately \$5.40 per square foot from their current rate of \$9.93 per square foot to \$15.34 per square foot.

The **Governor** did not recommend the enhancement.

Add funding for the Financial Management Development Fee. The agency requests \$65,663, all from the State General Fund, for a 50.7 increase in the fee assessed by the Department of Administration to state agencies to support the development of the state's new Financial Management System. The agency anticipates an increase of thirty four cents, from 67 cents to \$1.01 per transaction. According to the agency, federal funds cannot be used for this assessment per the Department of Administration.

The **Governor** did not recommend the enhancement.

Add funding to purchase three replacement vehicles. The agency requests \$107,400, all from the Services Clearing Fund, to replace three 5 passenger mini vans and three midsize sedans. The Department of Education has 20 state-owned vehicles, of which 16 are permanently assigned to auditor and school food service consultants who work out of their homes in different geographic regions of the state. Based on the odometer reading on June 30, 2011, the agency estimates that each vehicle will have mileage in excess of 100,000 miles in FY 2013. In order to pay for replacement vehicles, it is the agency's policy to a charge a usage, or depreciation, fee to each state and federal program benefiting from the use of the vehicles. These fees are then deposited in the Service Clearing Fund until a replacement vehicle is needed.

The **Governor** did not recommend the enhancement.

Develop and Maintain Uniform Accounting and Reporting System. The agency requests \$92,411, all from the State General Fund, and 1.5 FTE positions to fund a part-time Accountant III position and a full-time Applications Developer II position. The Applications Developer would be responsible for designing, implementing, and maintaining the new system. In addition, the position would provide technical assistance and support to local school districts.

2011 House Bill No. 2360 was signed into law and requires the Kansas State Board of Education to develop a new uniform accounting and reporting system to track revenue and expenditure data within school districts. The law provides that the system must allow for the data to be searched by the public and compared on a district by district basis. In addition, the system must be in place by July 1, 2012. The request would allow the agency to implement the system within the time-line set forth by 2011 House Bill 2360.

The **Governor** did not recommend the enhancement.

Enhancements Related to School Finance in Aid and Other Assistance

Staff Note: School Finance Consensus Estimates were developed in November 2011 by the Kansas Department of Education (KSDE), the Division of the Budget, and the Kansas Legislative Research Department. The following enhancement requests were developed in September, prior to the November 2011 School Finance Consensus Estimates, and were submitted by the agency for FY 2013.

Increase Base State Aid Per Pupil (BSAPP) to \$4,492. The **agency** requests \$477.5 million, all from the State General Fund, to fully fund the BSAPP at \$4,492, as provided under current law (K.S.A. 72-6410). According to the agency funding would be used to restore budget reductions made by the 2009 Legislature and continued through the 2011-2012 school year. The following chart exhibits the changes in BSAPP since the 2009 Session:

\$4,280	Approved by the 2009 Legislature
\$4,218	After the Governor's July 2009 Allotment
\$4,012	After the Governor's November 2009 Allotment
\$4,012	Approved by the 2010 Legislature
\$3,780	Approved by the 2011 Legislature

The **Governor** recommends adding \$14.5 million, all from the State General Fund, to fund the BSAPP at \$3,780 for FY 2013.

Supplemental General State Aid. The **agency** requests an additional \$73.6 million, all from the State General Fund, to fund Supplemental General State Aid under current law. This request computes Supplemental General State Aid at the statutory BSAPP of \$4,492 as approved under K.S.A. 72-6410.

The **Governor** did not recommend the enhancement.

Capital Outlay State Aid (demand transfer from the State General Fund). The **agency** requests \$25.0 million, all from the State General Fund, for General State Aid in FY 2013. Capital Outlay State Aid is computed as a percentage for each Unified School District (USD) using their assessed valuation per pupil and comparing it to the assessed valuation of the USD at the median assessed valuation per pupil. A district at the median, 50.0 percent, assessed valuation per pupil receives 25.0 percent state aid. The program is designed to provide state equalization aid to less wealthy school districts for capital outlay mill levies up to 8 mills.

The **Governor** did not recommend the enhancement.

Special Education Services. The agency requests an additional \$21.8 million, all from the State General Fund, to maintain funding for special education at 92.0 percent of excess cost per K.S.A. 72-798. According to the agency, special education is anticipated to be funded at 87.5 percent of excess cost in FY 2013. The agency states that without the increase, school districts will be required to utilize a greater percentage of their general fund budget to provide educational services to students with disabilities, resulting in less funding available to regular education students.

The **Governor** did not recommend the enhancement.

Professional Development. The agency requests \$8.5 million, all from the State General Fund, to fully fund professional development state aid under current law in FY 2013. According to the agency, professional development activities help educators improve their teaching skills and enhance student achievement. State aid is limited to the less of half of 1.0 percent of a school district's general fund budget, or 50.0 percent, of actual approved program costs. No funding was appropriated for professional development in FY 2010, FY 2011, or FY 2012.

The **Governor** did not recommend the enhancement.

Mentor Teacher Program Grants. The agency requests \$3.0 million, all from the State General Fund, for Mentor Teacher program grants. This is a voluntary program maintained by local school boards that provides probationary teachers with professional support and continuous assistance by an on-site mentor teacher. The request would fund mentor teachers at a rate not to exceed \$1,000 per year to support new teachers during their entire three-year probationary period, as set forth in current law. The Mentor Teacher program was statutorily created in 2000 but was not fully funded until FY 2006. For the first three years of the program, the Legislature provided funding to support teachers during their first year of teaching. For FY 2008 through FY 2011, additional funding was authorized to provide between \$500 and \$800 to mentor teachers supporting new teachers during their second year of teaching. This request would fund mentor teachers during their entire three-year probationary period. The 2011 Legislature eliminated funding for this program for FY 2012.

The **Governor** recommends adding \$1.1 million, all from the State General Fund, for the Mentor Teacher Program for FY 2013.

Juvenile Detention Facilities. The agency requests \$1,132,650, all from the State General Fund, for FY 2013. This request correlates with the agency's enhancement request to increase the BSAPP from the current amount of \$3,780 to \$4,492. Funding would provide additional services to youth who are detained in juvenile detention facilities, reside in the Flint Hills Job Corps Center or are housed in psychiatric residential treatment facilities.

The **Governor** did not recommend the enhancement.

School Food Assistance Match. The agency requests \$993,417, all from the State General Fund, for the school food assistance state match. This match allows the state to receive nearly \$102.7 million in federal funds to provide nutritionally balanced, low-cost, or free lunches to students. Under current state law, school districts are to receive six cents for each meal served under an approved school lunch program. The agency notes that in past years, the amount paid to approved programs has been pro-rated between 4.3 cents and five cents for each meal served. The request would fund current law at six cents per meal served. Without the enhancement, the reimbursement rate for FY 2013 is expected to be 4.3 cents.

The **Governor** did not recommend the enhancement.

Governor's Teaching Excellence and Award Programs. The **agency** requests \$350,000, all from the State General Fund, for FY 2013 to support teachers who apply for, and successfully attain, national board certification. The enhancement request would fully fund this program under current law. The 2011 Legislature eliminated funding for this program in FY 2012.

The **Governor** did not recommend the enhancement.

Parent Education (Parents As Teachers). The **agency** requests \$2.5 million, all from the Children's Initiatives Fund, for Parents as Teachers for FY 2013. Parents as Teachers is a program that provides assistance to new parents and helps them work with their child as he or she grows and develops in order to lay a strong foundation for learning to prepare the child to enter school. Parents are selected on a first-come, first-served basis and the program is not targeted to any income level. Parent educators provide guidance to the family and are trained to screen for vision and hearing problems and developmental delays. When necessary, resources are recommended to address any problems that surface. Due to constraints on the Children's Initiatives Fund, funding for this program was reduced \$180,370 in FY 2011 and \$121,495 in FY 2012.

The **Governor** did not recommend the enhancement.

Kansas Preschool Program (Pre-K Pilot). The **agency** requests \$1.5 million, all from the Children's Initiatives Fund, for the Kansas Preschool program. Due to financial restraints in FY 2011, a reduction of \$119,630 was applied to the program. Another reduction of \$85,558 was applied in FY 2012. According to the agency, the funding would restore the program to the FY 2012 funding level.

The **Governor** did not recommend the enhancement.

FY 2013 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
General State Aid	\$ (152,147,127)	\$ (152,147,127)	0.0	\$ 0	\$ 0	0.0

FY 2013 Reduced Resources

The **agency's** budget submission includes a reduced resources budget totaling 5.0 percent or \$152.1 million, all from the State General Fund, in General State Aid. This would reduce the BSAPP by \$227, from \$3,780 to \$3,553. According to the agency, school districts would be required to make substantial cuts to education programs, staff, and operations resulting in larger class sizes, a reduced workforce, elimination of programs, and fewer opportunities for students.

The **Governor** did not recommend the agency's reduced resource budget.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The Governor's FY 2013 recommendation does not include a base salary adjustment for state employees.

Classified Employee Pay Plan. During the 2007 interim, the State Employee Compensation Oversight Commission was charged with the development of a new pay plan for classified employees for the Governor, Chief Justice of the Supreme Court and 2008 Legislature to consider. The Commission endorsed the recommendation of the Hay Group that five separate pay plans be created for state employees in the classified service, with different opportunities for pay increases to acknowledge the different types of work performed. The time frame to fully implement the recommended plan was five years. Under the plan, the classified employees were divided into three groups to first address those with the greatest salary disparity to the market rate. The 2008 Legislature appropriated \$8.5 million from the State General Fund for FY 2009, the first year of the program. The 2008 Legislature also appropriated \$8.5 million from the State General Fund for each year from FY 2010 through FY 2013 to the State Finance Council. The 2011 Legislature, however, lapsed the \$8.5 million which had been previously appropriated for both FY 2012 and FY 2013. To date, not action has been taken to implement the new pay plans or the evaluation provisions of the pay plans.

Longevity Bonus Payments. For FY 2013, the Governor recommends the continuation of the current "temporary" longevity bonus payment program. The recommendation provides for a bonus of \$50 per year of service, with a 10-year minimum (\$500) and a 25-year maximum (\$1,250). The current statutory provisions of the longevity bonus payment are \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2013 payments is \$12.0 million, including \$4.9 million from the State General Fund. **For this agency, longevity payments total \$90,049, including \$36,931 from the State General Fund.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. A total of \$26.1 million, including \$22.2 million from the State General Fund, is included in the Governor's FY 2013 recommendations for KPERs adjustments. The FY 2013 rate for KPERs regular and school members will increase by 0.6 percent, from 8.77 percent to 9.37 percent, when compared to FY 2012. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

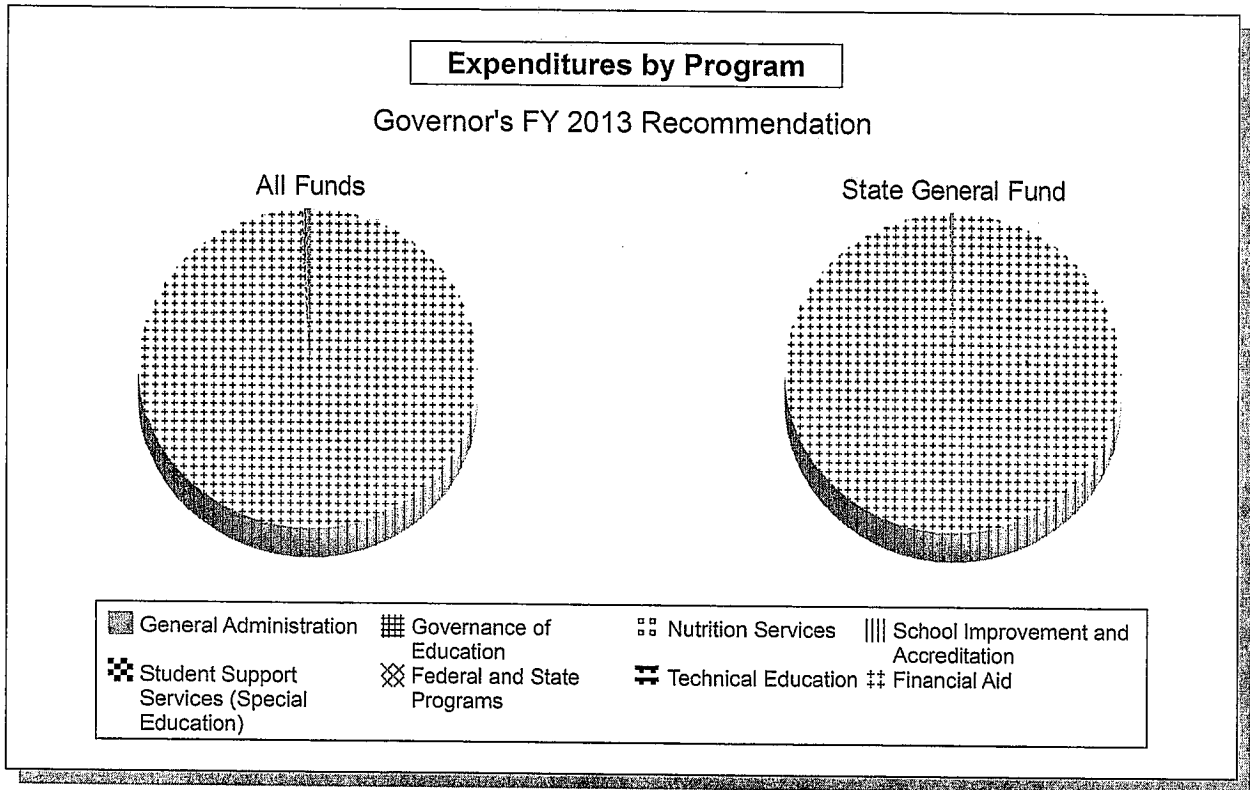
Voluntary Retirement Incentive Program. On August 2, 2011, a Voluntary Retirement Incentive Program was announced that provided incentives to eligible State of Kansas employees in the Executive Branch who elected to retire between August 2, 2011 and October 31, 2011. The intent was to provide incentives for employees to retire in order to generate salary and benefit savings in agency budgets. A total of 1,027 employees participated in the program. Employees were given two incentive options under the program. One was a one-time \$6,500 cash payment at the time of retirement that was not factored into final average salary for KPERs benefit calculations. This option was chosen by 214 employees. The second option, accepted by the other 813 employees, was a health insurance subsidy for up to 60 months of employee only coverage or up to 42 months for employee and dependent coverage. All coverage ceases once the former employee reaches 65 years of age. Agencies were advised they could refill only a portion of the positions vacated by the program. The refilled positions, however, were not to exceed 25.0 percent of the salaries of the vacant positions. Some exceptions were made to this limitation in order to ensure agencies continued to provide acceptable levels of service. After 651 selected positions (63.4 percent) were restored, 376.0 FTE positions (36.6 percent), and estimated savings of \$22.0 million, including \$6.6 million from the State General Fund, were deleted from agency budgets. **For this agency, 2.0 positions participated for a savings total \$101,112, including \$57,921 from the State General Fund. 1.0 FTE position was deleted.**

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2013	Gov. Rec. Percent of Total FY 2013
State General Fund	85.2%	82.9 %
All Other Funds	14.8	17.1
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2013	Percent of Total	Gov. Rec. SGF FY 2013	Percent of Total
General Administration	\$ 15,910,313	0.4 %	\$ 7,092,486	0.2 %
Governance of Education	384,098	0.0	384,098	0.0
Child Nutrition and Wellness	3,589,155	0.1	264,057	0.0
Standards and Assessment Services	8,896,895	0.2	2,142,501	0.1
Special Education Services	4,519,874	0.1	565,117	0.0
Title Programs and Services	6,080,581	0.2	196,138	0.0
Career and Technical Education	1,883,536	0.1	541,015	0.0
Financial Aid	3,624,956,839	98.9	3,026,903,236	99.6
TOTAL	\$ 3,666,221,291	100.0 %	\$ 3,038,088,648	100.0 %

FTE POSITIONS BY PROGRAM – FY 2011 - FY 2013					
Program	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
General Administration	100.5	93.5	90.0	93.5	89.0
Governance of Education	1.0	1.0	1.0	1.0	1.0
Child and Nutrition Services	20.0	18.9	18.9	18.9	18.9
Standards and Assessment	25.0	23.0	23.0	23.0	23.0
Special Education Services	27.0	21.5	21.5	21.5	21.5
Title Programs and Services	21.8	18.9	18.9	18.9	18.9
Career and Technical Education	15.0	15.0	15.0	15.0	15.0
Financial Aid	0.0	0.0	0.0	0.0	0.0
TOTAL	210.3	191.8	188.3	191.8	187.3

A. Agency Operating Budget

SUMMARY OF OPERATING EXPENDITURES FY 2011-FY 2013					
Item	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Expenditures:					
Salaries and Wages	\$ 17,103,072	\$ 18,997,626	\$ 18,911,904	\$ 19,524,563	\$ 19,064,928
Other Operating Expenditures	26,357,609	21,852,759	21,835,780	19,514,070	20,089,392
TOTAL	\$ 43,460,681	\$ 40,850,385	\$ 40,747,684	\$ 39,038,633	\$ 39,154,320

Important Issues in the Agency Operating Budget

The **agency** estimates a FY 2012 operating budget of \$40.9 million, including \$8.6 million from the State General Fund. Of the total amount, \$19.0 million is for salaries and wages. The estimate includes 191.8 FTE positions.

The **Governor** recommends a FY 2012 operating budget of \$40.7 million, including \$10.3 million from the State General Fund. The recommendation is an all funds decrease of \$102,521, or 1.0 percent, and a State General Fund decrease of the same amount below the agency revised FY 2012 operating budget.

The **agency** requests a FY 2013 operating budget of \$39.0 million, including \$8.7 million from the State General Fund. This is an all funds decrease of \$1.8 million, or 4.4 percent, below the revised FY 2012 estimate. It is a State General Fund increase of \$142,031, or 1.7 percent, above the revised FY 2012 estimate. The request includes 191.8 FTE positions.

The agency's FY 2013 operating budget includes five enhancement requests totaling \$533,201, including \$425,801 from the State General Fund, and 1.5 FTE positions. For more detail, please see the Enhancement Detail section. **Absent the enhancement request**, the agency operating budget request is \$38.0 million, including \$8.3 million from the State General Fund.

State Assessment Program. The agency operating budget includes expenditures budgeted for the development and administration of the state assessment program. The agency has included \$5.9 million, including \$1.1 million from the State General Fund, to fund the state assessment contract, including the development of new test items in partnership with the University of Kansas. The state assessment schedule requires reading, language arts, and mathematics to be tested every year from 3rd through 8th grade and one year between the 10th and 12th grade. Beginning in the 2007-2008 school year, science assessments were administered on a yearly basis in at least one grade in each of the following grade spans: 3rd-5th, 6th-9th; and 10th-12th.

Students with limited-English proficiency must be included in the academic assessments administered to other students. The purpose of the assessment is to produce individual student reports that will allow parents and educators to understand and address student's specific academic needs. The following chart identifies the grades in which the assessments are administered:

Kansas State Assessment Schedule				
	2011-2012 Assessments	2012-2013 Assessments	2013-2014 Assessments	2014-2015 Assessments
Reading	Every year in grades 3-8; once in high school (Grade 11)	Every year in grades 3-8; once in high school (Grade 11)	Every year in grades 3-8; once in high school (Grade 11)	Every year in grades 3-8; once in high school (Grade 11)
Mathematics	Every year in grades 3-8; once in high school (Grade 11)	Every year in grades 3-8; once in high school (Grade 11)	Every year in grades 3-8; once in high school (Grade 11)	Every year in grades 3-8; once in high school (Grade 11)
Science	Every year in grades 4 and 7; once in high school (Grade 11)	Every year in grades 4 and 7; once in high school (Grade 11)	Every year in grades 4 and 7; once in high school (Grade 11)	Every year in grades 4 and 7; once in high school (Grade 11)
Writing*		Grades 5 and 8; once in high school (Grade 11)		Grades 5 and 8; once in high school (Grade 11)
History/ Government*	Grades 6 and 8; once in high school (Grade 12)		Grades 6 and 8; once in high school (Grade 12)	

* Not a required testing area under the No Child Left Behind Act.

Kansas Learning Network. The Kansas Learning Network is an initiative designed to aid school districts struggling to meet Adequate Yearly Progress (AYP). Included in the agency FY 2012 operating budget is \$1.3 million, all from special revenue funds, for a contract with Cross and Jofus, LLC which assists in overseeing the Kansas Learning Network. For FY 2013, the agency anticipates expenditures of \$1.3 million, all from other funds, for the network. Cross

and Joftus assists KSDE by providing assistance to districts struggling to meet AYP. This is accomplished by increasing their capacity to raise student achievement and close gaps in student learning. Under the contract, Cross and Joftus provides an extensive needs assessment, a detailed data analysis report, network meetings, a district facilitator and 24 days per year of technical assistance around the needs assessment. Title I schools on improvement also receive an implementation coach. The KSDE anticipates as many as 34 local school districts and 46 Title I schools will be on improvement during the 2011-2012 school year.

The **Governor** recommends a FY 2013 operating budget of \$39.2 million, including \$11.2 million from the State General Fund. The recommendation is an all funds increase of \$115,687, or 0.3 percent, and a State General Fund increase of \$266,278, or 2.4 percent, above the agency FY 2013 operating budget request. The recommendation is an all funds decrease of \$1.6 million, or 3.9 percent, below the Governor's FY 2012 recommendation and a State General Fund increase of \$822,269, or 7.9 percent, above the Governor's FY 2012 recommendation.

**State Department of Education Aid and Other Assistance Programs from Selected Funds
FY 2011 (Actual) – FY 2013 (Governor's Recommendation)**

Program	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013*	Gov. Rec. FY 2013	Gov. Difference FYs 2012-13
State General Fund						
General State Aid	\$ 1,908,027,654	\$ 1,902,805,932	\$ 1,927,437,932	\$ 2,380,282,966	\$ 1,888,411,728	\$ (39,026,204)
Supplemental General State Aid	385,298,517	339,223,833	339,223,833	412,861,954	339,212,000	(11,833)
Special Education	388,982,076	428,140,397	428,140,397	449,515,981	427,717,630	(422,767)
Educable Deaf/Blind	108,660	110,000	110,000	110,000	110,000	0
Capital Outlay State Aid (Demand Transfer)	0	0	0	25,000,000	0	0
KPERS - School	267,349,270	344,667,168	366,383,168	353,811,628	332,095,628	(34,287,540)
Juvenile Detention Facilities	6,012,355	6,012,355	6,012,355	7,144,975	6,012,355	0
School Food Assistance Teaching Excellence Scholarship and Awards	2,435,171	2,487,458	2,487,458	3,480,875	2,510,486	23,028
Agriculture in the Classroom	24,500	66,694	66,694	350,000	0	(66,694)
Discretionary Grants	35,000	0	0	0	0	0
Mentor Teacher Grants	653,497	322,457	322,457	322,457	322,457	0
Professional Development	1,417,423	0	0	3,000,000	1,100,000	1,100,000
TOTAL - State General Fund	0	0	0	8,500,000	0	0
St. Sch. Dist. Finance Fund	\$ 2,960,344,123	\$ 3,023,836,294	\$ 3,070,184,294	\$ 3,644,380,836	\$ 2,997,492,284	\$ (72,692,010)
Cap. Imp. State Aid (Revenue Transfer) **	\$ 50,578,231	\$ 51,000,000	\$ 49,000,000	\$ 51,000,000	\$ 49,000,000	\$ 0
Cap. Imp. State Aid (Revenue Transfer) **	\$ 96,141,155	\$ 104,825,000	\$ 104,825,000	\$ 107,500,000	\$ 107,500,000	\$ 2,675,000

* When applicable, the November 2011 consensus estimates have been used.

** Capital Improvement State Aid was changed from a demand transfer in FY 2003. 2006 SB 549 reverted it back to a demand transfer in FY 2008, however, the 2007 Legislature continued the program as a revenue transfer for FY 2008 and FY 2009.

**State Department of Education Aid and Other Assistance Programs from Selected Funds
FY 2011 (Actual) – FY 2013 (Governor's Recommendation)**

Program	Actual FY 2011	Agency Est. FY 2011	Gov. Rec. FY 2011	Agency Req. FY 2012*	Gov. Rec. FY 2012	Gov. Difference FYs 2011-12
Children's Initiatives Fund						
Kansas Optometric Vision Study	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Parent Education (Parents As Teachers)	7,359,130	7,237,635	7,237,635	7,567,000	5,023,541	(2,214,094)
Kansas Pre-School Program (Pre-K Pilot)	4,880,000	4,799,812	4,799,812	4,799,812	3,323,750	(1,476,062)
TOTAL – Children's Initiatives Fund	\$ 12,621,357	\$ 12,037,447	\$ 12,037,447	\$ 12,366,812	\$ 8,347,291	\$ (3,690,156)
GRAND TOTAL SELECTED FUNDS	\$ 3,119,684,866	\$ 3,191,698,741	\$ 3,236,046,741	\$ 3,891,747,648	\$ 3,162,339,575	\$ (73,707,166)

* When applicable, the November 2011 consensus estimates have been used.

** Capital Improvement State Aid was changed from a demand transfer to a revenue transfer in FY 2003. 2006 SB 549 reverted it back to a demand transfer in FY 2008; however, the 2007 Legislature continued the program as a revenue transfer for FY 2008 and FY 2009.

Important Issues in Aid and Other Assistance

General State Aid (based on November 2011 School Finance Consensus Estimates).

The 2006 Legislature increased BSAPP from \$4,316 to \$4,374 in FY 2008 and to \$4,433 in FY 2009. In FY 2010, the BSAPP was \$4,218, including the Governor's July 2009 allotment. The BSAPP was further reduced to \$4,012 after the Governor's November 2009 allotment. This is the same as the amount approved by the 2010 Legislature. The 2011 Legislature approved a BSAPP of \$3,780 for the 2011-2012 school year.

- **FY 2012.** The consensus estimate for General State Aid in FY 2012 is \$1.9 billion, all from the State General Fund. The estimate is an increase of \$24.7 million, or 1.3 percent, above the approved amount. The increase is due to an increase in weighted FTE enrollment of approximately 7,958 students, including special education, and an increase in the number of students eligible for free lunch. For the 2010-2011 school year there were 179,254 students eligible for free lunch. For the 2011-2012 school year, the estimate is 187,397, an increase of 8,143 students or 4.5 percent. Overall, 41.0 percent of all students in Kansas are eligible for free lunch.
- **FY 2013.** The consensus estimate for General State Aid for FY 2013 is \$1.9 billion, all from the State General Fund. The estimate is a decrease of \$10.1 million, or 0.5 percent, below the FY 2012 consensus estimate. The estimate is based on a Base State Aid Per Pupil of \$3,780, the same as the FY 2012 approved amount.

Staff Note: Prior to the November 2011 School Finance Consensus Estimates, the agency submitted an enhancement request for an additional \$477.5 million, all from the State General Fund, for General State Aid to fund the BSAPP at \$4,492, as provided under current law. See the Enhancement Detail section for more information.

The **Governor** concurs with the November 2011 consensus estimates for FY 2012 and FY 2013. The recommendation includes the addition of \$24.6 million, all from the State General Fund, in FY 2012 and \$14.5 million, all from the State General Fund, for FY 2013 to fund the BSAPP at \$3,780 in both years.

Supplemental General State Aid (based on November 2011 School Finance Consensus Estimates). The 2006 Legislature increased the Local Option Budget (LOB) maximum authorization from 30.0 percent to 31.0 percent in FY 2008 and thereafter. The Legislature also increased the amount of state aid that can be paid to school districts by raising the percentile at which the LOB levy is equalized from the 75.0 percentile to the 81.2 percentile.

The 2007 Legislature increased the LOB authority in FY 2008 and thereafter, from 31.0 percent to 32.0 percent, in the appropriations bill (2007 House Bill 2368) during the regular session. Subsequently, during the Omnibus session, the Legislature passed 2007 Senate Bill 68, which maintained the LOB authority at 31.0 percent. The Legislature did not resolve the conflict in the LOB authority cap prior to adjourning the 2007 Session. In June 2007, the Attorney General issued an opinion that the 1.0 percent LOB increase in the 2007 appropriations bill violated Article 2, Section 16 of the Kansas Constitution, which prohibits a bill from containing more than one subject. However, since the appropriations bill contained a severability provision, the Attorney General indicated that the LOB increase language could be excised without affecting the remaining provisions in the bill. Supplemental General State Aid was funded at \$339.2 million, all from the State General Fund, in FY 2010 and FY 2012, and \$338.7 million in FY 2011. In addition, in FY 2010 the state received \$85.9 million in federal State Fiscal Stabilization Funds and utilized these funds for Supplemental General State Aid.

- **FY 2012.** The consensus estimate for Supplemental General State Aid in FY 2012 is \$395.5 million, all from the State General Fund. The estimate is an increase of \$56.2 million, or 16.6 percent, above the approved amount.
- **FY 2013.** The consensus estimate for supplemental state aid in FY 2013 is \$398.8 million, all from the State General Fund. The request is an increase of \$3.3 million, or 0.8 percent, above the FY 2012 consensus estimate.

Staff Note: Prior to the November 2011 School Finance Consensus Estimates, the agency submitted an enhancement request of \$73.6 million, all from the State General Fund, for FY 2013. During the 2009 Session, 2006 Senate Bill 84 was enacted. The legislation allows for Supplemental General State Aid to be computed using the higher BSAPP amount of \$4,433 while the actual BSAPP approved by the 2009 Legislature was \$4,280 and the BSAPP approved by the 2010 Legislature is \$4,012. This request computes Supplemental General State Aid at the statutory BSAPP of \$4,492 as approved under KSA 72-6410. If the FY 2013 consensus estimate for Supplemental General State Aid is funded, the agency will not need this enhancement request. See the Enhancement Detail section for more information.

The **Governor** recommends FY 2012 and FY 2013 expenditures of \$339.2 million, all from the State General Fund. This is a decrease of \$56.3 million, or 16.6 percent, below the FY 2012 consensus estimate. The recommendation funds Supplemental General State Aid at the 2011 approved amount which results in state aid payments being pro-rated at 83.0 percent. For FY 2013, the recommendation is a decrease of \$59.5 million, all from the State General Fund, or 17.6 percent, below the FY 2013 consensus estimate. The decrease results in state aid payments being pro-rated at 82.0 percent for FY 2013.

Declining Enrollment State Aid. The 2005 Legislature created a new declining enrollment weighting that allows any school district that is at its maximum LOB and has declined in enrollment from the prior year to seek approval from the State Court of Tax Appeals to make a levy for up to two years, capped at 5.0 percent of the district's general fund budget. The levy is equalized up to the 75th percentile. The Legislature did not fund Declining Enrollment State Aid for FY 2010, FY 2011 or FY 2012.

- **FY 2012 and FY 2013.** The **agency** did not request expenditures in declining enrollment state aid for FY 2012 or FY 2013.

The **Governor** did not recommend funding for declining enrollment state aid for FY 2012 or FY 2013.

Special Education (based on November 2011 School Finance Consensus Estimates).

The 2005 Legislature increased the level of special education excess costs funding from 81.7 percent to 89.3 percent in FY 2006 and to 92.0 percent in FY 2007 and thereafter. The FY 2012 and FY 2013 consensus estimate reflects the statutory level of funding excess costs at 92.0 percent.

- **FY 2012.** The consensus estimate for special education in FY 2012 is \$437.9 million, all from the State General Fund. The estimate is an increase of \$9.7 million, or 2.3 percent, above the 2012 approved amount and would fund special education at 92.0 percent of excess costs. Revised estimates made in November indicate that the amount approved will fund 90.0 percent of excess costs, instead of the statutory level of 92.0 percent. The increase in the revised estimate is attributable to an anticipated increase of 25 special education teachers and higher teacher salaries due to a 1.0 percent increase.

- **FY 2013.** The consensus estimate for special education for FY 2013 is \$446.5 million, all from the State General Fund. The request is an increase of \$8.7 million, or 2.0 percent, above the revised FY 2012 estimate. The increase estimates 25 additional special education teachers and a 1.0 percent increase in special education teacher salaries.

The **Governor** concurs with the FY 2012 consensus estimate for special education. For FY 2013, the Governor recommends \$427.7 million, all from the State General Fund. The recommendation is a decrease of \$18.8 million, or 4.2 percent, below the FY 2013 consensus estimate. This funds special education excess costs at 88.1 percent.

Special Education Excess Costs (in thousands)

Special Education	FY 2011 Actual	Consensus Estimate FY 2012	Difference Approved/ Est. 2012	Consensus Estimate FY 2013
Estimated Expenditures	\$ 773,590	\$ 782,889	\$ 9,299	\$ 792,297
Excess Cost Computation:				
Regular Education Costs	(176,959)	(176,959)	0	(176,959)
Federal Aid	(104,700)	(104,700)	0	(104,700)
Medicaid Reimbursement	(25,000)	(25,000)	0	(25,000)
SRS Administration Costs	(300)	(300)	0	(300)
Subtotal - Deductions	\$ (306,959)	\$ (306,959)	\$ 0	\$ (306,959)
Total Excess Costs	\$ 466,631	\$ 475,930	\$ 9,299	\$ 485,338
Excess Costs Required by Law	92.0%	92.0%		92.0%
State Appropriation	\$ 428,140	\$ 437,856	\$ 8,654	\$ 446,510

Staff Note: Prior to the November 2011 School Finance Consensus Estimates, the agency submitted an enhancement request of \$21.8 million, all from the State General Fund, for FY 2013. If the FY 2013 consensus estimate for special education aid is funded, the agency will not need this enhancement request. See the Enhancement Detail section for more information.

Educable Deaf/Blind Aid. Funding for the Educable Deaf/Blind Program is used to supplement other special education funding. Approval for this funding is granted when costs for educational technology, equipment, services, consultation, or evaluation exceed the amount school districts are able to provide out of federal, state, and local funds. Expenditures are primarily for assistive technology, adaptive equipment and evaluation. In FY 2011, a total of 69 students in 20 school districts or cooperatives received services that were funded through the program.

- **FY 2012 and FY 2013.** The agency requested expenditures of \$110,000, all from the State General Fund, for the Educable Deaf/Blind Program in FY 2012 and FY 2013. The agency's estimate for both fiscal years is the same as the FY 2010 approved amount.

The **Governor** concurs with the FY 2012 and FY 2013 request.

Capital Outlay State Aid (based on November 2011 School Finance Consensus Estimates). Since 1999, there has not been a limit on school district capital outlay property tax levies nor has the state ever provided Capital Outlay State Aid. Because the Kansas Supreme Court was critical of school district reliance on property tax programs that are not equalized by state aid, the 2005 Legislature put a limit of 8 mills on the levy that districts may make and created a new state aid program under which state aid is distributed to school districts in the same manner as Capital Improvement State Aid. The 2006 Legislature clarified that funding for this program is a demand transfer from the State General Fund to the School District Capital Outlay State Aid Fund. The 2009 Legislature eliminated Capital Outlay State Aid for FY 2010. The 2010 Legislature eliminated Capital Outlay State Aid for FY 2011.

- **FY 2012.** The FY 2012 consensus estimate does not include funding for Capital Outlay State Aid.
- **FY 2013.** The FY 2013 consensus estimate does not include funding for Capital Outlay State Aid.

Staff Note: Prior to the November 2011 School Finance Consensus Estimates, the agency submitted an enhancement request of \$25.0 million, all from the State General Fund, for FY 2013. See the Enhancement Detail section for more information.

The **Governor** concurs with the consensus estimate and does not recommend funding for Capital Outlay State Aid in FY 2012 or FY 2013.

Parent Education Program (Parents As Teachers). The Parent Education Program provides aid to school districts that offer programs for expectant parents and parents of children less than three years old. School districts are required to provide a 65.0 percent match for state aid. Prior to FY 2007, funding for the Parent Education Program came from the State General Fund and the Children's Initiatives Fund. However, because of a shortfall in tobacco payments to Kansas, the 2006 Legislature shifted funding from the Children's Initiatives Fund for the program to the State General Fund beginning in FY 2007. Funding was shifted back to the Children's Initiatives Fund by the 2009 Legislature. In FY 2011, 14,053 families and 14,476 children were served by the program. According to the agency, between FY 2009 and FY 2012, as budget reductions have been imposed on school districts, the local match for this program has dropped from \$5.8 million to \$5.0 million.

- **FY 2012.** The **agency** estimates expenditures of \$7.2 million, all from the Children's Initiatives Fund, for the Parent Education Program in FY 2012. It is estimated that with this funding 12,900 families and 14,000 children will be served through the program.
- **FY 2013.** The **agency** requests expenditures of \$7.6 million, all from the Children's Initiatives Fund, for the Parent Education Program for FY 2013. The request includes an enhancement request of \$2.5 million, all from the Children's Initiatives Fund, for the Parents as Teachers program. It is estimated that with this funding 15,150 families and 19,250 children will be served through the program. Absent the enhancement, the funding is estimated to serve 8,725 families and 9,520 children.

The **Governor** recommends expenditures of \$7.2 million in FY 2012 and \$5.0 million for FY 2013, all from the Children's Initiatives Fund, for the Parents As Teachers program. This is a decrease of \$2.6 million, or 36.1 percent, below the agency request. The decrease is due to the anticipation of reduced revenues in the Children's Initiatives Fund for FY 2013.

KPERS-School (based on November 2011 School Finance Consensus Estimates).

Under K.S.A. 74-4934, the state pays the employers' contribution for school members, including community college, area vocational school, and technical college members of the Kansas Public Employees Retirement System. The payment is a contractual obligation that must be paid. Beginning in FY 2005, KPERS school employer contributions paid by the state were distributed by the agency to the individual school districts, deposited into special school district funds, and then paid to KPERS as an expenditure of the school districts. Prior to that time, KPERS-School expenditures were not reflected as expenditures of local school districts, which understated local expenditures for elementary and secondary education. The 2011 Legislature deleted \$69.2 million, all from the State General Fund, to delay the April 15th KPERS-School payment in FY 2011 to FY 2012. The funding was added back in FY 2012.

- **FY 2012.** The FY 2012 consensus estimate is \$344.7 million, which is a decrease of \$14.6 million, below the FY 2012 approved amount.
- **FY 2013.** The FY 2013 consensus estimate is \$353.8 million, an increase of \$9.1 million, or 2.7 percent, above the revised FY 2012 estimate.

The **Governor** recommends FY 2012 expenditures of \$366.4 million, all from the State General Fund, for KPERS-School in FY 2012. This is a State General Fund increase of \$21.7 million, or 6.3 percent, above the November 2011 consensus estimate. The Governor's recommendation accelerated the KPERS-School employer contribution payment that was shifted from FY 2012 to FY 2013 during the 2011 Legislative Session to FY 2012. The Governor recommends FY 2013 KPERS-School expenditures of \$332.1 million, all from the State General Fund. This is a decrease of \$21.7 million, all from the State General Fund, or 6.5 percent, below the FY 2013 consensus estimate. The decrease corresponds with the acceleration of the FY 2013 payment to FY 2012. The FY 2013 recommendation reduced the appropriation accordingly.

School Food Assistance Program. Funding for this program is the required state match to receive approximately \$97.0 million in national school lunch funds from the U.S. Department of Agriculture. KSA 72-5112 states that "each board shall be entitled to receive from appropriations from the State General Fund, six cents for each type-A meal served under an approved school lunch program." In FY 2010, schools were reimbursed four cents per meal.

- **FY 2012.** The **agency** estimates expenditures of \$2.5 million, all from the State General Fund, for the School Food Assistance program in FY 2012. The agency's revised estimate is the same as the FY 2012 approved amount.
- **FY 2013.** The **agency** requests \$3.5 million, all from the State General Fund, for the School Food Assistance program for FY 2013. This is an increase of \$993,417 million, or 4.0 percent, above the revised FY 2012 estimate. The increase is the result of the agency's enhancement request for an additional \$993,417 million, all from the State General Fund, to increase the amount the state reimburses per meal to six cents.

Governor's Teaching Excellence Scholarships and Awards. Teachers who want to become certified by the National Board for Professional Teaching Standards participate in a two-year program offered by the Jones Institute for Educational Excellence at Emporia State University. There is a \$2,500 fee for each teacher, of which the state pays \$1,100 in the form of a scholarship. There is a \$1,150 fee for the re-certification program, of which the state pays \$500 in the form of a scholarship of for teachers who are participating. Teachers who attain National Board certification are issued a master teacher's certificate by the State Board of Education which is valid for ten years. By statute, National Board certified teachers are paid annual awards or bonuses of \$1,000

as long as they remain employed by a school district and their certificates remain valid. The bonus is paid by the school district, which is reimbursed by the state.

- **FY 2012.** The **agency** estimates expenditures of \$66,694, all from the State General Fund, for the Governor's Teaching Excellence Scholarships and Awards program in FY 2012.
- **FY 2013.** The **agency** requests \$350,000, all from the State General Fund, for the Governor's Teaching Excellence Scholarships and Awards program for FY 2013. The request is an increase of \$283,306, all from the State General Fund, or 424.0 percent above the revised FY 2012 estimate. The increase is due to an enhancement to fully fund the program under current law.

Staff Note: Please see the Enhancement Detail section for more information.

The **Governor** concurs with the revised FY 2012 estimate but does not recommend funding for the program for FY 2013.

Agriculture in the Classroom. State funding is provided to the Kansas Foundation for Agriculture in the Classroom, a non-profit corporation formed in 1983 to serve as a link between agriculture and education in Kansas. The Foundation collaborates with Kansas State, Wichita State, and Fort Hays State Universities to offer summer courses for teachers to receive continuing education credits in education and agriculture. The Foundation pays the tuition for teachers and also sponsors a booth and mini-course during the Kansas State Fair to educate students and adults about agriculture. Funding from the state is matched at 40.0 percent from private funds.

- **FY 2012 and FY 2013.** The **agency** did not request any funding for the Ag in the Classroom program for FY 2012 or FY 2013.

The **Governor** does not recommend funding for the program in FY 2012 or FY 2013.

The following are previously funded programs and the FY 2012 and FY 2013 allocations for the Discretionary Grants program:

Environmental Education. The Kansas Association for Conservation and Environmental Education (KACEE) provides workshops and environmental education resources for pre-service and in-service teacher professional development. The program integrates the environment to more effectively teach mathematics, science, social studies, reading, and writing. State funds provided to the program are matched on a dollar-for-dollar basis with private funds.

- For FY 2012 and FY 2013, the **agency** does not request any expenditures for the annual grant awarded to the KACEE. The 2009 and 2010 Legislature deleted this funding from the agency's budget in order to achieve budget savings.

Communities in Schools. In the past, the Communities in Schools program served more than 20,000 children in 83 schools. Site coordinators on school campuses work directly with students who are most likely to fail academically and drop out of school. The program matches children and families in need of services with existing community resources, such as tutoring, mentoring, health, social, and family services. In addition to funding from discretionary grants, the program receives funding from a \$50,000 transfer from the Family and Children Investment Fund within the Department of Social Rehabilitation Services.

- For FY 2012 and FY 2013, the **agency** does not request any funding for the program. Funding for the program within the Department of Education was deleted by the 2011 Legislature.

Kansas Teacher of the Year. Funding for this program is used to pay for a substitute teacher to replace the person selected as Kansas Teacher of the Year as they perform their duties. According to the agency, the Teacher of the Year has a heavy schedule of conferences, presentations, and other responsibilities so the teacher is away from the classroom.

- For FY 2012 and FY 2013, the **agency** requests \$9,957 all from the State General Fund, for this program. This is the same as the FY 2012 approved amount.

Staff Note: Budgeted expenditures for this program are included in the agency's operating budget and not the aid and other assistance programs budget.

Kansas History Teaching Materials. The State Historical Society, in cooperation with the Department of Education, is preparing teaching materials that will be aligned with social studies standards adopted by the State Board of Education. Funds would be used to create short, five-minute video clips on Kansas history topics and would use primary sources from the Historical Society's collections. In the past, funding has been utilized to develop a Kansas history textbook, thematic workbooks, Read Kansas! cards, and other teaching materials.

- For FY 2012 and FY 2013, the **agency** did not request any funding for the grant to the Kansas Historical Society. The 2009 and 2010 Legislature deleted this funding from the agency's budget in order to achieve budget savings. The program has not received any funding since FY 2010.

Discretionary Grants Program. The Discretionary Grants program began in FY 2004 with an appropriation of \$130,000 from the State General Fund. The program currently funds two after-school programs as well as two programs selected by the Department of Education. Under the program, funding is given to the State Board of Education, which awards grants to programs that it considers meritorious. The 2005 Legislature increased funding for this program by \$375,000 for after school enhancement programs, of which at least half of the new money (\$187,500) has to be used for existing private after school programs that target low income, at-risk children. The 2007 Legislature increased funding for this program by \$400,000 for after school programs for middle school students. As a result of the Governor's July 2009 allotment, funding for the after school programs for middle school students was reduced \$250,000. The 2009 Legislature deleted an additional \$85,000, all from the State General Fund, for environmental education and Kansas history teaching materials.

- **FY 2012.** The **agency** estimates expenditures of \$322,457, all from the State General Fund, for the program. The agency's current year revised estimate is the same as the approved amount.
- **FY 2013.** The **agency** requests \$322,457, all from the State General Fund, for the program for FY 2013. This is the same as the revised FY 2012 estimate.

After School Programs. By proviso, the 2005 Legislature approved \$375,000, all from the State General Fund, for after school programs. The Legislature specified that at least \$187,500 must be awarded to existing after school programs that target low income, at-risk children that are not part of any unified school district or any other state agency or political subdivision of the state. These programs must be independent of any school district and may not receive any state or federal childcare subsidies. The remaining money is to be awarded to after school programs which may be part of a school district. Approved programs must expand learning opportunities designed to help students meet or exceed state and local standards in core academic subjects, as well as

fine arts, fitness and health, and other needed areas. In addition, programs must primarily serve students from schools with a population of at least 40.0 percent free lunch students and provide a dollar-for-dollar local match. Maximum awards may not exceed \$25,000. The agency anticipates it will award 16 grants in FY 2012.

- For FY 2011 and FY 2012, the **agency** requests \$187,500, all from the State General Fund, for this program. This is the same as the 2011 approved amount.

After School Programs for Middle School Students. By proviso, the 2007 Legislature approved \$400,000, all from the State General Fund, to fund after school programs for middle school students in FY 2008 with the requirements that: (1) the programs must operate a minimum of two hours a day, every day school is in session, and a minimum of six hours a day, 5 days a week, for a minimum of five weeks during the summer; (2) the programs provide a dollar-for-dollar local match and awards cannot exceed \$25,000 per grant; and (3) the KSDE report on the outcomes of the programs to the House Appropriations Committee and Senate Ways and Means Committee during the 2008 Session.

- For FY 2012 and FY 2013, the **agency** requests expenditures of \$125,000, all from the State General Fund, which is the same as the FY 2012 approved amount.

The **Governor** concurs with the revised FY 2012 estimate and FY 2013 request.

Mentor Teacher Program Grant. The Mentor Teacher Program Grant was created statutorily in 2000 but did not receive funding until FY 2002, after which funding was eliminated until FY 2006. The program provides stipends of \$1,000 to experienced teachers who mentor teachers in their probationary period. Mentor teachers must have at least three consecutive school years of employment in the district, been selected by the school board as having demonstrated exemplary teaching ability, and completed training provided by the district in accordance with criteria established by the State Board of Education. Prior to the 2007 Session, the Legislature had provided only enough funding to support mentor teachers during their mentee's first year of teaching. The 2007 Legislature appropriated \$500,000, all from the State General Fund, to provide \$500 to mentor teachers supporting new teachers during their second year of teaching in FY 2008.

- **FY 2012.** The **agency** does not estimate expenditures for the program. The program was eliminated by the 2011 Legislature.
- **FY 2013.** The **agency** requests \$3.0 million, all from the State General Fund, for the Mentor Teacher Program in FY 2013 to provide mentor teachers \$1,000 per year to support new teachers during their entire three-year probationary period, as set forth in current law. The agency's request is an increase of \$3.0 million above the revised FY 2012 estimate. The increase is attributable to the agency's enhancement request, all from the State General Fund, to provide mentor teachers with \$1,000 to support approximately 950 second year teachers, and another \$1,000 to support approximately 800 third year teachers.

The **Governor** does not recommend funding for the program in FY 2012 and recommends partial funding of \$1.1 million, all from the State General Fund. This is a State General Fund decrease of \$1.9 million, or 63.3 percent, below the agency's FY 2013 request.

Professional Development. School districts are mandated to offer programs and workshops providing professional development for teachers and administrators. State aid is limited to one half of 1.0 percent of an individual school's general fund budget.

- **FY 2012.** The **agency** does not estimate any expenditures for professional development in FY 2012. For FY 2010, 2011 and 2012, the Legislature did not appropriate any funds for professional development to achieve budget savings.
- **FY 2013.** The **agency** requests \$8.5 million, all from the State General Fund, for professional development state aid in FY 2013. The request is an increase of \$8.5 million above the revised FY 2012 estimate. The increase is the result of the agency's enhancement request of \$8.5 million, all from the State General Fund, to fully fund professional development state aid under state law. For FY 2013, the agency estimates statewide professional development expenditures eligible for state aid will total \$17.0 million. Based on current law, state aid would then be \$8.5 million. It is anticipated that 306 districts would participate in the program in FY 2013.

The **Governor** does not recommend funding for this program in FY 2012 or FY 2013.

State School District Finance Fund. Money deposited into the State School District Finance Fund is collected from local school districts whose 20 mil general fund property tax collections exceed their legal budget authority. These funds are redistributed to other school districts, which reduces the state appropriations required for General State Aid. Property taxes levied by school districts for the ancillary school facilities weighting are also deposited into this fund.

- **FY 2012 and FY 2013.** The **agency** estimates expenditures totaling \$51.0 million, all from the State School District Finance Fund, in FY 2012 and FY 2013.

The **Governor** recommends expenditures of \$49.0 million, all from the State School District Finance Fund, in FY 2012 and FY 2013. This is a decrease of \$2.0 million, or 3.9 percent, below the estimate. During the November 2011 consensus estimates, the the amount available in the fund was reduced due to a reduction in property tax receipts.

Capital Improvement State Aid (based on November 2011 School Finance Consensus Estimates). In 1992, the Legislature began providing school districts Capital Improvement State Aid to help them pay their bond and interest payments. General obligation bonds that are passed by school districts for construction, remodeling, and major equipment purchases are eligible. The amount paid to each school district is based on its assessed valuation per pupil compared to the state median assessed valuation per pupil. The amount of aid payments is different for those bonds issued prior to July 1, 1992, and those issued after this date. The amount of state aid is paid at a higher bond rate for those bonds issued after July 1992. The 2002 Legislature changed the funding for the program from a demand transfer to a revenue transfer from the State General Fund to the School District Capital Improvements Fund, beginning in FY 2003. The 2006 Legislature continued the program as a revenue transfer for FY 2006 and FY 2007 and provided that beginning in FY 2008, funding for the program would return to a demand transfer. However, the 2007 Legislature continued the program as a revenue transfer in FY 2008 and FY 2009 and it continues as a revenue transfer.

- **FY 2012.** The consensus estimate for FY 2012 is \$104.8 million for Capital Improvement State Aid. This is an increase of 4.8 million, or 4.8 percent, above the FY 2012 approved amount
- **FY 2013.** The consensus estimate for FY 2013 is \$107.5 million for Capital Improvement State Aid. This estimate is an increase of \$2.3 million, or 2.2 percent, above the revised FY 2012 estimate.

The **Governor** concurs with the consensus estimates in FY 2012 and FY 2013.

Kansas Preschool Program. In 2008, the Kansas Preschool program, formerly known as the Pre-K Pilot program, was transferred from the Department of Social and Rehabilitation Services to the Department of Education. There are currently 12 sites across the state in 14 counties providing early childhood education services to approximately 1,500 four-year-old children. Approximately half of the students are served in public schools with the remaining students served in child care and Head Start programs. The program ensures that students enter kindergarten ready to succeed. Specific program requirements based upon the National Institute of Early Education Research (NIEER) program standards are used to ensure high-quality programs.

- **FY 2012 and FY 2013.** The **agency** budgeted expenditures of \$4.8 million, all from the Children's Initiatives Fund, for the Kansas Preschool program in FY 2012 and FY 2013.

The **Governor** concurs with the agency estimate in FY 2012 and recommends expenditures of \$3.3 million, all from the Children's Initiatives Fund, for FY 2013. The recommendation is a decrease of \$1.5 million, or 45.0 percent, below the agency request. The decrease is due to the anticipation of reduced revenues in the Children's Initiatives Fund for FY 2013.

Career and Technical Education. Under the Governor's proposed school finance plan, the current weighting of .05 for technical education from the current school finance formula would no longer be used to calculate career and technical education funding. Funding would be distributed to school districts based on enrollment in technical programs for the 2012-2013 school year. An additional amount of funding would be provided to the Kansas Board of Regents to pay tuition for all high school students enrolled in a career and technical education course or program offered by a community college or technical college. Funding would also be provided to the Regents for state tiered technical aid for these programs. All credit hours for secondary students enrolled in postsecondary technical education programs are eligible for tiered state aid. Under the proposal, students enrolled in such postsecondary programs could count those courses toward both high school and postsecondary credit. If a program is offered by a postsecondary institution, is duplicative of the school district program, and located within 30 miles of the district, the district would not be eligible to receive funding for students participating in the district's program. It would be the role of the Kansas State Board of Education to review the programs at the district and postsecondary level to determine if the program at the district is duplicative. If the postsecondary institution does not have the capacity for the district students, these limitations may be waived. In addition, high schools are who have students participating in the program are eligible to receive an aware of \$1,000 for each student who receives an industry recognized credential in certain occupations identified by the Kansas Department of Labor, with special attention provided to certification in the area of agriculture.

The **Governor** recommends deleting \$28.9 million, all from the State General Fund, for FY 2013 and adding the same amount for technical grants to school districts. In addition, the Governor recommends additional funding of \$500,000, all from the State General Fund, for transportation costs associated with transporting students in the new program and \$50,000, all from the State General Fund, for program promotion.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2011	Actual FY 2011	Gov. Rec. FY 2012	Gov. Rec. FY 2013
Number of School Finance Print Outs Prepared	149	149	170	170
Number of USD field audits completed	289	293	289	286
Number of budget workshops offered	7	7	7	7
Student graduation rate	90.0%	90.0%	90.0%	90.0%
Number of Body Venture sites visited	N/A	87	90	90
Number of participating schools in the Fresh Fruit and Vegetable Program	N/A	116	168	170
Number of meals and snacks served	102,311,425	100,537,231	104,892,024	106,986,230
Average student scores on ACT:				
Kansas composite	21.9	22.0	21.9	21.9
National composite	21.0	21.1	21.0	21.2
Percent of students scoring at the "meets standard" or higher level on the Kansas assessments:				
Reading - Grades K-8	85.8%	87.8%	87.0%	86.2%
Reading - Grades 9-12	86.6%	88.6%	88.0%	87.2%
Math - Grades K-8	83.5%	85.9%	85.0%	84.2%
Math - Grades 9-12	80.5%	82.6%	81.6%	81.0%
Percent of economically disadvantaged students scoring at "meeting standard" and "academic warning" levels on Kansas reading assessment (K-8)	23.7%	19.3%	20.3%	20.8%
Percent of disabled students scoring at "meets standard" level or higher on Kansas assessment:				
Reading - Grades K-12	73.0%	73.0%	76.0%	78.0%
Math - Grades K-12	70.0%	70.0%	71.0%	72.0%
Number of parents participating in Parents as Teachers	15,200	14,053	12,900	8,725
Percent of English language learners scoring at "meets standard" level or higher on Kansas assessments:				
Reading - Grades K-12	68.0%	75.0%	75.0%	75.0%
Math - Grades K-12	65.0%	72.0%	75.0%	75.0%
On-site technical assistance	535	535	540	545
Number of days staff provided with professional development activities	160	N/A	N/A	N/A
Number of students in career and technical education organizations in Kansas	N/A	22,242	23,015	23,015
Base State Aid Per Pupil	3,937	3,937	3,780	3,780
Weighted FTE Enrollment	666,000	666,000	674,000	674,000
Usage of LOB authority by local districts	90.2%	95.5%	94.1%	94.1%
Assessed valuation growth	2.5%	2.1%	2.1%	3.1%