

February 16, 2011

The Honorable Clay Aurand, Chairperson  
House Committee on Education  
Statehouse, Room 174-W  
Topeka, Kansas 66612

Dear Representative Aurand:

**SUBJECT:** Fiscal Note for HB 2269 by House Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2269 is respectfully submitted to your committee.

HB 2269, would create a new state aid program for K-12 schools. The bill would allow the board of each school district to levy an ad valorem tax on the taxable tangible property of the district during the school year 2011-2012. This tax would be used to (1) finance the "school district foundation obligation," which is the portion of a district's general fund budget that is not financed from any other source; (2) pay a portion of the costs of operating and maintaining public schools in the district; and (3) pay a portion of the principal and interest on redevelopment district bonds in the district. The tax would be levied at a rate that would generate revenue equal to 10.0 percent of the product obtained by multiplying base state aid per pupil (BSAPP) by the adjusted enrollment of a district. Proceeds from this tax would be deposited in the general fund of a district, except the proceeds needed to pay the bond principal and interest. School districts would be prohibited from applying to the Court of Tax Appeals to increase a levy when it is apparent that sufficient funds cannot be raised to finance the budgeted expenditures.

Each district would be eligible for state aid for this new levy in the same manner that school districts currently receive supplemental general state aid, for the local option budget. If the amount of appropriation is less than the amount each district is entitled to receive for a school year, the State Board of Education would prorate the aid among the districts in proportion to the amount each district is entitled to receive.

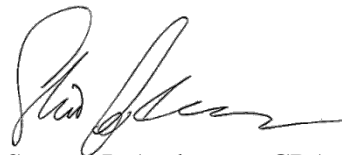
The bill would change the definition of "state financial aid" to be 90.0 percent of the product obtained by multiplying the BSAPP by the adjusted enrollment of a district rather than 100.0 percent. The school facilities weighting would be assigned to the enrollment of a district only if the district has adopted a local option budget in an amount equal to at least 17.0 percent of the sum obtained by adding the amount of state financial aid of the district and the amount of the school district foundation obligation for the current school year.

When calculating the “state prescribed percentage” for the local option budget, HB 2269 would change current law from 31.0 percent of the state financial aid to the district to 18.0 percent of the “foundation funding,” which is defined as the state-level foundation obligation plus the school district foundation obligation. Any resolution authorizing the adoption of a local option budget in excess of 17.0 percent of the foundation funding could not take effect unless the resolution has been submitted to and approved by a majority of qualified electors. If a school district adopted a resolution authorizing the adoption of a local option budget in excess of 30.0 percent of the state financial aid of the district and was approved by a majority of the qualified electors, the district may adopt a local option budget in excess of 17.0 percent of the foundation funding without submitting the resolution to an election. The bill would prohibit a district from adopting a resolution for a local option budget in excess of 18.0 percent of the foundation funding in either case.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--\$496,706,823	\$498,706,823\$496,706,823
FTE Pos.	--	--	--	--

According to the Kansas Department of Education, enactment of HB 2269 would require additional state aid expenditures totaling \$498,706,823, all from the State General Fund. This estimate includes an additional \$474,192,000 for general state aid to increase base state aid per pupil to \$4,492, a reduction of \$108,818,493 for supplemental general state aid, and a new appropriation totaling \$131,333,316 for local foundation budget state aid. Any fiscal effect associated with HB 2269 is not reflected in *The FY 2012 Governor’s Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Dale Dennis, Education