



Steven J. Anderson, CPA, MBA, Director

Division of the Budget

Sam Brownback, Governor

January 28, 2011

The Honorable Jean Schodorf, Chairperson
 Senate Committee on Education
 Statehouse, Room 236-E
 Topeka, Kansas 66612

Dear Senator Schodorf:

SUBJECT: Fiscal Note for SB 22 by Special Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning SB 22 is respectfully submitted to your committee.

SB 22 would implement recommendations by Legislative Post Audit (LPA) regarding changing the transportation formula for determining the transportation weighting in the school finance formula. The recommendations are contained in the LPA publication, *Cost Study Analysis—Elementary and Secondary Education in Kansas: Estimating the Costs of K-12 Education Using Two Approaches*, which was released in January 2006.

The current formula is used to allocate costs between students who live more than 2.5 miles from school and those who live less than 2.5 miles, and is illustrated below:

$$\text{Cost Per Student} > 2.5 \text{ miles} = \frac{\text{Total Costs} - [(\text{Total Costs}/\text{Total Students}) \times 0.5 \times \text{Students} < 2.5 \text{ miles}]}{\text{Students} > 2.5 \text{ miles}}$$

SB 22 would change the formula to the following:

$$\text{Cost Per Student} > 2.5 \text{ miles} = \frac{\text{Total Costs}}{(\text{Students} < 2.5 \text{ miles} + \text{Non Res. Students}) / (2 \times \text{Students} > 2.5 \text{ miles}) + 1}$$

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	--	--
Expenditure	--	--	(\$16,415,518)	(\$16,415,518)
FTE Pos.	--	--	--	--

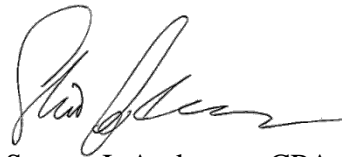
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Page 2—Fisc_Note_Sb22

According to the January 2006 LPA report, the current transportation formula used to determine the transportation weighting results in “overstated transportation costs” for students who live more than 2.5 miles away from school. Also, the report states that the current formula “inadvertently reimburses districts for the part of non-resident students’ transportation costs that are allocated to students living more than 2.5 miles from school.” When the report was issued in January 2006, the LPA estimated that the revised transportation formula would reduce state aid to school districts by approximately \$13.9 million, all from the State General Fund, as the proposed formula would more accurately reflect school district transportation costs for students who live over 2.5 miles from school. To adjust for inflation since January 2006, the Kansas Department of Education estimates that state aid would be reduced by \$16,415,518 if SB 22 is enacted. Any fiscal effect associated with SB 22 is not reflected in *The FY 2012 Governor’s Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

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

cc: Dale Dennis, Education