

January 22, 2013

The Honorable Kasha Kelley, Chairperson
House Committee on Education
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Kelley:

SUBJECT: Fiscal Note for HB 2005 by Representative Huebert

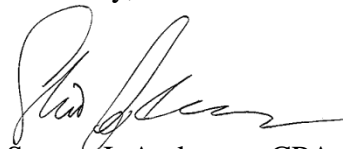
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2005 is respectfully submitted to your committee.

HB 2005 would change current law regarding school finance. The bill would reduce the capital outlay state aid median percentage from 25.0 percent to 15.0 percent, effective July 1, 2013. In addition, the bill would reduce the median percentage for bond and interest state aid from 25.0 percent to 15.0 percent, effective January 1, 2014.

According to the Department of Education, capital outlay state aid, if funded by current law, would require an appropriation of \$22.0 million, all from the State General Fund. Reducing the median percentage, as prescribed in the bill, would reduce the cost to \$13.2 million, a reduction of 40.0 percent. However, the Division of the Budget notes that capital outlay state aid has not been financed since FY 2009 and is not included in the Governor's proposed budget for FY 2013, FY 2014 or FY 2015.

In addition, the reduction of the median percentage for bond and interest state aid would result in a reduction of state aid to school districts by approximately \$2.0 to \$3.0 million per year after FY 2016. An immediate reduction in state aid would not be realized, because of the timing of bond payments incurred by school districts. Because bond and interest state aid is financed from a transfer from the State General Fund, enactment of HB 2005 would reduce the transfer from the State General Fund to the bond and interest special revenue fund by the amount of the savings after FY 2016. Any fiscal effect associated with HB 2005 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Anderson".

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

cc: Dale Dennis, Education
Steve Neske, Revenue