

January 29, 2016

The Honorable Ronald Highland, Chairperson
House Committee on Education
Statehouse, Room 561-W
Topeka, Kansas 66612

Dear Representative Highland:

SUBJECT: Fiscal Note for HB 2504 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2504 is respectfully submitted to your committee.

HB 2504 would enact the “Kansas School District Realignment Act.” On July 1, 2017, and each ten years, the State Board of Education would be required to realign school district boundaries. The boundaries would be effective for school instruction and attendance on the first day of July following the establishment and announcement.

If a home county has 10,000 students or less, the Board would align the district boundaries so that there is only one realigned district in each county. If a home county has more than 10,000 students, the Board would align the district so that any realigned district would have 1,500 or more students.

The number of school administration and supervisory service employees employed by a realigned school district could not exceed 120.0 percent of the number of school administration and supervisory service employees of the school district with the largest enrollment in the prior year when the territory became part of the district.

The bill would allow school districts to voluntarily consolidate prior to the effective date of realignment. School districts that would consolidate on or before July 1, 2016, could file a request that would specify the home county that a voluntarily consolidated district would be considered a part of, provided the district has territory in that county.

Prior to July 1, 2017, the Department of Education would be required to identify and list all property, including real property and vehicles possessed by the district, regardless if the property is rented, leased, or owned, and used primarily for a district’s central administration purposes during the 2016-2017 school year. The list would be made available on the Department’s website.

Prior to July 1, 2018, the Department would be required to notify each realigned school district of all listed property that it would receive. If a realigned district were in possession of two or more physical office locations, the realigned district could only designate one physical office location to be used for school administration purposes. If a realigned school district were in possession of two or more vehicles, the realigned district could only designate one vehicle to be used by the superintendent or other central administration staff. All of these designations would be posted by the Department on its website for at least two years. All other vehicles and property not designated would be considered “surplus district property.” All surplus district property would be transferred to the Department of Administration. With approval of the State Finance Council, the Secretary of Administration would dispose of all surplus district property and proceeds would be deposited to the State General Fund. The bill outlines procedures for disposal of surplus property when it cannot be sold.

The Department of Education estimates the enactment of HB 2504 would reduce the number school districts from 286 to 132. However, the bill would have no effect on state aid to school districts, as the bill does not make changes to the current block grant school finance funding. Because state aid to districts would not change, expenditures that would have been utilized for realigned superintendent salaries and “surplus district property,” such as administrative buildings and vehicles, would likely be reallocated within districts; however, overall expenditures for districts would not be reduced. The Department cannot estimate the amount of local school district expenditures that would be reallocated. The Division of the Budget notes that any future school finance formula would likely take into consideration efficiencies that would be created by this bill. As a result, school district expenditures would likely be reduced.

The Department of Administration indicates that the bill would increase revenues and expenditures from the sale of surplus district property. Depending on the volume of business, the Department estimates that it would require 2.00 FTE positions to handle the additional work load for a total cost of \$40,000, all from the agency’s various surplus property fee funds. However, additional revenues from administrative fees from the surplus district property would likely offset the additional expenditures. In addition, the Department may require space to handle the additional amount surplus district property. Finally, the proceeds from the sale of surplus district property, less administrative expenses, would be credited to the State General Fund; however, the Department cannot estimate the amount. Any fiscal effect associated with HB 2504 is not reflected in *The FY 2017 Governor’s Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Dale Dennis, Education
Colleen Becker, Department of Administration