

STATE OF KANSAS

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LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 14, 2018

The Honorable Molly Baumgardner, Chairperson
Senate Committee on Education
Statehouse, Room 224-E
Topeka, Kansas 66612

Dear Senator Baumgardner:

SUBJECT: Fiscal Note for SB 366 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 366 is respectfully submitted to your committee.

SB 366 would establish the Student Opportunity Scholarship Program, which would be administered by the State Board of Education. A student would be eligible to receive a scholarship, on or after July 1, 2018, if the student: (1) has attended an accredited Kansas high school for at least three consecutive years; (2) has graduated from a Kansas high school prior to September 20 of the year in the student would have been enrolled in grade 12, and (3) is enrolled in or plans to attend a postsecondary educational institution in Kansas.

The amount of the scholarship would be equal to 95.0 percent of the amount of Base Aid for Student Excellence (BASE), as calculated in the Kansas School Equity and Enhancement Act. The school district from which the student graduated would be eligible receive 5.0 percent of the state aid per student, while the State Board of Education would retain 2.0 percent of the scholarships for the cost of administering the scholarship program.

The State Board of Education would provide a scholarship for any student who meets the requirements of the bill. Any scholarship proceeds would be directly paid to the postsecondary institution. If the annual cost of the student's tuition is less than the scholarship, the State Board of Education would be required to pay an amount for tuition until the scholarship has been fully expended. Finally, the bill would establish the Student Opportunity Scholarship Fund, a special revenue fund in the State Treasury, which would be used by the State Board of Education to administer the program.

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According to the Department of Education, 310 students who graduated from high schools in 2017 would qualify for scholarships with SB 366. Using the approved BASE of \$4,128, students would qualify for scholarships totaling \$1,215,696 in FY 2019 ($[\$4,128 \text{ BASE} \times 95.0\%] \times 310 \text{ students} = \$1,215,696$). However, the bill would allow the State Board of Education, through the Department of Education, to retain 2.0 percent of the total scholarships for the cost of administering the program, with a cost estimated at \$24,314 ($\$1,215,696 \times 2.0 \text{ percent} = \$24,314$). As a result, students have the potential to receive net scholarships totaling \$1,191,382 ($\$1,215,696 - \$24,314 = \$1,191,382$). In addition, the bill would allow school districts to receive 5.0 percent of the “state aid per student,” which is estimated to have a statewide cost totaling \$63,984 ($[\$4,128 \text{ BASE} \times 5.0 \text{ percent}] \times 310 \text{ students} = \$63,984$).

In total, enactment of SB 366 would have an estimated cost totaling \$1,279,680, including \$1,191,382 for student scholarships, \$24,314 for scholarship administration costs by the State Board of Education, and \$63,984 for payments to school districts. The Division of the Budget notes that although the bill creates the Student Opportunity Scholarship Fund to be utilized by the State Board of Education for program expenditures, the bill is silent on how the fund would generate revenue for the expenditures. Language in an appropriation bill enacted by the Legislature would be needed to specify a source of revenue for the Student Opportunity Scholarship Fund for all program expenditures. Any fiscal effect associated with SB 366 is not reflected in *The FY 2019 Governor’s Budget Report*.

Sincerely,



Larry L. Campbell
Chief Budget Officer

cc: Dale Dennis, Education