

Senate Subcommittee Report

Agency: Kansas State Department of Education **Bill No.** SB 444

Bill Sec. 36

Analyst: Hull

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Expenditure Summary	Agency Estimate FY 2022	Governor Recommendation FY 2022*	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 4,173,621,580	\$ 4,578,846,986	\$ (253,866,022)
Federal Funds	854,043,761	854,043,761	0
Other Funds	1,095,515,679	1,105,834,322	0
<i>Subtotal</i>	\$ 6,123,181,020	\$ 6,538,725,069	\$ (253,866,022)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	0	0
<i>Subtotal</i>	\$ 0	\$ 0	\$ 0
TOTAL	\$ 6,123,181,020	\$ 6,538,725,069	\$ (253,866,022)

FTE positions 269.3 269.3 0.0

*Includes GBA No. 2, Item 10, to add \$11.1 million SGF for KPERS-USDs in FY 2022. Changes are reflected in the table only.

Agency Estimate

The **agency** requests a revised estimate of \$6.1 billion, including \$4.2 billion SGF, in FY 2022. This is an all funds increase of \$314.3 million, or 5.4 percent, and an SGF decrease of \$31.3 million, or 0.7 percent, from the amount approved by the 2021 Legislature. Significant items in the agency estimate include the following:

- **FEDERAL COVID-19 FUNDING.** The agency’s revised estimate in FY 2022 includes \$345.0 million from federal COVID-19-relief funding. The majority of this funding will be awarded to unified school districts (USDs) for COVID-19-related expenditures. More information on this funding can be found online in the KLRD memorandum “COVID-19 Federal Funds for K-12 Education.” This includes:
 - Lapsing \$9.0 million, all from the federal Elementary and Secondary School Emergency Relief (ESSER) Fund, which was appropriated by the 2021 Legislature for School Safety and Security Grants, the Mental Health Intervention Team (MHIT) Pilot Program, and Communities in Schools;
 - Adding \$329.0 million to reflect a portion of the federal ESSER Fund moneys appropriated by Congress in federal legislation, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA);

- Adding \$16.3 million to reflect federal Emergency Assistance to Nonpublic Schools (EANS) funding for private schools; and
- Adding \$8.7 million for emergency child nutrition funding under CRRSAA.
- **KPERS EMPLOYER CONTRIBUTION RATE DECREASE.** The agency's revised estimate includes the deletion of \$31.3 million from the approved amount to reflect decreased KPERS employer contribution rates for KPERS-USDs and KPERS Non-USDs. This is partially offset by the reappropriations noted above.
- **SPECIAL REVENUE FUND REAPPROPRIATIONS.** The agency requests \$452,055, all from the Children's Initiative Fund and KEY Fund, be reappropriated from FY 2021 to FY 2022.

Governor's Recommendation

The **Governor** recommends expenditures of \$6.5 billion, including \$4.6 billion SGF, in FY 2022. This is an increase of \$404.4 million, or 6.6 percent, including an SGF increase of \$394.1 million, or 9.4 percent, above the agency's FY 2022 revised estimate. The increase is primarily attributable to the Governor recommending a one-time appropriation to eliminate delayed school payments and to pay off the KPERS layering payments in FY 2022. Significant items in the Governor's recommendation include the following:

- **EDUCATION CONSENSUS ADJUSTMENT.** The Governor recommends adoption of the fall 2021 education consensus estimates in FY 2022. For school finance, the Governor recommends decreased expenditures of \$34.8 million, including \$45.1 million SGF, below the approved amount and below the agency's revised estimate. For KPERS, the Governor recommends decreased expenditures of \$35.1 million, all SGF, below the approved amount and below the agency's revised estimate. The individual components of the fall 2021 education consensus estimate are described in the Special Topics section of the budget analysis.
- **EDUCATION SUPERHIGHWAY.** The Governor recommends additional expenditures of \$178,986 SGF for the state match for the Education SuperHighway program in FY 2022. The Education SuperHighway program supports school building access to high-speed internet. USD 361 Chaparral notified KSDE that its E-rate funding application was approved in FY 2022, which would require additional funding.
- **ELIMINATE DELAYED SCHOOL PAYMENT.** The Governor recommends additional expenditures of \$199.6 million SGF to eliminate delayed state aid payments to school districts in FY 2022. This one-time expenditure will allow the state to make timely payments for obligations incurred in the same fiscal year and will end the current accounting practice.
- **KPERS LAYERING PAYMENT PAYOFF.** The Governor recommends additional expenditures of \$253.9 million SGF in FY 2022, to pay off the KPERS-School payments to eliminate the debt owed to the State's retirement system. This recommendation by the Governor is estimated to save the state an aggregate of \$189.9 million in interest payments over each loan's final maturity.

The **Governor's** recommendation also includes 269.3 FTE positions, which is unchanged from the agency's FY 2022 revised estimate.

Senate Committee on Education Recommendation

The **Committee on Education** concurs with the Governor's recommendation in FY 2022 with the following adjustment:

1. Delete \$253.9 million SGF for the KPERS Layering Payment Payoff in FY 2022, as the transfer is included in the provisions of SB 421.

Senate Committee Recommendation

The **Committee** concurs with the Committee on Education's recommendation with the following notation:

1. Review expenditures of \$199.6 million SGF to eliminate delayed school payments in FY 2022 at or before Omnibus to ensure that the expenditures are not duplicated in other legislation.

Senate Committee of the Whole Recommendation (Sub. for SB 444)

The **Committee of the Whole** concurs with the Committee's recommendation in FY 2022.

Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA);

- Adding \$16.3 million to reflect federal Emergency Assistance to Nonpublic Schools (EANS) funding for private schools; and
- Adding \$8.7 million for emergency child nutrition funding under CRRSAA.
- **KPERS EMPLOYER CONTRIBUTION RATE DECREASE.** The agency's revised estimate includes the deletion of \$31.3 million from the approved amount to reflect decreased KPERS employer contribution rates for KPERS-USDs and KPERS Non-USDs. This is partially offset by the reappropriations noted above.
- **SPECIAL REVENUE FUND REAPPROPRIATIONS.** The agency requests \$452,055, all from the Children's Initiative Fund and KEY Fund, be reappropriated from FY 2021 to FY 2022.

Governor's Recommendation

The **Governor** recommends expenditures of \$6.5 billion, including \$4.6 billion SGF, in FY 2022. This is an increase of \$404.4 million, or 6.6 percent, including an SGF increase of \$394.1 million, or 9.4 percent, above the agency's FY 2022 revised estimate. The increase is primarily attributable to the Governor recommending a one-time appropriation to eliminate delayed school payments and to pay off the KPERS layering payments in FY 2022. Significant items in the Governor's recommendation include the following:

- **EDUCATION CONSENSUS ADJUSTMENT.** The Governor recommends adoption of the fall 2021 education consensus estimates in FY 2022. For school finance, the Governor recommends decreased expenditures of \$34.8 million, including \$45.1 million SGF, below the approved amount and below the agency's revised estimate. For KPERS, the Governor recommends decreased expenditures of \$35.1 million, all SGF, below the approved amount and below the agency's revised estimate. The individual components of the fall 2021 education consensus estimate are described in the Special Topics section of this budget analysis.
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- **ELIMINATE DELAYED SCHOOL PAYMENT.** The Governor recommends additional expenditures of \$199.6 million SGF to eliminate delayed state aid payments to school districts in FY 2022. This one-time expenditure will allow the state to make timely payments for obligations incurred in the same fiscal year and will end the current accounting practice.
- **KPERS LAYERING PAYMENT PAYOFF.** The Governor recommends additional expenditures of \$253.9 million SGF in FY 2022, to pay off the KPERS-School payments to eliminate the debt owed to the State's retirement system. This recommendation by the Governor is estimated to save the state an aggregate of \$189.9 million in interest payments over each loan's final maturity.

The **Governor's** recommendation also includes 269.3 FTE positions, which is unchanged

from the agency's FY 2022 revised estimate.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustment:

1. Delete \$378.1 million SGF to remove the Department of Education budget from HB 2592 and insert the Department of Education budget into Sub. for Sub. for HB 2512, as recommended by the House Committee on K-12 Education Budget, in FY 2022.

House Committee Recommendation

The **Committee** concurs with the Budget Committee's recommendation in FY 2022.

House Budget Committee Recommendation (Sub. for Sub. for HB 2512)

The **Budget Committee** inserted the Governor's budget recommendation for FY 2022, FY 2023, and FY 2024 into Sub. for Sub. for HB 2512 with other education-related provisions. The Budget Committee concurs with the Governor's budget recommendation with the following adjustment:

1. Delete \$253.9 million SGF for the KPERS Layering Payment Payoff in FY 2022, as the transfer is included in the provisions of SB 421.

House Committee of the Whole Recommendation (Sub. for Sub. for HB 2512)

The **Committee of the Whole** concurs with the Budget Committee's recommendation in FY 2022.

Conference Committee Recommendation (Senate Sub. for HB 2567)

The **Conference Committee** inserted the provisions related to the KSDE budget for FY 2022, FY 2023, and FY 2024 into Senate Sub. for HB 2567 with other education-related provisions. The Conference Committee concurs with the Governor's Recommendation with the following adjustments:

1. Delete \$199.6 million SGF to eliminate delayed school payments in FY 2022 and move this amount to FY 2023 for the same purpose.
2. Delete \$253.9 million SGF for the KPERS Layering Payment Payoff in FY 2022, as the transfer is included in the provisions of SB 421.
3. Adopt GBA No. 2, Item 10 to add \$11.1 million SGF for KPERS-USDs Employer Contributions in FY 2022.

Omnibus Action (Senate Sub. for HB 2567)

No action taken in FY 2022.

	Governor's Recommendation FY 2022*	Legislative Action	Legislative Approved FY 2022	Governor's Vetoed FY 2022	Final Legislative Approved FY 2022
All Funds					
State Operations	\$ 84,726,818	\$ 0	\$ 84,726,818	\$ 0	\$ 84,726,818
Aid to Local Units	6,388,700,014	(453,420,865)	5,935,279,149	0	5,935,279,149
Other Assistance	65,298,237	0	65,298,237	0	65,298,237
<i>Subtotal - Operations</i>	<i>\$ 6,538,725,069</i>	<i>\$ (453,420,865)</i>	<i>\$ 6,085,304,204</i>	<i>\$ 0</i>	<i>\$ 6,085,304,204</i>
Capital Improvements	0	0	0	0	0
TOTAL	\$ 6,538,725,069	\$ (453,420,865)	\$ 6,085,304,204	\$ 0	\$ 6,085,304,204

State General Fund

State Operations	\$ 17,041,444	\$ 0	\$ 17,041,444	\$ 0	\$ 17,041,444
Aid to Local Units	4,561,686,249	(453,420,865)	4,108,265,384	0	4,108,265,384
Other Assistance	119,293	0	119,293	0	119,293
<i>Subtotal - Operating</i>	<i>\$ 4,578,846,986</i>	<i>\$ (453,420,865)</i>	<i>\$ 4,125,426,121</i>	<i>\$ 0</i>	<i>\$ 4,125,426,121</i>
Capital Improvements	0	0	0	0	0
TOTAL	\$ 4,578,846,986	\$ (453,420,865)	\$ 4,125,426,121	\$ 0	\$ 4,125,426,121

FTE Positions	269.3	0.0	269.3	0.0	269.3
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*Note: Includes GBA No. 2, Item 10, to add \$11.1 million SGF for KPERs-USDs in FY 2022. Changes are reflected in the table only.