

January 29, 2024

The Honorable Molly Baumgardner, Chairperson  
Senate Committee on Education  
300 SW 10th Avenue, Room 144-S  
Topeka, Kansas 66612

Dear Senator Baumgardner:

**SUBJECT:** Fiscal Note for SB 386 by Senate Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning SB 386 is respectfully submitted to your committee.

SB 386 would change current school finance law to allow the greater of the following for student enrollments to calculate State Foundation Aid for school districts: (1) preceding-year enrollment for kindergarten, grades one through 12 on September 20, as well as current-year pre-kindergarten at-risk students; or (2) current-year enrollment for kindergarten, grades one through 12 on September 20, as well as current-year pre-kindergarten at-risk students. The current law allowability of a school district to use the second preceding year enrollment count would be eliminated. Additionally, if a school district closed any school building that was an attendance center in the preceding school year, the district must determine enrollment using the current school year count. The bill would become effective upon publication in the statute book for the 2024-2025 school year.

According to the Department of Education, school enrollment cannot be estimated by school district for the 2024-2025 school year; however, the Department has estimated the cost of the bill using enrollment data from the current school year with the school finance cost projections for the 2024-2025 school year. With the enactment of SB 386, the Department estimates that state aid to school districts would decrease by \$1,743,126, all from the State General Fund. Of this total, a reduction of \$1,530,978 would be for State Foundation Aid and a reduction of \$212,148 would be for Local Option Budget (LOB) State Aid.

For State Foundation Aid, the Department estimates that 78 school districts would experience an increased general fund expenditure authority of \$11,188,516. In addition, by eliminating the second preceding year enrollment count along with the policy of requiring school districts that have closed a school building that was an attendance center in the preceding year, the Department estimates that 124 school districts would lose \$12,719,494 in general fund expenditure authority. The net effect on State Foundation Aid to school districts would be reduced by

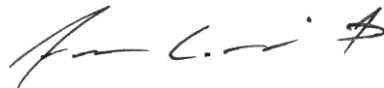
\$1,530,978 ( $\$11,188,516 - \$12,719,494 = \$-1,530,978$ ). The Department estimates that 84 school districts would see no change in general fund expenditure authority.

To calculate the fiscal effect for school district authorized LOB expenditures, the Department multiplies  $\$-1,530,978$  by 31.0 percent (average authorized LOB percentage) for a reduction of  $\$474,603$  in overall school district LOB authority. To calculate the change in LOB State Aid entitlement on the reduction school district LOB expenditures, the Department notes that LOB State Aid averages 44.7 percent for the current school year; as a result, the reduction in state aid for the LOB would total  $\$212,148$  ( $\$-474,603 \times 44.7 \text{ percent} = \$-212,148$ ).

The Department notes that its estimates include consideration for school districts that closed a school building in the 2022-2023 school year, including Central Plains, Prairie Hills, Wabaunsee, Lawrence, Chase-Raymond, Newton, Kiowa County, and Hutchinson. Additionally, the Department cannot estimate a fiscal effect for FY 2026, as the agency does not know which school districts may close a school building in FY 2025. However, the Division of the Budget notes that a similar overall fiscal effect would likely be incurred for FY 2026.

The Kansas Association of School Boards indicates that the organization does not have adequate information to estimate a fiscal effect for school districts. Any fiscal effect associated with SB 386 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Gabrielle Hull, Department of Education  
Angie Stallbaumer, Kansas Association of School Boards