

March 21, 2014

The Honorable Ty Masterson, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas 66612

Dear Senator Masterson:

SUBJECT: Fiscal Note for SB 434 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 434 is respectfully submitted to your committee.

SB 434 would be known as the SUCCESS Act. Any community college could apply to participate in the SUCCESS program; however only one or two could be selected by the seven-member SUCCESS Selection Committee. The Committee membership is detailed in the bill and the Board of Regents would supply the Committee with necessary administrative support. Applications would have to be submitted by June 15, 2014, and the selection would be made on June 30, 2014. The Committee would determine the distribution of the funding within the appropriation made for this program. Selected community colleges would work in conjunction with the Board of Regents, educational institutions, technical colleges, and school districts to develop a detailed plan to provide educational programs that will integrate career technical education from the secondary education level through attainment of a postsecondary industry certification or advanced degree. The bill presents the primary objectives of the plan. The board of trustees of the selected community college or colleges would be required to report in January of both 2015 and 2016 to the Governor and the Legislature, and describe the progress made on the development and implementation of the plan. The bill authorizes selected community colleges to provide programs outside of their service area.

SB 434 appropriates to the Board of Regents \$5.3 million from the State General Fund in both FY 2015 and FY 2016 to implement and administer the program, as well as for community college operations. SB 434 amends current law that authorizes property tax levies for community colleges. The bill limits the levy in FY 2015 and FY 2016 so that the participating community colleges receive no additional money beyond FY 2014 when the state appropriation and property tax levy are considered together.

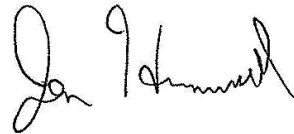
During the first six months of 2016, the board of county commissioners in the selected area would submit, at a special election, to qualified voters of their respective counties a proposition to continue funding the community college's participation in the SUCCESS program through a property tax levy. If the proposition passes, the program would continue to be funded as provided for in this Act. If the vote is against the property tax levy, on July 1, 2016, the tax levy returns to previous levels.

Estimated State Fiscal Effect				
	FY 2014 SGF	FY 2014 All Funds	FY 2015 SGF	FY 2015 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$5,300,000	\$5,300,000
FTE Pos.	--	--	--	--

SB 434 would cost \$5.3 million from the State General Fund in both FY 2015 and FY 2016. This includes funding for the Board of Regents administrative support and community college operations. Any fiscal effect associated with SB 434 is not reflected in *The FY 2015 Governor's Budget Report*.

SB 434 would also have a fiscal effect on local government. The selected community college would be authorized to levy a property tax in an amount that could not exceed the difference between the amount levied by the trustees for FY 2014 and the amount of funds distributed to the college in FY 2015. Therefore, property taxes for this purpose could be reduced or suspended as long as the college participated in the program. In addition, there would be a cost associated with the special election. For example, Riley County recently calculated that it would cost \$40,000 to hold a special election. Because of the number of options identified in the bill, the precise fiscal effect on local government cannot be determined.

Sincerely,



Jon Hummell,
Interim Director of the Budget

cc: Kelly Oliver, Board of Regents
Melissa Wangemann, Association of Counties