

May 11, 2017

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

Dear Senator Baumgardner:

**SUBJECT:** Fiscal Note for SB 248 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 248 is respectfully submitted to your committee.

SB 248 would establish the Student Opportunity Scholarship Program which would be administered by the State Board of Education. To be eligible for a scholarship, a student must: (1) have attended an accredited Kansas high school for at least three consecutive years; (2) have graduated from a Kansas high school prior to September 20 of the year in which the student was enrolled in grade 12; and (3) be enrolled or plan to attend a Kansas public postsecondary institution.

Scholarships would be paid from the Student Opportunity Scholarship Fund and would be subject to appropriation by the Legislature. The fund would be administered by the Board of Education. Any scholarship awarded would be paid directly from the fund to the postsecondary educational institution that an eligible student attends. If the annual cost of the student's tuition at the postsecondary institution is less than the scholarship, the remaining money would remain in the fund and the Board would continue to pay the annual cost of tuition directly to the postsecondary institution until the scholarship has been fully expended.

Scholarships would be awarded to qualified students in an amount equal to 95.0 percent of the amount of "state aid per student," which is defined as the general operating expenses received in the current school year by the school district from which the student graduated, divided by the enrollment of the district for the immediately preceding school year. The school district where the student graduated would receive an amount equal to 5.0 percent of the state aid per student. Of the scholarship amount awarded to the student, the Board could retain up to 2.0 percent for the cost of administering the program.

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The Department of Education estimates the statewide average scholarship award would be approximately \$6,790 per student, using districts' general fund expenditures and FTE student counts from the 2016-2017 school year. If the Department would assume 350 students would qualify for the scholarship (1.0 percent of all high school graduates), then an appropriation of \$2,376,500 would be required from the State General Fund, beginning in FY 2018 ( $\$6,790 \text{ scholarship} \times 350 \text{ students} = \$2,376,500$ ). If the Department would also include districts' supplemental general fund expenditure data in the scholarship calculations, an additional \$2,331 per scholarship would be required, for a total average of \$9,121 per scholarship. Using this average, a State General Fund appropriation of \$3,192,350 would be required in FY 2018 ( $\$9,121 \text{ scholarship} \times 350 \text{ students} = \$3,192,350$ ). However, the individual amounts of each scholarship would vary, as the scholarships are calculated based upon expenditure and FTE student data for the school district from which the student graduated.

If the Department would retain 2.0 percent of the scholarship awards for administration costs as authorized by the bill, approximately \$47,530 would be deducted from the total scholarships awarded, using the calculation of \$6,790 per scholarship ( $\$6,790 \times 350 \text{ students} \times 2.0\% = \$47,530$ ). The agency indicates that it would hire 0.50 FTE Public Administrator position to administer the scholarship program. Any fiscal effect associated with SB 248 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Dale Dennis, Education