February 9, 2012

The Honorable Jean Schodorf, Chairperson
Senate Committee on Education
Statehouse, Room 236-E
Topeka, Kansas  66612

Dear Senator Schodorf:

SUBJECT:  Fiscal Note for SB 350 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 350 is respectfully submitted to your committee.

SB 350 would amend the current school finance formula by setting the base state aid per pupil (BSAPP) for the 2012-2013 school year at $3,846.75 and $3,913.50 for the 2013-2014 school year. Then, beginning with the 2014-2015 school year and in each future school year, in any fiscal year in which the amount of estimated selected State General Fund receipts would exceed the prior fiscal year, the Director of the Legislative Research Department would certify the amount of the increase to the State Board of Education and the Director of the Budget. Upon receipt, the Board would compute the percentage increase in estimated selected State General Fund receipts in that fiscal year. Based on the percentage of calculated receipt growth for the school year which corresponds to that fiscal year, the Board would increase the BSAPP by a percentage equal to 50.0 percent of such percentage of calculated receipt growth.

In any fiscal year in which the amount of estimated selected State General Fund receipts would not exceed the prior year, the State Board of Education would not make any adjustments to the BSAPP. For the purpose of administering this bill, estimated selected State General Fund receipts would mean State General Fund tax receipts for the immediately succeeding fiscal year, as estimated by the Consensus Revenue Estimating Group in its consensus revenue estimate published during the month of November in the current fiscal year. Select State General Fund receipts would include the following taxes: individual and corporation income taxes, financial institutions privilege taxes, retail sales taxes, compensating use taxes, cigarette and tobacco product taxes, cereal malt beverage and liquor gallonage taxes, liquor enforcement taxes, liquor drink taxes, corporation franchise taxes, annual franchise fees, and mineral severance taxes.
According to the Kansas Department of Education, increasing the BSAPP, as specified in the bill, would require additional General State Aid expenditures totaling $44,984,814 from the State General Fund in both FY 2013 and FY 2014. For FY 2015, the increase in General State Aid expenditures would depend on the amount of selected increased revenues to the State General Fund, as outlined in the bill. If selected State General Fund revenues would increase by 4.0 percent for FY 2015, the BSAPP for FY 2015 would subsequently increase by 2.0 percent over FY 2014 levels. This BSAPP increase would represent 50.0 percent of the total receipt growth of selected State General Fund revenues. Any fiscal effect associated with SB 350 is not reflected in The FY 2013 Governor’s Budget Report.

Sincerely,

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Dale Dennis, Education