

February 13, 2013

The Honorable Kasha Kelley, Chairperson  
House Committee on Education  
Statehouse, Room 151-S  
Topeka, Kansas 66612

Dear Representative Kelley:

**SUBJECT:** Fiscal Note for HB 2003 by Representative Huebert

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2003 is respectfully submitted to your committee.

HB 2003 would change current law regarding the school finance formula. The bill would rename the "local option budget" to the "local operating budget." The school board of any district could adopt a local operating budget based on a calculation if the base state aid per pupil (BSAPP) was \$4,926. Under current law, the local option budget for a district is calculated as if the BSAPP was \$4,433. In addition, with regard to state financial aid calculations, the bill would set the BSAPP at \$4,241 for the 2012-2013 and 2013-2014 school years, and \$4,492 for school year 2014-2015 and each year thereafter. Under current law, BSAPP is set at \$4,492, but is currently financed at \$3,838. The local operating budget would be financed from an ad valorem tax on tangible property of a district.

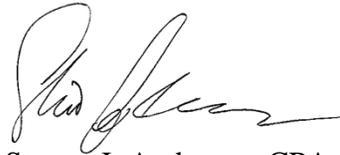
The bill would require all local boards of education to adopt a local operating budget in each school year in an amount of at least 10.0 percent, but not more than 27.0 percent, of the state financial aid of the district in the current school year. A school district could adopt an additional 1.0 percentage point of local operating budget authority (for a total of 28.0 percent) by a separate resolution. The bill would require a transfer of 10.0 percent of the total amount generated from the local operating fund to the general fund of the district to be used for the following outlined expenditure priorities: (1) at-risk programs, (2) bilingual education, and (3) all other general operating expenditures.

According to the Kansas Department of Education, enactment of HB 2003 would have the net effect of reducing General State Aid payments to districts by approximately \$55.2 million in FY 2014 and each year thereafter. The bill would increase the BSAPP from \$3,838 to \$4,241, and the Department estimates the statewide district general fund budget would increase by \$273.2 million. However, the amount that would be generated by the mandated 10.0 percent transfer of the local operating budget to the general fund budget is estimated to be \$328.4

million. Because schools cannot spend more from the general fund than the authorized BSAPP, this would have the net effect of reducing General State Aid payments to school districts by \$55.4 million (\$328.4 million - \$273.2 million = \$55.4 million).

The Department also notes there would be no fiscal effect in FY 2013 with the enactment of the bill. Although the bill would increase the BSAPP to \$4,241 in FY 2013, there would not be sufficient time to republish each school district's budget to reflect this BSAPP increase before the end of the current school year. Any fiscal effect associated with HB 2003 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Anderson", written in a cursive style.

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

cc: Dale Dennis, Education  
Steve Neske, Revenue