

February 16, 2017

The Honorable Larry Campbell, Chairperson  
House Committee on K-12 Education Budget  
Statehouse, Room 286-N  
Topeka, Kansas 66612

Dear Representative Campbell:

**SUBJECT:** Fiscal Note for HB 2344 by House Committee on K-12 Education Budget

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2344 is respectfully submitted to your committee.

HB 2344 would amend current law regarding school finance. The bill would establish a budget for a school district with three components: (1) State-Level Foundation Obligation; (2) Local Foundation Budget; and, (3) Local Option Budget (LOB).

#### State-Level Foundation Obligation

The State-Level Foundation Obligation for a district would be calculated by taking \$4,000 times the adjusted enrollment of a district (as determined by KSA 72-6407, prior to its repeal). This portion of the budget would be financed from a 20-mill levy on property located within a district along with a state aid component. The bill would authorize the 20-mill levy for the 2017-2018 and 2018-2019 school years.

#### Local Foundation Budget

The Local Foundation Budget of a school district would be calculated by taking \$1,000 times the adjusted enrollment of a district (as determined by KSA 72-6407, prior to its repeal). This portion of the budget would be financed entirely from property taxes levied at an amount required to fully fund the Local Foundation Budget.

#### Local Option Budget

A school district would have the option of establishing a Local Option Budget (LOB), which could be authorized up to 5.0 percent of a district's "foundation funding," which is defined as the sum of a district's State-level Foundation Budget and the Local Foundation Budget. Any LOB resolution that would be adopted by local board of education in excess of 4.0 percent of a district's "foundation funding" would have to be approved by a majority of the qualified electors of a school district.

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Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	(\$280,000,000)	(\$280,000,000)	(\$280,000,000)	(\$280,000,000)
FTE Pos.	--	--	--	--

According to the Kansas Department of Education, enactment of HB 2344 would reduce state aid to school districts by approximately \$280.0 million, all from the State General Fund. Of this amount, the Department indicates the State-Level Foundation Budget would require an additional \$100.0 million in state aid payments to districts, while the Local Option Budget would decrease state aid payments by \$380.0 million, for a net reduction of \$280.0 million. This estimated reduction would be in comparison to funding currently included in the school district block grant funding mechanism. Any fiscal effect associated with HB 2344 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,  
Director of the Budget

cc: Dale Dennis, Education