

February 17, 2011

The Honorable Lana Gordon, Chairperson
House Committee on Education Budget
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Gordon:

SUBJECT: Fiscal Note for HB 2234 by House Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2234 is respectfully submitted to your committee.

HB 2234 would create the Early High School Graduation Scholarship Program. The bill would provide scholarships up to \$1,500 per semester for a maximum of two semesters for students who graduate from high school one year early.

On or before June 1 of each school year, the State Board of Education would certify to the Director of Accounts and Reports the number of students who have graduated from a Kansas public high school at least one year earlier than the usual graduation time during the current school year. On July 1, the Director of Accounts and Reports would transfer from the School District Finance Fund (SDFF) to the new Early High School Graduation Scholarship Fund an amount equal to \$3,000 for each student certified by the Board. Any funds left in the scholarship fund would be transferred back to the SDFF and would be used to increase the base state aid per pupil for school districts. The funds could not be used to supplant funds appropriated for general state aid.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$406,809	\$406,809
FTE Pos.	--	--	--	0.50

According to the Department of Education, the agency estimates approximately 1.0 percent of graduates would participate in the program. Using data from the 2010-2011 school year, there are approximately 34,000 twelfth graders. As a result, approximately 340 graduates would participate. The Department estimates that scholarships totaling \$1,020,000 (340 students X \$1,500 X 2 semesters) would be awarded in FY 2012 and FY 2013.

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However, there would be a reduction of general state aid payments to school districts, with the early graduation of the students, taking them out of the enrollment count. According to the Department, factoring in districts with declining enrollment, enactment of the bill would reduce general state aid by \$642,600 in FY 2012 and \$1,285,200 in FY 2013, using a base state aid per pupil amount of \$3,780. As a result, enactment of HB 2234 would require an additional appropriation totaling \$377,400 from the State General Fund in FY 2012. However, in FY 2013, the bill would generate approximately \$265,200 in savings (\$1,020,000 scholarships minus \$1,285,200 in savings from declining enrollment). This savings would be deposited to the School District Finance Fund and would raise the base state aid per pupil by approximately \$0.40 per weighted FTE student for FY 2013.

In addition, the Department of Education would require ongoing costs of a 0.50 FTE Accountant II position to administer the program. The agency estimates costs totaling \$29,409, all from the State General Fund, would be required, including \$28,000 for salaries and wages, and \$1,409 for office supplies and equipment. Any fiscal effect associated with HB 2234 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

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

cc: Dale Dennis, Education