

STATE OF KANSAS

DIVISION OF THE BUDGET
LONDON STATE OFFICE BUILDING
900 SW JACKSON STREET, ROOM 504
TOPEKA, KS 66612



PHONE: (785) 296-2436
FAX: (785) 296-0231
larry.campbell@ks.gov
<http://budget.kansas.gov>

GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

March 5, 2018

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

Dear Senator Baumgardner:

SUBJECT: Fiscal Note for SB 422 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 422 is respectfully submitted to your committee.

Under current school finance law, the Local Option Budget (LOB) authority allows school boards to raise additional funds to supplement a district's general fund with local property taxes. The state "equalizes" this funding by ranking the districts' assessed valuation per pupil (AVPP) from high to low. The state then provides state aid for those districts below the 81.2 percentile. School boards are allowed to set the LOB at a maximum of 33.0 percent of its general fund budget. SB 422 would require school districts to set its LOB at 30.0 percent of its general fund budget. If a school board desires to increase the LOB authority above 30.0 percent, then a protest petition would be required. In addition, on June 30, 2018, the bill would void any existing LOB resolution adopted by a school board prior to July 1, 2017, that has not been subject to a protest petition.

The bill would require any school board that desires to increase the LOB percentage for the immediate succeeding school year to notify the State Board of Education by March 15 of that year. The State Board of Education would be required to submit a report to the Legislature of all proposed increases on or before March 25 of each year.

Finally, the bill would require each school district to transfer monies from the LOB fund to the district's at-risk fund that are proportionate to the district's general fund attributable to the at-risk weighting.

The Honorable Molly Baumgardner, Chairperson

March 5, 2018

Page 2—SB 422

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$2,700,000	\$2,700,000
FTE Pos.	--	--	--	--

According to the Department of Education, enactment of SB 422 would increase LOB State Aid expenditures by \$2.7 million, all from the State General Fund, beginning in FY 2019. This is a result of districts that currently have an LOB authority less than 30.0 percent being required to increase the LOB authority to 30.0 percent. Although the bill would require districts to transfer monies from the LOB fund to the at-risk fund that are proportional to its share of at-risk weighting in its general fund budget, this policy would not increase state aid to districts. Any fiscal effect associated with SB 422 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Chief Budget Officer

cc: Dale Dennis, Education