

March 9, 2012

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 2773 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2773 is respectfully submitted to your committee.

Under current law, school districts have the authority to spend a portion of certain unencumbered fund balances to pay for general operating expenses of a district during the 2011-2012 school year. The district funds that are eligible include the following:

1. At-risk Education Fund;
2. Bilingual Education Fund;
3. Contingency Reserve Fund;
4. Driver Training Fund;
5. Parent Education Program Fund;
6. Preschool-aged At-risk Education Fund;
7. Professional Development Fund;
8. Summer Program Fund;
9. Textbook and Student Materials Revolving Fund;
10. Special Education Fund;
11. Virtual School Fund; and
12. Vocational Education Fund

However, the additional expenditure authority is limited to the adjusted enrollment of a district, excluding special education, multiplied by \$232 (the difference between a base state aid per pupil of \$4,012 and the current appropriated amount of base state aid per pupil of \$3,780). HB 2773 would extend this policy through the 2012-2013 school year, with the additional requirement that any unencumbered funds spent from the above list would be spent first to pay for costs incurred by a district from any adjusted enrollment increase and then the at-risk pupil enrollment of a district, compared to the 2011-2012 school year.

The Honorable Lana Gordon, Chairperson

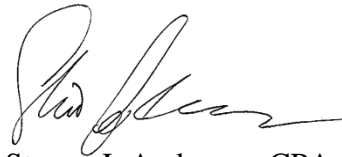
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In addition, HB 2773 would require the clerk or superintendent of each school district to certify under oath to the State Board of Education a report showing the unencumbered balances of the above listed funds. Upon receipt of the report, the State Board of Education would subtract the aggregate amount of the unencumbered balance of these funds from the amount of unencumbered balance of funds that the school district was authorized to spend for general operating expenses of the district. The State Board of Education would notify each school district of the calculated difference, if any. If there is a difference, the Board would transfer an amount equal to the difference to the Local Option Budget Fund of the district, and any property tax levy imposed by the district for the local option budget would be reduced accordingly.

According to the Department of Education, enactment of HB 2773 would not change state aid amounts school districts would receive in FY 2013. However, depending on how a school district would choose to use its unencumbered balances of funds listed in the bill, taxpayers may experience a reduction in the levy required to fund the local option budget. In addition, enactment of the bill would reduce the aggregate amount of unencumbered fund amounts at the school district level.

Sincerely,

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

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

cc: Dale Dennis, Education