

January 20, 2023

The Honorable Adam Thomas, Chairperson
House Committee on Education
300 SW 10th Avenue, Room 218-N
Topeka, Kansas 66612

Dear Representative Thomas:

SUBJECT: Fiscal Note for HB 2040 by House Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2040 is respectfully submitted to your committee.

Under current school finance law, a school district's State Foundation Aid entitlement is calculated using either the district's preceding or second preceding year enrollment, whichever is greater. HB 2040, beginning in FY 2024, would allow a third option to use the current year enrollment if it is greater than the preceding or second preceding year.

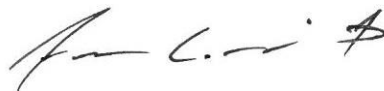
| Estimated State Fiscal Effect | | | | |
|-------------------------------|----------------|----------------------|----------------|----------------------|
| | FY 2023 SGF | FY 2023 All Funds | FY 2024 SGF | FY 2024 All Funds |
| Revenue | -- | -- | -- | -- |
| Expenditure | -- | -- | \$19,911,290 | \$19,911,290 |
| FTE Pos. | -- | -- | -- | -- |

According to the Department of Education, using data from the FY 2023 school year, the enactment of HB 2040 would require additional expenditures from the State General Fund totaling \$19,911,290. Of this amount, \$17,487,981 would be for State Foundation Aid and \$2,423,309 would be for Local Option Budget (LOB) State Aid.

To calculate the effect on State Foundation Aid, the Department indicates that the option of using the enrollment from the current school year would allow an additional 3,427 students in 104 school districts to be counted at a cost of \$17,487,981 (3,427 students X \$5,103 BASE in FY

2024 = \$17,487,981). Increasing State Foundation Aid would also increase LOB State Aid. For the LOB, 31.0 percent of the increased State Foundation Aid increase totals \$5,421,274 ($\$17,487,981 \times 31.0\%$ LOB authorization = \$5,421,274 statewide LOB increase). Of this statewide LOB increase, the additional LOB State Aid required would total \$2,423,309, utilizing a FY 2023 average of 44.7 percent LOB funded by state aid ($\$5,421,274 \text{ total LOB} \times 44.7\%$ funded by state aid = \$2,423,309). The fiscal effect in FY 2024 would depend on the actual number of students enrolled in that year. Any fiscal effect associated with HB 2040 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Craig Neuenswander, Department of Education