

January 22, 2024

The Honorable Kristey Williams, Chairperson  
House Committee on K-12 Education Budget  
300 SW 10th Avenue, Room 546-S  
Topeka, Kansas 66612

Dear Representative Williams:

**SUBJECT:** Fiscal Note for HB 2485 by Representatives Thomas and K. Williams

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2485 is respectfully submitted to your committee.

HB 2485 would change current school finance law to allow the greater of the following for student enrollments to calculate State Foundation Aid for school districts: (1) preceding-year enrollment for kindergarten, grades one through 12 on September 20, as well as current-year pre-kindergarten at-risk students; or (2) current-year enrollment for kindergarten, grades one through 12 on September 20, as well as current-year pre-kindergarten at-risk students. The current law allowability of a school district to use the second preceding year enrollment count would be eliminated. Additionally, if a school district closed any school building that was an attendance center in the preceding school year, the district must determine enrollment using the current school year count. The bill would become effective upon publication in the statute book for the 2024-2025 school year.

According to the Department of Education, school enrollment cannot be estimated by school district for the 2024-2025 school year; however, the Department has estimated the cost of the bill using enrollment data from the current school year with the school finance cost projections for the 2024-2025 school year.

With the enactment of HB 2485, the Department estimates that state aid to school districts would increase by \$542,230 from the State General Fund. Of this total, \$476,328 would be for State Foundation Aid and \$65,992 would be for Local Option Budget (LOB) State Aid.

To calculate the fiscal effect for State Foundation Aid, the Department estimates that 78 school districts would experience an increased general fund expenditure authority of \$13,195,732.

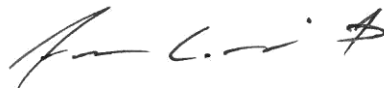
In addition, by eliminating the second preceding year enrollment count along with the policy of requiring school districts that have closed a school building that was an attendance center in the preceding year, the Department estimates that 124 school districts would lose \$12,719,494 in general fund expenditure authority. The net effect on State Foundation Aid to school districts would be \$476,238 ( $\$13,195,732 - \$12,719,494 = \$476,238$ ). The Department estimates that 84 school districts would see little to no change in general fund expenditure authority.

To calculate the fiscal effect for school district authorized LOB expenditures, the Department multiplies \$476,238 by 31.0 percent (average authorized LOB percentage) for a total of \$147,634 in additional LOB authority. To calculate the additional LOB State Aid entitlement on the additional school district LOB expenditures, the Department notes that LOB State Aid averages 44.7 percent for the current school year; as a result, the additional state aid for the LOB would total \$65,992 ( $\$147,634 \times 44.7 \text{ percent} = \$65,992$ ).

The Department notes that its estimates include consideration for school districts that closed a school building in the 2022-2023 school year, including Central Plains, Prairie Hills, Wabaunsee, Lawrence, Chase-Raymond, Newton, Kiowa County, and Hutchinson. Additionally, the Department cannot estimate a fiscal effect for FY 2026, as the agency does not know which school districts may close a school building in FY 2025. However, the Division of the Budget notes that a similar overall fiscal effect would likely be incurred for FY 2026.

The Kansas Association of School Boards indicates that the organization does not have adequate information to estimate a fiscal effect for school districts. Any fiscal effect associated with HB 2485 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or symbol.

Adam C. Proffitt  
Director of the Budget

cc: Gabrielle Hull, Department of Education  
Angie Stallbaumer, Kansas Association of School Boards