

House Budget Committee Report

Agency: Department of Education

Bill No. House Sub. for SB
7

Bill Sec. 2

Analyst: Wenger

Analysis Pg. No. 1933

Budget Page No. 244

| Expenditure Summary | Agency Request FY 2016 | Governor Recommendation FY 2016 | House Budget Committee Adjustments |
|--------------------------|------------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 3,654,280,488 | \$ 3,171,502,685 | \$ 0 |
| Other Funds | 1,324,010,899 | 1,381,329,137 | 0 |
| Subtotal | \$ 4,978,291,387 | \$ 4,552,831,822 | \$ 0 |
| Capital Improvements: | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 |
| Subtotal | \$ 0 | \$ 0 | \$ 0 |
| TOTAL | \$ 4,978,291,387 | \$ 4,552,831,822 | \$ 0 |
| | | | |
| FTE positions | 160.0 | 160.0 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 95.0 | 95.0 | 0.0 |
| TOTAL | 255.0 | 255.0 | 0.0 |

Agency Request

The **agency** requests \$5.0 billion all funds, including \$3.7 billion from the State General Fund. This is an all funds increase of \$456.0 million, or 10.0 percent, above the FY 2015 approved budget. Comparing the FY 2016 request to the revised FY 2015 request, the difference is \$396 million more in all funds. The State General Fund request is \$530.0 million above the FY 2015 approved State General Fund budget, or a 16.8 percent increase. Comparing the FY 2016 request to the revised FY 2015 request, the State General Fund difference is \$483.5 million. Details of the enhancement request representing the majority of these additional funds, are presented in the budget analysis. Absent the enhancement request, the request would be \$4.6 billion all funds, and \$3.3 billion State General Fund. The major change from the FY 2015 State General Fund approved budget and the FY 2016 requested State General Fund budget includes \$107.0 million for transportation aid and special education transportation aid, funded in FY 2015 from State Highway Funds.

Governor's Recommendation

The **Governor** recommends an all funds budget of \$4.6 billion, including \$3.2 billion from the State General Fund. The difference in the Governor's recommendation and the agency's request is an all funds total of \$425.5 million, including \$483.0 million difference in the State General Fund request. The Governor's recommendation included an all other funds

request exceeding the agency's request by \$57.0 million, due primarily to funding added from the State Highway Fund (\$107.3 million) for transportation programming which offset State General Fund expenditures by the same amount. The Governor's recommendation is in the form of a block grant to school districts, rather than in recommendations to be distributed through a formula to general state aid, supplemental state aid, and such as has been done in the past. It does not appear the Governor recommended funding for enhancement requests.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation, with the following comment: 1. Our recommendation is made with the understanding legislation related to implementation of the Governor's block grant recommendation may be developed at a later time, which could affect the agency's operations and our recommendation.

House Committee

The **Committee** made the following changes to the Governor's recommendations:

1. Added \$484.1 million, including \$438.4 million from the State General Fund and \$45.7 million from the School District Finance Fund for special weightings to implement a block grant to school districts for FY 2016;
2. Deleted \$394.6 million, all from the State General Fund, for KPERS employer contributions included as part of the block grant for FY 2016;
3. Amended the virtual state aid formula providing \$5,000 for each full-time equivalent student; \$4,045 for each part-time student; and \$933 per successful completion of each course for students over 18 years of age for FY 2016;
4. Transferred \$12.3 million from the State General Fund to the Extraordinary Need Fund in FY 2016;
5. Added \$500,000, all from the State General Fund, to support Information Technology Opportunities for FY 2016; and
6. Added language including KPERS school employer contribution to the block grant for school districts for FY 2016.

House Committee of the Whole

The **Committee of the Whole** concurred with the Committee recommendations.

Senate Subcommittee Report

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| Expenditure Summary | Agency Request FY 2016 | Governor Recommendation FY 2016 | Senate Subcommittee Adjustments |
|--------------------------|------------------------------------|---------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 3,654,280,488 | \$ 3,171,502,685 | \$ |
| Other Funds | 1,324,010,899 | 1,381,329,137 | |
| Subtotal | <u>\$ 4,978,291,387</u> | <u>\$ 4,552,831,822</u> | <u>\$ 0</u> |
| Capital Improvements: | | | |
| State General Fund | \$ 0 | \$ 0 | \$ |
| Other Funds | 0 | 0 | |
| Subtotal | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 4,978,291,387</u></u> | <u><u>\$ 4,552,831,822</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 160.0 | 160.0 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 95.0 | 95.0 | 0.0 |
| TOTAL | <u><u>255.0</u></u> | <u><u>255.0</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests \$5.0 billion all funds, including \$3.7 billion from the State General Fund. This is an all funds increase of \$456.0 million, or 10.0 percent, above the FY 2015 approved budget. Comparing the FY 2016 request to the revised FY 2015 request, the difference is \$396 million more in all funds. The State General Fund request is \$530.0 million above the FY 2015 approved State General Fund budget, or a 16.8 percent increase. Comparing the FY 2016 request to the revised FY 2015 request, the State General Fund difference is \$483.5 million. Details of the enhancement request representing the majority of these additional funds, are presented later in this analysis. Absent the enhancement request, the request would be \$4.6 billion all funds, and \$3.3 billion State General Fund. The major change from the FY 2015 State General Fund approved budget and the FY 2016 requested State General Fund budget includes \$107.0 million for transportation aid and special education transportation aid, funded in FY 2015 from State Highway Funds.

Governor's Recommendation

The **Governor** recommends an all funds budget of \$4.6 billion, including \$3.2 billion from the State General Fund. The difference in the Governor's recommendation and the

agency's request is an all funds total of \$425.5 million, including \$483.0 million difference in the State General Fund request. The Governor's recommendation included an all other funds request exceeding the agency's request by \$57.0 million, due primarily to funding added from the State Highway Fund (\$107.3 million) for transportation programming which offset State General Fund expenditures by the same amount. The Governor's recommendation is in the form of a block grant to school districts, rather than in recommendations to be distributed through a formula to general state aid, supplemental state aid, and such as has been done in the past. It does not appear the Governor recommended funding for enhancement requests.

Senate Budget Subcommittee Recommendation

The **Subcommittee** did not convene for consideration of the agency's budget.

Senate Committee of the Whole Recommendation

The **Committee of the Whole** concurred with the recommendations of the House Committee of the Whole in House Sub. for SB 7.

Conference Committee Recommendations (House Sub. for SB 112; Senate Sub. for HB 2353)

The **Conference Committee** concurs with the Governor's recommendation with the following adjustments:

1. Add \$4.5 million, all from the State General Fund, to Block Grants to USDs, related to federal impact aid and valuation changes for FY 2016.
2. Add \$2.1 million, all from the Children's Initiatives Fund, for the Kansas reading success program for FY 2016.
3. Delete \$68,191, all from the State General Fund, for a 25.0 percent reduction of travel expenditures for FY 2016.
4. Delete \$1,265,652 million, all from the State General Fund - KPERs Employer Contributions, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund for the final seven pay periods for FY 2016.
5. Add \$17,472,000 million, from the State General Fund, to ensure the block grant general state aid to school districts remains as estimated in Sen. Sub. for HB 7 for FY16. (This change resulted from a shortfall from the estimate in the 20 mill statewide levy.)
6. Add language requiring monthly fund balances from school districts to be submitted quarterly via the Department of Education to the Director of Legislative Research for FY 2016.
7. Delete \$39,200, including \$20,176 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund for the final seven pay periods for FY 2016.

8. Delete \$8,013,320, all from the State General Fund Block Grant to School Districts, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund for the final seven pay periods for FY 2016.
9. Delete \$189,378, including \$97,469 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016.
10. Delete \$33,340,537, all from the State General Fund Block Grant, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016.
11. Delete \$4,542,547, all from the State General Fund - KPERS Employer Contributions, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016.
12. Add language to prohibit expenditures on newspapers and magazines, including electronic subscriptions, for FY 2016.
13. Add language requiring the Director of Accounts and Reports to withhold 10 percent of funding from the Pre-K Program and Parent Education Program until certification is received from the Children's Cabinet that requested information has been received.

| | Governor's Recommendation FY 2016 | Legislative Action | Legislative Approved FY 2016 | Governor's Veto FY 2016 | Final Legislative Approved FY 2016 |
|-----------------------------|---|-----------------------|------------------------------------|-------------------------------|---|
| All Funds | | | | | |
| State Operations | \$ 31,229,087 | \$ (296,769) | \$ 30,932,318 | \$ 0 | \$ 30,932,318 |
| Aid to Local Units | 4,477,528,056 | 61,731,537 | 4,539,259,593 | 0 | 4,539,259,593 |
| Other Assistance | 44,074,679 | 0 | 44,074,679 | 0 | 44,074,679 |
| Subtotal- Operations | \$ 4,552,831,822 | \$ 61,434,768 | \$ 4,614,266,590 | \$ 0 | \$ 4,614,266,590 |
| Capital Improvements | 0 | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$ 4,552,831,822</u> | <u>\$ 61,434,768</u> | <u>\$ 4,614,266,590</u> | <u>\$ 0</u> | <u>\$ 4,614,266,590</u> |
| State General Fund | | | | | |
| State Operations | \$ 12,806,100 | \$ (185,836) | \$ 12,620,264 | \$ 0 | \$ 12,620,264 |
| Aid to Local Units | 3,158,500,142 | 31,429,603 | 3,189,929,745 | 0 | 3,189,929,745 |
| Other Assistance | 196,443 | 0 | 196,443 | 0 | 196,443 |
| Subtotal-Operating | \$ 3,171,502,685 | \$ 31,243,767 | \$ 3,202,746,452 | \$ 0 | \$ 3,202,746,452 |
| Capital Improvements | 0 | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$ 3,171,502,685</u> | <u>\$ 31,243,767</u> | <u>\$ 3,202,746,452</u> | <u>\$ 0</u> | <u>\$ 3,202,746,452</u> |
| FTE Positions | 160.0 | 0.0 | 160.0 | 0.0 | 160.0 |
| Non-FTE Unclass. Perm. Pos. | 95.0 | 0.0 | 95.0 | 0.0 | 95.0 |
| TOTAL | <u>255.0</u> | <u>0.0</u> | <u>255.0</u> | <u>0.0</u> | <u>255.0</u> |