

Department of Education

Expenditure	Actual FY 2014	Approved FY 2015	Approved FY 2016	Approved FY 2017
All Funds:				
State Operations	\$ 36,308,792	\$ 34,004,536	\$ 30,932,318	\$ 30,664,153
Aid to Local Units	3,726,491,873	4,454,409,855	4,539,259,593	4,567,552,081
Other Assistance	45,851,854	44,346,851	44,074,679	44,818,147
<i>Subtotal - Operating</i>	<u>\$ 3,808,652,519</u>	<u>\$ 4,532,761,242</u>	<u>\$ 4,614,266,590</u>	<u>\$ 4,643,034,381</u>
Capital Improvements	-	-	-	-
TOTAL	<u><u>\$ 3,808,652,519</u></u>	<u><u>\$ 4,532,761,242</u></u>	<u><u>\$ 4,614,266,590</u></u>	<u><u>\$ 4,643,034,381</u></u>
State General Fund:				
State Operations	\$ 11,050,938	\$ 12,010,437	\$ 12,620,264	\$ 12,803,114
Aid to Local Units	2,951,299,668	3,112,921,232	3,189,929,745	3,141,708,194
Other Assistance	853,630	427,074	196,443	191,335
<i>Subtotal - Operating</i>	<u>\$ 2,963,204,236</u>	<u>\$ 3,125,358,743</u>	<u>\$ 3,202,746,452</u>	<u>\$ 3,154,702,643</u>
Capital Improvements	-	-	-	-
TOTAL	<u><u>\$ 2,963,204,236</u></u>	<u><u>\$ 3,125,358,743</u></u>	<u><u>\$ 3,202,746,452</u></u>	<u><u>\$ 3,154,702,643</u></u>
Percent Change:				
Operating Expenditures				
All Funds	6.9 %	19.0 %	1.8 %	0.6 %
State General Fund	(0.7)	5.5	2.5	(1.5)
FTE Positions	171.0	160.0	160.0	160.0
Non-FTE Unclass. Perm. Pos.	102.0	95.0	95.0	95.0
TOTAL	<u><u>273.0</u></u>	<u><u>255.0</u></u>	<u><u>255.0</u></u>	<u><u>255.0</u></u>

The approved budget for the Department of Education in FY 2015 is \$4.5 billion, including \$3.1 billion from the State General Fund. The approved budget is an all funds increase of \$724.1 million, or 19.0 percent, above actual FY 2014 all funds expenditures. The majority of this increase, \$579.2 million, is due to the passage of 2014 House Sub. for SB 245 that added the 20 mill statewide levy to state special revenue funds for distribution to school districts. The FY 2015 approved State General Fund budget increased by \$162.2 million, or 5.5 percent, above the FY 2014 State General Fund budget. The majority of this increase included \$109.3 million to fund Supplemental General State Aid (LOB State Aid) and \$25.2 million to fund Capital Outlay State Aid. In addition, the 2015

Legislature made the following changes in the school finance formula for fiscal years 2015, 2016, and 2017.

With passage of 2015 House Sub. for SB 7, the Legislature made appropriations for fiscal years 2015, 2016, and 2017. In addition, the existing school finance formula, the School District Finance and Quality Performance Act, was repealed and replaced with the Classroom Learning Assuring Student Success Act (CLASS Act) in FY 2016. This new law provided funding to school districts in the form of block grants. The block grants include the following for fiscal years 2016 and 2017:

- General State Aid school districts are entitled to receive the same amount in funding as received for school year 2014-2015, as adjusted by virtual school aid calculations and a 0.4 percent reduction for an Extraordinary Need Fund;
- Supplemental General State Aid and Capital Outlay State Aid as adjusted in 2014-2015 (described later);
- Virtual State Aid as recalculated;
- Amounts attributable to tax proceeds collected by school districts for the following tax levies: ancillary school facilities, cost of living, and declining enrollment; and
- Kansas Public Employees Retirement System (KPERs) employer obligations, as certified by KPERs.

For Fiscal Years 2016 and 2017, 0.4 percent of general state aid will be transferred to the **Extraordinary Need Fund**. Districts can apply to the State Finance Council for payments from this Fund. In reviewing a district's application, the Finance Council will consider: any extraordinary increase in enrollment, extraordinary decrease in assessed valuation, and any other unforeseen acts or circumstances substantially impacting a district's general fund.

Supplemental general state aid (LOB state aid) was recalculated in House Sub. for SB 7, based on quintiles below the 81.2 percentile of school districts' assessed valuation per pupil (AVPP) in school year 2014-2015 and capped at that amount for subsequent school years with gradations based on AVPP, beginning with the districts with the lowest AVPP. Each quintile equals about 46 school districts.

Capital outlay state aid also was recalculated applying a state aid percentage beginning at 75.0 percent for the district with the lowest AVPP and decreasing by 1.0 percent for each \$1,000 incremental

increase in AVPP. This same formula will be used for the calculation of state aid for general obligation bonds approved for issuance at an election held on or after July 1, 2015 (capital improvement state aid, also called bond and interest state aid).

The Legislature approved a FY 2016 all funds budget totaling \$4.6 billion, including \$3.2 billion from the State General Fund. The approved budget is an all funds increase of \$81.5 million, or 1.8 percent above FY 2015 all funds expenditures. The State General Fund increased by \$77.4 million, or 2.5 percent, above the FY 2015 expenditures. The State General Fund increase primarily consisted of \$38.4 million in the KPERs school employer obligation, \$6.5 million in special education, \$8.0 million in capital improvement state aid, and \$8.3 million in the extraordinary need fund.

The Legislature approved a FY 2017 all funds budget totaling \$4.6 billion, including \$3.2 billion from the State General Fund. The approved budget is an all funds increase of \$29.0 million, or 0.6 percent, above the FY 2016 budget. The State General Fund budget is \$48.0 million, or 1.5 percent, below the FY 2016 budget. This primarily is due to an increased estimate from the 20 mill statewide levy and, for the first time due to a 2014 law change which allows for the addition of mineral production funds to school districts, lowering the amount of State General Fund needed to fund the block grant.

In addition to the fiscal changes noted above, Senate Sub. for HB 2353 made a change in the Professional Negotiation Act, described below.

- Revised the Professional Negotiation Act (PNA) to provide that in addition to compensation and hours and amounts of work, each party can select up to three additional terms and conditions of professional service from among those listed in the PNA's definition of terms and conditions of professional service. All other items included in the definition are permissive topics for negotiation.

Department of Education

Agency Estimate/Request	FY 2015			FY 2016			FY 2017		
	SGF	All Funds	FTE	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate/Request	\$ 3,217,099,669	\$ 4,623,806,916	160.0	\$ 3,376,255,983	\$ 4,700,753,694	160.0	\$ 3,388,124,959	\$ 4,774,880,383	160.0
Governor's Changes:									
1. Operations Lapse Reversal	\$ 820,634	\$ 820,634	-	\$ -	\$ -	-	\$ -	\$ -	-
2. Governor's December 9 th Allotment and Operating Reductions	(46,313,992)	(46,313,992)	-	(458,442)	(458,442)	-	(469,661)	(469,661)	-
3. KPERS Employer Contribution Rate Reduction	-	(84,315)	-	-	-	-	-	-	-
4. Governor's December 9 th Allotment - General State Aid Reduction	(28,300,635)	(28,300,635)	-	-	-	-	-	-	-
5. KIDS Data System Addition	-	-	-	542,000	542,000	-	542,000	542,000	-
6. Operations Fund for Additional Rent	-	-	-	244,228	244,228	-	250,114	250,114	-
7. State Assessments	-	-	-	1,100,000	1,100,000	-	1,100,000	1,100,000	-
8. Transportation from the State Highway Fund	-	-	-	(107,250,000)	-	-	(107,250,000)	-	-
9. Reduction for Block Grant Funding	-	-	-	(2,415,474,850)	(2,415,474,850)	-	(2,381,216,850)	(2,381,216,850)	-
10. Block Grant to School Districts	-	-	-	2,312,899,000	2,312,899,000	-	2,259,923,000	2,259,923,000	-
11. School District Finance Fund	-	-	-	-	(47,000,000)	-	-	(47,000,000)	-
12. KPERS School Increase SGF and reduce ELARF	-	-	-	3,331,052	-	-	4,059,052	-	-
13. Health Insurance Reduction	-	-	-	(95,827)	(183,349)	-	(97,928)	(187,020)	-
14. Ft. Riley Elementary School	-	-	-	409,541	409,541	-	-	-	-
Total Governor's Recommendation	\$ 3,143,305,676	\$ 4,549,928,608	160.0	\$ 3,171,502,685	\$ 4,552,831,822	160.0	\$ 3,164,964,686	\$ 4,607,821,966	160.0
Change from Agency Est./Req.	\$ (73,793,993)	\$ (73,878,308)	-	\$ (204,753,298)	\$ (147,921,872)	-	\$ (223,160,273)	\$ (167,058,417)	-
Percent Change from Agency Est./Req.	(2.3)%	(1.6)%	-%	(6.1)%	(3.1)%	-%	(6.6)%	(3.5)%	-%
Legislative Action:									
15. General State Aid Addition	\$ 28,291,783	\$ 28,291,783	-	\$ -	\$ -	-	\$ -	\$ -	-
16. Supplemental State Aid Reduction	(32,474,434)	(32,474,434)	-	-	-	-	-	-	-
17. Capital Outlay State Aid Reduction	(17,497,500)	(17,497,500)	-	-	-	-	-	-	-
18. Extraordinary Need Fund	-	779,567	-	12,292,000	12,292,000	-	17,521,425	17,521,425	-
19. Supplemental State Aid Addition	1,976,818	1,976,818	-	-	-	-	-	-	-
20. Capital Outlay State Aid Addition	1,756,400	1,756,400	-	-	-	-	-	-	-
21. Block Grant to School Districts	-	-	-	438,427,659	438,427,659	-	497,523,624	497,523,624	-
22. Block Grant Funding from the School District Finance Fund	-	-	-	-	45,673,934	-	-	45,673,934	-
23. KPERS School to Block Grant	-	-	-	(394,600,000)	(394,600,000)	-	(436,626,000)	(436,626,000)	-
24. Information Technology Education	-	-	-	500,000	500,000	-	500,000	500,000	-

	FY 2015			FY 2016			FY 2017		
	SGF	All Funds	FTE	SGF	All Funds	FTE	SGF	All Funds	FTE
Opportunities									
25. KPERs Employer Contribution Rate Reduction	-	-	-	(37,980,553)	(38,072,462)	-	(84,213,728)	(84,392,489)	-
26. KPERs Death and Disability Reduction	-	-	-	(9,299,148)	(9,318,172)	-	(9,394,138)	(9,414,853)	-
27. Travel Expenditures Reduction	-	-	-	(68,191)	(68,191)	-	(73,226)	(73,226)	-
28. 20 Mills Shortfall Appropriation	-	-	-	17,472,000	17,472,000	-	-	-	-
29. 20 Mills Shortfall Deducted from School District Finance Fund	-	-	-	-	(17,472,000)	-	-	-	-
30. Kansas Reading Success	-	-	-	-	2,100,000	-	-	-	-
31. Block Grant Additions for Federal Impact Aid and Valuation Changes	-	-	-	4,500,000	4,500,000	-	4,500,000	4,500,000	-
TOTAL APPROVED	<u>\$ 3,125,358,743</u>	<u>\$ 4,532,761,242</u>	<u>160.0</u>	<u>\$ 3,202,746,452</u>	<u>\$ 4,614,266,590</u>	<u>160.0</u>	<u>\$ 3,154,702,643</u>	<u>\$ 4,643,034,381</u>	<u>160.0</u>
Change from Gov. Rec.	\$ (17,946,933)	\$ (17,167,366)	-	\$ 31,243,767	\$ 61,434,768	-	\$ (10,262,043)	\$ 35,212,415	-
Percent Change from Gov. Rec.	(0.6)%	(0.4)%	- %	1.0 %	1.3 %	- %	(0.3)%	0.8 %	- %
Change from Agency Est./Req.	\$ (91,740,926)	\$ (91,045,674)	-	\$ (173,509,531)	\$ (86,487,104)	-	\$ (233,422,316)	\$ (131,846,002)	-
Percent Change from Agency Est./Req.	(2.9)%	(2.0)%	- %	(5.1)%	(1.8)%	- %	(6.9)%	(2.8)%	- %

- The Governor reversed a lapse in the agency operations budget from the State General Fund in the amount of \$820,634 for FY 2015.
- The Governor deleted \$46.3 million from the State General Fund, as part of the December 9th allotment in FY 2015. For this agency the allotment included a reduction of \$46.1 million from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate (excluding KPERs Death and Disability) from 11.27 percent to 8.65 percent in FY 2015 and a reduction of \$229,872, all from the State General Fund, for a 4.0 percent reduction in operating expenditures for the last six months of FY 2015. The Governor also deleted \$458,442 for FY 2016 and \$469,661 for FY 2017, all from the State General Fund, for a 4.0 percent reduction in operating expenditures.
- The Governor deleted \$84,315, all from special revenue funds, to reduce the Kansas Public Employees Retirement System employer contribution rate (excluding KPERs Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.
- The December 9th allotment by the Governor also included a reduction in General State Aid to school districts of \$28.3 million, all from the State General Fund, in FY 2015.
- The Governor added \$542,000 for each of fiscal years 2016 and 2017, all from the State General Fund, to continue the Kansas Individual Data on Students (KIDS) system.
- The Governor added funding for increased rent costs for the Department as it moved into the Landon State Office Building. These additional funds were all from the State General Fund in the amounts of \$244,228 for FY 2016 and \$250,114 for FY 2017.
- The Governor added \$1.1 million, all from the State General Fund, for each of fiscal years 2016 and 2017 to continue to fund the additional costs associated with creating and implementing state assessments.
- The Governor deleted \$107.3 million, all from the State General Fund, for each of fiscal years 2016 and 2017 for transportation funding, providing transportation funding from the State Highway Fund instead.
- In instituting a school finance formula in the form of a block grant, the Governor reduced State General Funds from the following: General State aid for FY 2016 in the amount of \$1.9 billion and \$1.8 billion for FY 2017; Supplemental State Aid for fiscal years 2016 and 2017 in the amount of \$486.9 million each year; and Capital Outlay State Aid for FY 2016 in the amount of \$50.0 million and \$55.0 million for FY 2017.

10. The Governor added \$2.3 billion for FY 2016 and \$2.3 billion for FY 2017, all from the State General Fund, to establish a block grant for the distribution of state aid to school districts.
11. The Governor utilized funding from special weightings comprised of local tax levies made by individual school districts as a portion of the newly-created block grant to school districts. The Governor's initial block grant proposal did not take these weightings into account, which is the reason the reduction (\$47.0 million) was included in the Governor's recommendations as a reduction.
12. A portion of the KPERS school employer contribution is paid from the Expanded Lottery Act Revenues Fund (ELARF). As a result of decreased ELARF, the Governor added \$3.3 million for FY 2016 and \$4.1 million for FY 2017.
13. The Governor deleted \$183,349, including \$95,827 from the State General Fund, for FY 2016 and \$187,020, including \$97,928 from the State General Fund, for FY 2017 to reduce employer contributions for state employee health insurance.
14. The Governor added \$409,541 for FY 2016, all from the State General Fund, as the state's share of the cost of building a new elementary school at Ft. Riley for USD 475, Geary County Schools.
15. The Legislature added \$28.3 million in FY 2015, all from the State General Fund, to eliminate the effect of the Governor's allotment of General State Aid (see item 4 above).
16. The Legislature changed the school finance law related to supplemental general state aid, reducing the amount school districts would receive in supplemental state aid from the State General Fund in the amount of \$32.5 million in FY 2015. (House Sub. for SB 7)
17. The Legislature changed the school finance law related to capital outlay state aid, reducing the amount school districts would receive in capital outlay state aid from the State General Fund in the amount of \$17.5 million in FY 2015. (House Sub. for SB 7)
18. The Legislature created an Extraordinary Need Fund when creating a new school finance formula. This Fund provided funding in FY 2015 to school districts from this special revenue fund *via* a transfer to the special revenue fund from the State General Fund in the amount of \$779,567. For FY 2016, this Fund has an appropriation from the State General Fund of \$12.3 million and \$17.5 million for FY 2017. (House Sub. for SB 7)
19. The Legislature added Supplemental State Aid funding from the State General Fund in the amount of \$2.0 million in FY 2015 to hold school districts harmless from repayments associated with the amended school finance formula.
20. The Legislature added Capital Outlay State Aid funding from the State General Fund in the amount of \$1.8 million in FY 2015 to hold school districts harmless from repayments associated with the amended school finance formula.
21. The Legislature implemented a new school finance block grant formula appropriating \$438.4 million for FY 2016 and \$497.5 million for FY 2017, all from the State General Fund.
22. The Legislature made special weightings (ancillary facilities, cost of living, and declining enrollment) part of the block grant, adding \$45.7 million for both FY 2016 and FY 2017.
23. The Legislature, in creating the block grant for school district funding, added the KPERS school employer contribution to the block grant deleting KPERS contributions in the amount of \$394.6 million in FY 2016 and \$436.6 million in FY 2017, all from the State General Fund.
24. The Legislature added \$500,000, all from the State General Fund, for each of FY 2016 and FY 2017 for Information Technology Education Opportunities, allowing high school students to become credentialed in various computer applications.
25. The Legislature reduced the Kansas Public Employees Retirement System employer contribution rate (excluding KPERS Death and Disability) from 12.37 percent to 10.91 percent for FY 2016 and from 13.57 percent to 10.81 for FY 2017. **For this agency, the reductions totaled \$38.1 million including \$38.0 million from the State General Fund, for FY 2016 and \$84.4 million, including \$84.2 million from the State General Fund, for FY 2017.**
26. The Legislature deleted \$9.3 million, including \$9.3 million from the State General Fund, for FY 2016 and \$9.4 million, including \$9.4 million from the State General Fund, for FY 2017 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 and FY 2017.
27. The Legislature deleted \$68,191 for FY 2016 and \$73,226 for FY 2017, all from the State General Fund, for a 25.0 percent reduction of travel expenditures.
28. The Legislature added \$17.5 million for FY 2016, all from the State General Fund, to replace a shortfall in the estimated 20 mill statewide levy. Primarily because of oil and gas valuations dropping, the 20 mill statewide levy for school districts did not provide the estimated revenue.
29. The 20 mill shortfall of \$17.5 million (as discussed in item 28) was deducted from the School District Finance Fund and a State General Fund appropriation filled the shortfall.

30. The Legislature added \$2.1 million from the Children's Initiatives Fund for the Kansas Reading Success Program for FY 2016.
31. The Legislature added \$4.5 million for each of fiscal years 2016 and 2017 to fund amendments to the block grant. These amendments would hold

school districts harmless from changes in federal impact aid as well as some particular changes in property valuations. (2015 Senate Sub. for HB 2353)