

DEPARTMENT OF EDUCATION

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 3,117,459,086	\$3,202,846,451	\$ 3,168,824,599	\$ 3,377,701,031	\$ 3,189,360,680
Other Funds	<u>1,416,532,449</u>	<u>1,425,876,183</u>	<u>1,439,667,021</u>	<u>1,516,246,613</u>	<u>1,492,582,288</u>
TOTAL	\$ 4,533,991,535	\$4,628,722,634	\$ 4,608,491,620	\$ 4,893,947,644	\$ 4,681,942,968
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	<u>\$ 4,533,991,535</u>	<u>\$4,628,722,634</u>	<u>\$ 4,608,491,620</u>	<u>\$ 4,893,947,644</u>	<u>\$ 4,681,942,968</u>
Percentage Change:					
Operating Expenditures					
State General Fund	5.2 %	2.7 %	1.6 %	5.5 %	0.6 %
All Funds	19.1	2.1	1.6	5.7	1.6
FTE Positions	160.0	148.9	148.9	148.9	148.9
Non-FTE Perm.Uncl.Pos.	<u>95.0</u>	<u>97.5</u>	<u>97.5</u>	<u>97.5</u>	<u>100.5</u>
TOTAL	<u>255.0</u>	<u>246.4</u>	<u>246.4</u>	<u>246.4</u>	<u>249.4</u>

AGENCY OVERVIEW

The State Board of Education is a ten-member elected board established by the *Kansas Constitution*. It is responsible for the general supervision of public schools and all other educational interests of the state that are not under the jurisdiction of the State Board of Regents. Its duties include accrediting elementary and secondary schools, establishing standard courses of study in the public schools, certifying teachers and administrators, approving public and private teacher education programs, and administering a variety of state and federal aid and other assistance programs.

MAJOR ISSUES FROM PRIOR YEARS

Montoy v. State of Kansas

On January 3, 2005, the Kansas Supreme Court issued a decision in *Montoy v. State of Kansas* which held the Legislature had failed to meet its burden to make a suitable provision for the finance of public schools as required by the *Kansas Constitution*. The Court retained jurisdiction and gave the Legislature until April 12, 2005, to enact corrective legislation. The 2005 Legislature enacted HB 2247, HB 2259, and SB 43, which amended portions of the school

finance formula or affected the distribution of state aid and appropriated \$141.1 million from the State General Fund in additional funding for elementary and secondary schools.

On June 3, 2005, the Supreme Court issued a supplemental opinion in which it found funding approved by the 2005 Legislature (during the regular Session) did not satisfy the Legislature's constitutional obligation to adequately fund schools. The Court retained jurisdiction and told the Legislature it had until July 1, 2005 to increase funding for school year 2005-06 by an additional \$143.0 million.

In June 2005, the Legislature convened a Special Session and enacted House Sub. for SB 3, which made further revisions to the school finance formula, and added an additional \$148.4 million from the State General Fund for school finance, resulting in a total increase of \$289.5 million in funding for school year 2005-06.

In July 2005, the Supreme Court ruled the Legislature had complied with its June order with regard to providing additional funding for the 2005-06 school year. The Court continued to retain jurisdiction in the case, pending completion of a study of educational costs by the Legislative Division of Post Audit.

2006 Session. The Legislature, upon reviewing a cost study analysis issued by the Legislative Division of Post Audit, enacted 2006 SB 549, a \$466.2 million (from the State General Fund), three-year school finance plan, which appropriated increased funding of \$194.5 million in the 2006-2007 school year, \$149.0 million in the 2007-2008 school year, and \$122.7 million in the 2008-2009 school year. Further, the bill:

- Increased the Base State Aid Per Pupil (BSAPP) from \$4,257 to \$4,316 in FY 2007, to \$4,374 in FY 2008, and \$4,433 in FY 2009 (although only \$4,400 was funded);
- Included funding for action taken by the 2005 Legislature (House Sub. for SB 3) to increase the level of special education excess costs funding from 81.7 percent to 89.3 percent in FY 2006 and to 92.0 percent in FY 2007 and thereafter;
- Clarified that the Capital Outlay State Aid program created by the 2005 Legislature (House Sub. for SB 3) is a demand transfer;
- Increased the at-risk weighting from 19.3 to 27.8 in FY 2007, to 37.8 in FY 2008, and 45.6 in FY 2009;
- Increased the Local Option Budget (LOB) authority from 27.0 percent to 30.0 percent in FY 2007 and to 31.0 percent in FY 2008 and thereafter; and
- Created new weighting categories for high density at-risk pupils and for pupils who are not proficient on the basis of state assessments, but are not eligible for free lunches.

In July 2006, the Supreme Court dismissed the case, ruling that the Legislature had substantially complied with the Court's prior orders to correct flaws in the School Finance Act. The Court stated the constitutionality of 2006 SB 549 was not before it and noted the Legislature will have provided at least \$755.7 million in additional funding for elementary and secondary education by school year 2008-09. The Court also lifted the stay it had placed on two provisions contained in the 2005 legislation and dismissed the appeal.

2007 Session. The 2007 Legislature approved the addition of \$23.1 million, all from the State General Fund, for aid and other assistance programs in FY 2008. Major adjustments include the following items.

- \$4.0 million in General and Supplemental General State Aid to fund 2007 HB 2159 in FY 2008, which allowed all school districts to conduct a second count of students who are military dependents on February 20, 2008, and February 20, 2009.
- \$1.0 million in Supplemental General State Aid to fund a 1.0 percent increase in the LOB authority in FY 2008. Language in the appropriations bill (2007 HB 2368) increased the LOB authority from 31.0 percent to 32.0 percent in FY 2008 and thereafter.
- \$16.1 million in special education excess costs to cover reductions in federal funding for Medicaid reimbursements. The reduction in federal funding was due to a decision by the federal Centers for Medicare and Medicaid Services to begin requiring school districts to request reimbursements on a service-by-service basis in FY 2008, rather than using a bundled payment rate.

In addition, the Legislature approved the transfer of \$122.7 million from the State General Fund to a newly established Keeping Education Promises Trust Fund in FY 2008 to set aside the third year of increased funding (FY 2009) established in the three-year school finance bill (2006 SB 549). In FY 2009, \$122.7 million was transferred back to the State General Fund for General State Aid (\$82.7 million), Supplemental General State Aid (\$15.0 million), and special education excess costs (\$25.0 million).

The Legislature also removed the sunset date of June 30, 2007, for the non-proficient weighting created in the three-year school finance plan (2007 SB 68). No additional funding was needed for the continuation of the non-proficient weighting in FY 2008. The \$10.0 million, all from the State General Fund, the 2006 Legislature appropriated for the weighting in FY 2007 was already included in the agency's FY 2008 budget to finance the weighting in the base General State Aid appropriation.

2007 Interim. In June 2007, the Attorney General issued an opinion that the 1.0 percent LOB increase (from 31.0 percent to 32.0 percent) in the 2007 appropriations bill violated Article 2, Section 16 of the *Kansas Constitution*, which prohibits a bill from containing more than one subject. Because the appropriations bill contained a severability provision, however, the Attorney General indicated that the LOB increase language could be excised without affecting the remaining provisions in the bill.

2008 Session. The 2008 Legislature approved funding of \$2.5 billion, all from the State General Fund, for General and Supplemental General State Aid. This resulted in a BSAPP of \$4,433 in FY 2009 (although, only \$4,400 was funded). In addition, the 2008 Legislature recommended the following items.

- Continued funding for the third year of the three-year school finance plan approved by the 2006 Legislature; added \$37.2 million, all from the State General Fund, in FY 2010 to add a fourth year to the plan, resulting in a BSAPP increase of \$59, from \$4,433 to \$4,492.

- Amended language contained in a previous appropriations bill that required a dollar-for-dollar match from business and industry for the Kansas Career Pipeline. The legislation retained the dollar-for-dollar match but broadened the sources that may be used.
- Shifted \$7.5 million in funding for the Parents as Teachers program from the State General Fund to the Children's Initiatives Fund in FY 2009. Made expenditures of \$5.0 million, all from the Children's Initiatives Fund, for the Kansas Preschool program, formerly known as the Pre-K Pilot. The program had been included in the budget of the Department of Social and Rehabilitation Services (SRS) prior to FY 2009. The Legislature's action transferred the program from SRS to the Department of Education and combines it with the Four Year Old At-Risk program.

2009 Session. The 2009 Legislature made the following major adjustments in FY 2009.

- Deleted \$27.8 million, all from the State General Fund, from General State Aid, which resulted in a BSAPP of \$4,367. (The Governor vetoed the reduction and, instead, reduced the BSAPP by \$11 resulting in a BSAPP of \$4,400 in school year 2008-09.)
- Accelerated the transfer of the fourth-year payment of \$37.2 million from the Keeping Education Promises Trust Fund to the State General Fund from FY 2010 to FY 2009.
- Added \$3.4 million, all from the State General Fund, for local effort adjustments, (or less than expected property tax valuations).
- Added \$2.9 million, all from the State General Fund, for a shortfall in KPERS-School employer contributions in order to maintain funding at the level included in 2009 House Sub. for SB 23.

2010 Session. For FY 2010, the Legislature deleted \$32.75 million, all from the State General Fund, in General State Aid. The BSAPP for the 2010-11 school year was \$3,937.

2011 Session. The 2011 Legislature made the following adjustments.

- Added \$21.7 million, all from the State General Fund, in FY 2011 to ensure the state meets federal special education maintenance of effort requirements. The Legislature added \$21.2 million and included language allowing for the certification of the amount necessary for maintenance of effort requirements at the end of the 2011 Session. If more than the initial \$21.2 million was required to meet the certification, the additional funding would be transferred from the KPERS-School account. In June, the Department of Education, the Kansas Legislative Research Department and the Division of the Budget met and determined that an additional \$476,000 was necessary to meet the federal maintenance of effort requirement.
- Deleted \$69.2 million, all from the State General Fund, to delay the April 15th KPERS-School payment, in FY 2011 to FY 2012.

- Added \$52,287, all from the State General Fund, for school food assistance in FY 2012 in order to meet federal maintenance of effort requirements set forth by the U.S. Department of Agriculture. By adding the funds, the state is eligible to receive approximately \$97.0 million in federal funds for the school lunch program.
- Added \$69.2 million, all from the State General Fund, for FY 2012 for the April 15, 2011, KPERS-School payment, which was deleted in FY 2011.
- Deleted \$1.5 million, all from the State General Fund, to eliminate funding for the Mentor Teacher program in FY 2012.
- Deleted language in FY 2012 that required the award for parent education program grants (Parents As Teachers) to be conditioned on the school district providing services for those families at 150.0 percent of federal poverty level and charging a fee for those families above that income level.

In addition, House Sub. for Sub. for SB 111 was passed. The bill allows school districts to expend a portion of the unencumbered balances held in particular funds and provides a prioritized list. Local school boards are not limited to using the funds in the priority list and are not required to expend the total unencumbered balance before utilizing the unencumbered balance in another fund. The bill limits the amount of money a school district can use from its unencumbered balance through a formula that is calculated by the State Board of Education.

2012 Session. The 2012 Legislature made the following adjustments.

- Deleted \$615,663, all from the State General Fund, for the Mentor Teacher program in FY 2013.
- Added \$65,663, all from the State General Fund, for costs associated with an increase in the transaction fee for the Financial Management System (FMS) in FY 2013.
- Deleted \$28.9 million, all from the State General Fund, from the Technical Education Grants Program fund and added \$28.9 million, all from the State General Fund, to General State Aid in FY 2013 to maintain the 0.5 weighting for career and technical education.
- Added \$40.0 million, all from the State General Fund, to increase the BSAPP from \$3,780 to \$3,838 in FY 2013.

2013 Session. The 2013 Legislature made the following adjustments to the Department's budget.

- Transferred \$44,441 from the Kansas Universal Service Fund (KUSF) in FY 2013 to a newly established fund within the Department to fund an Educational Technology Coordinator position, which had been funded with a federal grant that was due to expire at the end of federal FY 2013.
- Added \$250,000, all from the State General Fund, for Communities in Schools for FY 2014 and FY 2015.

- Deleted \$1.2 million, all from the State General Fund, to reduce operating expenditures for FY 2014.
- Transferred \$43.0 million for FY 2014 and \$10.0 million for FY 2015, all from the State Highway Fund, for special education transportation and reduced the State General Fund expenditures by the same amounts in each fiscal year.
- Transferred \$96.6 million for FY 2014 and \$96.6 million for FY 2015, all from the State Highway Fund, for general state aid transportation weighting and reduced the State General Fund expenditures by the same amounts in each fiscal year.
- Transferred \$650,000 for FY 2014 and \$650,000 for FY 2015, all from the State Highway Fund, for career and technical education transportation and reduced the State General Fund expenditures by the same amounts in each fiscal year.
- Transferred \$37.5 million for FY 2014 and \$39.5 million for FY 2015, all from the Expanded Lottery Act Revenues Fund (ELARF), for KPERS School Retirement and reduced the State General Fund expenditures by the same amounts in each fiscal year.
- Added \$46,908, all from the State General Fund, including 0.5 FTE position, in both FY 2014 and FY 2015 for an Education Program Consultant for the Coalition of Innovative Districts Act.

2014 Session. In response to a ruling by the Kansas Supreme Court, the 2014 Legislature appropriated an additional \$109.3 million for Supplemental General State Aid from the State General Fund (local option budget equalization aid) and made a revenue transfer of \$25.2 million to the Capital Outlay Fund from the State General Fund to fully fund equalization aid in both these areas.

Changes in the school finance formula, described below, resulted in a decrease in various weightings taking effect in FY 2015 and thereafter, unless otherwise noted below.

- A phase-out of the school facilities weighting limited its use to only those districts that have a local option budget (LOB) of at least 25 percent of the amount of state financial aid for which the contractual bond obligations incurred by the district were approved by voters on or before July 1, 2014.
- Nonproficient at-risk weighting was eliminated.
- Virtual weighting was eliminated from the LOB calculation.
- At-risk weighting was eliminated for part-time students (grades 1 through 12) and students over 19 years of age (excluding students with Individualized Education Programs (IEPs)).

2015 Session. The 2015 Legislative Session resulted in the repeal of the School District Finance and Quality Performance Act (SDFQPA) that was passed in 1992. In its place, the Legislature created the Classroom Learning Assuring Student Success Act or CLASS Act. The CLASS Act provided a block grant form of funding for each school district for school years 2015-

2016 and 2016-2017. Each district's block grant was based in part on, and is at least equal to, the total state financial support as provided in school year 2014-2015.

House Sub. for SB 7 included the CLASS Act. Senate Sub. for HB 2353 was a "trailer bill" making some adjustments to SB 7. Details from both bills are including in the following description.

Classroom Learning Assuring Student Success Act

The CLASS Act is effective from July 1, 2015, through June 30, 2017, and made appropriations for K-12 education for fiscal years (FYs) 2015, 2016, and 2017.

Block Grant for FYs 2016 and 2017

The block grant includes the following provisions:

- General State Aid school districts are entitled to receive for school year 2014-2015, with some adjustments, and a 0.4 percent reduction for an Extraordinary Need Fund (will be disbursed to districts in the same manner as in current law);
- Supplemental general state aid and capital outlay state aid as adjusted in 2014-2015 (adjustment described below);
- Virtual state aid as recalculated for FYs 2016 and 2017 (described below);
- Amounts attributable to the tax proceeds collected by school districts for the ancillary school facilities tax levy, the cost of living tax levy, and the declining enrollment tax levy; and
- Kansas Public Employees Retirement System (KPERs) employer obligations, as certified by KPERs.

General state aid for school year 2014-2015 is adjusted to account for consolidated school districts. Adjustments also are made in all school years to ensure districts eligible for the new facilities weighting will receive that weighting as outlined in current law.

Special education funding to school districts did not change and is a separate appropriation in the bill.

Extraordinary Need Fund

For FYs 2016 and 2017, 0.4 percent of general state aid will be transferred to the Extraordinary Need Fund. Any unencumbered funds remaining in this Fund at the end of the fiscal year will be transferred back to the State General Fund. Districts can apply to the State Finance Council for payments from this Fund. In reviewing a district's application for payment from the Fund, the Finance Council will consider any:

- Extraordinary increase in enrollment;
- Extraordinary decrease in the district's assessed valuation; and
- Other unforeseen acts or circumstances substantially impacting a district's general fund.

Recalculation of Supplemental General State Aid (Local Option Budget [LOB] State Aid)

The Local Option Budget is comprised of a local mill levy and equalization aid from the state based on a formula described below.

LOB State Aid is recalculated 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 as follows based on AVPP, beginning with the districts with the lowest AVPP. (Each quintile equals about 46 school districts.)

- Lowest quintile – 97.0 percent of LOB State Aid;
- Second lowest quintile – 95.0 percent of LOB State Aid;
- Middle quintile – 92.0 percent of LOB State Aid;
- Second highest quintile – 82.0 percent of LOB State Aid; and
- Highest quintile – 72.0 percent of LOB State Aid.

Districts may continue to adopt a LOB and levy a property tax in an amount not to exceed the LOB of the district in school year 2014-2015, unless the district approves a higher amount for school year 2015-2016, prior to July 1, 2015.

The bill uses the AVPP for school year 2015-2016 (instead of the current school year) for the purpose of determining LOB State Aid for any district if the district has a total assessed valuation for school year 2015-2016 less than the assessed valuation in the current school year; the difference in assessed valuation between the current school year and 2015-2016 is greater than 25.0 percent; and having such reduction is the direct result of the classification of tangible personal property by 2014 legislation changing the tax classification of commercial and industrial machinery used directly in the manufacture of cement, lime, or similar products. (KSA 2014 Supp. 79-507)

Recalculation of Capital Outlay State Aid

The state aid percentage begins at 75.0 percent for the district with the lowest AVPP and decreases by 1.0 percent for each \$1,000 incremental increase in AVPP.

Bond and Interest State Aid

The bill amends the calculation of state aid for general obligation bonds approved for issuance at an election held on or after July 1, 2015, using the same formula as the amended Capital Outlay State Aid formula.

Virtual State Aid

There is no change in the calculation of Virtual State Aid in school year 2014-2015. In school year 2015-2016, funding for full-time equivalent students will be calculated at \$5,000 per student; part-time students, \$4,045 per student; and students 19 and older, \$933 per 1-hour credit course successfully completed in the school year.

In school year 2016-2017, funding for full-time equivalent students will be calculated at \$5,600 per student; part-time students, \$1,700 per student; and students 19 and older, \$933 per 1-hour credit course successfully completed in the school year.

Special Levies

Districts are authorized to impose special local tax levies (for ancillary facilities, cost of living, and declining enrollment), if the district levied such tax in school year 2014-2015 or if the district is qualified to levy such tax under current law.

Fund Flexibility

Districts have fund flexibility at the district level, allowing the transfer of funds to the district's general fund with no cap on the amount of the transfer. Excluded from this flexibility are three funds: bond and interest, special education, and special retirement contributions.

2015 Senate Sub. for HB 2353

2015 Senate Sub. for HB 2353 amended the CLASS Act to provide:

- Any student who is not a resident of a school district and attended that district in the 2014-15 school year would be allowed to attend school in the district in the 2015-16 and 2016-17 school years;
- Out-of-state virtual students are ineligible for state aid; and
- Districts experiencing changes in federal impact aid would not lose funding because of those changes.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$4.6 billion, an increase of \$30.1 million over the approved budget, or 0.7 percent. The difference includes increased salaries and wages of approximately \$950,000, resulting primarily from a reduction in the shrinkage rate, an increase in special revenue funds included \$8.3 million more in School District Capital Improvement Fund and \$4.0 million more in federal funding for the National School Lunch Program. In addition, \$2.1 million of Children's Initiatives Funds were added for the Kansas Reading Success Program.

For FY 2016, the agency requested and increase in the agency operating budget above the approved amount by \$12.5 million, all funds. The majority of this change (\$11.5 million)

involved a shift of expenditures from financial aid to contractual services due to a changed emphasis and increased clarification in Uniform Grant Guidance for federal grantees. According to agency officials, entities formerly paid as subgrantees are now to be considered contractors, thus this change.

The **Governor** recommends a FY 2016 budget of \$4.6 billion, including \$3.2 billion from the State General Fund. The difference in the agency estimate and the Governor's recommendation is a net reduction of \$20.2 million, all funds, derived from a net savings in the KPERS employer contribution estimate of \$15.7 million (resulting from a revised KPERS employer contribution estimate developed in November 2015 in the education consensus process) and \$4.5 million in other Governor's adjustments, described below:

- \$1.5 million savings related to and additional appropriation for two school districts facing issues related to business valuations (2015 Senate Sub. for HB 2353);
- \$2.9 million savings in the Extraordinary Need Fund appropriation;
- \$200,000 savings in the Juvenile Detention Program; and
- An addition of \$120,112 to the block grant for USD 413, Chanute.

Because the 20 mill statewide levy resulted in \$13.8 million more than estimated, the funding for this portion of the block grant came from the School District Finance Fund, rather than the State General Fund.

These changes resulted in a Governor's recommendation of \$34.0 million difference (reduction) in the State General Fund agency estimate and a \$13.8 million increase in an all other funds estimate.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$4.9 billion, an increase of \$265.0 million in all funds, or 5.7 percent. The majority of the increased request results from supplemental requests totaling \$243.0 million, all fund, and \$223.0 million from the State General Fund.

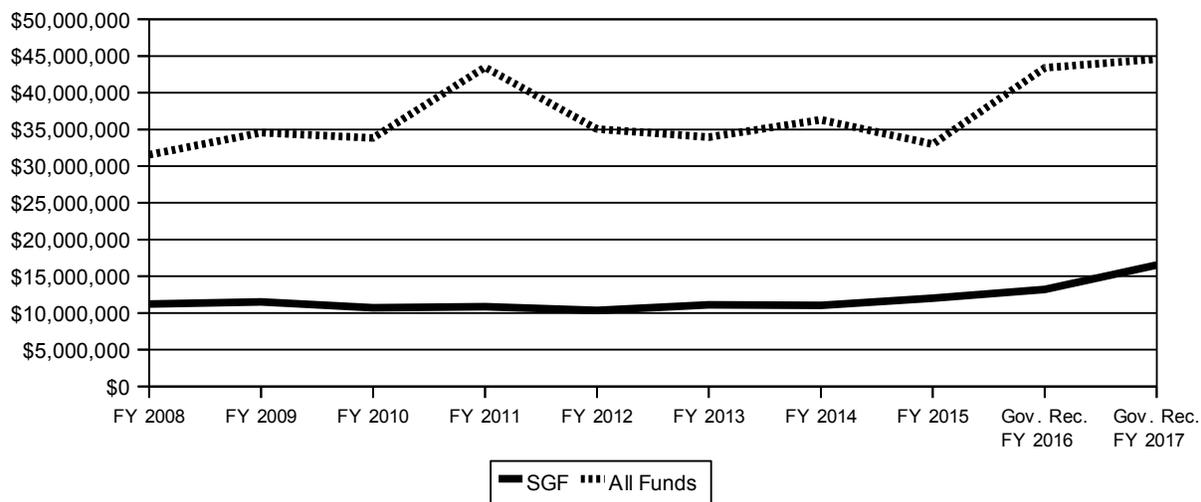
The **Governor** recommends a revised FY 2017 estimate of \$4.7 billion, including \$3.2 billion from the State General Fund. This is \$212.0 million less in all funds than the agency request, including \$188.0 million less from the State General Fund.

The Governor did not recommend funding for any of the agency's supplemental requests which amounted to \$223.0 million from the State General Fund. The Governor did recommend the supplemental request of \$18.5 million for capital improvement state aid.

The Governor's recommendation reduced the KPERS employer contribution by a net amount of \$19.6 million due to a revised estimate; added \$5.7 million (for the 20 mill levy) and \$17.0 million (for the Mineral Production Fund) from the State General Fund for revised estimates on both levies. In addition, the Governor's recommendation added \$31.5 million from the State General Fund for the following items: \$2.1 million for the Kansas Reading Success Program; \$19.0 million to move the Children's Cabinet to the Department of Education; fund the Pre-K Pilot Program from the State General Fund (\$4.8 million); and add \$5.8 million to move the *tiny-K* program (Kansas Infant and Toddler Program for children with disabilities) from the Kansas Department of Health and Environment to the Department of Education.

BUDGET TRENDS

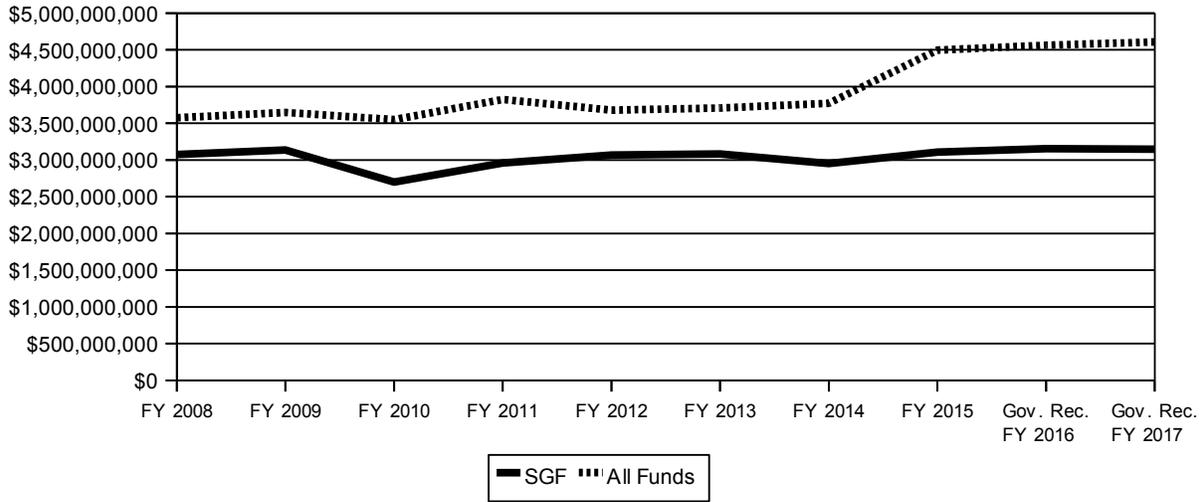
OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 11,237,342	5.4 %	\$ 31,551,327	0.9 %	212.3
2009	11,510,498	2.4	34,561,283	9.5	213.3
2010	10,735,847	(6.7)	33,840,356	(2.1)	210.3
2011	10,876,684	1.3	43,460,681	28.4	210.3
2012	10,361,045	(4.7)	35,064,224	(19.3)	188.3
2013	11,132,026	7.4	33,956,966	(3.2)	170.0
2014	11,050,938	(0.7)	36,308,792	6.9	170.0
2015	12,011,002	8.7	32,997,169	(9.1)	160.0
2016 Gov. Rec.	13,219,692	10.1	43,397,812	31.5	148.9
2017 Gov. Rec.	16,546,262	25.2	44,582,726	2.7	148.9
Ten-Year Change Dollars/Percent	\$ 5,308,920	47.2 %	\$ 13,031,399	41.3 %	(63.4)

**AID AND OTHER ASSISTANCE EXPENDITURES
FY 2008 – FY 2017**



**AID AND OTHER ASSISTANCE EXPENDITURES
FY 2008 – FY 2017**

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 3,075,357,811	9.1 %	\$ 3,575,547,560	8.9 %	212.3
2009	3,135,854,735	2.0	3,647,248,002	2.0	213.3
2010	2,698,815,637	(13.9)	3,549,720,129	(2.7)	210.3
2011	2,960,334,113	9.7	3,824,032,285	7.7	210.3
2012	3,066,459,334	3.6	3,678,685,623	(3.8)	188.3
2013	3,080,705,948	0.5	3,707,586,052	0.8	170.0
2014	2,952,153,298	(4.2)	3,772,343,727	1.7	171.0
2015	3,105,426,306	5.2	4,496,737,571	19.2	160.0
2016 Gov. Rec.	3,155,571,937	1.6	4,562,249,121	1.5	148.9
2017 Gov. Rec.	3,149,080,564	(0.2)	4,607,267,984	1.0	148.9
Ten-Year Change Dollars/Percent	\$ 73,722,753	2.4 %	\$ 1,031,720,424	28.9 %	(63.4)

Summary of Operating Budget FY 2015 - FY 2017

Department of Education

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Administration	\$ 14,602,992	\$ 13,646,678	\$ 13,466,998	\$ (179,680)	(1.3) %	\$ 13,646,678	\$ 13,466,998	\$ (179,680)	(1.3) %
Governance of Educ.	328,400	372,793	375,506	2,713	0.7	372,793	375,506	2,713	0.7
Child Nutrition & Wellness	4,727,758	3,998,011	4,012,865	14,854	0.4	3,998,011	4,012,865	14,854	0.4
Standards & Assessment Services	8,654,131	10,808,103	8,474,814	(2,333,289)	(21.6)	10,808,103	10,574,814	(233,289)	(2.2)
Special Educ. Services	4,494,800	11,562,442	10,843,714	(718,728)	(6.2)	11,562,442	10,843,714	(718,728)	(6.2)
Title Programs & Services	3,158,402	4,025,909	3,843,140	(182,769)	(4.5)	4,025,909	3,843,140	(182,769)	(4.5)
Career & Technical Education	1,287,481	1,828,563	1,742,144	(86,419)	(4.7)	1,828,563	1,742,144	(86,419)	(4.7)
Financial Aid	4,496,737,571	4,582,480,135	4,851,188,463	268,708,328	5.9	4,562,249,121	4,607,267,984	45,018,863	1.0
Children's Cabinet	0	0	0	0	0.0	0	29,815,803	29,815,803	0.0
TOTAL	\$ 4,533,991,535	\$ 4,628,722,634	\$ 4,893,947,644	\$ 265,225,010	5.7 %	\$ 4,608,491,620	\$ 4,681,942,968	\$ 73,451,348	1.6 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 16,434,521	\$ 17,540,121	\$ 17,861,724	\$ 321,603	1.8 %	\$ 17,540,121	\$ 18,524,792	\$ 984,671	5.6 %
Contractual Services	15,165,390	25,025,213	21,418,164	(3,607,049)	(14.4)	25,025,213	25,128,752	103,539	0.4
Commodities	653,294	750,205	677,838	(72,367)	(9.6)	750,205	683,559	(66,646)	(8.9)
Capital Outlay	743,964	82,273	245,423	163,150	198.3	82,273	245,623	163,350	198.5
Subtotal - Operations	\$ 32,997,169	\$ 43,397,812	\$ 40,203,149	\$ (3,194,663)	(7.4) %	\$ 43,397,812	\$ 44,582,726	\$ 1,184,914	2.7 %
Aid to Local Units	4,456,693,471	4,540,696,943	4,808,235,548	267,538,605	5.9	4,520,465,929	4,567,127,534	46,661,605	1.0
Other Assistance	44,300,895	44,627,879	45,508,947	881,068	2.0	44,627,879	70,232,708	25,604,829	57.4
TOTAL	\$ 4,533,991,535	\$ 4,628,722,634	\$ 4,893,947,644	\$ 265,225,010	5.7 %	\$ 4,608,491,620	\$ 4,681,942,968	\$ 73,451,348	1.6 %
Financing:									
State General Fund	\$ 3,117,459,086	\$ 3,202,846,451	\$ 3,377,701,031	\$ 174,854,580	5.5 %	\$ 3,168,824,599	\$ 3,189,360,680	\$ 20,536,081	0.6 %
Expanded Lottery Act Revenues Fund	39,490,000	36,158,948	35,430,948	(728,000)	(2.0)	36,158,948	35,430,948	(728,000)	(2.0)
Children's Initiatives Fund	12,037,447	14,137,447	12,497,447	(1,640,000)	(11.6)	14,137,447	0	(14,137,447)	(100.0)
Transportation Fund	107,250,849	107,250,000	107,950,000	700,000	0.7	107,250,000	107,250,000	0	0.0
All Other Funds	1,257,754,153	1,268,329,788	1,360,368,218	92,038,430	7.3	1,282,120,626	1,349,901,340	67,780,714	5.3
TOTAL	\$ 4,533,991,535	\$ 4,628,722,634	\$ 4,893,947,644	\$ 265,225,010	5.7 %	\$ 4,608,491,620	\$ 4,681,942,968	\$ 73,451,348	1.6 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$3,202,746,452 for the Kansas Department of Education in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$7,567,813, was transferred to agency operating expenditures from FY 2015 reappropriations in KPERS (\$7,144,112), juvenile detention facilities (\$339,095), and the teaching excellence scholarships and awards program (\$84,606), pursuant to the Governor’s Executive Directive No. 15-464;
- Of the total above, the Governor lapsed \$7,467,814, as authorized under 2015 House Bill No. 2135, leaving \$99,999 to help offset fee increases assessed by the Department of Administration and the Kansas Office of Information Technology Services in FY 2016; and
- In November of 2015, the Governor lapsed \$15,722,725, all from the State General Fund, to adjust for revised estimates in KPERS costs for school employees in FY 2016.

These adjustments change the FY 2016 approved State General Fund to \$3,186,123,726 billion. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 3,187,123,726	\$ 3,202,846,451	\$ 15,722,725	\$ 3,168,824,599	\$ (18,299,127)
All Other Funds	1,411,520,138	1,425,876,183	14,356,045	1,439,667,021	28,146,883
TOTAL	<u>\$ 4,598,643,864</u>	<u>\$ 4,628,722,634</u>	<u>\$ 30,078,770</u>	<u>\$ 4,608,491,620</u>	<u>\$ 9,847,756</u>
FTE Positions	160.0	148.9	(11.1)	148.9	(11.1)

The **agency** requests a revised estimate of \$4.6 billion, an increase of \$30.1 million, or 0.7 percent, with \$14.4 million of the total from special revenue funds. The difference includes the KPERS fund lapse described above. The lapse occurred after the Department’s budget submission. The largest increase in special revenue funds included \$8.3 million more in School District Capital Improvement Fund and \$4.0 million more in federal funding for the National School Lunch Program. In addition, \$2.1 million of Children’s Initiatives Funds were added for the Kansas Reading Success Program.

For FY 2016, the agency requested an increase in the agency operating budget above the approved amount by \$12.5 million, all funds. The majority of this change (\$11.5 million) involved a shift of expenditures from financial aid to contractual services due to a changed emphasis and increased clarification in Uniform Grant Guidance for federal grantees. According to agency officials, entities formerly paid as subgrantees are now to be considered contractors, thus this change. The **Governor** recommends a FY 2016 budget of \$4.6 billion, including \$3.2 billion from the State General Fund. The difference in the FY 2016 approved budget and the Governor's recommendation is a net total of \$9.8 million, including a reduction of \$18.3 million from the State General Fund and an increase of \$28.1 million in special revenue funds.

The difference in the Governor's State General Fund recommendation and the approved budget primarily consists of the revised KPERS employer contribution estimate described above. Other major changes in the Governor's recommendation from the approved budget include the items below:

- \$1.5 million savings related to and additional appropriation for two school districts facing issues related to business valuations (2015 Senate Sub. for HB 2353);
- \$2.9 million savings in the Extraordinary Need Fund appropriation;
- \$200,000 savings in the Juvenile Detention Program; and
- An addition of \$120,112 to the block grant for USD 413, Chanute.

Because the 20 mill statewide levy resulted in \$13.8 million more than estimated, the funding for this portion of the block grant came from the School District Finance Fund, rather than the State General Fund.

The difference in the Governor's recommendation and the approved budget mainly consists of an additional \$8.3 million in capital improvement state aid; \$13.8 million from the School District Finance Fund described above; and the remainder in increases in various federal funds, above the initial estimates.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Improvement State Aid	\$ 0	\$ 8,300,000	0.0	\$ 0	\$ 8,300,000	0.0

The **agency** requests an additional \$8,300,000 for Capital Improvement State Aid, also known as bond and interest state aid. The total amount determined for capital improvement state aid during the April consensus process was \$162,500,000, although that amount was inadvertently left out of the amount approved by the 2015 Legislature; the actual revised estimate is \$163,300,000 for FY 2016.

The **Governor** concurs with this supplemental request.

Governor’s Allotments

The 2015 Legislature, through the enactment of Senate Sub for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency’s operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor’s allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts

GOVERNOR’S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment/HB 2135			
Reappropriations	\$ (7,467,814)	\$ (7,467,814)	0.0
November Allotment			
KPERs	<u>\$(15,722,725)</u>	<u>\$(15,722,725)</u>	0.0
TOTAL	<u>\$(23,190,539)</u>	<u>\$(23,190,539)</u>	<u>0.0</u>

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$3,154,702,643 for the Department of Education in FY 2017.

CHANGE FROM APPROVED BUDGET					
	Approved 2015 Legislature	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 3,154,702,643	\$ 3,377,701,031	\$ 222,998,388	\$ 3,189,360,680	\$ 34,658,037
All Other Funds	1,488,331,738	1,516,246,613	27,914,875	1,492,582,288	4,250,550
TOTAL	\$ 4,643,034,381	\$ 4,893,947,644	\$ 250,913,263	\$ 4,681,942,968	\$ 38,908,587
FTE Positions	160.0	148.9	(11.1)	148.9	(11.1)

The **agency** requests a revised estimate of \$4.9 billion, an increase of \$265.2 million in all funds, or 5.7 percent, above the approved budget. The majority of the increased request results from enhancement requests totaling \$223.0 million from the State General Fund, and \$18.5 million from the School District Capital Improvement Fund for an increased estimate and the technical correction mentioned in the discussion above under FY 2016.

The **Governor** recommended \$34.7 million more from the State General Fund than the approved amount and \$4.3 million more in special revenue funds. This additional amount includes the following:

- \$2.1 million for the Kansas Reading Success program;
- \$19.0 million to move the Children 's Cabinet to the Department of Education;
- \$4.8 million to change the funding for the Pre-K Pilot Program from Children's Initiative Funds to the State General Fund; and
- \$5.8 million to move the tiny-K - Infant and Toddler Program from the Kansas Department of Health and Environment to the Department of Education.

Related to the block grant for USDs, the revised estimate for KPERS employer contributions was reduced by \$23.9 million (although \$4.3 million was added to fund the KPERS employer contribution for community colleges, technical schools, and interlocals); however, an addition of \$22.7 was needed to fully fund the 20 mill statewide levy (\$5.7 million) and the mineral production fund (\$17.0 million) - thus the net loss to the block grant was \$1.2 million. Finally, the Governor reduced the juvenile detention facilities program by the savings of \$200,000.

The Governor did not recommend funding for any supplementals, except for the revised estimate in the Capital Improvement State Aid Fund of \$18.5 million.

Supplementals Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Block Grants to USDs (includes All Day Kindergarten)	\$ 123,171,118	\$ 123,171,118	0.0	\$ 0	\$ 0	0.0
Special Education Services Aid	91,677,270	91,677,270	0.0	0	0	0.0
Professional Development	5,000,000	5,000,000	0.0	0	0	0.0
Mentor Teacher Program	3,000,000	3,000,000	0.0	0	0	0.0
Capital Improvement State Aid	0	18,500,000	0.0	0	18,500,000	0.0
Technical Education Transportation	0	700,000	0.0	0	0	0.0
Parent Education Program	0	460,000	0.0	0	0	0.0
Agriculture in the Classroom	50,000	50,000	0.0	0	0	0.0
Discretionary Grants (Environmental Education)	50,000	50,000	0.0	0	0	0.0
Discretionary Grants (Communities in Schools)	50,000	50,000	0.0	0	0	0.0
TOTAL	\$ 222,998,388	\$ 242,658,388	0.0	\$ 0	\$ 18,500,000	0.0

The **agency** requests \$123.2 million from the State General Fund as an addition to **block grants to school districts**. This total includes: \$93.6 in general state aid representing a 3.0 percent increase, which would restore budget reductions made by the Legislature and offset increased operating costs incurred by school districts, according to the agency. In addition, this request includes \$10.6 million for an estimated increased in **KPERS employer contributions**, and \$19.0 million to begin the phase in of **all day kindergarten** over a five year period.

The request includes State General Fund funding for **professional development**, not funded for FYs 2010 through 2016. According to the agency, this request would fund at 50 percent, professional development activities for educators for FY 2017. Regarding the supplemental request of \$3.0 million for the **mentor teacher program**, the agency indicated the Legislature eliminated all program funding in FY 2012 for this program. This request is anticipated to fully fund the program for FY 2017, providing \$1,000 for a mentor teacher.

An supplemental request of \$91.7 million from the State General Fund to fund **special education** at the statutorily-required level of 92.0 percent of excess costs (KSA 72-798).

The request for \$5.0 million - a demand transfer from the State General Fund - for **Capital Improvement State Aid** would fund the estimated costs for this program for FY 2017.

The agency indicated that due to the increasing number of districts participating in the career and technical education program (SB 155) the appropriation for transportation for this program has been pro-rated at 50.0 percent for FY 2016 and 48.2 percent for FY 2017, based on approved appropriations. This request from the State Highway Fund would fully fund the **career and technical education transportation program**.

A request for \$50,000 from the State General Fund would help fund the operations of the Kansas Foundation for **Agriculture in the Classroom**. Prior appropriations ranged from \$25,000 to \$35,000, and were eliminated altogether in FY 2012. The \$50,000 State General Fund request for discretionary grants would provide funding for **environmental education** (funding was eliminated in FY 2010) and \$50,000 for **Communities in Schools** of Kansas. Communities in Schools was funded off and on over twenty years. For FYs 2009 through 2011, \$35,000 was provided; in FYs 2014 and 2015, \$250,000 was provided. No funding was provided in FY 2016.

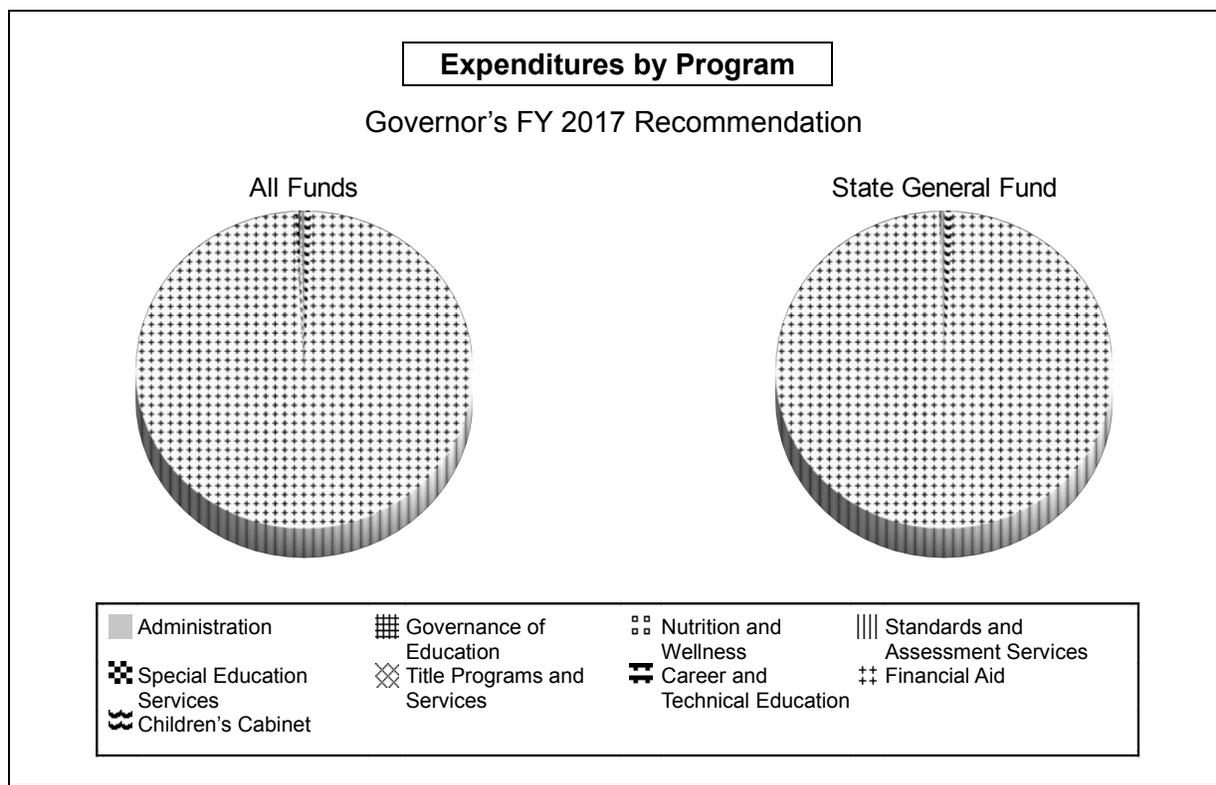
The **Governor** recommends funding of one supplemental the revised estimate for Capital Improvement State Aid for \$18,500,000 which is a demand transfer.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	69.0 %	0.0 %
Expanded Lottery Act Revenues Fund	0.7	0.0
Children's Initiatives Fund	0.3	0.0
All Other Funds	30.0	0.0
TOTAL	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 13,466,998	0.3 %	\$ 8,041,506	0.3 %
Governance of Education	375,506	0.0	375,506	0.0
Nutrition and Wellness	4,012,865	0.1	289,104	0.0
Standards and Assessment Services	10,574,814	0.2	4,903,480	0.2
Special Education Services	10,843,714	0.0	581,212	0.0
Title Programs and Services	3,843,140	0.1	188,136	0.0
Career and Technical Education	1,742,144	0.0	1,051,461	0.0
Financial Aid	4,607,267,984	98.4	3,149,080,564	98.7
Children's Cabinet	29,815,803	0.6	24,849,711	0.8
TOTAL	\$ 4,681,942,968	100.0 %	\$ 3,189,360,680	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	83.4	74.0	74.0	74.0	74.0
Governance of Education	0	0	0.0	0	0.0
Child Nutrition & Wellness	16.6	17.9	17.9	17.9	17.9
Standards & Assessment Services	16.7	16.0	16.0	16.0	16.0
Special Education Services	17.2	16.9	16.9	16.9	16.9
Title Programs & Services	12.7	12.0	12.0	12.0	12.0
Career & Technical Education	13.5	12.1	12.1	12.1	12.1
Children's Cabinet	0.0	0.0	0.0	0.0	0.0
TOTAL	160.0	148.9	148.9	148.9	148.9

A. Agency Operating Budget

AGENCY OPERATIONS BUDGET SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 16,434,521	\$ 17,540,121	\$ 17,540,121	\$ 17,861,724	\$ 18,524,792
Contractual Services	15,165,390	25,025,213	25,025,213	21,418,164	25,128,752
Commodities	653,294	750,205	750,205	677,838	683,559
Capital Outlay	743,964	82,273	82,273	245,423	245,623
<i>Subtotal - Operations</i>	<i>\$ 32,997,169</i>	<i>\$ 43,397,812</i>	<i>\$ 43,397,812</i>	<i>\$ 40,203,149</i>	<i>\$ 44,582,726</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 32,997,169	\$ 43,397,812	\$ 43,397,812	\$ 40,203,149	\$ 44,582,726
Financing:					
State General Fund	\$ 12,011,002	\$ 13,219,692	\$ 13,219,692	\$ 13,303,148	\$ 16,546,262
All Other Funds	20,986,167	30,178,120	30,178,120	26,900,001	28,036,464
TOTAL	\$ 32,997,169	\$ 43,397,812	\$ 43,397,812	\$ 40,203,149	\$ 44,582,726
FTE Positions	160.0	148.9	148.9	148.9	148.9
Non-FTE Uncl. Perm. Pos.	95.0	97.5	97.5	97.5	106.5
TOTAL	255.0	246.4	246.4	246.4	255.4

The **agency** requests \$43.4 million in all funds and \$13.2 million from the State General Fund, for FY 2016.

For FY 2016, the agency requested an increase in the agency operating budget above the approved amount by \$12.5 million, all funds. The majority of this change (\$11.5 million) involved a shift of expenditures from financial aid to contractual services due to a changed emphasis and increased clarification in Uniform Grant Guidance for federal grantees. According to agency officials, entities formerly paid as subgrantees are now to be considered contractors, thus this change.

For FY 2017, the agency requested \$9.5 million more, all funds, from the approved amount for the same reason as noted above related to federal grant guidance.

The **Governor** recommends an all funds budget of \$43.4 million, including \$13.2 from the State General Fund, for FY 2016, the same amount as the agency estimate.

For FY 2017, the Governor recommends a revised estimate of \$44.6 million all funds, including \$16.5 million from the State General Fund. This total estimate is \$4.4 million more than the agency request. The largest amount of this addition is the Governor's recommendation of \$2.1 million from the State General Fund to continue the Kansas Reading Success Program. Another \$1.1 million of State General Fund finances an early childhood program *via* the Children's Cabinet.

B. Aid and Other Assistance

AID AND OTHER ASSISTANCE PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
State General Fund					
General State Aid	\$ 1,886,700,212	\$ 0	\$ 0	\$ 0	\$ 0
Block Grant to USDs	0	2,731,944,802	2,696,232,055	2,802,206,770	2,677,840,313
Supplemental State Aid	452,257,384	0	0	0	0
Special Education	418,360,566	424,902,949	424,902,949	515,657,725	423,980,455
Extraordinary Need Fund	0	12,292,000	9,363,599	17,521,425	17,521,425
Educable Deaf/Blind	110,000	110,000	110,000	110,000	110,000
Capital Outlay State Aid	28,927,119	0	0	0	0
KPERS - School *	311,138,290	11,838,054	16,657,350	12,628,263	16,932,116
Juvenile Detention Facilities	4,632,405	4,971,500	4,771,500	4,971,500	4,771,500
School Food Assistance	2,510,429	2,510,486	2,510,486	2,510,486	2,510,486
Teaching Excellence Scholarship & Awards	242,894	327,500	327,500	327,500	327,500
Agriculture in the Classroom	0	0	0	50,000	0
Discretionary Grants	322,457	322,457	322,457	372,457	322,457
Mentor Teacher Grants	0	0	0	3,000,000	0
Professional Development	0	0	0	5,000,000	0
Communities in Schools	250,000	0	0	50,000	0
Pre-K Pilot					4,799,812
Ft. Riley Match		409,541	409,541	0	0
Early Childhood Block Grant	0	0	0	0	17,406,597
Child Care Quality Initiative	0	0	0	0	500,000
Infant Toddler Program	0	0	0	0	4,074,861
TOTAL STATE GENERAL FUND	\$ 3,105,451,756	\$ 3,189,629,289	\$ 3,155,607,437	\$ 3,364,406,126	\$ 3,171,097,522
School District Finance Fund	\$ 635,626,579	\$ 628,448,934	\$ 642,239,772	\$ 668,307,934	\$ 662,591,329
KPERS-ELARF	39,490,000	36,158,948	\$ 36,158,948	35,430,948	35,430,948
Capital Improvement State Aid	145,009,015	163,300,000	163,300,000	181,000,000	181,000,000
General State Aid Mineral Production Fund	0	0	0	28,427,000	11,473,000
Transportation Aid - State Highway Fund	107,250,849	107,250,000	107,250,000	107,950,000	107,250,000
Communities in Schools Program	50,000	50,000	50,000	50,000	50,000
State Safety Aid	1,098,294	800,000	800,000	1,525,000	1,525,000
Extraordinary Need Fund **	779,567	0	0	0	0
Children's Initiatives Fund					
Parent Education (Parents as Teachers) ***	7,237,635	7,237,635	7,237,635	7,697,635	0
Kansas Preschool Program (Pre-K Pilot) ****	4,799,812	4,799,812	4,799,812	4,799,812	0
* Beginning in FY 2016, KPERS school expenditures reflect only aid to community colleges and do not include amounts to school districts. For FYs 2016 and 2017, KPERS employer contributions for USDs are included in the block grant appropriation.					
** In FY 2015, the extraordinary need fund was funded via a transfer from SGF into a special revenue fund; in years thereafter, an appropriation was made for this item.					
*** In FY 2017, the Governor recommended Parents as Teachers be funded via a newly-created fund from federal TANF moneys.					
**** In FY 2017, the Governor recommended the Kansas Preschool Program be funded from the State General Fund.					

AID AND OTHER ASSISTANCE PROGRAM SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Selected Federal Funds					
Special Education	107,569,868	98,704,000	98,704,000	98,704,000	98,704,000
School Food Assistance	188,267,716	194,291,593	194,291,593	201,124,631	201,124,631
Parents as Teachers	0	0	0	0	7,237,635
Remainder of Other Assistance and Aid to Local Grants	158,363,275	154,654,611	154,654,611	154,321,409	154,321,409
TOTAL OTHER FUNDS	<u>\$ 1,395,542,610</u>	<u>\$ 1,388,991,955</u>	<u>\$ 1,388,991,955</u>	<u>\$ 1,395,491,791</u>	<u>\$ 1,402,729,426</u>
GRAND TOTAL	<u>\$ 4,500,994,366</u>	<u>\$ 4,578,621,244</u>	<u>\$ 4,544,599,392</u>	<u>\$ 4,759,897,917</u>	<u>\$ 4,573,826,948</u>

The FY 2016 financial aid and other assistance budget request is \$17.6 million more than the approved budget, primarily due to a November of 2015 Governor's lapse of \$15,722,725, all from the State General Fund, to adjust for revised estimates in KPERS costs for school employees in FY 2016.

The **Governor** recommends a FY 2016 all funds budget of \$4.6 billion for aid to local units and other assistance. This amount is \$20,231,014 less than the agency request.

The difference in the Governor's recommendation and the agency request primarily consists of the revised KPERS employer contribution estimate described earlier, that is a reduction of \$15.7 million because of a lower estimated covered payroll for KPERS school employees. Other major changes in the Governor's recommendation from the agency estimate include the items below:

- \$1.5 million savings related to and additional appropriation for two school districts facing issues related to business valuations (2015 Senate Sub. for HB 2353);
- \$2.9 million savings in the Extraordinary Need Fund appropriation;
- \$200,000 savings in the Juvenile Detention Program; and
- An addition of \$120,112 to the block grant for USD 413, Chanute.

The FY 2017 **agency** estimate for aid and other assistance exceeds the approved amount by \$241.4 million, primarily attributable to enhancement requests described earlier.

The **Governor** recommends a FY 2017 budget of \$4.6 billion all funds for aid to local units and other assistance. This is \$216.4 million less than the agency request. This difference primarily is due to the Governor's lack of recommendation of \$224.2 million of enhancement requests by the agency. However, the Governor's recommendation included the following items that were not in the agency's request:

- \$2.1 million for the Kansas Reading Success program;
- \$17.9 million for the early childhood program and childcare initiative moved from the Children's Cabinet and Children's Initiative Funds to the Department of Education with funding from the State General Fund;

- \$4.8 million to change the funding for the Pre-K Pilot Program from Children's Initiative Funds to the State General Fund; and
- \$1.7 million to move the tiny-K - Infant and Toddler Program from the Kansas Department of Health and Environment to the Department of Education.

Related to the block grant for USDs, the revised estimate for KPERS employer contributions was reduced by \$23.9 million; however, an addition of \$22.7 was needed to fully fund the 20 mill statewide levy (\$5.7 million) and the mineral production fund (\$17.0 million) - thus the net loss to the block grant was \$1.2 million. The Governor's recommendation for KPERS includes \$4.3 million more than the agency request to fund the KPERS payments for community college, technical school, and interlocal employees - those employees not included in the KPERS employer contributions for school districts.

The **Governor** did not recommend funding for any enhancements, except for the revised estimate in the Capital Improvement State Aid Fund of \$18.5 million.

Aid and Other Assistance Program Descriptions

Following are descriptions of the major programs or areas budgeted in the Aid and Other Assistance portion of the Department budget.

Block Grant to School Districts

The CLASS Act is effective from July 1, 2015, through June 30, 2017, and made appropriations for K-12 education for fiscal years (FYs) 2015, 2016, and 2017.

Block Grant for FYs 2016 and 2017

The block grant includes the following provisions:

- General State Aid school districts are entitled to receive for school year 2014-2015, with some adjustments, and a 0.4 percent reduction for an Extraordinary Need Fund (will be disbursed to districts in the same manner as in current law);
- Supplemental general state aid and capital outlay state aid as adjusted in 2014-2015 (adjustment described below);
- Virtual state aid as recalculated for FYs 2016 and 2017 (described below);
- Amounts attributable to the tax proceeds collected by school districts for the ancillary school facilities tax levy, the cost of living tax levy, and the declining enrollment tax levy; and
- Kansas Public Employees Retirement System (KPERS) employer obligations, as certified by KPERS.

For each of FY 2016 and FY 2017, the agency's requests includes approximately \$450.0 million in federal flow-through payments to local school districts, private child and adult day care facilities, and other organizations. The three major federal programs are described below.

- **Title I.** These funds are targeted to schools that serve high concentrations of students from families that live in poverty. The funds are provided to help improve teaching and learning for those students most at risk of failing to meet state academic achievement standards;
- **Education of Handicapped Child.** This federal program provides grants to states to assist in providing a free, appropriated public education to all children and youth ages 3 through 21 with disabilities;
- **Food Assistance - School Breakfast and Lunch.** According to the agency, approximately 100.0 million meals and snacks are served to Kansas children *via* this program annually. Participating schools and institutions must serve breakfasts that meet federal nutrition standards and provide free- and reduced-price breakfasts to eligible children. The National School Lunch program provides subsidies to residential child care institutions, public, and non-profit private schools (high school grades or under) for free- or reduced-price lunches meeting federal nutrition requirements; and
- **The Kansas Children's Cabinet.** The program is charged with assisting the Governor in developing and implementing a coordinated delivery system to improve the health and well being of families and children in Kansas. In the past, the Children's Cabinet evaluates programs funded with Children's Initiatives Fund moneys. The Governor's recommendation is to move this program to the Department of Education in FY 2017.