

February 6, 2019

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 47 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 47 is respectfully submitted to your committee.

SB 47 would establish the Student Opportunity Scholarship Program, which would be administered by the State Board of Education. A student would be eligible to receive a scholarship, on or after July 1, 2020, if the student: (1) has attended an accredited Kansas high school for at least three consecutive years; (2) has graduated from a Kansas high school prior to September 20 of the year in which the student would have been enrolled in grade 12, and (3) is enrolled in or plans to attend a postsecondary educational institution in Kansas.

The amount of the scholarship would be equal to 95.0 percent of the amount of Base Aid for Student Excellence (BASE), as calculated in the Kansas School Equity and Enhancement Act. The school district from which the student graduated would be eligible receive 5.0 percent of the state aid per student, while the State Board of Education would retain 2.0 percent of the scholarships for the cost of administering the scholarship program.

The State Board of Education would provide a scholarship for any student who meets the requirements of the bill. Any scholarship proceeds would be directly paid to the postsecondary institution. If the annual cost of the student's tuition is less than the scholarship, the State Board of Education would be required to pay an amount for tuition until the scholarship has been fully expended. Finally, the bill would establish the Student Opportunity Scholarship Fund, a special revenue fund in the State Treasury, which would be used by the State Board of Education to administer the program.

According to the Department of Education, 310 students who graduated from high schools in 2018 would qualify for scholarships with SB 47. Using the current approved BASE of \$4,439 for FY 2021 (the first fiscal year that the bill would be effective) with the same number of applicable students, the scholarship base would total \$1,307,286 in FY 2021 ( $[\$4,439 \text{ BASE} \times 95.0\%] \times 310 \text{ students} = \$1,307,286$ ). However, the bill would allow the State Board of Education, through the Department of Education, to retain up to 2.0 percent of the total scholarships for the cost of administering the program, which would total \$26,146 ( $\$1,307,286 \times 2.0 \text{ percent} = \$26,146$ ). As a result, students have the potential to receive net scholarships totaling \$1,281,140 ( $\$1,307,286 - \$26,146 = \$1,281,140$ ). In addition, the bill would allow school districts to receive 5.0 percent of the BASE which is estimated to have a statewide cost totaling \$68,805 ( $[\$4,439 \text{ BASE} \times 5.0 \text{ percent}] \times 310 \text{ students} = \$68,805$ ).

In total, enactment of SB 47 would have a potential estimated cost totaling \$1,376,091 beginning in FY 2021, including \$1,281,140 for net awarded student scholarships, \$26,146 for scholarship administration costs by the State Board of Education, and \$68,805 for payments to school districts. The Division of the Budget notes that although the bill creates the Student Opportunity Scholarship Fund to be utilized by the State Board of Education for program expenditures, the bill is silent on how the fund would generate revenue for the expenditures. Language in an appropriation bill enacted by the Legislature would be needed to specify a source of revenue for the Student Opportunity Scholarship Fund for all program expenditures.

The Department of Education notes that students receiving scholarships under the provisions of the bill would still be counted in the FTE enrollment count for State Foundation Aid, as enrollment is based on the higher of the two preceding years of a district's enrollment. As a result, a reduction in state aid to school districts with participating scholarship students would not occur until the third year of the program. Any fiscal effect associated with SB 47 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,



Larry L. Campbell  
Director of the Budget

cc: Dale Dennis, Education