



**Senate Select Committee on Education Finance**  
**S.B. 44 Appropriations for the Department of Education for FY 2019, 2020 and 2021**

**Amended and Supplemented** Testimony submitted by Schools For Fair Funding  
Bill Brady

February 26, 2019

Chairman Baumgardner, Members of the Committee:

The purpose of SB 44 has always been to effectuate the six years of inflation which was not included in last year's funding plan in SB 61 as identified by the Supreme Court in the *Gannon VI* decision. During the public hearing, Senator Denning raised the issue of whether the drafting of SB 44 actually carries out this objective, specifically in the out years.

We continue to reiterate our support for the objectives of SB 44 but it is now clear that Senator Denning was correct and there is a drafting error in the calculation of the Bases in years 2-3-4. **SFFF still supports SB44 if the drafting error is corrected.**

KSDE computed the amount of increased aid needed to cure the inflation issue mandated by *Gannon VI*. See attached Dale Dennis February 6, 2019, calculation and testimony. It shows that an additional \$363M is needed to fund the needed inflation component. The intent was to spread the inflation adjustment over the next four years at approximately \$90M per year in additional funding. This is the same calculation Dale made and presented to the State Board of Education last July and on many occasions since that time. The State BOE approved this request for an additional \$363M at their July meeting. Note that this is *additional* funding or “new money” funding and was intended to be in addition to the increases already scheduled to take place as adopted in SB61.

To calculate the needed inflation component of \$363M, Dale simply updated and continued the April 23, 2018, Legislative Research Table prepared by Edward Penner that was presented to the Supreme Court. Mr. Penner’s table showed that, as of 2017, Target Aid to Schools was \$3,434,941,542. Dale simply added 1.44% inflation per year to this amount through 2023. Dale computed that the Target Aid to Schools in SF23 would need to be \$3,742,611,889 to include both the SB61 increase and the inflation increase.

The amount was computed by KSDE using a 1.44% inflation rate. Although this rate is *lower* than current inflation and likely lower than future inflation, SFFF believes this to be a fair

amount if the matter can be concluded with the adoption of this bill. The inflation amount of \$363,636,068 “new money” is meant to cover *six* years of inflation in addition to the prior SB61 scheduled increases already in law.

The drafting error in the KSDE computation and SB 44 came in the conversion of this needed Targeted State Aid amount to a series of Base state aid numbers. The Base state aid numbers contained in the computation and the bill are not correct and will not reach the KSDE computed Total Targeted State Aid amount of \$3.7B in FY23. The Base state aid numbers in the computation and the bill will only provide approximately \$3.4B after being fully phased-in in FY23. The Total Targeted State Aid will be approximately \$270M short, as indicated by Majority Leader Denning at the original hearing.

The bases to reach adequacy in SB61 (already in law) are as follows:

FY20 \$4302  
FY21 \$4439  
FY22 \$4576  
FY23 \$4713

This series of base increases were included in SB61 last year and addressed the adequacy issue. This is the *first* component needed to comply with the court’s rulings.

The *second* component needed to reach compliance, per *Gannon VI*, is the inflationary adjustment, which is in addition to the SB61 increases.

**Both the adequacy SB 61 component (already in law) and the inflation component are needed to reach constitutional compliance.**

The bases in the current bill, SB44, are as follows:

FY20 \$4436  
FY21 \$4569  
FY22 \$4706  
FY23 \$4846

These bases **will not** reach the Total Targeted Aid of \$3.7B in FY23. They are about \$270M short.

Dale Dennis has provided the Base numbers needed to address BOTH components. See attached KSDE memo. Those Bases are:

FY20 \$4436  
FY21 \$4697  
FY22 \$4958  
FY23 \$5219

These are the Bases that include BOTH the SB 61 adequacy amount AND the new inflation amount. These are the correct Bases that need to be included in SB 44 to cure the drafting error.

SB44, as introduced, addresses and includes both of these components for the first year, FY20. However, the Base amounts included in Section 4 of the bill as introduced do NOT include *both* components for FY21, FY22 and FY23. The Base numbers included in the bill omit the inflation components for each of these three out years.

Upon further analysis we find that, in its current form, SB 44 would not satisfy the *Gannon VI* decision. Without correction we cannot support SB 44. With correction of the bases as set forth above, SFFF can still support the bill.

Thank you for allowing me to clarify SFFF's support for the bill.  
Bill Brady

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# Incremental Additions Required to Base to Implement Gannon VI

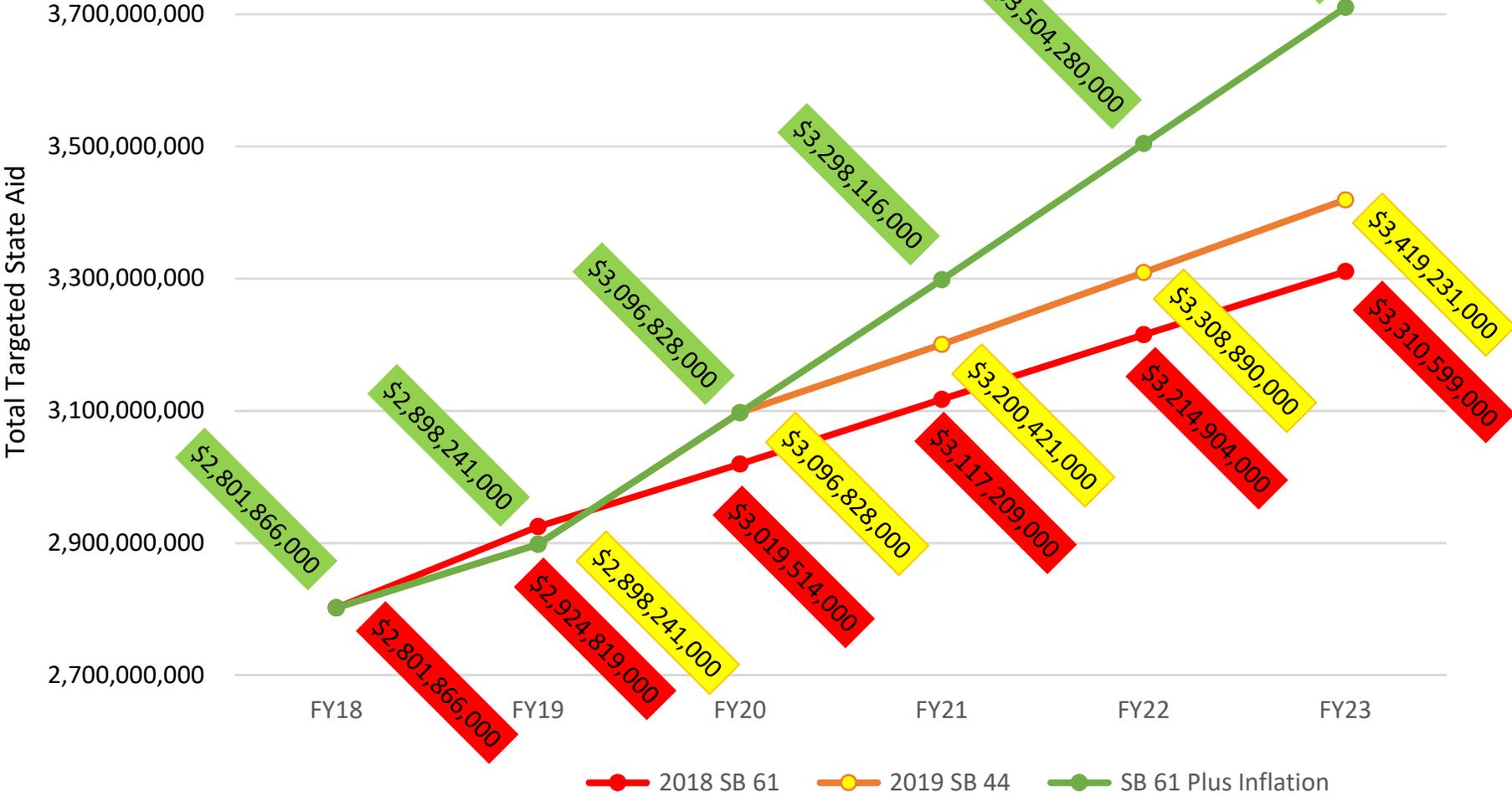


\*Each block equals approximately \$90M.

Required Increments and Approximate Total Funding Required:

<u>SB 61 5 year plan</u>		<u>Inflation 4 year plan</u>	
FY 19	\$90M	FY 20	\$90M
FY 20	\$90M	FY 21	\$90M
FY 21	\$90M	FY 22	\$90M
FY 22	\$90M	FY 23	<u>\$90M</u>
FY 23	<u>\$90M</u>	Total	\$360M
	\$450M		
SPED	<u>+\$75M</u>		
Total	\$525M		

# Total Targeted State Aid



Data from 2018 Legislature Approved School Finance Plan as of May 2018 and Governor's Recommendation School Finance Plan



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February 6, 2019

TO: Senate Select Committee on Education Finance

FROM: Dale M. Dennis, Deputy  
 Commissioner of Education

SUBJECT: State Board of Education Budget Recommendations

The purpose of this memorandum is to review how the State Board of Education determined its recommendations on the Base Aid for Student Excellence (BASE).

The process began with the following chart submitted to the Supreme Court by the state attorneys.

Year	Prior Year Amount	Inflation Percent	Inflation Adjustment Amount	New Amount
2011	\$ 3,108,690,821	3.22	\$ 100,099,844	\$ 3,208,790,665
2012	3,208,790,665	2.03	65,138,451	3,273,929,116
2013	3,273,929,116	1.40	45,835,008	3,319,764,124
2014	3,319,764,124	1.47	4,880,533	3,368,564,656
2015	3,368,564,656	(0.54)	(18,190,249)	3,350,374,407
2016	3,350,374,407	0.85	28,478,182	3,378,852,590
2017	3,378,852,590	1.66	56,088,953	3,434,941,542

Following discussion, the State Board increased the inflation factor by 1.44 percent. This decision was based on the following quote from the Kansas Supreme Court Opinion, June 25, 2018.

*"Toward that end, we observe that the average of all the years of inflation shown in the State's chart from its April 23, 2018 memo (SY 2010-11 through SY 2016-17) is 1.44%. Inflation adjustments for SY 2017-18 and SY 2018-19 obviously enlarge the State's principal figure of \$522 million. That enlarged principal amount then needs to be adjusted gain (for inflation) until the new principal is paid in full over time—as the State's chosen remediation plan provides."*

**INFLATION ADJUSTMENT**

<b>Year</b>	<b>Prior Year Amount</b>	<b>Inflation Percent</b>	<b>Inflation Adjustment Amount</b>	<b>Net Amount</b>
2010-11	\$3,108,690,821	3.22	\$100,099,844	\$3,208,790,665
2011-12	\$3,208,790,665	2.03	\$ 65,138,451	\$3,273,929,116
2012-13	\$3,273,929,116	1.40	\$ 45,835,008	\$3,319,764,124
2013-14	\$3,319,764,124	1.47	\$ 48,800,533	\$3,368,564,656
2014-15	\$3,368,564,656	(0.54)	(\$18,190,249)	\$3,350,374,407
2015-16	\$3,350,374,407	0.85	\$ 28,478,182	\$3,378,852,590
2016-17	\$3,378,852,590	1.66	\$ 56,088,953	\$3,434,941,542
2017-18	\$3,434,941,542	1.44	\$ 49,463,158	\$3,484,404,700
2018-19	\$3,484,404,700	1.44	\$ 50,175,428	\$3,534,580,128
2019-20	\$3,534,580,128	1.44	\$ 50,897,954	\$3,585,478,076
2020-21	\$3,585,478,076	1.44	\$ 51,630,884	\$3,637,108,960
2021-22	\$3,637,108,960	1.44	\$ 52,374,369	\$3,689,483,329
2022-23	\$3,689,483,329	1.44	\$ 53,128,559	\$3,742,611,889

**SUMMARY**

Target Aid To Schools -- FY 2023	\$ 3,742,611,889
Less: Current Aid	(\$ 2,817,090,821)
Less: Scheduled Increase in Aid -- FY 2019	(\$ 146,105,000)
Total Target Additional Aid	\$ 779,416,068

THIS IS THE AMOUNT NEEDED IN FY 23  
TO FUND SB 61 PLUS INFLATION REMEDY.

ANNUAL SUMMARY	2019-20	2020-21	2021-22	2022-23	TOTAL
Four-Year Average	\$ 194,854,017	\$ 194,854,017	\$ 194,854,017	\$ 194,854,017	\$ 779,416,068
Five-Year Plan Amount	(\$ 102,195,000)	(\$ 105,195,000)	(\$ 105,195,000)	(\$ 103,195,000)	(\$ 415,780,000)
Additional Required	\$ 92,659,017	\$ 89,659,017	\$ 89,659,017	\$ 91,659,017	\$ 363,636,068

The State Board increased the amount by 1.44 percent as outlined by the Supreme Court, subtracted current aid plus the amount approved in 2018-19 and then divided by four (four-year period) and subtracted from that amount the amount already approved by the Legislature.

They then adjusted the BASE only on the amounts that would be needed for the next four years that is approximately \$90 million per year. The State Board's BASE recommendations are provided below.

	Sub. for SB 61	KSBE
2018-19	\$ 4,165	
2019-20	4,302	\$ 4,436
2020-21	4,439	4,569
2021-22	4,576	4,706
2022-23	4,713	4,846
2023-24	CPI	

THESE BASES DO NOT GET THE \$3.7B  
NEEDED TO FUND SB61 PLUS  
INFLATION REMEDY.

Date: February 13, 2019 at 1:15:20 PM CST

Listed below—see estimated BASE amounts.

2019-20	\$ 4,436
2020-21	\$ 4,697
2021-22	\$ 4,958
2022-23	\$ 5,219

Let us know if you have questions.

Dale



**Dale M. Dennis**

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