

NO. 113,267

IN THE SUPREME COURT OF THE STATE OF KANSAS

**LUKE GANNON,
by his next friends and guardians, *et al.*,**

Plaintiffs/Appellees,

vs.

STATE OF KANSAS, *et al.*,

Defendants/Appellants.

**OPENING BRIEF OF PLAINTIFFS/APPELLEES
REGARDING UNCONSTITUTIONALITY OF
HOUSE SUB. FOR SENATE BILL NO. 16**

Appeal from the District Court of Shawnee County, Kansas
Honorable Judges Franklin R. Theis, Robert J. Fleming, and Jack L. Burr
Case No. 10-c-1569

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INTRODUCTION

Can the State of Kansas meet its burden to demonstrate that it adopted a school funding formula that complies with the guidance given to it by this Court last year? The answer is “no.” In *Gannon v. State*, 308 Kan. 372, 374 (2018) (“Gannon VI”), this Court instructed the State that it needed to increase the funding provided in S.B. 61 in an amount that would account for inflationary increases in spending for years FY19-FY23. The Court noted that the phase-in of funding over time is not sufficient if there is no provision to account for inflation. The Court made clear that this would require the State to put new, additional funds into the system.

On April 4, 2019, the State adopted House Substitute for Senate Bill No. 16 (“S.B. 16”). This bill makes a one time increase to Kansas K-12 public education of approximately \$92 million in FY20. After that, the bill makes no effort to increase funding any further. Any further increases in the base are solely attributable to 2018’s S.B. 61. An increase of \$92 million in FY20 does not comply with this Court’s Order in *Gannon VI*.

Following the Order, the Kansas State Board of Education calculated that the amount of “new money” needed to fund inflation and comply is \$363 million. The State did not fund that amount; it adopted a bill that only makes a one-time increase of \$92 million. While the State has increased funding to account for *some* inflation, it has not completed the plan nor complied with this Court’s Order. The State has simply failed to develop a plan that works the way that inflation adjustments work. By its own math, the

State is \$271 million short of complying with *Gannon VI*. Plaintiffs ask this Court to declare that S.B. 16 does not comply with this Court’s Order in *Gannon VI*.

PROCEDURAL HISTORY

Relevant *Gannon* history is briefly summarized here. On October 2, 2017, this Court held that “the State had not met its burden of showing that its remedial legislation – 2017 Senate Bill 19 (“S.B. 19”) – met Article 6’s adequacy and equity requirements. *Gannon v. State*, 306 Kan. 1170, 1172 (2017) (“*Gannon V*”). The Court then stayed its mandate, allowing the 2018 Legislature to pass 2018 Substitute for Senate Bill 423 (“S.B. 423”) and 2018 House Substitute for Senate Bill 61 (“S.B. 61”). *See Gannon v. State*, 308 Kan. 372, 374 (2018) (“*Gannon VI*”).

On June 25, 2018, in the Supreme Court’s sixth *Gannon* decision, this Court held that “the State still has not met the adequacy requirement in Article 6 of the Kansas Constitution. *Gannon VI*, 308 Kan. at 374. In so finding, this Court acknowledged that the State was attempting to “implement its self-styled ‘*Montoy* safe harbor’ plan of compliance.” *Id.* at 374. However, the State “failed to consistently implement” the plan; the Court noted that there were “two obvious problems” that would need to be addressed to ensure constitutional compliance. *Id.* Those include:

- (1) The failure to adjust two years of funding for inflation through the approaching 2018-19 school year. Satisfactory adjustments would result in a higher amount of principal, i.e., more than the \$522 million the memo calculates as yet owed to the school districts; and

(2) The failure to adjust for inflation until the memo’s calculated principal sum (\$522 million, plus the adjustment referenced above) is paid in full, e.g., approximately five years. Satisfactory adjustments would result in more than that principal figure being paid during that span. But we acknowledge the first year of payment – for school year 2018-19 – need not be adjusted because that inflation has already been accounted for in paragraph 1 above.

Id.

To allow the State time to remedy the “obvious problems” with the legislative cure, the Court stayed the issuance of its mandate; announced that the Kansas School Equity and Enhancement Act (“KSEEA”) – enacted by S.B. 19 remains in temporary effect; and allowed S.B. 423 and S.B. 61 to go into temporary effect, absent further Court order. *Gannon VI*, 308 Kan. at 375. In doing so, the Court “effectively grant[ed] the State’s repeated request” to extend the time available for the State to “develop a final remediation plan” for this Court’s review. *Id.*

The Court then ordered that “no later than April 15, 2019, the parties’ concurrent briefs addressing any legislative remedies of constitutional infirmities will be due in this court. Response briefs will be due April 25, and oral argument will be conducted on May 9 at 9 a.m.” *Gannon VI*, 308 Kan. at 400.

On April 4, 2019, the Kansas Legislature passed S.B. 16. Governor Kelly signed the bill on Saturday, April 6, 2019. This bill makes a one time increase to Kansas K-12 public education of approximately \$92 million in FY20. After that, the bill makes no effort to increase funding any further beyond the increases already scheduled to occur in 2018’s S.B. 61. A one time increase of \$92 million in FY20, followed by no further inflationary adjustments, does not comport with this Court’s Order in *Gannon VI*.

STATEMENT OF THE FACTS

I. The State Adopted a “Montoy Safe Harbor” and Asked the Court to Approve It

On October 2, 2017, this Court held that “the State had not met its burden of showing that its remedial legislation – 2017 Senate Bill 19 (S.B. 19) – met Article 6’s adequacy and equity requirements. *Gannon V*, 306 Kan. at 1172. In response, the 2018 Legislature passed remedial legislation. In defending this legislation, the State told this Court that funding levels were intended to restore funding to SY 2009-10 levels, as adjusted for inflation, which were deemed constitutional following *Montoy*. The Court has referred to this as the State’s “self-described ‘*Montoy* safe harbor.’”

To demonstrate that the funding levels would return to the *Montoy*-approved levels, the State relied heavily on “an April 23, 2018, two-page memo from the KLRD to Legislative Counsel Curtis Tideman” (the “April 23, 2018 Memo,” *see* Appendix 1). *Gannon VI*, 308 Kan. at 387. The State did not provide the actual calculations supporting the starting point in the April 23, 2018 Memo. But, the State did indicate that it applied “the 2010 school finance formula to current student enrollment, distribution, and demographics” using a base aid per pupil of \$4,492. Appx. 1: April 23, 2018 Memo. It appears the State applied the SDFQPA, as it existed in 2010, to the 2017 student enrollment and demographics, as follows:

Current Student Counts and Demographics	X	FY2010 Formula with \$4492 BSAPP	=	\$3,108,690,821
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As far as Plaintiffs can tell, the State used the 2017 student counts, and excluded Special Education and districts' Local Option Budgets. It was not explained whether virtual aid was included and, if so, whether it was calculated under the 2010 formula, since that component of the formula has changed and Plaintiffs were unable to find counts to fit into the old formula. It was not also explained whether a Non-Proficient Weighting was calculated using current non-proficient student counts since that component of the formula no longer exists and current counts were not found by Plaintiffs. It was also not explained what calculation was used for the Ancillary, Declining Enrollment and Cost of Living Weightings, or if those were included or excluded.

Despite the lack of details on the exact method used or assumptions made, the April 23, 2018 Memo concluded that the current student population would generate a total of \$3,108,690,821 in funding in FY2011, under the previous formula.

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	48,800,533	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

Appx. 1: April 23, 2018 Memo (highlighting added).

The State then added actual inflation each year through 2017, and came up with target aid to schools of \$3,434,941,542. This is what the State considered to be the

Montoy Safe Harbor for FY23, and urged the Court to adopt. (Ultimately, this Court found that this would be an appropriate target for *FY17*, but that stopping the inflation calculations at *FY17* did not appropriately estimate the target for *FY23*.)

The State then subtracted the current (2018) aid of \$2,817,090,821 and the scheduled increase (for 2019) of \$95,606,000 from S.B. 19, and determined there was an additional \$522,244,721 in new money needed.

Target Aid to Schools	\$	3,434,941,542
Current Aid		(2,817,090,821)
Scheduled Increase in Aid		(95,606,000)
Total Target Additional Aid	\$	522,244,721

Appx. 1: April 23, 2018 Memo (highlighting added).

The “self-proclaimed attempt ‘to describe the considerations and calculations’” used by the State further concluded that an increase of \$522.2 million was needed to restore current funding to a constitutional level as of 2017. *Id.* at 387-88. The State then made the decision to spread that increase in funding out over a five year period (*i.e.*, FY19-FY23). *Id.* at 389. The result was the five-year funding plan reviewed by this Court in *Gannon VI*.

II. The Kansas Supreme Court Basically Approved the “*Montoy* Safe Harbor” Subject to Inflationary Adjustments

In *Gannon VI*, this Court generally agreed that a return to the *Montoy*-promised funding levels would comply with the requirements of Article 6 of the Kansas Constitution. However, the Court did not agree with the State’s calculations of the

amount necessary to fully fund the “*Montoy Safe Harbor*.” *Gannon VI*, 308 Kan. at 389 (“the resultant funding is still short of reaching the State’s *Montoy* safe harbor”).

While “the State adjusted the SY 2009-10 amount with yearly inflation increases through SY 2016-17,” the inflation increases stopped there. The Court took issue with this, stating “the memo does not appear to calculate inflation for SY 2017-18 and SY 2018-19 – even though the apparent purpose of the memo was to calculate how much the legislative funding was short for SY 2018-19.” *Id.* at 390. It further noted, “If the memo’s apparent rationale is to be implemented consistently throughout, then inflation adjustments to the principal should be made for those two years.” *Id.*

The Court in *Gannon VI* described this failure as the first of two “obvious problems.” *Id.* at 374. (describing “The failure to adjust two years of funding for inflation through the approaching 2018-19 school year.”). The Court suggested that, if the State’s intent was to fully fund the *Montoy* Safe Harbor, it needed to finish the work it started in the April 23 memo: if the apparent purpose of the memo was to calculate how much the legislative funding was short for SY2018-19, it needed to make those calculations. *See* Appx. 1: April 23, 2018 Memo (containing no inflationary increase for FY18 and FY19).

The Court further stated the obvious: *the amount of the increase needed was going to be more than the \$522 million that the State calculated in the April 23 memo.* *Id.* at 374 (“Satisfactory adjustments would result in a higher amount of principal, i.e., more than the \$522 million the memo calculates as yet owed to the school districts[.]”).

This was not the only “obvious problem” that the Court identified. In analyzing the five-year plan, the Court did not object to the State’s decision to phase-in the funding over a five-year period. However, the Court did fault the State because “financial allowance should be made for that phase-in period.” *Id.* at 388. The Court found that “adjustments need to be made to account for inflation during [the phase-in period].” *Id.* at 390; *see also id.* at 374 (noting the “failure to adjust for inflation until the memo’s calculated principal sum (\$522 million, plus the adjustment referenced above) is paid in full, e.g., approximately five years”).

In citing this second problem, the Court made clear that merely extending the inflation calculations to SY2018-19 would not be sufficient. Instead, the State needed to carry its inflation adjustment forward for each year of the five-year plan. *Id.* at 374 (the Court did acknowledge that the first year of payment need not be adjusted further because it had already been adjusted when addressing problem one).

In the most simple of terms, the Court told the State to continue the inflationary adjustments that had been started in the April 23 memo. To meet the safe harbor, the Legislature simply needed to make a mathematical calculation as to what inflation would cost for the missing years, and then fund that amount. *See* Appx. 1: April 23, 2018 Memo (containing no inflationary increase for FY18-FY23).

Plaintiffs assumed that once the State calculated the total funding increase needed, it would then fund that amount and the *Gannon* litigation would be resolved. That is not what occurred.

III. At the Request of the State Board, the Deputy Commissioner of Education “Did the Math” that the Court Requested in *Gannon VI*

Following *Montoy VI*, it appeared that compliance was the State’s goal. The State – through the Kansas State Board of Education (“KSBE”) – eventually did “complete” the inflation calculations in the April 23, 2018 Memo. The KSBE then calculated how much additional money would be needed to fund the *Montoy* Safe Harbor under *Gannon VI*’s guidance. The KSBE concluded that funding needed to increase by a total of \$363 million of “new money” to fund the inflation adjustments identified in *Gannon VI*. Unfortunately, the State did not increase funding by that amount and, once again, “failed to consistently implement” the plan.

On February 6, 2019, Kansas State Department of Education’s Deputy Commissioner Dale Dennis explained to the Senate Select Committee on Education Finance how the KSBE calculated a total of \$363 million in “new money” needed to fund the inflation adjustments identified in *Gannon VI*. Appendix 2: Memorandum from Dale Dennis to Senate Select Committee on Education Finance, dated February 6, 2019 (“Dennis Memo”). To arrive at the total need of \$3.742 billion, the KSBE did what the Court asked: it completed the inflation calculations that were first started in the April 23, 2018 Memo. Using simple math, it concluded the target aid after the 1.44% annual inflation increase in 2023 is \$3.742B. *Id.*

To arrive at this number, the KSBE began with the math that the State had already completed in the April 23, 2018 Memo.

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

Appx. 2: Dennis Memo, at KSDE158346. As the Court noted, the State only adjusted the *Montoy* funding for inflation “through SY 2016-17,” which “generated a total aid amount of \$3,434,941,542” and was insufficient to reach *Montoy* levels. *Gannon VI*, 308 Kan. at 388; *id.* at Table 1. The KSBE then corrected the “obvious problems” with the April 23 memo, by accounting for inflation for each year after FY17, using a 1.44% inflation calculation.¹ Enlarging the principal amount over time (through FY23, the last year of the “State’s chosen remediation plan”) results in total target aid of \$3.742 billion:

¹ One question that remained unresolved at the end of *Gannon VI* was what inflation rate to use. Mr. Dennis indicated that the KSBE chose to use a 1.44% inflation rate based on the following language from the Court:

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.”

Appx. 2: Dennis Memo, at KSDE158346; *see also Gannon VI*, 398 Kan. at 390.

INFLATION ADJUSTMENT

Year	Prior Year Amount	Inflation Percent	Inflation Adjustment Amount	Net Amount
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

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

Appx. 2: Dennis Memo, at KSDE158347; *see also* Appendix 3: Testimony Submitted by Schools for Fair Funding on March 6, 2019 regarding S.B. 142, Which Later Became S.B. 16 (“SFFF Testimony”), at SFFF001209.

Again, this amount was reached by merely doing what the Court asked: taking the inflation calculations that had been started in the April 23, 2018 Memo and continuing them from the time that the original memo ended (FY17) until “the memo’s calculated principal sum” is paid in full (FY23). This revealed that – to reach constitutional compliance by funding to *Montoy* Safe Harbor levels – the State needed to be spending a total of \$3.742 billion in FY23.

The KSBE next attempted to determine how much *more funding* (i.e., new money²) it would take to reach the \$3.742 billion target. To do so, it took the target aid,

² “Per the State’s use of the term, “new money” refers to the first time a new dollar enters the funding system.” *Gannon VI*, 398 Kan. at 378.

subtracted current aid, and subtracted the increase in aid that was already scheduled to take place in FY2019:

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

Based on this calculation, the KSBE concluded that the State needed to provide \$779,416,068 in “Additional Aid.”

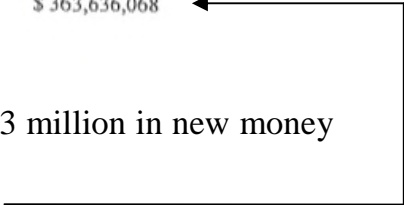
Appx. 2: Dennis Memo, at KSDE158347 (emphasis added); *see also* Appx. 3: SFFF Testimony, at SFFF001221 (“we are \$779M short”).³

The \$779 million figure, however, did not take into account the “new money” provided to schools via the five-year plan adopted in 2018’s S.B. 61. To take those funds into account, the KSBE divided the total *additional* aid needed by the four remaining years of the plan and allocated an additional amount needed for each year of the four-year period. Appx. 3: SFFF Testimony, at SFFF001221 (“and what the Board chose to do . . . they spread out that \$779M . . . over a four year period and that’s \$194M”). From that, it “subtracted . . . the amount already approved by the Legislature,” (*i.e.*, the amounts that the State had already increased education prior to the Court’s decision in *Gannon VI*, or –

³ The actual testimony of Mr. Dennis is summarized in the SFFF Testimony. It is appropriate for this Court to take judicial notice of Mr. Dennis’ testimony, as well as the testimony of SFFF, which is part of the legislative history, and is available at: <http://sg001-harmony.sliq.net/00287/Harmony/en/PowerBrowser/PowerBrowserV2/20190206/-1/5935> *See* K.S.A. 60-409(b)(4); K.S.A. 60-412(c).

as Mr. Dennis referred to it – the amount that “you approved last year,” *id.*), which was a phase-in of \$416 million in new money from FY20 to FY23.

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

Based on these calculations, the KSBE concluded that \$363 million in new money was needed to comply with the Court’s Order in *Gannon VI*. 

Appx. 2: Dennis Memo, at KSDE158348.

To fund the KSBE’s target aid amount of \$3.742 billion by 2023 would require an increase in funding of \$363 million in “new money,” attributable to inflation. *Id.* This is the six required years of inflation (FY18-FY23) spread out over the four remaining years of the plan (FY20-FY23). This is the cost of constitutional compliance with *Gannon VI*, if the State still intends to seek the safety its self-imposed “*Montoy* safe harbor plan.”

Plaintiffs agree with the math utilized by the KSBE to calculate the overall sum of \$363 million of “new money” needed to reach the *Montoy* Safe Harbor. And, Plaintiff’s agree that the initial method of calculating this amount (completing the April 23 memo) is a reasonable method for determining the amount of “new money” needed.

Plaintiffs disagree that S.B. 16 provides \$363 million in “new money.” To the contrary, S.B. 16 makes a one time increase to Kansas K-12 public education of

approximately \$92 million in FY20, rather than the required \$363 million in “new money.” After that, the bill makes no effort to increase funding any further. The effects of the total funding attributable to S.B. 16 and 2018’s S.B. 61, broken down by district, is available at Appendix 4: Memorandum from Dale Dennis regarding Governor’s Proposed School Finance Plan, dated January 17, 2019. Approximately one-half of the increased funding that the districts will see is new money due to S.B. 16’s adjustment for inflation. The other half is part of the phase-in of funding from 2018’s S.B. 61. This represents the entirety of increases that are attributable to S.B. 16. Any additional increase to the base are solely attributable to the increases provided in 2018’s S.B. 61.

It should be noted that there was great confusion during the session concerning whether \$363 million of total *cumulative* money over the four year period had the same effects as adding \$363 million of *new* money to account for inflation. Understanding this distinction is the key to understanding why S.B. 16 does not meet the Court’s inflation mandate. Because S.B. 16 makes a one-time increase for inflation of \$92 million (as opposed to the full need of \$363 million), it does not fix the “obvious problems” identified by this Court; the Court should declare that the State has not taken the actions necessary to comply with its Order in *Gannon VI*.

IV. The Legislature Did Not Increase Funding by \$363 Million as Necessary to Comply with *Gannon VI*.

The State is not funding the \$363 million in “new money” that is necessary to complete its *Montoy* Safe Harbor plan. S.B. 16 makes a one time increase to Kansas K-12 public education of approximately \$92 million in FY20, and then makes no effort to

increase funding any further. It simply allows that same \$92 million to carry forward from year-to-year. And, while it is clear that \$92 million *does not* equal \$363 million, Plaintiffs also do not want to diminish the focal point: ***the State did not do what this Court told it was necessary in Gannon VI.*** Plaintiffs fully expect that, in the State’s opening brief, we will see an explanation as to how S.B. 16 somehow meets the requirements of *Gannon VI*. However, there are multiple indicators that it has not:

1. Check step #1: To fund the inflation adjustments identified by this Court would require total target spending of \$3.742 billion by 2023. *Supra*. Current projections under S.B. 16 indicate that projected spending in 2023 will only be \$3.419 billion. Appx. 3: SFFF Testimony, at SFFF001205, 1216. The State’s own budgeting documents show that the *Montoy* Safe Harbor will not be reached.

2. Check step #2: When asked whether the bases included in S.B. 16 would generate a total of \$3.742 billion by FY23, Mr. Dennis confirmed that they would not. Appx. 3: SFFF Testimony, at SFFF001206. Instead, the bases included in S.B. 16 will only generate approximately \$3.4 billion. *Id.* at SFFF001206, 1216. To reach the target aid amount of \$3.742 billion by 2023, the following (higher) bases would need to be adopted:

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

Appx. 3: SFFF Testimony, at SFFF001220. The bases set forth in S.B. 16 fall far short.

	S.B. 16⁴	Base Needed to Reach \$3.7 Billion Target Aid
2019-20	\$4,436	\$4,436
2020-21	\$4,569	\$4,697
2021-22	\$4,706	\$4,958
2022-23	\$4,846	\$5,219

3. Check step #3: Assume that the KSBE had not recommended that the inflation increase be phased-in and spread out over four years. Assume instead that the State chose to add all of the inflation money during the *final* year of the five-year plan. That would have resulted in the State putting the entire \$363 million of the necessary “new money” into the system for FY23. That would require a base increase of approximately \$519, which would result in a base of \$5,232 for FY23. See Appx. 3: SFFF Testimony, at SFFF001219.

Amount Needed for Inflation Increase	/	Weighted Enrollment in FY23	=	Base Increase Needed for Inflation Only	$\frac{\$363,636,068}{700,154} = \519
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FY23 base in current law		\$4,713
Inflation	+	\$519
Base needed by FY23 to include SB61 plus Inflation		\$5,232

This is nearly identical to the base that Mr. Dennis indicated would be necessary to fund the \$3.7 billion target aid amount. A final phase-in base of \$4,846 is the outlier and simply does not increase the “new money” going into the system by \$363 million.

⁴ See Appx. 3: SFFF Testimony, at SFFF001210.

	S.B. 16⁵	Base Needed to Reach \$3.7 Billion Target Aid	Base if Total “New Money” Added in Final Year⁶
2019-20	\$4,436	\$4,436	\$4,165
2020-21	\$4,569	\$4,697	\$4,569
2021-22	\$4,706	\$4,958	\$4,706
2022-23	\$4,846 ↑ OUTLIER	\$5,219	\$5,232 ↖ ↗ NEARLY IDENTICAL

The final phased-in base for FY23 should be nearly the same, regardless of whether the necessary increase was put into the system over four years or in one year. The State clearly has not increased funding to account for the full amount of inflation and has not complied with *Gannon VI*.

V. Contrary to Positions Taken by the State Board, and Others, S.B. 16 Does Not Increase Funding by \$90 Million Each Year

It is not clear to Plaintiffs whether the decision to fund less than the required \$363 million was intentional or inadvertent. Originally, Plaintiffs assumed that a mathematical or drafting error occurred when the KSBE attempted to convert the \$363 million total increase into the base state aid per pupil needed to support that increase.⁷ Plaintiffs were later informed that no error was made and that the final computation was the intended computation.

⁵ See Appx. 3: SFFF Testimony, at SFFF001210.

⁶ This column uses the bases set forth in S.B. 61 for FY 20, 21, and 22, and the inflated base of \$5,232 for FY23.

⁷ And, even if the KSBE did make an error in calculating the bases necessary to result in a \$363 million increase in funding, the State was well aware of the fact that S.B. 142 did not comply with *Gannon VI* by way of the testimony submitted by SFFF. See generally Appx. 3.

Plaintiffs had initially reviewed Mr. Dennis' calculation of the needed \$3.742 billion in target aid and agreed with it. Plaintiffs still agree with that calculation of total "new money" needed. Plaintiffs believed that the bases calculated by KSDE would actually raise that \$3.742 billion in target aid that was calculated. Schools for Fair Funding ("SFFF"), which includes the Plaintiff school districts, prepared testimony in support of S.B. 44, an earlier version of S.B. 16, based upon that belief; Plaintiffs assumed that the State's logic was being consistently applied, including in the calculation of bases. It was not until the hearing on S.B. 44 that Plaintiffs discovered that the bases, in fact, do NOT follow through with the same logic to actually fund the *Montoy* Safe Harbor that the State has sought to use. When the error was discovered, SFFF retracted its testimony and its support for S.B. 44. As the bill became S.B. 142, SFFF filed testimony explaining the lapse in State logic, that SFFF did not support the bill, and the reasons why. As Plaintiffs explained, it became apparent that the State had somehow changed methodologies in the middle of its analysis and computation with no outward indication that a method change from past practice had occurred.

S.B. 16 does not INCREASE funding by approximately \$90 million each year.

Under S.B. 16, Kansas K-12 public education is not receiving an additional \$90 million in funding each year. It makes a one time increase of funding of approximately \$92 million in FY20 and carries it forward each year. S.B. 16 never causes funding to increase again. (While there will be funding increases in the remaining out years, those are solely attributable to the five-year plan adopted by the Legislature in 2018 and largely approved by this Court in *Gannon VI*, but required adjustments for inflation).

Again, S.B. 16 is only a one time increase of approximately \$92 million in FY20.

This is not what is necessary to comply with Gannon VI. And, it is not an increase of \$363 million as Plaintiffs anticipate the State may argue.

During the effective period of S.B. 16 (between FY19 and FY23), funding will admittedly increase. This is largely due to 2018’s S.B. 61, which this Court reviewed in *Gannon VI*. Under S.B. 61, the base is scheduled to increase from \$4,165 in FY19 to \$4,713 in FY20:



As discussed in *Gannon VI*, this will result in approximately \$523 million in new money. *See Gannon VI*, 308 Kan. at 389 (“Citing S.B. 423 and S.B. 61, the State proposes to spread payment of that principal amount—which it calculates to be \$522 million—over five years.”). This Court has already determined that this increase – alone – does not comply with the constitutional requirements. *Id.* at 390 (“we disagree with the State’s notion of a principal sum of only \$522 million being owed today.”).

The Court plainly told the Legislature to go back and re-figure the amount of new money needed, but this time, (1) include inflation on FY18 and FY19, which was previously not done; and (2) carry that inflation through “until the memo’s calculated principal sum (\$522 million, plus the adjustment referenced above) is paid in full, e.g., approximately five years.” *Gannon VI*, 308 Kan. at 399.

The State knows how to do this: it needs to increase funding to Kansas public schools by approximately \$363 million between now and FY23. As Mr. Dennis explained, this is the total cost – in terms of “new money” needed – to make the “financial adjustments” identified by this Court in *Gannon VI*.

While there were “different ways” that the State could have increased funding by \$363 million, the model relied on in adopting S.B. 16 was the model chosen by the State Board: to spread out the increase “over a four year period.” Appx. 3: SFFF Testimony, at SFFF001221. This resulted in a need of approximately \$90 million in “new money” for each of the four remaining years of the five-year plan – not just for one year. *Id.*, at SFFF001209. If the State provided approximately \$90 million in “new money” each year of the plan, the end result would be much higher than what S.B. 16 provides by FY23. The chart below demonstrates what constitutional compliance would look like, where the red bricks represent the “new money” provided by S.B. 61 and the yellow brick represent the amount of “new money” needed to adjust for inflation as directed by the Court.

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

Fiscal Year	SB61 New Money	Gannon VI Inflation	Total Additional Required
FY19	\$108M	\$0M	\$108M
FY20	\$102M	\$92M	\$194M
FY21	\$105M	\$90M	\$195M
FY22	\$105M	\$90M	\$195M
FY23	\$103M	\$91M	\$194M
Total	\$415.8M	\$363.6M	\$779.4M

Needed Base:	\$4165	\$4436	\$4697	\$4958	\$5219	Reaches \$3.7B Target State Aid
Target						
Total Aid:	\$3,534,580,128	\$3,585,478,076	\$3,637,108,960	\$3,689,483,329	\$3,742,611,889	

- SB61 New money phased-in over 5 years
- Gannon VI 6 years of inflation phased-in over 4 years

Because the State chose to use a model that spread the increase out over four years, “new money” is required each of those four years. The State could have chosen to front-load the inflation, and put all \$363 million of the necessary “new money” into the system for FY20. That is not what it chose to do.

As the chart demonstrates, the yellow bricks are the “new money” needed – to comply with *Gannon VI*, the State must increase funding by this entire amount of “new money.”



However, that is not what the State did. In adopting S.B. 16, the State made a one time increase in funding of approximately \$92 million in FY20, and then attempts to take credit for it again each subsequent year. All the while, S.B. 16 never causes inflation funding to increase again.



Unfortunately, Plaintiffs anticipate that the State will argue that because it increased funding by \$92 million one time, it should get credit again for that increase each year.

Plaintiffs urge this Court to ignore this argument, which has no bearing in history, logic, or math. Regardless of whether the decision to fund less than what this Court ordered was an error or a conscious decision, it is clear that S.B. 16 does not provide the full \$363 million of “new money” needed to reach the *Montoy* Safe Harbor and satisfy the Kansas Constitution’s adequacy requirement by the State’s chosen method.



The State is approximately \$272 million short of that goal.

Applying the State’s logic to past increases demonstrates the absurdity of its current argument. In *Gannon VI*, the State argued that it was attempting to increase funding by approximately \$523 million over a five-year period. *Gannon VI*, 308 Kan. at 389 (“Citing S.B. 423 and S.B. 61, the State proposes to spread payment of that principal amount – which it calculates to be \$522 million – over five years.”).

The “increases” already in statute by virtue of S.B. 61 and considered by the Court last year can be summarized as follows:

<u>Year</u>	<u>Increase</u>
2018-19	\$108 million
2019-20	\$102 million
2020-21	\$105 million
2021-22	\$105 million
2022-23	\$103 million
Total:	\$523 million

Under the State’s purported “new methodology” that S.B. 16 somehow increases funding by \$363 million, the S.B. 61 additions would have instead looked like this:

<u>Year</u>	<u>Increase</u>
2018-19	\$108 million
2019-20	\$108 million + \$102 million
2020-21	\$108 million + \$102 million + \$105 million
2021-22	\$108 million + \$102 million + \$105 million + \$105 million
2022-23	108 million + \$102 million + \$105 million + \$105 million+ \$103 million
Total:	\$1.576 billion

No one contends that the State was attempting to increase funding by \$1.576 billion; it defies logic to make that argument. Yet, for some reason, the State wants this Court to believe that a one-time increase of \$92 million equals \$363 million. It does not.

This error in the State's logic was recognized at the February 6, 2019 Hearing before the Senate Select Committee on Education Finance on S.B. 44 (an early version of S.B. 16). After Mr. Dennis explained the methodology of calculating the *Montoy* Safe Harbor target aid needed at \$3.742 billion, Senator Jim Denning had this exchange with Mr. Dennis:

Jim Denning: Gotcha. On just the finance piece, when the house bill, their budget, which we sent to the Supreme Court [referring to 2018's SB 61] they use the Montoy Logic all the way through.

Now, the Board has deviated from that Montoy Logic and I'm specifically talking about the \$363M which is on your page three where it says additional required. So that's a total deviation from the Montoy Logic. So what we've used all this time is an accumulating logic and this is a fixed logic. So if we would use the Montoy Logic where the Supreme Court signed off on **we're shorting schools \$271M from FY20 to FY23**. So I looked ahead at the Schools for Fair Funding and it looks like they're agreed that we can deviate from the Supreme Court's demand, short the schools \$271M and call it a day. I just want to make sure that you're in agreement with that.⁸

Dale Dennis: Sir, I don't know it's important that I agree but I would have to look at the numbers because if I recall *Montoy* started out at \$4433 and then I assume you would apply then the

⁸ Originally, SFFF supported S.B. 44 in committee hearings until the error in the calculation of the bases was discovered after this exchange between Sen. Denning and Mr. Dennis. SFFF later retracted its support for the bill with explanations of the error.

consumer price index coming forward and I'm not sure exactly what that would be but I understand the logic.

Jim Denning: So I can show you offline. I stayed up late last night and spread it out for you. **But it's clearly shorting schools \$271M from FY20 to FY23** and I just want to make sure I guess if the attorneys sign off on it, it's a no brainer but I don't (A) want to get sued and (2) I don't want the Supreme Court coming back that we defied them.

Dale Dennis: I understand that.

Appx. 3: SFFF Testimony, at SFFF001222.

The error in the State's logic was also explained publicly by Sen. Denning in his Capitol Update published in the Shawnee Mission Post on February 11, 2019. In that update, Sen. Denning states:

The calculations the Governor is using in SB44 deviate from the *Montoy* calculations and actually short schools about \$271 million from FY21-23. The courts signaled \$360 million in new money, Governor Kelly is giving only \$90 million in new money. Hope she is not setting herself up for another lawsuit when the Supreme Court checks the formula math later this year. It clearly is not calculated under the *Montoy* method, which is the basis of the Kansas Supreme Court's entire demand for additional school funding.

Appendix 5: *Capitol Update: Denning says he's not working on K-12 constitutional amendment language in Senate.*

VI. The State Has Failed to Answer this Court's Questions Regarding Virtual Aid or Explain the Inputs that Went into the Safe Harbor Calculation

In *Gannon VI*, the Court noted that "questions exist" "regarding the State's decision to reduce the total aid amount by \$31.2 million for virtual school aid." *Gannon*, 308 Kan. at 389. Because the virtual school state aid operates outside the funding

formula, and it is unclear how the State accounted for virtual school state aid in the April 23 memo, the Court held:

[T]he State needs to explain whether it included that aid in the first step of its analysis when it generated the initial total aid amount of \$3,108,690,821. Because if not, we are unable to conceive of a rationale for the State later deducting it to calculate the total target additional aid of \$522,244,721.

Gannon VI, 308 Kan. at 399.

The State ignored this portion of *Gannon VI* entirely and has offered no justification for reducing the total amount of “new money” necessary to fund inflation by the virtual school state aid amount. In addition, other components of the calculation, such as the inputs for the now non-existent Non-Proficient Weighting and what other components were included or excluded remain unexplained.

VII. The Inflation Funded by S.B. 16 is not Reasonable Compared to Actual or Projected Inflation

S.B. 16 funded an increase of \$92 million. This is only one-quarter of the increase that the State calculated was needed (which totaled \$363 million). In other words, the State only funded one-quarter of the 1.44% inflation that was calculated to be needed.

$$\boxed{1.44\% \quad \div \quad 4 \quad = \quad 0.36\%}$$

Therefore, in effect, the State only funded a 0.36% inflation increase each year over the six year period in which the State was told to add inflation. In doing so, however, it has not met its burden to demonstrate to the Court how a 0.36% inflation increase is reasonable compared to actual or project inflation. For comparison:

1. Actual inflation for 2018 was not 0.36%. Nor was it 1.44%. According to the Bureau of Labor Statistics, actual inflation for 2018 was 1.92%. *See* Appendix 6: Bureau of Labor Statistics Inflation Table.
2. The Consensus Revenue Estimate for Inflation in 2019 and 2020 is not 0.36% or 1.44%, but is 2.2%. *See* Appendix 7: November 20, 2018 Memo from KLRD, at LEG006740 (“the 2019 and 2020 forecasts both call for a 2.2 percent inflation rate”).

While the Plaintiffs do not take issue with the State’s use of a 1.44% inflation rate, the State simply cannot demonstrate that S.B. 16 represents a reasonable adjustment for inflation. The inflation adjustment must be made each year, as inflation adjustments are normally calculated.

VIII. As the State Has Continued to Underfund Education, Achievement Has Continued to Decline

It is important to remember why this matter is now pending before the Kansas Supreme Court *for the seventh time*: “the State [is] failing to provide approximately one-fourth of all its public school K-12 students with the basic skills of both reading and math, [and] is also leaving behind significant groups of harder-to-educate students.” *Gannon IV*, 305 Kan. at 855.

Unfortunately, the number of failing Kansas students continues to grow. Inadequacy continues to cut its swath.

In their 2018 Opening Brief, submitted to this Court on May 7, 2018, Plaintiffs highlighted the disturbing downward trend in student achievement that was demonstrated

in KSBE's Annual Report. Since that brief, unfortunately, achievement data has continued to decline. Appendix 8: Excerpts from KSBE's 2017-18 Annual Report, related to 2018 Assessment Data. Since 2016, the percentage of students performing at Level 1 has *increased* for every grade and every subgroup in **both** ELA and math. *Id.* at SFFF001223-24. Level 1 and Level 2 are both below proficient. *See id.* at SFFF001224; 2018 Opening Brief, at Appx. 1. In 2016, 80.6 percent of African-American students were below proficient in ELA (testing in Level 1 or 2). That number has risen to 82.71 percent. In 2016, 73.5 percent of free and reduced lunch students were below proficient in ELA; that number is now 77.2 percent. In 2016, 86.51 percent of African-American students were below proficient in math; that number is now 87.14 percent. In 2016, 79.36 percent of free and reduced lunch students were below proficient in math; that number is now over 80 percent. These results are simply not acceptable.

Kansas students continue to receive an unconstitutional education *because of* the State's underfunding. The Legislature is well aware that money makes a difference in public education and its decision to underfund education is causing these decreases in student achievement. And, yet, the State has funded less than what is needed.

IX. The Burden is Still on the State.

If the State chose not to fully fund the "*Montoy* Safe Harbor", the State bears the burden to prove that what they adopted is reasonably calculated to have all students meet or exceed the standards set out in *Rose*. *See infra*. It cannot.

ARGUMENTS AND AUTHORITIES

By failing to make the necessary “adjustments” to bring the school funding formula within the protection of the *Montoy* safe harbor, the State has adopted a bill that does not provide the level of funding that this Court indicated was necessary in *Gannon VI*. Because the State cannot meet its burden to demonstrate compliance, this Court should declare that S.B. 16 does not pass the bar of constitutional compliance set by this Court in *Gannon VI*.

I. THE STATE BEARS THE BURDEN TO DEMONSTRATE CONSTITUTIONAL COMPLIANCE

This Court succinctly set forth its standard of review for constitutional adequacy and the State’s burden of proof in *Gannon VI*. 308 Kan. at 382-83. For the same reasons set forth therein, “the State will bear the burden of establishing compliance and explaining its rationales for the choices made to achieve it.” *Id.* at 383.

II. THE STATE CANNOT MEET ITS BURDEN

This Court should conclude that S.B. 16 does not pass the bar of constitutional compliance set forth in *Gannon VI*. There is no evidence that was presented to the Legislature on which it could rely to conclude that it does.

In *Gannon VI*, the Court found that the State had attempted to constitutionally fund K-12 public education in Kansas through the *Montoy* safe harbor. However, the State fell short of that goal. The Court noted:

The State claims it has raised education funding to at least such levels as to be firmly anchored in this self-described “*Montoy* safe harbor.” And with some financial adjustments to the State’s remediation plan, we basically agree that through structure – and particularly implementation – it can bring the K-12 system into compliance with the adequacy requirement in Article 6 of the Kansas Constitution.

Gannon VI, 308 Kan. at 387.

The Court made clear that “financial adjustments” were necessary to bring the State’s plan into compliance with the “*Montoy* safe harbor.” Importantly, at no time did the Court or Plaintiffs impose any requirement on the State that it must fund education in this manner. Rather, the State chose to “implement its self-styled ‘*Montoy* safe harbor’ plan of compliance.” *Gannon VI*, 308 Kan. at 374.

The Court made clear that if the State is going to prove constitutional compliance through the *Montoy* safe harbor, it must also choose “to make timely financial adjustments in response to the problems identified with the plan” and then complete that plan. *Gannon VI*, 308 Kan. at 398-99. The Court also cautioned the State that to demonstrate constitutional compliance, it needed to prove a rationale for its decision to deduct virtual school state aid in the April 23 memo. The State did not do either of these.

Having elected to not make the necessary “financial adjustments” and to not explain its treatment of virtual school state aid, the State has removed itself from the protection of its “self-described *Montoy* safe harbor plan.” Having funded less than what this Court has indicated was necessary to satisfy the adequacy requirement, the State cannot demonstrate it has met its burden. S.B. 16 does not pass the bar of constitutional compliance set by this Court in *Gannon VI*.

CONCLUSION

For the reasons stated herein, Plaintiffs request that this Court:

- (1) Declare that S.B. 16 has not passed the bar of constitutional compliance identified by this Court in *Gannon VI*.
- (2) Further stay the Court's mandate in *Gannon VI*, until June 30, 2020.
- (3) Continue its order that the KSEEA – enacted by S.B. 19 and amended by S.B. 423 and S.B. 61 – will remain in temporary effect.
- (4) Enter a finding that S.B. 16 should go into temporary effect for FY20, since S.B. 16 appropriately funds one-quarter of the needed inflation in compliance with *Gannon VI*, by providing a sufficient inflationary increase in FY20 only.
- (5) Allow the Legislature an additional legislative session to make the necessary financial adjustments to appropriately account for inflation, as set forth in *Gannon VI*.

Plaintiffs request that the Court retain jurisdiction of this matter until it enters a finding that the State is in compliance with both the adequacy and equity requirements of the Kansas Constitution.

Dated this 15th day of April, 2019.

Respectfully submitted,

/s/ Alan L. Rupe

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I hereby certify that on this 15th day of April, 2019, I electronically served the foregoing to:

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APPENDICES

1. **Appendix 1:** April 23, 2018 Memo from the KLRD to Legislative Counsel Curtis Tideman
2. **Appendix 2:** Memorandum from Dale Dennis to Senate Select Committee on Education Finance, dated February 6, 2019
3. **Appendix 3:** Testimony Submitted by Schools for Fair Funding on March 6, 2019 regarding regarding S.B. 142, Which Later Became S.B. 16
4. **Appendix 4:** Memorandum from Dale Dennis regarding Governor's Proposed School Finance Plan, dated January 17, 2019.
5. **Appendix 5:** *Capitol Update: Denning says he's not working on K-12 constitutional amendment language in Senate*
6. **Appendix 6:** Bureau of Labor Statistics Inflation Table
7. **Appendix 7:** November 20, 2018 Memo from KLRD
8. **Appendix 8:** Excerpts from KSBE's 2017-18 Annual Report

Appendix 1:
**April 23, 2018 Memo from the KLRD
to Legislative Counsel Curtis Tideman**

Appendix 1 is the April 23, 2018 Memo repeatedly referenced by the Court in *Gannon VI*, of which this Court has already taken judicial notice. See *Gannon v. State*, 308 Kan. 372, 388-389 (2018). It was previously submitted to this Court by the State as Appendix 48 to the State's May 7, 2018 Brief, and is already a part of the record in this case.

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April 23, 2018

To: Curtis Tideman, Legislative Counsel

From: Edward Penner, Principal Research Analyst

Re: House School Finance Calculation Effort

During House Committee on K-12 Education Budget discussion and floor debate (House Committee of the Whole) on HB 2445, several representatives referred to a target for increased aid to schools of approximately \$522.2 million. This memorandum attempts to describe the considerations and calculations used to arrive at the \$522.2 million amount. The amount is essentially arrived at by applying the 2010 school finance formula to current student enrollment, distribution, and demographics and bringing the spending level forward for inflation.

The 2008 Legislature provided for a base state aid per pupil of \$4,492 for school year 2009-2010. Applying the school finance formula as it existed in 2010, including the base state aid per pupil of \$4,492, to the current Kansas student population, including those students eligible for all of the weightings in the formula as it existed in school year 2009-2010, results in a total amount of aid to schools in the district general funds of approximately \$3,108.7 million. Aside from the change in the per weighted pupil base amount, the other formula changes from school year 2009-2010 to the current formula include the addition of funding for all day kindergarten, the adjustment of the at-risk weighting from 0.456 to 0.484, and other smaller adjustments to various weightings and formula provisions.

The next step in this analysis was to adjust that amount for inflation. The index used for this consideration was the CPI-U for the Midwest region, as reported by the U.S. Bureau of Labor Statistics. For the inflation adjustments, please see the table below. The inflation adjustments resulted in a new total amount of aid to schools of \$3,434.9 million.

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	48,800,533	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

The final step in arriving at the target amount for increased aid to schools was to deduct the current state aid and the already-scheduled increases for school year 2018-19. The school year 2017-2018 state aid amount was \$2,817.1 million, which is a sum of approximately \$31.2 million of virtual school state aid and approximately \$2,785.9 million of state foundation aid associated with a base aid for student excellence of \$4,006. At the time of these calculations, the estimated increase for school year 2018-2019 over 2017-2018 due to 2017 SB 19 was approximately \$95.6 million. Deducting these two amounts from \$3,434.9 million results in a remaining amount of \$522.2 million.

Target Aid to Schools	\$	3,434,941,542
Current Aid		(2,817,090,821)
Scheduled Increase in Aid		(95,606,000)
Total Target Additional Aid	\$	522,244,721

EFP/kal

Appendix 2:
Memorandum from Dale Dennis to
Senate Select Committee on
Education Finance, dated February 6,
2019

The Memorandum is publicly available at http://www.kslegislature.org/li/b2019_20/committees/ctte_spc_select_committee_on_education_finance_1/documents/testimony/20190206_01.pdf. It is appropriate for this Court to take judicial notice of the Memorandum, which is publicly available, and Plaintiffs respectfully request that this Court do so. K.S.A. 60-409(b)(4); K.S.A. 60-412(c).



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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.”

P1

INFLATION ADJUSTMENT

Year	Prior Year Amount	Inflation Percent	Inflation Adjustment Amount	Net Amount
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

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.

	<u>Sub. for SB 61</u>	<u>KSBE</u>
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	

K-12 Education Funding Proposal

Governor's Recommendation School Finance Plan State Expenditures Perspective <i>(Dollars in Thousands)</i>											
	FY 2018 Actuals	FY 2019 Gov. Rec.	Prior Year Difference	FY 2020 Gov. Rec.	Prior Year Difference	FY 2021 Gov. Rec.	Prior Year Difference	FY 2022 Est.	Prior Year Difference	FY 2023 Est.	Prior Year Difference
BASE	\$ 4,006	\$ 4,165	\$ 159	\$ 4,436	\$ 271	\$ 4,569	\$ 133	\$ 4,706	\$ 137	\$ 4,846	\$ 140
State Foundation Aid (SFA)											
State General Fund	\$ 2,001,534	\$ 2,109,651	\$ 108,098	\$ 2,317,775	\$ 208,123	\$ 2,393,360	\$ 77,585	\$ 2,478,217	\$ 82,857	\$ 2,563,937	\$ 85,720
20-Mil Local Prop. Tax	641,068	678,357	37,289	711,953	33,596	738,735	26,782	764,347	25,612	788,968	24,621
School Dist. Fin. Fund	55,447	56,000	553	56,000	—	56,000	—	56,000	—	56,000	—
Mineral Production Fund	7,197	9,233	2,036	11,100	1,867	10,326	(774)	10,326	—	10,326	—
State Highway Fund	96,600	45,000	(51,600)	—	(45,000)	—	—	—	—	—	—
Total-SFA	\$ 2,801,866	\$ 2,898,241	\$ 96,376	\$ 3,096,828	\$ 198,586	\$ 3,200,421	\$ 103,593	\$ 3,308,890	\$ 108,469	\$ 3,419,231	\$ 110,341
Special Education											
State General Fund	\$ 435,982	\$ 490,381	\$ 54,399	\$ 497,881	\$ 7,500	\$ 503,381	\$ 7,500	\$ 512,881	\$ 7,500	\$ 520,381	\$ 7,500
State Highway Fund	10,000	—	(10,000)	—	—	—	—	—	—	—	—
Total-Special Education	\$ 445,982	\$ 490,381	\$ 44,399	\$ 497,881	\$ 7,500	\$ 503,381	\$ 7,500	\$ 512,881	\$ 7,500	\$ 520,381	\$ 7,500
Subtotal-USD General Funds	\$ 3,247,847	\$ 3,388,622	\$ 140,775	\$ 3,594,709	\$ 206,086	\$ 3,705,802	\$ 111,093	\$ 3,821,771	\$ 115,969	\$ 3,939,612	\$ 117,841
Supp. General State Aid (LOB)											
State General Fund	\$ 454,500	\$ 494,300	\$ 39,800	\$ 503,300	\$ 9,000	\$ 519,300	\$ 16,000	\$ 532,300	\$ 13,000	\$ 545,300	\$ 13,000
Total-Governor's Plan	\$ 3,702,347	\$ 3,882,922	\$ 180,575	\$ 4,098,009	\$ 215,086	\$ 4,225,102	\$ 127,093	\$ 4,354,071	\$ 128,969	\$ 4,484,912	\$ 130,841
% Chg. from Prior Yr.			4.9%		5.3%		3.1%		3.1%		3.0%

**KANSAS STATE DEPARTMENT OF EDUCATION
BUDGET APPEAL TO THE LEGISLATURE**

FISCAL YEAR 2020

	<u>Agency Requested Expenditures</u>	<u>Governor's Recommendation</u>	<u>Amount of Appeal</u>	<u>Page No.</u>
<u>State Operations</u>				
<u>State General Fund</u>				
1. KPERs and Group Health Insurance	\$ 124,222	\$ 0	\$ 124,222	1
Total	\$ 124,222	\$ 0	\$ 124,222	
<u>State Aid to Local School Districts and Other Assistance</u>				
<u>State General Fund</u>				
1. Special Education Services Aid	\$ 547,581,417	\$ 497,880,818	\$ 49,700,599	2
Total	\$ 547,581,417	\$ 497,880,818	\$ 49,700,599	

FISCAL YEAR 2020

**STATE OPERATIONS – KPERS and GROUP HEALTH INSURANCE
EMPLOYER CONTRIBUTIONS**

As shown below, rates included in this year’s Budget Cost Indices for KPERS and group health insurance for FY 2020 increased significantly in comparison to rates assessed for the current year.

	FY 2019	FY 2020
KPERS Composite Rate	14.21%	15.41%
Group Health Insurance (State Contribution)		
Full-Time Single Member (Annual)	\$ 7,050.24	\$ 7,282.56
Full-Time Dependent (Annual)	\$ 3,334.56	\$ 3,444.00
Full-Time Healthy Kids (Annual)	\$11,012.16	\$11,374.80

For FY 2020, the higher rates result in an increase to the state general fund portion of our salaries and wages budget in the amount of \$88,532 for KPERS and \$35,690 for group health insurance, for a total increase of \$124,222. In some previous years’ state general fund allocations, additional funds were provided for employer contribution increases. However, no adjustments were made to our FY 2020 allocation to offset the rate increases.

To absorb the increases for KPERS and group health insurance, it will be necessary to increase our shrinkage rate by holding two to three positions vacant. Since approximately half of our salaries are funded from the state general fund, holding these additional positions vacant will have a negative impact on our operations. Depending on which positions are not filled, this action could result in fewer audits of USDs, delays in distributing state aid payments and other miscellaneous payments, delays or reductions in the number of school districts accredited, delays in the review and approval of new curricular standards, delays in the review and/or approval of teacher preparation programs, delays in maintaining computer programs and increased IT security breaches, or the potential loss of federal funds by not meeting state administrative maintenance of effort requirements.

In order to allow the Department of Education to continue to provide high quality service to school districts and their patrons, the Governor’s Office, the Legislature, and the numerous other customers we serve, we strongly urge the Legislature to support this request.

STATE GENERAL FUND

FY 2020 <u>Request</u>	Governor’s <u>Recommendation</u>	Amount of <u>Appeal</u>
\$124,222	\$0	\$124,222

FISCAL YEAR 2020

SPECIAL EDUCATION SERVICES AID

The federal Individuals with Disabilities Education Act (IDEA) requires states to provide a free appropriate public education to all children with disabilities between the ages of 3 and 21. This Act defines “children with disabilities” as those children who need special education and related services because of conditions such as mental retardation, hearing or visual impairment, emotional disturbance, or autism. The Kansas Special Education for Exceptional Children Act augments federal law by requiring school districts to provide special education services to gifted children as well.

In response to the Supreme Court’s ruling in the *Montoy v. Kansas* school finance court case, the Legislature made several adjustments in the funding formula including those aimed at increasing funding for special education. Specifically, the Legislature amended K.S.A. 72-3422, which mandates that state aid for special education be equal to 92 percent of the estimated excess costs of educational services provided to students with disabilities.

To coincide with the new five-year school funding plan approved by the Legislature, the State Board of Education recommends increasing Special Education Services Aid incrementally to 92 percent of excess costs by the 2022-23 school year. Under this request, Special Education Services Aid would be funded at 86 percent of excess costs for FY 2020, 88 percent of excess costs for FY 2021, 90 percent of excess costs for FY 2022 and 92 percent of excess costs for FY 2023.

Since both state and federal laws mandate that schools provide students with disabilities a free appropriate public education, school districts must absorb the percentage of excess costs not funded by the state, which reduces the amount of funding available to spend for general education students. **Under current state law, the amount of unfunded special education excess costs is estimated to be \$87.9 million for FY 2020. Under the State Board’s recommendation, that amount drops to \$38.2 million (\$87.9 million minus \$49.7 million additional funding requested).**

Not funding special education excess costs compounds the problem of school districts not having available resources to adequately fund K-12 public education in our state.

Based on the November 7, 2018 education consensus estimates prepared by the Division of the Budget, the Legislative Research Department and the Department of Education, the projected cost to fund 86 percent of special education excess costs is \$547,581,417 for FY 2020. Under the Governor’s recommendation, it is estimated that the percent of special education excess costs funded will drop from 81.4 percent in the current year to 78.2 percent for FY 2020.

In its December 2018 audit report on K-12 Education: Evaluating Special Education Costs, the Legislative Division of Post Audit recommended the Legislature consider funding special education at the statutory amount or changing the law.

The State Board urges the Legislature to recommend funding special education at 86 percent of excess costs for FY 2020, with a goal of reaching the statutory level of 92 percent by FY 2023.

STATE GENERAL FUND

FY 2020 Request	Governor’s Recommendation	Amount of Appeal	KSBE Recommendation
\$547,581,417	\$497,880,818	\$49,700,599	86% of excess costs

Estimated Special Education Excess Costs--FY 2019, FY 2020, & FY 2021		
FY 2018 Actual Expenditures		\$ 899,723,699
FY 2019 Estimate		
FY 2018 Actual		899,723,699
Percent Change (Based on teacher salary increase av	4.00%	35,988,948
Added Teachers No./Amount	200 \$ 66,994	13,398,800
Estimated Total FY 2019 Expenditures		949,111,447
Excess Cost Computation:		
Projected Total Expenditures		949,111,447
Less Ave per Pupil Cost of Regular Ed. \$ 7,230		
times FTE special ed pupils exc. SRS residents	27,952	202,092,960
Less Federal Aid		106,000,000
Less Medicaid Reimbursements		37,939,756
Less SRS Administrative Costs (State Hospitals)		300,000
FY 2019 Excess Costs		\$ 602,778,731
State Aid at 92.0%		\$ 554,556,433
FY 2020 Projection		
FY 2019 Estimate		949,111,447
Percent Change (Based on teacher salary increase av	3.50%	33,218,901
Added Teachers No./Amount	175 \$ 69,674	12,192,950
Estimated Total FY 2020 Expenditures		\$ 994,523,298
Excess Cost Computation:		
Projected Total Expenditures		\$ 994,523,298
Less Ave per Pupil Cost of Regular Ed. \$ 7,520		
times FTE special ed pupils exc. SRS residents	28,300	212,816,000
Less Federal Aid		106,000,000
Less Medicaid Reimbursements		38,684,720
Less SRS Administrative Costs (State Hospitals)		300,000
FY 2020 Excess Costs		\$ 636,722,578
State Aid at 92.0%		\$ 585,784,772
FY 2021 Projection		
FY 2019 Estimate		994,523,298
Percent Change (Based on teacher salary increase av	3.50%	34,808,315
Added Teachers No./Amount	150 \$ 72,112	10,816,800
Estimated Total FY 2021 Expenditures		\$ 1,040,148,413
Excess Cost Computation:		
Projected Total Expenditures		\$ 1,040,148,413
Less Ave per Pupil Cost of Regular Ed. \$ 7,820		
times FTE special ed pupils exc. SRS residents	28,650	224,043,000
Less Federal Aid		106,000,000
Less Medicaid Reimbursements		38,684,720
Less SRS Administrative Costs (State Hospitals)		300,000
FY 2021 Excess Costs		\$ 671,120,693
State Aid at 92.0%		\$ 617,431,038

Date of Consensus Education Meeting: November 7, 2018 (KSDE, DOB, KLRD)

Appendix 3:
**Testimony Submitted by Schools for
Fair Funding on March 6, 2019
regarding S.B. 142, Which Later
Became S.B. 16**

It is appropriate for this Court to take judicial notice of this testimony, which is publicly available and part of the legislative history of S.B. 16, and Plaintiffs respectfully request that this Court do so. K.S.A. 60-409(b)(4); K.S.A. 60-412(c). Pages SFFF001221-1222 of this Appendix summarize oral testimony of Mr. Dennis to the Senate Select Committee on Education Finance, dated February 6, 2019. That testimony, which is part of the legislative history, is available at <http://sg001-harmony.sliq.net/00287/Harmony/en/PowerBrowser/PowerBrowserV2/20190206/-1/5935>. It is appropriate for this Court to take judicial notice of the testimony itself. K.S.A. 60-409(b)(4); K.S.A. 60-412(c).



Senate Select Committee on Education Finance
S.B. 142 Appropriations for the Department of Education for FY 2020 and 2021

Testimony submitted by Schools For Fair Funding
March 6, 2019

Chairman Baumgardner, Members of the Committee:

SB 142 provides the appropriate inflationary increases for FY 20, but the funding and base numbers are not appropriate for the ensuing 3 years, so **SFFF cannot support this bill in its current form.**

As you know, SFFF came out in support of SB 44 last month because it believed it would add \$363 million in NEW funding over the next four years to cure the inflation issue. This was the amount that Dale Dennis calculated last summer and again on February 6 for inflation. After the hearing on SB 44, at the suggestion of Sen. Denning, SFFF realized that the Bases in that bill did not implement the KSDE “new money needed” analysis that Mr. Dennis provided. SFFF then had to retract its testimony supporting SB 44 due to the error. SB 142 continues the same mistake in the Bases as SB 44, so SFFF cannot support this bill in its current form. SFFF can support the bill if the correct Bases are included.

Historical perspective. The State argued to the Kansas Supreme Court last summer that the finance system should be constitutional if spending levels were increased to the levels in place at the conclusion of the Montoy case in 2010, as adjusted for inflation. Last summer, Legislative Research calculated those spending levels and concluded that, as of 2017, the system should be constitutional if \$3,434,941,542 was being spent. That amount was not being spent. The state then, in SB 61 last session, increased funding to approximate those spending levels in a phased-in plan from 2019 through 2023. In Gannon VI, the court found that the spending targets and the so-called Montoy Safe Harbor would be an appropriate end to the litigation, if but only if inflationary amounts were added, to recognize that the spending target was calculated as of 2017 spending, but the phase-in would not provide those dollars until 2023. The court required those 6 years of inflation (2017-2023) to be added by 2023 if the state desired to rely on the Montoy Safe Harbor to end the litigation. This amounts to adding 6 years of inflation over the next 4 years to catch up the missing, past years.

The State Board of Education then calculated that \$363 million in NEW funding was needed to fund this required inflation over the phase-in period. SFFF believes that all parties are in agreement that this \$363M is the needed amount of new money to fund the inflation. Note that

SFFF001204

even Dale's February 6 testimony refers to this as *additional* funding or "new money" funding. It was intended to be in addition to the increases already scheduled to take place as adopted in SB61.

The issue comes in the conversion of this new \$363M into the Bases needed to drive the formula.

The Bases in the bill, as written, include only one (1) installment of NEW inflation money over the four year period. It only provides approximately \$90M in new money. The remaining years are simply repeating the prior year's money and are, thus, NOT equivalent to the NEW money required by the KSDE calculation to reach the Montoy Safe Harbor. The correct method if phased over four years requires four (4) \$90M installments of NEW money to reach the KSDE \$363M new money target and the Montoy Safe Harbor.

The correct method of phasing these increases in has been used for many years. It was used during the conclusion of the Montoy litigation and it was used again last year in SB 61. A yearly amount of NEW money is added. The following year, that amount repeats and another installment of NEW money is added. The following year this pattern repeats. New money is added to the repeating money to reach the goal. The effect of the bases contained in this bill is to depart from accepted methodology and to attempt to count this "repeating" money as "new" money. It is simply funny math. It does not reach the goal.

SFFF does support the FY2020 appropriation of \$92,659,017 and base of \$4436 in this bill. It adds the first of the four required new money increases needed to phase-in the missing 6 years of inflation.

SFFF cannot support the FY2021 appropriation of \$89,659,017 and base in FY2021 of \$4569. It does NOT add a second installment of NEW money needed to phase in the missing 6 years of inflation.

Similarly, the bases for FY2022 and FY2023 are also incorrect to continue the phase-in of 2018 SB61 and to phase-in a total of \$363M in new money needed for inflation.

A check step. KSDE computed the amount of increased aid needed to reach the Montoy Safe Harbor in the Dale Dennis February 6 testimony. Like the Legislative Research computation in 2018, Dale continues the methodology from 2017 through 2023. Dale finds that total spending in 2023 should equal \$3,742,611,889 to equate to Montoy spending in 2010 adjusted for inflation. See page 2 of Dale's February 6 testimony. To see if the bases contained in both SB 44 and SB 142 hit this mark, you need only look as far as the Governor's Current Projections which are attached. It clearly shows that in 2023 the spending level only reaches \$3,419,231,000, not the required \$3,742,611,889 for the Montoy Safe Harbor.

Another check step. If you compare the 2018 version of the projections to the current 2019 version of the projection you see that in 2018, after SB 61 was adopted, the 2023 spending level was projected to be \$3,310,599,000. The Current 2019 projection for 2023 shows the level at \$3,419,231,000, a difference of only \$108,632,000. This means that only \$108M of new money was added by the current bill over the total phase-in time period, NOT the required \$363M required by the state's analysis.

Yet another check step. Rather than add the inflation over a four year phase-in, what addition to the base would be needed to be added “all at the end” to fund the required \$363M of new inflation money. \$363,036,068 divided by 700,154 weighted students produces a needed addition to the base of \$519 to cover the inflation amount. If you add that amount to the base all at the end of the SB 61 phase-in in 2023, you get $\$4713 + \$519 = \$5232$. This is far higher than the final base contained in the bill.

When Dale was asked if the Bases in this bill will reach the required \$3.7B spending level for the Montoy Safe Harbor that the state desired to reach, he responded “No sir.” He added that the Bases in the bill will only produce an ending spending level of approximately \$3.4B. This is verified by the governor’s current spending projection for 2023. The bases in the bill simply are not correct, nor do they follow from the KSDE and Legislative Research analysis of what is needed for the state to reach and take advantage of the Montoy Safe Harbor to comply with the court order and end the litigation.

Dale Dennis has provided the Base numbers needed to address the inflation and reach the \$3.7B Montoy Safe Harbor. 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 142 to cure the error.

SB142, as introduced, addresses and includes both the SB 61 new money and the inflation new money for the first year only, FY20. However, the Base amounts included in Section 4 of the bill as introduced do NOT include the required new inflation money for FY21, FY22 and FY23.

Upon analysis we find that, in its current form, SB 142 would not satisfy the *Gannon VI* decision. Without correction we cannot support SB 142. With correction of the bases as set forth above, SFFF can still support the bill.

Thank you for allowing SFFF to clarify SFFF’s opposition to the bill.

Contact information:

Bill Brady
Schools For Fair Funding
785 233 1903

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SFFF001206

STATE GOAL:

Returning to Level of Spending in FY10.

This was the Montoy level of spending before the cuts.

Rationale: It was constitutional in 2006. It should be constitutional now if adjusted for inflation to current dollars.

SB 61 attempted to do this during the 2018 session.

They call this the Montoy Safe Harbor.



Division of Fiscal and Administrative Services

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 Landon State Office Building
 900 SW Jackson Street, Suite 354
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www.ksde.org

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.”

P1

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INFLATION ADJUSTMENT

Year	Prior Year Amount	Inflation Percent	Inflation Adjustment Amount	Net Amount
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
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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.

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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.

New Money Included in SB61 5 Year Plan Adopted 2018 Session



FY19	FY20	FY21	FY22	FY23
\$4165	\$4302	\$4439	\$4576	\$4713

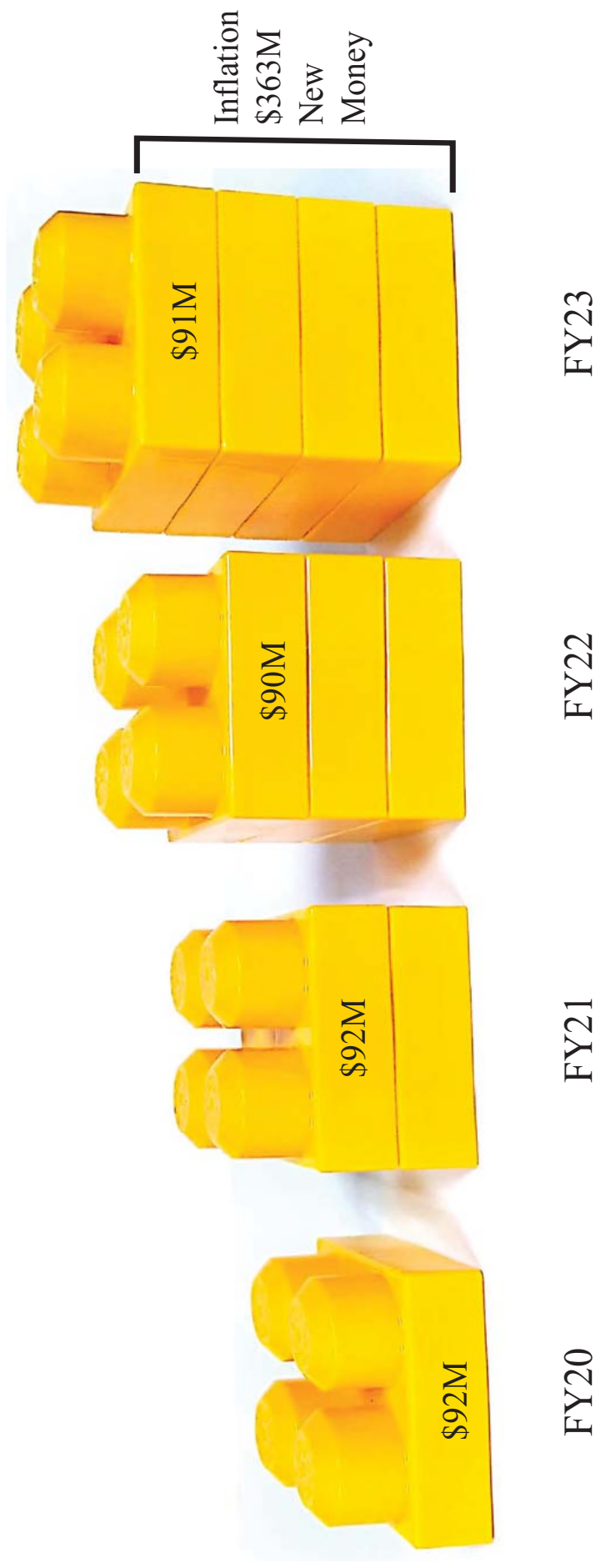
SB61 New money phased-in over 5 years



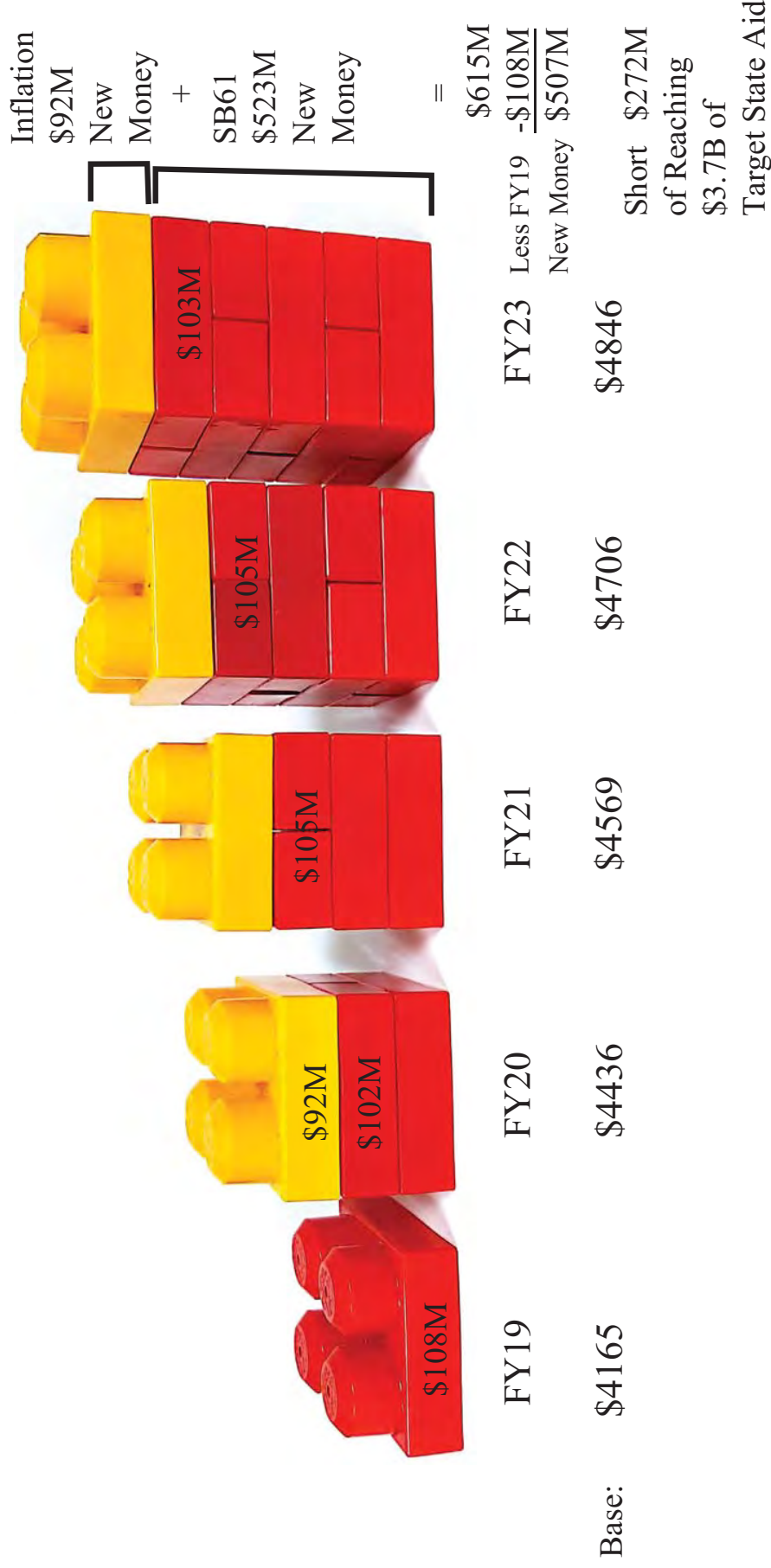
New Money in SB44/SB142 Only One Year of Inflation Added



New Money Required to Phase-In Six Years of Gannon VI Inflation



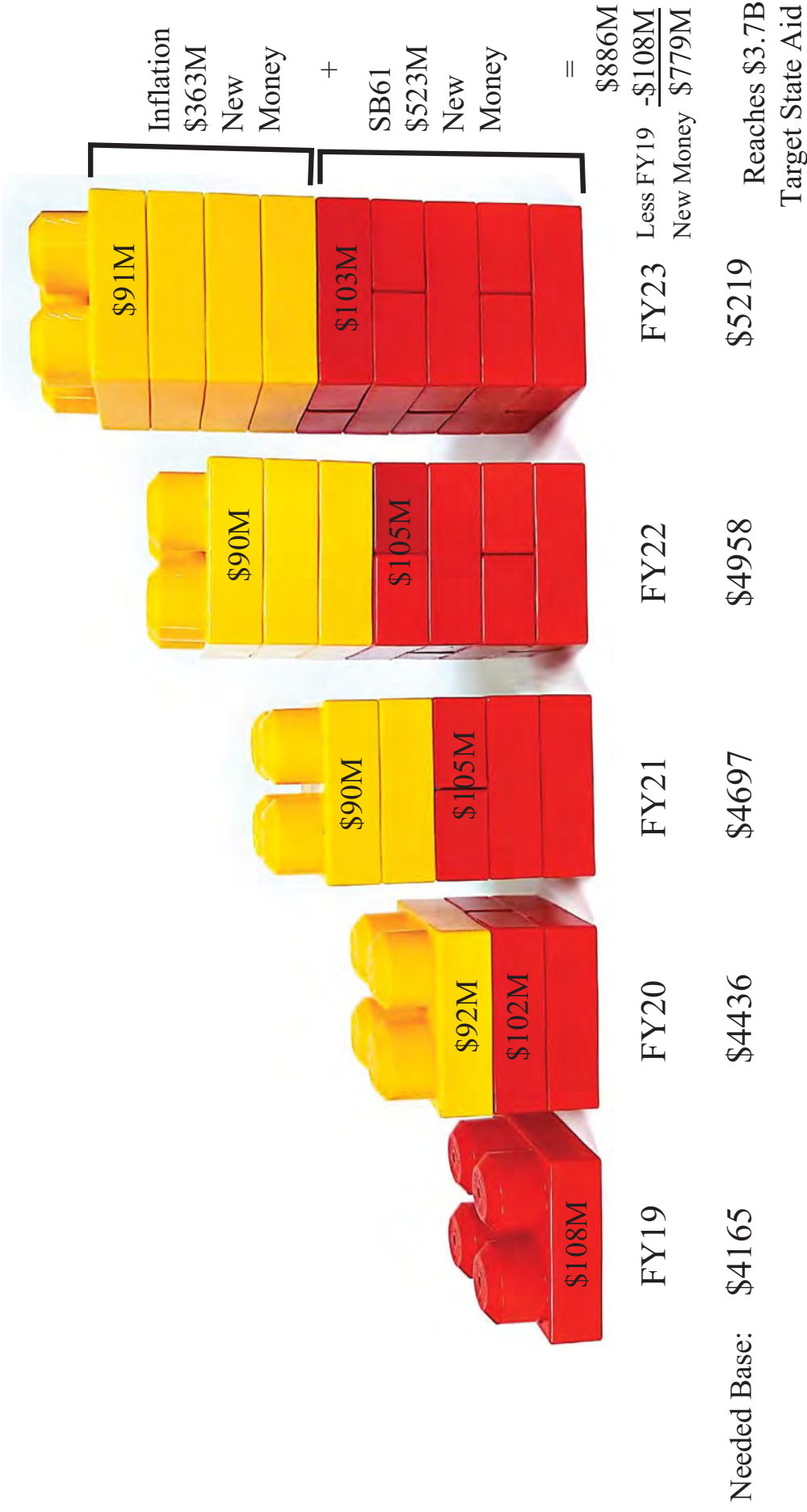
New Money in SB44/SB142 Only One Year of Inflation Added



 SB61 New money phased-in over 5 years

 Gannon VI 6 years of inflation NOT phased-in over 4 years

New Money Required to Fund SB61 Plus Gannon VI Inflation



Needed Base: \$4165 \$4436 \$4697 \$4958 \$5219 Reaches \$3.7B Target State Aid
 Target Total Aid: \$3,534,580,128 \$3,585,478,076 \$3,637,108,960 \$3,689,483,329 \$3,742,611,889



SB61 New money phased-in over 5 years

Gannon VI 6 years of inflation phased-in over 4 years

Current Projections

Governor's Recommendation									
School Finance Plan									
State Expenditures Perspective									
<i>(Dollars in Thousands)</i>									
	FY 2018	FY 2019	Prior Year	FY 2020	FY 2021	FY 2022	Prior Year	FY 2023	Prior Year
	Actuals	Gov. Rec.	Difference	Gov. Rec.	Gov. Rec.	Est.	Difference	Est.	Difference
BASE	\$ 4,006	\$ 4,165	\$ 159	\$ 4,436	\$ 4,569	\$ 4,706	\$ 137	\$ 4,846	\$ 140
State Foundation Aid (SFA)									
State General Fund	\$ 2,001,554	\$ 2,109,651	\$ 108,098	\$ 2,317,775	\$ 2,395,360	\$ 2,478,217	\$ 82,857	\$ 2,563,937	\$ 85,720
20-Mill Local Prop. Tax	641,068	678,357	37,289	711,953	738,735	764,347	25,612	788,968	24,621
School Dist. Fin. Fund	55,447	56,000	553	56,000	56,000	56,000	--	56,000	--
Mineral Production Fund	7,197	9,233	2,036	11,100	10,326	10,326	--	10,326	--
State Highway Fund	96,600	45,000	(51,600)	--	--	--	--	--	--
Total-SFA	\$ 2,801,866	\$ 2,898,241	\$ 96,376	\$ 3,096,828	\$ 3,200,421	\$ 3,308,890	\$ 108,469	\$ 3,419,231	\$ 110,341
Special Education									
State General Fund	\$ 435,982	\$ 490,381	\$ 54,399	\$ 497,881	\$ 505,381	\$ 512,881	\$ 7,500	\$ 520,381	\$ 7,500
State Highway Fund	10,000	--	(10,000)	--	--	--	--	--	--
Total-Special Education	\$ 445,982	\$ 490,381	\$ 44,399	\$ 497,881	\$ 505,381	\$ 512,881	\$ 7,500	\$ 520,381	\$ 7,500
Subtotal-USD General Funds	\$ 3,247,847	\$ 3,388,622	\$ 140,775	\$ 3,594,709	\$ 3,705,802	\$ 3,821,771	\$ 115,969	\$ 3,939,612	\$ 117,841
Supp. General State Aid (LOB)									
State General Fund	\$ 454,500	\$ 494,300	\$ 39,800	\$ 503,300	\$ 519,300	\$ 532,300	\$ 13,000	\$ 545,300	\$ 13,000
Total-Governor's Plan	\$ 3,702,347	\$ 3,882,922	\$ 180,575	\$ 4,098,009	\$ 4,225,102	\$ 4,354,071	\$ 128,969	\$ 4,484,912	\$ 130,841
% Chg. from Prior Yr.			4.9%	5.5%	3.4%	3.1%	3.0%		

This is the total, purportedly, after SB61 PLUS inflation is phased-in.
 Note - It is not \$363M higher than the 2018 projections. It is only \$109M higher.
 If \$363M had been added over all 4 years, the end result would be \$363M higher than the 2018 projections.
 This is how we know the bases are incorrect.

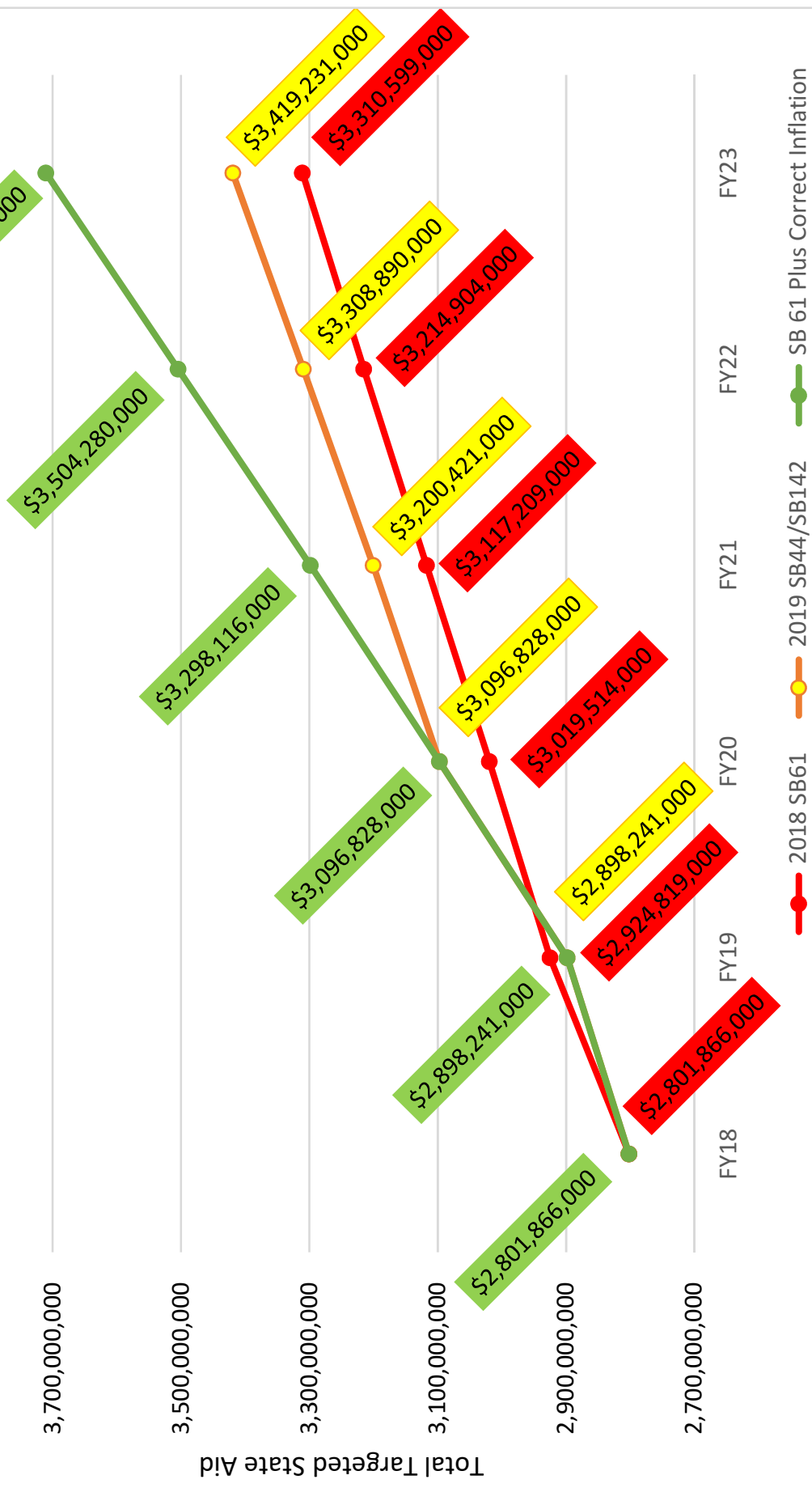
**2018
Projections**

**2018 Legislature
Approved School Finance Plan
State Expenditures Perspective
As of May 2018**
(Dollars in Thousands)

	FY 2018 Actuals	FY 2019 Leg. App'vd.	Prior Year Difference	FY 2020 Est.	Prior Year Difference	FY 2021 Est.	Prior Year Difference	FY 2022 Est.	Prior Year Difference	FY 2023 Est.	Prior Year Difference
BASE	\$ 4,006	\$ 4,165	\$ 159	\$ 4,302	\$ 137	\$ 4,439	\$ 137	\$ 4,576	\$ 137	\$ 4,713	\$ 137
State Foundation Aid (SFA)	\$ 2,001,554	\$ 2,148,294	\$ 146,740	\$ 2,216,696	\$ 68,402	\$ 2,287,850	\$ 71,153	\$ 2,359,933	\$ 72,083	\$ 2,433,185	\$ 73,252
State General Fund	641,068	669,656	28,588	695,949	26,293	722,490	26,541	748,102	25,612	770,545	22,443
20-Mill Local Prop. Tax	55,447	52,800	(2,647)	52,800	-	52,800	-	52,800	-	52,800	-
School Dist. Fin. Fund	7,197	9,069	1,872	9,069	-	9,069	-	9,069	-	9,069	-
Mineral Production Fund	96,600	45,000	(51,600)	45,000	-	45,000	-	45,000	-	45,000	-
State Highway Fund	\$ 2,801,866	\$ 2,924,819	\$ 122,953	\$ 3,019,514	\$ 94,695	\$ 3,117,209	\$ 97,694	\$ 3,214,904	\$ 97,695	\$ 3,310,599	\$ 95,695
Total-SFA											
Special Education	\$ 435,982	\$ 490,381	\$ 54,399	\$ 497,881	\$ 7,500	\$ 505,381	\$ 7,500	\$ 512,881	\$ 7,500	\$ 520,381	\$ 7,500
State General Fund	10,000	-	(10,000)	-	-	-	-	-	-	-	-
State Highway Fund	\$ 445,982	\$ 490,381	\$ 44,399	\$ 497,881	\$ 7,500	\$ 505,381	\$ 7,500	\$ 512,881	\$ 7,500	\$ 520,381	\$ 7,500
Total-Special Education											
Subtotal-USD General Funds	\$ 3,247,847	\$ 3,415,200	\$ 167,353	\$ 3,517,395	\$ 102,195	\$ 3,622,590	\$ 105,194	\$ 3,727,785	\$ 105,195	\$ 3,830,980	\$ 103,195
Supp. General State Aid (LOB)	\$ 454,500	\$ 483,917	\$ 29,417	\$ 491,217	\$ 7,300	\$ 498,517	\$ 7,300	\$ 507,117	\$ 8,600	\$ 520,117	\$ 13,000
State General Fund	-	\$ 7,500	\$ 7,500	\$ 7,500	-	\$ 7,500	-	\$ 7,500	-	\$ 7,500	-
Mental Health Pilot Program	-	\$ 2,800	\$ 2,800	\$ 2,800	-	\$ 2,800	-	\$ 2,800	-	\$ 2,800	-
ACT/WorkKeys	-	\$ 500	\$ 500	\$ 500	-	\$ 500	-	\$ 500	-	\$ 500	-
Teacher Mentoring	-	\$ 500	\$ 500	\$ 500	-	\$ 500	-	\$ 500	-	\$ 500	-
Total-School Finance Expenditures	\$ 3,702,347	\$ 3,909,917	\$ 207,570	\$ 4,019,412	\$ 109,495	\$ 4,131,907	\$ 112,494	\$ 4,245,702	\$ 113,795	\$ 4,361,897	\$ 116,195
% Chg. from Prior Yr.			5.6%		2.8%		2.8%		2.8%		2.7%

This is the total after SB61 is phased-in.

Total Targeted State Aid



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

Another view of the issue:

What if the \$363M for inflation was added to the final year rather than spreading it over 4 years?

Amount Needed for Inflation Increase <hr style="width: 100%;"/>	Weighted Enrollment in FY23 <hr style="width: 100%;"/>	/	=	Base Increase Needed for Inflation Only <hr style="width: 100%;"/>
\$363,636,068	700,154			\$519

\$519 on the base is needed for inflation only.

FY23 base in current law		\$4,713
Inflation	+	\$519
Base needed by FY23 to include SB61 plus Inflation		\$5,232

Conclude: The final phased-in base in FY23 must approximate \$5,232 to fund both SB61 plus the Gannon VI required inflation. Getting there in a phased-in manner should not reduce the final required base to achieve the goal.

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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Dale Dennis Testimony February 6, 2019
Senate Select Committee on Education Finance

Dale Dennis: I am supposed to review with you how the Board arrived at their numbers. One on general state aid and then our budget appeal. So we'll try to do that within the time frame.

On the first page of our memo, and John referred to this a little bit ago, from the memo that went to the Supreme Court from the State's Attorneys. You'll see that table that shows about a several, six to seven year history of the inflation costs, and that's what was very very important in arriving of what the court came down with.

You'll notice right under that table was a quote from the court. They took an average of those inflation factors and they averaged 1.44%. The Board's opinion when we did this, they thought that was kind of a vehicle that the court would accept the 1.44.

You may hear today somebody that the inflation will be higher than that. But we believe based on that language at the bottom of the page that the board thought that would be acceptable to the court. So on page two we apply that 1.44% out for the number of years that the law provided for. Five years, so there's four years left.

And you'll notice the target aid after the 1.44% in 2023 is \$3.742B. The 2.817B was in the memo that went to the court and the State's attorneys.

The \$146M is what we added last year in General Aid and also includes Special Ed. **We subtract that out and we are \$779M short and what the Board chose to do,** and there is more than one way you could do this and come up with higher numbers, they spread that \$779M on page three over a four year period and that's \$194M. You subtract out the money that you approved, the bill you approved last year which run about a little over \$100M to \$105M per year. Subtract that out and that leaves you in the range of \$89M to \$92M per year.

The Board then translated that into an amount per pupil and that amount per pupil is shown on page three. It increases the base amount per pupil about the \$90M to \$89M to \$92M **per** year. Same law that you adopted last year it just takes, tries to solve the adequacy problem. That's how the board went about that.

I also attached another sheet that came out of the Governor's budget that shows the four year history of that and which is based on the same base amount per pupil.

Before I go to the other piece dealing with the agency, is there any questions?

That's nine credit hours in three minutes. Is there any questions you got in there?

Molly Baumgardner: Senator Denning.

Jim Denning: Dale before I start talking about the finance piece, do you have any idea why Governor Kelly added the whole entire budget to what we're working on today rather than just let us sort out the latest demand for inflation? Do you have any idea why she bundled the whole darn education budget in one bill?

Dale Dennis: No you will have to ask somebody else other than me sir. I couldn't answer that.

Jim Denning: Gotcha. I mean, it's caused so much angst because there's half of the State's budget is sitting in this committee and we're really just interested in sorting out the final piece.

Dale Dennis: Somebody else might be able to but I couldn't tell you why it's in one bill verses more than one. Sorry.

Jim Denning: Gotcha. On just the finance piece, when the house bill, their budget, which we sent to the Supreme Court they use the Montoy Logic all the way through.

Now, the Board has deviated from that Montoy Logic and I'm specifically talking about the \$363M which is on your page three where it says additional required. So that's a total deviation from the Montoy Logic. So what we've used all this time is an accumulating logic and this is a fixed logic. So if we would use the Montoy Logic where the Supreme Court signed off on **we're shorting schools \$271M from FY20 to FY23**. So I looked ahead at the Schools for Fair Funding and it looks like they're agreed that we can deviate from the Supreme Court's demand, short the schools \$271M and call it a day. I just want to make sure that you're in agreement with that.

Dale Dennis: Sir, I don't know it's important that I agree but I would have to look at the numbers because if I recall Montoy started out at 4433 and then I assume you would apply then the consumer price index coming forward and I'm not sure exactly what that would be but I understand the logic.

Jim Denning: So I can show you offline. I stayed up late last night and spread it out for you. **But it's clearly shorting schools \$271M from FY20 to FY23** and I just want to make sure I guess if the attorneys sign off on it, it's a no brainer but I don't (A) want to get sued and (2) I don't want the Supreme Court coming back that we defied them.

Dale Dennis: I understand that.

Jim Denning: So if we could talk offline about that. Thank you.

Dale Dennis: I understand.

Appendix 4:
Memorandum from Dale Dennis
regarding Governor's Proposed
School Finance Plan, dated January
17, 2019.

The Memorandum is available at
<https://www.ksde.org/Portals/0/School%20Finance/Action%20Items/SF19-021--CX--1-17-19.pdf>.
It is appropriate for this Court to take judicial notice of this testimony, which is publicly available
and part of the legislative history of S.B. 16, and Plaintiffs respectfully request that this Court do so.
K.S.A. 60-409(b)(4); K.S.A. 60-412(c).



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January 17, 2019

FROM: Dale M. Dennis, Deputy
Commissioner of Education

Craig Neuenswander, Director, School Finance

SUBJECT: Governor's Proposed School Finance Plan

Attached is a computer printout (SF19-021) which provides the estimated effects of the Governor's proposed school finance plan for the 2019-20 school year

COLUMN EXPLANATION

- Column 1 -- 2017-18 **OR** 2018-19 Estimated adjusted enrollment whichever is higher (Four-year-old at-risk same as prior year)
- 2 -- 2019-20 Estimated total weighted FTE enrollment (excluding special education) (New facilities based on prior year)
- 3 -- 2019-20 Estimated virtual state aid (Same as prior year)
- 4 -- 2018-19 Estimated computed general fund budget with BASE of \$4,165
- 5 -- 2019-20 Estimated computed general fund budget with BASE of \$4,436
- 6 -- Difference--Estimated computed general fund budget (Column 5 – 4)
- 7 -- 2019-20 Estimated special education increase
- 8 -- 2019-20 Estimated general fund increase including special education

1/17/2019	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
	2017-18 or 2018-19	2019-20 Est.	2019-20 Est.	2018-19 Est.	2019-20 Est.	Computed Gen Fund	2019-20 Est.	2019-20 Est.
	Est. Adj. Enrollment (incl Ayr AR & KAMS)	Total WTD FTE (Excl Sped)	Virtual State Aid	Computed Gen Fund (Excl Sped) \$4,165	Computed Gen Fund (Excl Sped) \$4,436	Difference (Col 5 - Col 4)	Special Ed Aid Increase	Est. General Fund Diff (Incl Sped) (Col 6 + Col 7)
USD #	County	District Name						
Total	STATE TOTALS	473,820.8	691,025.7	31,861,883	2,910,480,054	186,771,840	7,499,198	194,271,038
101	Neosho	Erie-Galesburg	521.0	961.8	0	4,005,897	4,266,545	260,648
102	Gray	Cimmaron-Ensign	667.6	1,110.5	0	4,547,674	4,976,178	378,414
103	Cheyenne	Cheylin	128.5	322.6	0	1,343,629	1,431,054	87,425
105	Rawlins	Rawlins County	353.5	657.8	0	2,662,685	2,918,001	255,316
106	Ness	Western Plains	104.0	294.1	0	1,253,249	1,304,628	51,379
107	Jewell	Rock Hills	307.0	596.5	5,000	2,489,423	2,651,074	161,651
108	Washington	Washington Co. Schools	329.2	602.6	0	2,531,904	2,673,134	141,230
109	Republic	Republic County	515.5	890.2	0	3,688,941	3,948,927	259,986
110	Phillips	Thunder Ridge Schools	197.5	456.3	0	1,950,470	2,024,147	73,677
111	Doniphan	Doniphan West Schools	316.0	588.1	0	2,480,674	2,608,812	128,138
112	Ellsworth	Central Plains	462.1	829.1	156,360	3,712,854	3,834,248	121,394
113	Nemaha	Prairie Hills	1,087.5	1,590.0	0	6,681,910	7,053,240	371,330
114	Doniphan	Riverside	596.0	1,020.2	25,000	4,274,133	4,550,607	276,474
115	Nemaha	Nemaha Central	577.9	933.9	0	3,872,617	4,142,780	270,163
200	Greeley	Greeley County Schools	256.1	502.9	0	2,094,579	2,230,864	136,285
202	Wyandotte	Turner-Kansas City	4,031.5	6,069.7	153,440	25,433,741	27,078,629	1,644,888
203	Wyandotte	Piper-Kansas City	2,323.5	2,799.2	10,000	11,428,348	12,427,251	998,903
204	Wyandotte	Bonner Springs	2,624.7	3,454.3	296,905	14,779,027	15,620,180	841,153
205	Butler	Bluestem	494.3	884.2	0	3,643,959	3,922,311	278,352
206	Butler	Remington-Whitewater	509.7	878.4	0	3,658,536	3,896,582	238,046
207	Leavenworth	Ft Leavenworth	1,823.6	1,951.3	0	8,127,165	8,655,967	528,802
208	Trego	Wakeeney	385.3	650.0	0	2,707,250	2,883,400	176,150
209	Stevens	Moscow Public Schools	179.5	404.5	0	1,684,743	1,794,362	109,619
210	Stevens	Hugoton Public Schools	1,015.8	1,657.2	20,000	6,892,250	7,371,339	479,089
211	Norton	Norton Community Schools	675.1	1,095.1	0	4,561,092	4,857,864	296,772
212	Norton	Northern Valley	150.5	357.0	0	1,486,905	1,583,652	96,747
214	Grant	Ulysses	1,618.7	2,351.6	101,845	10,034,954	10,533,543	498,589
215	Kearny	Lakin	648.0	1,117.2	0	4,648,973	4,955,899	306,926
216	Kearny	Deerfield	186.5	445.2	0	1,914,651	1,974,907	60,256
217	Morton	Rolla	115.0	288.0	0	1,272,408	1,277,568	5,160
218	Morton	Elkhart	425.2	760.7	3,911,890	7,220,566	7,286,355	65,789
219	Clark	Minneola	237.5	450.3	0	1,900,490	1,997,531	97,041
220	Clark	Ashland	210.5	442.6	0	1,843,429	1,963,374	119,945
223	Washington	Barnes	368.8	642.3	0	2,675,180	2,849,243	174,063
224	Washington	Clifton-Clyde	318.0	578.7	0	2,414,451	2,567,113	152,662
225	Meade	Fowler	134.5	322.7	0	1,381,531	1,431,497	49,966
226	Meade	Meade	417.1	733.7	0	3,055,861	3,254,693	198,832
227	Hodgeman	Hodgeman County Schools	296.5	536.2	0	2,233,273	2,378,583	145,310
229	Johnson	Blue Valley	22,330.3	28,480.8	48,620	118,611,176	126,389,449	7,778,273
230	Johnson	Spring Hill	3,086.9	4,126.7	5,304,758	21,678,206	23,610,799	1,932,593
231	Johnson	Gardner Edgerton	5,889.9	7,411.4	0	30,868,481	32,876,970	2,008,489
232	Johnson	De Soto	7,274.7	8,805.5	57,890	36,482,065	39,119,088	2,637,023
233	Johnson	Olathe	29,287.1	42,597.3	0	176,809,665	188,961,623	12,151,958
234	Bourbon	Fort Scott	1,887.0	2,598.2	30,000	10,751,543	11,555,615	804,072
235	Bourbon	Uniontown	437.0	799.9	0	3,331,584	3,548,356	216,772
237	Smith	Smith Center	424.8	738.7	0	2,962,981	3,276,873	313,892
239	Ottawa	North Ottawa County	606.0	1,014.0	0	4,244,968	4,498,104	253,136
240	Ottawa	Twin Valley	594.1	1,009.6	0	4,204,984	4,478,586	273,602
								282,897

1/17/2019	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
	2017-18 or 2018-19	2019-20 Est.	2019-20 Est.	2018-19 Est.	2019-20 Est.	Computed Gen Fund	2019-20 Est.	2019-20 Est.
USD #	County	Est. Adj. Enrollment (incl Ayr AR & KAMS)	Total WTD FTE (Excl Sped)	Virtual State Aid	Computed Gen Fund (Excl Sped) \$4,165	Computed Gen Fund (Excl Sped) \$4,436	Computed Gen Fund Difference (Col 5 - Col 4)	Special Ed Aid Increase (Col 6 + Col 7)
Total	STATE TOTALS	473,820.8	691,025.7	31,861,883	2,910,480,054	3,097,251,894	186,771,840	7,499,198
241	Wallace	199.5	402.5	0	1,680,578	1,785,490	104,912	2,447
242	Wallace	103.5	235.2	0	979,608	1,043,347	63,739	1,856
243	Coffey	427.5	718.3	0	2,991,720	3,186,379	194,659	7,692
244	Coffey	851.5	1,331.5	0	5,551,945	5,906,534	354,589	22,206
245	Coffey	205.0	430.9	0	1,775,956	1,911,472	135,516	3,742
246	Crawford	456.6	856.2	14,963	3,657,672	3,813,066	155,394	8,522
247	Crawford	489.5	952.7	15,000	3,982,996	4,241,177	258,181	8,451
248	Crawford	1,016.0	1,560.4	6,290	6,494,944	6,928,224	433,280	16,287
249	Crawford	956.5	1,390.9	18,545	5,811,644	6,188,577	376,933	15,003
250	Crawford	2,994.4	4,233.2	264,385	17,984,794	19,042,860	1,058,066	49,242
251	Lyon	381.1	702.8	0	2,968,396	3,117,621	149,225	7,087
252	Lyon	473.1	844.6	0	3,598,560	3,746,646	148,086	8,659
253	Lyon	4,519.8	6,505.0	0	27,093,325	28,856,180	1,762,855	63,363
254	Barber	485.0	838.2	0	3,449,453	3,718,255	268,802	9,602
255	Barber	242.5	482.7	0	2,027,106	2,141,257	114,151	5,107
256	Allen	266.8	521.6	0	2,245,352	2,313,818	68,466	6,383
257	Allen	1,220.5	1,836.6	161,950	7,903,019	8,309,108	406,089	26,156
258	Allen	592.5	972.7	864,170	4,915,466	5,179,067	263,601	12,066
259	Sedgwick	48,148.3	74,710.8	1,586,190	313,500,958	333,003,299	19,502,341	745,248
260	Sedgwick	6,981.8	8,928.2	51,870	36,711,367	39,657,365	2,945,998	94,726
261	Sedgwick	5,668.9	7,702.4	0	31,958,462	34,167,846	2,209,384	88,703
262	Sedgwick	2,920.8	3,738.5	228,995	15,478,310	16,812,981	1,334,671	45,774
263	Sedgwick	1,103.0	2,234.8	0	9,100,942	9,913,573	812,631	28,661
264	Sedgwick	1,128.0	1,565.8	0	6,521,557	6,945,889	424,332	19,052
265	Sedgwick	5,797.2	7,169.0	185,246	29,400,222	31,986,930	2,586,708	85,184
266	Sedgwick	7,149.0	8,734.1	2,015,000	37,536,619	40,759,468	3,222,849	107,344
267	Sedgwick	1,832.1	2,173.3	0	9,130,513	9,640,759	510,246	28,088
268	Sedgwick	792.2	1,169.3	0	4,870,135	5,187,015	316,880	12,895
269	Rooks	98.6	238.8	0	994,602	1,059,317	64,715	1,828
270	Rooks	361.0	610.4	0	2,542,316	2,707,734	165,418	6,803
271	Rooks	338.0	598.7	0	2,481,091	2,655,833	174,742	6,565
272	Mitchell	295.5	545.0	0	2,371,968	2,417,620	45,652	5,926
273	Mitchell	779.1	1,219.1	0	5,086,298	5,407,928	321,630	15,798
274	Logan	407.3	699.7	0	2,892,593	3,103,869	211,276	7,120
275	Logan	68.5	159.2	0	646,408	706,211	59,803	1,688
281	Graham	387.0	695.3	0	2,864,687	3,084,351	219,664	5,064
282	Elk	361.0	685.2	0	2,826,786	3,039,547	212,761	9,446
283	Elk	103.5	273.1	0	1,172,864	1,211,472	38,608	3,995
284	Chase	345.1	626.0	1,190	2,612,229	2,778,126	165,897	4,963
285	Chautauqua	149.0	347.3	0	1,586,032	1,540,623	-45,409	3,161
286	Chautauqua	360.1	680.6	0	2,843,446	3,019,142	175,696	7,097
287	Franklin	615.5	1,072.5	0	4,413,234	4,757,610	344,376	13,321
288	Franklin	536.4	988.3	46,530	4,190,705	4,430,629	239,924	7,969
289	Franklin	781.0	1,192.9	5,000	4,956,769	5,296,704	339,935	13,311
290	Franklin	2,359.0	3,285.8	95,000	14,009,016	14,670,809	661,793	40,542
291	Gove	70.9	180.5	0	785,519	800,698	15,179	1,774
292	Gove	111.5	266.6	0	1,112,472	1,182,638	70,166	2,296
293	Gove	304.0	518.2	0	2,139,561	2,298,735	159,174	5,760
								164,934

1/17/2019	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
	2017-18 or 2018-19	2019-20 Est. (Excl Sped)	2019-20 Est. Virtual State Aid	2018-19 Est. Computed Gen Fund (Excl Sped) \$4,165	2019-20 Est. Computed Gen Fund (Excl Sped) \$4,436	Computed Gen Fund Difference (Col 5 - Col 4)	2019-20 Est. Special Ed Aid Increase	2019-20 Est. Est. General Fund Diff (Incl Sped) (Col 6 + Col 7)
USD #	County	District Name						
Total	STATE TOTALS	473,820.8	31,861,883	2,910,480,054	3,097,251,894	186,771,840	7,499,198	194,271,038
294	Decatur	Oberlin	345.4	602.8	0	2,510,662	2,674,021	163,359
297	Cheyenne	St Francis Comm Sch	278.0	504.6	0	2,116,237	2,238,406	122,169
298	Lincobl	Lincobl	344.0	617.4	0	2,571,471	2,738,786	167,315
299	Lincobl	Sylvan Grove	245.7	509.8	0	2,123,317	2,261,473	138,156
300	Comanche	Comanche County	319.0	590.4	0	2,459,016	2,619,014	159,998
303	Ness	Ness City	282.0	515.5	0	2,234,106	2,286,758	52,652
305	Saline	Salina	7,176.5	9,982.1	73,620	41,649,067	44,354,216	2,705,149
306	Saline	Southeast Of Saline	687.5	1,112.0	0	4,646,058	4,932,832	286,774
307	Saline	El-Saline	467.5	798.0	0	3,321,588	3,539,928	218,340
308	Reno	Hutchinson Public Schools	4,470.6	6,199.4	4,254	25,913,470	27,504,792	1,591,322
309	Reno	Nickerson	1,107.5	1,784.8	173,545	7,620,982	8,090,918	469,936
310	Reno	Fairfield	292.5	618.1	0	2,595,212	2,741,892	146,680
311	Reno	Pretty Prairie	274.5	508.9	0	2,065,840	2,257,480	191,640
312	Reno	Haven Public Schools	798.5	1,363.8	240,524	6,037,371	6,290,341	252,970
313	Reno	Buhler	2,288.5	2,901.3	0	12,083,915	12,870,167	786,252
314	Thomas	Brewster	137.0	301.0	50,000	1,326,573	1,385,236	58,663
315	Thomas	Colby Public Schools	930.2	1,395.3	15,635	5,645,466	6,205,186	559,720
316	Thomas	Golden Plains	180.5	427.9	0	1,782,204	1,898,164	115,960
320	Pottawatomie	Wamego	1,513.1	1,897.0	70,450	7,918,976	8,485,542	566,566
321	Pottawatomie	Kaw Valley	1,111.9	1,604.9	0	6,874,333	7,119,336	245,003
322	Pottawatomie	Onaga-Havensville-Wheaton	306.0	547.3	0	2,287,835	2,427,823	139,988
323	Pottawatomie	Rock Creek	1,081.0	1,551.1	0	6,372,867	6,880,680	507,813
325	Phillips	Phillipsburg	620.0	993.9	0	4,139,594	4,408,940	269,346
326	Phillips	Logan	152.5	330.7	0	1,377,366	1,466,985	89,619
327	Elsworth	Elsworth	645.0	1,035.4	0	4,312,441	4,593,034	280,593
329	Wabaunsee	Mill Creek Valley	447.1	779.8	0	3,247,451	3,459,193	211,742
330	Wabaunsee	Mission Valley	484.0	835.8	0	3,637,295	3,707,609	70,314
331	Kingman	Kingman - Norwich	887.2	1,436.7	140,450	6,274,246	6,513,651	239,405
332	Kingman	Cunningham	171.5	357.2	0	1,439,841	1,584,539	144,698
333	Cloud	Concordia	1,130.1	1,670.5	0	6,774,789	7,410,338	635,549
334	Cloud	Southern Cloud	159.5	365.2	10,000	1,610,193	1,630,027	19,834
335	Jackson	North Jackson	382.5	692.5	0	2,884,263	3,071,930	187,667
336	Jackson	Holton	1,093.0	1,610.8	162,620	6,871,602	7,308,129	436,527
337	Jackson	Royal Valley	818.8	1,383.1	0	5,847,244	6,135,432	288,188
338	Jefferson	Valley Falls	366.5	621.0	0	2,615,620	2,754,756	139,136
339	Jefferson	Jefferson County North	455.5	763.1	0	3,182,477	3,385,112	202,635
340	Jefferson	Jefferson West	849.3	1,296.6	0	5,428,245	5,751,718	323,473
341	Jefferson	Oskaloosa Public Schools	588.5	1,019.3	0	4,251,632	4,521,615	269,983
342	Jefferson	McLouth	479.7	814.8	0	3,393,642	3,614,453	220,811
343	Jefferson	Perry Public Schools	752.0	1,209.6	0	4,994,252	5,365,786	371,534
344	Linn	Pleasanton	364.5	631.1	0	2,628,532	2,799,560	171,028
345	Shawnee	Seaman	3,872.8	4,923.9	30,916	20,538,960	21,873,336	1,334,376
346	Linn	Jayhawk	577.8	1,048.7	20,000	4,387,836	4,672,033	284,197
347	Edwards	Kinsley-Offierle	324.5	640.5	0	2,746,818	2,841,258	94,440
348	Douglas	Baldwin City	1,357.3	1,771.3	31,190	7,545,683	7,888,677	342,994
349	Stafford	Stafford	252.8	498.3	0	2,017,110	2,210,459	193,349
350	Stafford	St John-Hudson	326.0	589.0	0	2,492,753	2,612,804	120,051
351	Stafford	Macksville	224.0	484.8	0	2,048,347	2,150,573	102,226

1/17/2019	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
	2017-18 or 2018-19	2019-20 Est.	2019-20 Est.	2018-19 Est.	2019-20 Est.	Computed Gen Fund	2019-20 Est.	2019-20 Est.
USD #	County	Est. Adj. Enrollment (incl Ayr AR & KAMS)	Total WTD FTE (Excl Sped)	Virtual State Aid	Computed Gen Fund (Excl Sped) \$4,165	Computed Gen Fund (Excl Sped) \$4,436	Computed Gen Fund Difference (Col 5 - Col 4)	Special Ed Aid Increase (Col 6 + Col 7)
	District Name							
Total	STATE TOTALS	473,820.8	691,025.7	31,861,883	2,910,480,054	3,097,251,894	186,771,840	7,499,198
352	Sherman	917.5	1,467.1	50,000	6,174,633	6,558,056	383,423	14,152
353	Sumner	1,558.4	2,096.9	0	8,873,533	9,301,848	428,315	36,527
355	Barton	450.3	752.1	0	3,132,497	3,336,316	203,819	7,953
356	Sumner	444.7	742.0	5,000	3,180,813	3,296,512	115,699	7,960
357	Sumner	623.4	1,037.6	37,800	4,359,404	4,640,594	281,190	12,822
358	Sumner	378.0	650.9	326,170	3,009,680	3,213,562	203,882	7,169
359	Sumner	173.5	379.7	0	1,641,843	1,684,349	42,506	3,741
360	Sumner	255.0	506.1	10,000	2,084,587	2,255,060	170,473	5,032
361	Harper	796.4	1,389.1	3,740	5,848,485	6,165,788	317,303	17,950
362	Linn	881.8	1,452.1	340	6,154,961	6,441,856	286,895	19,738
363	Finney	966.5	1,463.5	0	6,168,365	6,492,086	323,721	9,454
364	Marshall	750.5	1,203.2	0	4,988,004	5,337,395	349,391	10,863
365	Anderson	1,006.0	1,553.5	7,040	6,477,368	6,898,366	420,998	15,698
366	Woodson	461.0	839.5	10,000	3,506,518	3,794,022	227,504	9,402
367	Miami	1,120.3	1,778.5	0	7,462,431	7,889,426	426,995	36,463
368	Miami	2,029.0	2,568.8	15,000	10,714,052	11,410,197	696,145	30,130
369	Harvey	226.0	448.9	0	1,909,236	1,991,320	82,084	4,090
371	Gray	196.5	416.1	29,180	1,776,814	1,875,000	98,186	2,403
372	Shawnee	713.6	1,062.5	0	4,425,313	4,713,250	287,937	9,850
373	Harvey	3,353.3	4,509.8	50,270	18,853,996	20,055,743	1,201,747	48,387
374	Haskell	438.7	836.6	0	3,519,842	3,711,158	191,316	4,445
375	Butler	1,946.3	2,414.8	54,786	10,020,382	10,766,839	746,457	25,932
376	Rice	493.5	814.1	0	3,441,123	3,611,348	170,225	8,972
377	Atchison	487.0	882.4	0	3,791,816	3,914,326	122,510	13,260
378	Riley	668.3	1,077.0	0	4,525,689	4,777,572	251,883	11,886
379	Clay	1,306.3	1,835.5	34,196	7,782,762	8,176,474	393,712	20,009
380	Marshall	541.2	909.5	0	3,903,855	4,034,542	130,687	4,838
381	Ford	334.0	562.0	0	2,442,773	2,493,032	50,259	4,414
382	Pratt	1,147.9	1,677.4	45,000	7,000,550	7,485,946	485,396	22,416
383	Riley	6,459.5	8,267.9	820,000	35,020,898	37,496,404	2,475,506	123,065
384	Riley	212.5	433.1	0	1,822,604	1,921,232	98,628	4,999
385	Butler	5,386.4	6,212.0	2,900,918	28,255,356	30,457,350	2,201,994	79,085
386	Greenwood	220.5	444.6	0	1,851,759	1,972,246	120,487	5,633
387	Wilson	172.0	405.5	0	1,684,743	1,798,798	114,055	3,630
388	Ellis	426.8	693.3	0	2,905,504	3,075,479	169,975	6,194
389	Greenwood	656.0	1,199.0	0	4,993,835	5,318,764	324,929	10,133
390	Greenwood	61.0	154.1	0	635,579	683,588	48,009	2,015
392	Osborne	283.0	511.0	0	2,115,820	2,266,796	150,976	6,131
393	Dickinson	323.0	584.4	0	2,396,541	2,592,398	195,857	5,350
394	Butler	1,560.7	1,950.0	122,762	8,206,194	8,772,962	566,768	22,303
395	Rush	287.5	536.8	0	2,239,997	2,381,245	141,308	4,664
396	Butler	659.7	1,045.1	33,471	4,476,277	4,669,535	193,258	11,599
397	Marion	195.5	436.5	867,730	2,714,908	2,804,044	89,136	7,233
398	Marion	247.0	503.1	7,069	2,121,223	2,238,821	117,598	6,499
399	Russell	114.1	271.0	0	1,124,134	1,202,156	78,022	2,191
400	McPherson	826.5	1,274.6	595,820	6,072,379	6,249,946	177,567	18,281
401	Rice	165.5	376.3	0	1,567,279	1,669,267	101,977	2,898
402	Butler	2,170.2	2,733.5	5,000	11,390,028	12,130,806	740,778	28,930

1/17/2019		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
		2017-18 or 2018-19	2019-20 Est.	2019-20 Est.	2018-19 Est.	2019-20 Est.	Computed Gen Fund	2019-20 Est.	2019-20 Est.
USD #	County	Est. Adj. Enrollment (incl Ayr AR & KAMS)	Total WTD FTE (Excl Sped)	Virtual State Aid	Computed Gen Fund (Excl Sped) \$4,165	Computed Gen Fund (Excl Sped) \$4,436	Difference (Col 5 - Col 4)	Special Ed Aid Increase	Est. General Fund Diff (Incl Sped) (Col 6 + Col 7)
Total	STATE TOTALS	473,820.8	691,025.7	31,861,883	2,910,480,054	3,097,251,894	186,771,840	7,499,198	194,271,038
403	Rush	249.6	478.8	30,000	1,986,301	2,153,957	167,656	4,683	172,339
404	Cherokee	738.5	1,217.6	4,254	5,075,558	5,405,528	329,970	11,781	341,751
405	Rice	780.1	1,389.1	0	5,906,803	6,162,048	255,245	13,457	268,702
407	Russell	853.0	1,378.6	0	5,714,797	6,115,470	400,673	13,027	413,700
408	Marion	503.0	846.6	22,482	3,554,819	3,778,000	223,181	12,874	236,055
409	Atchison	1,688.8	2,360.7	0	9,887,294	10,472,065	584,771	33,402	618,173
410	Marion	583.5	953.8	37,836	3,962,516	4,268,893	306,377	14,200	320,577
411	Marion	304.0	524.3	0	2,136,229	2,325,795	189,566	6,754	196,320
412	Sheridan	403.3	663.3	0	2,750,983	2,942,399	191,416	5,297	196,713
413	Neosho	1,846.5	2,636.5	10,000	10,934,795	11,705,514	770,719	36,344	807,063
415	Brown	960.0	1,515.0	6,064	6,162,351	6,726,604	564,253	16,170	580,423
416	Miami	1,690.9	2,104.3	77,650	8,832,064	9,412,325	580,261	18,465	598,726
417	Morris	789.7	1,281.3	0	5,229,574	5,683,847	454,273	12,287	466,560
418	McPherson	2,402.7	2,982.8	46,979	12,438,687	13,278,680	839,993	47,509	887,502
419	McPherson	337.4	600.0	5,000	2,521,910	2,666,600	144,690	7,416	152,106
420	Osage	677.5	1,060.1	10,000	4,396,162	4,712,604	316,442	13,967	330,409
421	Osage	431.0	713.8	0	2,972,977	3,166,417	193,440	9,002	202,442
422	Kiowa	249.0	475.4	639,760	2,592,729	2,748,634	155,905	5,383	161,288
423	McPherson	410.7	675.9	709	2,815,833	2,999,001	183,168	7,643	190,811
426	Republic	207.5	430.9	0	1,863,421	1,911,472	48,051	3,174	51,225
428	Barton	2,856.8	4,110.4	0	17,156,052	18,233,734	1,077,682	36,115	1,113,797
429	Doniphan	349.0	579.6	0	2,359,889	2,571,106	211,217	5,168	216,385
430	Brown	564.5	1,030.2	0	4,313,691	4,569,967	256,276	11,034	267,310
431	Barton	732.4	1,269.0	0	5,342,446	5,629,284	286,838	11,888	298,726
432	Ellis	288.0	491.3	0	2,042,100	2,179,407	137,307	3,779	141,086
434	Osage	1,007.3	1,613.9	12,799	6,708,870	7,172,059	463,189	24,117	487,306
435	Dickinson	1,509.6	1,992.2	50,536	8,479,663	8,887,935	408,272	23,617	431,889
436	Montgomery	410.7	1,268.5	0	5,283,303	5,627,066	343,763	7,694	351,457
437	Shawnee	6,256.3	7,804.5	20,000	32,525,743	34,640,762	2,115,019	99,487	2,214,506
438	Pratt	397.0	679.7	0	2,901,756	3,015,149	113,393	7,923	121,316
439	Harvey	475.5	760.7	0	3,174,563	3,374,465	199,902	7,593	207,495
440	Harvey	784.0	1,269.7	0	5,217,496	5,632,389	414,893	10,734	425,627
443	Ford	6,778.4	11,618.4	96,100	48,713,312	51,635,322	2,922,010	89,555	3,011,565
444	Rice	295.5	541.1	0	2,316,157	2,400,320	84,163	5,645	89,808
445	Montgomery	1,742.9	2,676.8	155,845	11,300,552	12,030,130	729,578	22,910	752,488
446	Montgomery	2,011.6	2,872.1	0	11,962,297	12,740,636	778,339	25,664	804,003
447	Montgomery	802.0	1,358.0	0	5,716,046	6,024,088	308,042	10,049	318,091
448	McPherson	426.0	709.1	2,836	2,956,238	3,148,404	192,166	8,566	200,732
449	Leavenworth	652.8	1,040.7	0	4,215,813	4,616,545	400,732	14,552	415,284
450	Shawnee	3,511.7	4,517.4	60,000	18,874,971	20,099,186	1,224,215	52,003	1,276,218
452	Stanton	435.0	812.4	0	3,394,059	3,603,806	209,747	4,569	214,316
453	Leavenworth	3,661.1	4,901.9	515,000	21,025,959	22,259,828	1,233,869	66,533	1,300,402
454	Osage	291.5	508.3	0	2,116,653	2,254,819	138,166	6,342	144,508
456	Osage	211.5	460.5	0	1,938,808	2,042,778	103,970	4,941	108,911
457	Finney	7,304.3	11,121.1	285,355	47,255,726	49,618,555	2,362,829	85,854	2,448,683
458	Leavenworth	2,504.4	3,027.2	827,990	13,044,352	14,256,649	1,212,297	35,490	1,247,787
459	Ford	233.5	481.8	0	1,997,951	2,137,265	139,314	7,805	147,119
460	Harvey	837.6	1,201.9	0	4,883,046	5,331,628	448,582	9,883	458,465

1/17/2019		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
		2017-18 or 2018-19	2019-20 Est.	2019-20 Est.	2018-19 Est.	2019-20 Est.	Computed Gen Fund	2019-20 Est.	2019-20 Est.
USD #	County	Est. Adj. Enrollment (incl Ayr AR & KAMS)	Total WTD FTE (Excl Sped)	Virtual State Aid	Computed Gen Fund (Excl Sped) \$4,165	Computed Gen Fund (Excl Sped) \$4,436	Difference (Col 5 - Col 4)	Special Ed Aid Increase	Est. General Fund Diff (Incl Sped) (Col 6 + Col 7)
Total	STATE TOTALS	473,820.8	691,025.7	31,861,883	2,910,480,054	3,097,251,894	186,771,840	7,499,198	194,271,038
461	Wilson	Neodesha	699.5	1,174.4	0	4,858,056	351,582	9,156	360,738
462	Cowley	Central	305.5	582.7	0	2,452,769	132,088	5,232	137,320
463	Cowley	Udall	316.0	565.7	5,000	2,361,141	153,304	5,128	158,432
464	Leavenworth	Tonganoxie	1,967.8	2,410.2	0	10,038,483	653,164	30,000	683,164
465	Cowley	Winfield	2,200.7	3,006.8	0	12,450,018	888,147	39,389	927,536
466	Scott	Scott County	981.0	1,518.5	15,000	6,368,708	382,358	9,032	391,390
467	Wichita	Leoti	393.5	715.9	0	2,981,724	194,008	3,953	197,961
468	Lane	Healy Public Schools	57.0	153.1	0	679,312	-160	1,634	1,474
469	Leavenworth	Lansing	2,657.0	3,149.4	0	13,117,251	853,487	44,658	898,145
470	Cowley	Arkansas City	2,829.2	4,157.2	0	17,334,730	1,106,609	47,508	1,154,117
471	Cowley	Dexter	189.5	385.6	0	1,508,147	202,375	1,710,522	204,986
473	Dickinson	Chapman	1,067.5	1,618.0	0	6,811,858	365,590	17,337	382,927
474	Kiowa	Haviland	108.5	252.7	0	1,044,166	76,811	2,102	78,913
475	Geary	Geary County Schools	7,716.3	10,052.6	119,780	43,019,280	1,693,834	124,786	1,818,620
476	Gray	Copeland	101.0	255.9	38,545	1,066,884	106,833	1,389	108,222
477	Gray	Ingalls	237.5	448.2	0	1,866,753	121,462	2,911	124,373
479	Anderson	Crest	221.5	448.4	0	1,867,586	121,516	4,799	126,315
480	Seward	Liberal	4,851.5	8,134.0	0	33,959,328	2,123,096	44,496	2,167,592
481	Dickinson	Rural Vista	264.5	516.2	0	2,262,428	27,435	4,167	31,602
482	Lane	Dighton	238.5	456.6	0	1,901,739	123,739	2,779	126,518
483	Seward	Kismet-Plains	633.0	1,397.4	0	6,053,411	145,455	9,607	155,062
484	Wilson	Fredonia	703.5	1,192.4	2,836	4,927,532	364,790	7,803	372,593
487	Dickinson	Herington	472.0	834.9	26,899	3,504,258	226,257	7,220	233,477
489	Ellis	Hays	3,065.0	3,872.2	180,524	16,012,939	1,344,664	43,682	1,388,346
490	Butler	El Dorado	1,891.6	2,582.9	55,718	10,874,722	638,740	26,287	665,027
491	Douglas	Eudora	1,721.8	2,054.2	98,583	8,592,268	618,746	30,472	649,218
492	Butler	Flinthills	279.1	530.7	0	2,185,792	168,393	5,076	173,469
493	Cherokee	Columbus	939.0	1,556.2	0	6,587,781	315,522	16,974	332,496
494	Hamilton	Syracuse	557.5	1,079.2	0	4,494,868	292,463	5,053	297,516
495	Pawnee	Ft Larned	870.0	1,511.1	0	6,477,408	225,832	16,598	242,430
496	Pawnee	Pawnee Heights	136.0	306.8	22,725	1,331,785	51,905	2,351	54,256
497	Douglas	Lawrence	10,860.0	14,093.8	4,911,973	63,109,935	4,322,135	214,145	4,536,280
498	Marshall	Valley Heights	415.2	734.5	0	2,993,802	264,440	5,958	270,398
499	Cherokee	Galena	834.5	1,352.2	2,127	5,634,040	366,446	13,144	379,590
500	Wyandotte	Kansas City	21,800.6	33,785.1	380,670	140,163,068	10,088,306	251,661	10,339,967
501	Shawnee	Topeka Public Schools	13,081.9	19,324.3	185,690	81,817,191	4,091,094	264,291	4,355,385
502	Edwards	Lewis	126.0	298.7	0	1,244,086	80,947	2,309	83,256
503	Labette	Parsons	1,249.0	1,940.8	5,000	8,215,048	399,341	19,763	419,104
504	Labette	Oswego	502.5	856.1	0	3,463,614	334,046	7,469	341,515
505	Labette	Chetopa-St. Paul	419.5	735.8	7,090	3,094,605	176,494	7,741	184,235
506	Labette	Labette County	1,565.1	2,263.3	0	9,426,645	613,354	26,312	639,666
507	Haskell	Satanta	281.0	578.7	0	2,489,421	77,692	3,160	80,852
508	Cherokee	Baxter Springs	929.0	1,501.3	150,000	6,579,927	229,840	17,214	247,054
509	Sumner	South Haven	188.4	399.5	0	1,718,479	53,703	4,633	58,336
511	Harper	Attica	163.0	339.3	0	1,440,257	64,878	3,385	68,263
512	Johnson	Shawnee Mission Pub Sch	27,084.0	35,764.8	0	149,146,984	9,505,669	335,324	9,840,993

Appendix 5:

“Capitol Update: Denning says he’s not working on K-12 constitutional amendment language in Senate”

See Jay Senter, *Capitol Update: Denning says he’s not working on K-12 constitutional amendment language in Senate*, SHAWNEE MISSION POST (Feb. 11, 2019 9:30 AM). The full article is available at <https://shawneemissionpost.com/2019/02/11/capitol-update-denning-says-hes-not-working-on-k-12-constitutional-amendment-language-in-senate-76978>. It is appropriate for this Court to take judicial notice of this article, which is publicly available, and Plaintiffs respectfully request that this Court do so. K.S.A. 60-409(b)(4); K.S.A. 60-412(c).

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Capitol Update: Denning says he's not working on K-12 constitutional amendment language in Senate

JAY SENTER - FEBRUARY 11, 2019 9:30 AM



Jim Denning (center) at a candidate forum ahead of the 2016 election.

Each legislative session, we provide the Shawnee Mission area's elected officials with the chance to share their thoughts about what's happening in the state capitol. Rep. Cindy Holscher, Rep. Jan Kessinger and Sen. Jim Denning are scheduled to send updates this week. [Here's Sen. Denning's filing:](#)

I was on the receiving end of the school advocates' fury when I was asked by Speaker of House last year to slow down the process in the Senate while he whipped votes for a Constitutional Amendment in the House. I was under impression he was close; he was not. I never worked on any constitutional amendment language last year, nor am I this year.

The legislature got out-lawyered, out-worked, out-messaged, out-lobbied by the single issue school lobby corps. The Supreme Court and the Plaintiff attorneys delivered a decisive wallop to the legislature. Pay the amount we have determined as suitable or we close the schools. Messaged received loud and clear.

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The legislature went through the transparent legislative process and passed SB19 and SB423 providing schools with about \$1 billion dollars in new money. I voted for SB19 and the Senate version of SB423. The Kansas Supreme Court ruled over the summer that this was still not

enough and is demanding one-third more, or about \$360 million. Their message is either pay or schools will close. Total school funding is a little over \$3.5 billion now, or 52 percent of the Kansas government budget. It should be noted that the calculations the court has been relying on are from the old Montoy lawsuit. [The calculations the Governor is using in SB44 deviate from the Montoy calculations and actually short schools about \\$271 million from FY21-23. The courts signaled \\$360 million in new money, Governor Kelly is giving only \\$90 million in new money. Hope she is not setting herself up for another lawsuit when the Supreme Court checks the formula math later this year. It clearly is not calculated under the Montoy method, which is the basis of the Kansas Supreme Court's entire demand for additional school funding.](#)

I think the courts and Plaintiff attorneys are asking the legislature to put something in statute that cannot be paid in a couple of years. Will have to cross that bridge when we get to it. However, it will occur under Governor Kelly's first term, I'm fairly certain about that.

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Most agree that his policy went too deep, too fast. We repealed the Brownback tax policy with SB30 in 2017, which I voted for. As a result, we handed Governor Kelly a healthy beginning checking account balance of \$905 million to start her first budget off with.

87
Shares 87

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Appendix 6:

Bureau of Labor Statistics Inflation Table

It is appropriate for this Court to take judicial notice of the Bureau of Labor Statistics Inflation Table, which is publicly available, and Plaintiffs respectfully request that this Court do so. K.S.A. 60-409(b)(4); K.S.A. 60-412(c). This table is available at:

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0200SA0,CUUS0200SA0.

**CPI-All Urban Consumers (Current Series)
Original Data Value**

Series Id: CUUR0200SA0, CUUS0200SA0

Not Seasonally Adjusted

Series Title: All items in Midwest urban, all urban consumers, not

Area: Midwest

Item: All items

Base Period: 1982-84=100

Years: 2008 to 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	201.427	201.896	203.723	205.393	207.168	208.968	210.071	209.351	209.252	206.019	201.737	199.582	205.382	204.763	206.002
2009	200.815	201.453	202.021	202.327	203.195	205.350	204.814	205.632	205.601	205.706	206.247	205.613	204.064	202.527	205.602
2010	206.564	206.563	207.359	207.777	207.987	207.886	208.211	208.639	208.788	208.689	208.816	209.270	208.046	207.356	208.736
2011	210.388	211.090	212.954	214.535	215.899	215.954	216.099	216.586	216.968	215.653	215.614	215.173	214.743	213.470	216.016
2012	216.368	216.855	218.975	219.405	219.145	219.017	218.956	220.462	221.125	220.375	219.483	219.033	219.100	218.294	219.906
2013	219.282	221.599	222.121	221.931	223.049	223.775	222.902	223.046	223.252	222.171	221.718	221.194	222.170	221.960	222.381
2014	222.247	223.493	225.485	226.214	226.565	227.568	226.997	226.587	226.913	225.793	224.396	222.821	225.425	225.265	225.585
2015	221.545	222.301	223.550	223.797	224.732	225.946	225.853	225.830	225.184	225.050	224.009	222.722	224.210	223.645	224.775
2016	223.301	223.196	224.621	225.609	226.476	227.835	226.786	227.097	227.636	227.358	226.673	226.794	226.115	225.173	227.057
2017	228.279	228.633	228.824	229.682	229.705	229.780	229.820	230.443	231.030	230.660	231.084	230.548	229.874	229.151	230.598
2018	232.028	232.512	232.931	233.913	235.065	235.455	235.346	235.276	235.524	235.680	234.292	233.458	234.290	233.651	234.929

-0.64%
1.95%
3.22%
2.03%
1.40%
1.47%
-0.54%
0.85%
1.66%
1.92%

Appendix 7:
November 20, 2018 Memorandum
from KLRD

The November 20, 2018 memorandum is available at https://budget.kansas.gov/wp-content/uploads/CRE_Long_Memo_Nov2018.pdf. It is appropriate for this Court to take judicial notice of the November 20, 2018 memorandum, which is publicly available, and Plaintiffs respectfully request that this Court do so. K.S.A. 60-409(b)(4); K.S.A. 60-412(c).

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November 20, 2018

To: Governor Jeff Colyer, M.D.,
Governor-Elect Laura Kelly, and
Legislative Coordinating Council

From: Kansas Legislative Research Department and Kansas Division of the Budget

Re: State General Fund Receipts Estimates for FY 2019, FY 2020, and FY 2021

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on November 9, 2018, to revise the estimates for FY 2019 and to make the initial forecast for FY 2020 and FY 2021. For FY 2019, the previous estimates were made in April and subsequently adjusted for legislation enacted during the veto session.

The overall estimate FY 2019 was increased by a combined \$306.4 million, or 4.4 percent. The revised estimate of \$7.310 billion represents 0.2 percent growth above final FY 2018 receipts.

The initial estimate for FY 2020 is \$7.271 billion, or 0.5 percent, below the new FY 2019 forecast. The FY 2021 estimate of \$7.235 billion also represents a 0.5 percent decrease over the prior year's forecast.

As will be explained later, these results are significantly influenced by changes in net transfers out of the SGF scheduled under current law. Total taxes are expected to grow by 2.9 percent in FY 2019; 2.7 percent in FY 2020; and 1.6 percent in FY 2021.

Table 1 compares the revised estimates for FY 2019 through FY 2021 with actual receipts from FY 2018. Table 2 shows the changes within the FY 2019 estimate.

Economic Forecast for Kansas

Modest growth is currently expected to continue in the Kansas economy through FY 2021. Several major economic variables and indicators have been adjusted slightly since the Consensus Group last convened in April, including Gross State Product (GSP) and Kansas Personal Income (KPI). The estimated rate of expansion in the nation's economy has increased slightly, while the forecasted growth in the Kansas economy has been reduced. Real U.S. Gross Domestic Product (GDP) is now expected to grow by 2.9 percent in 2018, up from the previous forecast of 2.5 percent growth; while real Kansas GSP growth for 2018 has been reduced from

2.0 to 1.8 percent. Forecasted real growth in 2019 is now estimated at 2.3 percent in the national economy in comparison to 1.8 percent in the state's economy.

Nominal Personal Income

The previous 3.9 percent growth estimate for calendar year 2018 Nominal Kansas Personal Income remains unchanged; while estimated 2019 Nominal KPI growth has been increased from 3.8 to 4.0 percent. The initial KPI forecast for 2020 calls for a continuation of 4.0 percent growth. The latest national estimates show U.S. Nominal Personal Income growth of 5.1 percent in 2018; 4.4 percent in 2019; and 3.7 percent in 2020.

Employment

The Kansas Department of Labor reports the state added 20,600 more nonfarm jobs from September 2017 to September 2018, or an increase of 1.5 percent. Nonfarm jobs grew at 1.7 percent nationally over the same 12-month period. Professional and business services; manufacturing; and trade, transportation and utility jobs saw healthy increases in Kansas; while the information sector saw the largest decreases. Modest increases since March by employers both in terms of hiring and wages suggests that demand for labor has increased over the last eight months. Nominal hourly earnings in Kansas increased by 3.9 percent in the last year, while national nominal hourly earnings were up by 3.5 percent over the same period. Further evidence of the tight labor market is provided by the most recent job market survey, which reported the second highest number of job vacancies in Kansas since 2004. The latest monthly Kansas unemployment rate of 3.3 percent is the lowest since 1999. Both the Kansas and national unemployment rates are expected to remain at low levels for the balance of the forecast period, with the Kansas rate at only 3.4 percent and the U.S. rate at 3.5 percent in 2020.

Agriculture

Net farm income for 2018 is predicted to be near the 2017 level. Crop prices continue to struggle, but above-average yields are lending support to overall cash receipts. A mild strengthening in crop prices is expected through 2021, while livestock prices are expected to trend slightly lower. Although overall loan repayment capacity continues to recover, agricultural lenders report that as many as half of their customers are experiencing a fourth consecutive year of loss in 2018. Ongoing debt, coupled with increasing interest rates, could provide additional stress and repayment issues. With respect to the broader trade war and tariff issues, some farmers who did not sell their expected soybean production prior to the tariff imposition are likely holding until 2019, suggesting that much of the tariff impact will not show up until tax year 2019 when incomes will be reported. Many farmers remain nervous about the trade war deepening, and that concern appears to be slowing machinery purchases. Secondary impacts are therefore being felt in the rural economy which may explain why sales tax receipts are again weakening in many non-urban counties. The Consensus Group will continue to receive analysis from its consultants over the winter on the overall impact of the rapidly evolving trade situation on both the national and Kansas economies.

Oil and Gas

A modest recovery in oil prices since FY 2016 has helped slow the rate of decline in production. Nevertheless, production, which was 49.4 million barrels as recently as FY 2015, is now expected to be only 32.0 million barrels by the end of the forecast period. Gas production, which was nearly 300.0 million Mcf in FY 2015, is now expected to be only 100.0 million Mcf by FY 2021 as production from the Hugoton Field continues to decline. Downward pressure on Kansas natural gas prices remains as a result of accelerating production from shale formations elsewhere in the U.S. Given these production trends, it is worth noting that SGF severance tax receipts were over \$125.8 million in FY 2014 but are now expected to be only \$41.0 million in FY 2019 before declining to \$33.7 million by FY 2021. The forecasted average price for Kansas taxable crude for FY 2019 has been increased from the \$52 per barrel used in the April estimate to \$54 at this time. The FY 2019 forecasted taxable price for natural gas was reduced from \$2.30 to \$2.15 per Mcf.

Inflation Rate

The Consumer Price Index for all Urban consumers (CPI-U) is expected to remain at moderate levels. The 2018 estimate has been increased from 2.2 to 2.3 percent; and the 2019 and 2020 forecasts both call for a 2.2 percent inflation rate.

Interest Rates

The Pooled Money Investment Board (PMIB) is authorized to make investments in U.S. Treasury and Agency securities, highly rated commercial paper and corporate bonds, repurchase agreements and certificates of deposit in Kansas banks. Low idle-fund balances in recent years have required the PMIB to maintain a highly liquid portfolio, which reduces the amount of return available to the pool. The state earned 1.44 percent on its SGF portfolio for FY 2018. Current projections utilize interest rates of 2.25 percent for FY 2019; 2.50 percent for FY 2020; and 2.75 percent FY 2021.

Economic Forecasts

	<u>CY 2018*</u>	<u>CY 2019*</u>	<u>CY 2020*</u>
U.S. Real GDP Growth	2.9 %	2.3 %	1.6 %
Kansas Real GSP Growth	1.8	1.8	1.8
Nominal U.S. Personal Income Growth	5.1	4.4	3.7
Nominal Kansas Personal Income Growth	3.9	4.0	4.0
Inflation (CPI-U)	2.3	2.2	2.2
Corporate Profits Before Tax	4.0	4.0	4.0
U.S. Unemployment Rate	3.7	3.5	3.5
Kansas Unemployment Rate	3.2	3.4	3.4

Oil and Gas

	<u>FY 2018</u>	<u>FY 2019*</u>	<u>FY 2020*</u>	<u>FY 2021*</u>
Oil Price per bbl	\$50.28	\$54.00	\$55.00	\$55.00
Gross Oil Prod. (000)	35,426	34,000	33,000	32,000
Gas Price per Mcf	\$2.51	\$2.15	\$2.10	\$2.10
Gross Gas Production (000)	203,811	170,000	135,000	100,000

* Estimated

State General Fund Receipts Estimates

Each individual SGF source was reevaluated independently, and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts. The growth rates of the four highest generating revenue sources reflect the latest assumptions about the impact of recent changes in state and federal law:

Growth Rates of Key Revenue Sources in Percent

<u>Revenue Source</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Individual Income	46.5	5.2	4.2	1.9
Corporation Income	20.8	7.0	1.2	1.2
Retail Sales	2.4	0.1	1.1	1.3
Compensating Use	5.7	3.3	3.6	3.4

FY 2019. The revised estimate of SGF receipts for FY 2019 is \$7.310 billion, an increase of \$306.4 million above the previous estimate. The estimate for total taxes was increased by \$291.2 million, while the estimate for non-tax sources was increased \$15.1 million. Total taxes had been running \$105.6 million above the previous forecast through October. The overall revised estimate is approximately \$11.6 million, or 0.2 percent, above actual FY 2018 receipts.

FY 2020. For FY 2020, SGF receipts are expected to decrease by 0.5 percent (heavily influenced by a change in net transfers); while total taxes are expected to increase by 2.7 percent.

FY 2021. For FY 2021, SGF receipts are expected to decrease by 0.5 percent (again influenced by a change in net transfers); while total taxes are expected to increase by 1.6 percent.

Individual Income Tax

Individual income tax receipts exceeded the final FY 2018 estimate by \$229.4 million; and had been running \$67.7 million ahead of the prior FY 2019 estimate through October. A recent analysis of tax year 2017 returns conducted by the Department of Revenue confirms that

the restoration of the tax to non-wage business income is an important part of the story with respect to growth in this tax source that has occurred since FY 2017; just as the exemption of such income was the major reason receipts were not meeting expectations during the years it was in place. The analysis also confirmed that a large portion of the liability associated with taxing non-wage income is coming from taxpayers in the recently restored upper income bracket. For FY 2019, the estimate also includes \$84.2 million of additional liability assumed attributable to federal tax law changes that occurred late last year. This estimate, extrapolated from federal forecasts available to the federal Joint Committee on Taxation (JCT), remains the only number available until taxpayers begin filing their tax year 2018 returns under the new federal law. The JCT analysis does suggest that the impact might be even greater on Kansas liability in FY 2020 and FY 2021. Finally, the individual income tax estimate for FY 2021 was reduced by \$33.5 million to account for income tax withholding transfers to the Job Creation Program Fund that is required under current law.

Corporation Income Tax

Corporation income tax receipts had been exceeding the previous forecast due not only to increasing profits, but also to the fact that certain repatriated dollars returned to the U.S. from off-shore locations under the provisions of the new federal law are also now subject to the Kansas income tax. To the extent that such monies will continue to be taxed at the federal level under the new Global Intangible Low-Taxed Income (GILTI) provisions, Kansas under current law is expected to receive additional revenues on an ongoing basis. Receipts from this source exceeded the final FY 2018 estimate by \$62.4 million; and had been running \$36.2 million above the prior FY 2019 estimate through October. The Department of Revenue has reiterated its belief that the long-term growth in this source will continue to be suppressed as a result of a large amount of High Performance Incentive Program (HPIP) credits being carried forward by corporations.

Retail Sales and Compensating Use Taxes

For the first four months of the fiscal year, retail sales taxes fell by 0.3 percent below last year's receipts; although compensating use tax collections grew by 4.6 percent. Angst over the trade war and the overall sluggish rural outlook appears to be depressing spending in many non-urban counties. Moreover, the fastest growing share of consumer spending over the last year has been on gasoline and energy, and such purchases are not generally subject to the retail sales tax. The previous FY 2019 sales tax estimate was therefore reduced by \$16.4 million, notwithstanding the relatively strong employment outlook. Another point taken under consideration is that the distinction between the retail sales and compensating use taxes is increasingly less relevant in the wake of a recent decision by the U.S. Supreme Court (*South Dakota v. Wayfair, Inc.*) involving Internet transactions. The compensating use tax estimate was increased by \$15.0 million in FY 2019, with a limited amount of additional growth in this source in both FY 2020 and FY 2021 attributable to increased compliance from out-of-state retailers in response to the *Wayfair* decision.

Non-Tax Sources

Of note in the non-tax sources, the interest earnings estimate was increased by \$30.0 million for FY 2019, based on higher balances in the SGF and on higher interest rates than had been assumed in April. Net transfers out of the SGF increase significantly in FY 2020 when the State Highway Fund's share of sales tax receipts is not under current law scheduled to be swept

back into the SGF; and again in FY 2021 when certain demand transfers earmarked for property tax relief and local revenue sharing programs (suspended since FY 2003) are scheduled to resume.

SGF Revenue Diversions

The Department of Revenue works closely with the Department of Commerce in monitoring the growth of certain programs that divert revenue away from the SGF or otherwise reduce SGF receipts, including STAR bonds (retail sales and compensating use tax); HPIP (income tax); and Promoting Employment Across Kansas (PEAK) (individual income tax). For FY 2018, about \$25.6 million of state retail sales and compensating use taxes (\$21.5 million from the State General Fund and \$4.1 million from the State Highway Fund) was returned to pay the STAR bonds from ten separate districts. The estimate of total projected PEAK benefits awarded during FY 2018 is \$32.7 million. About \$41.1 million in HPIP credits were claimed in tax year 2016, the most recent year for which data those data are available, and \$704.0 million in unused HPIP credits were being carried forward to apply against liability in subsequent tax years.

Accuracy of Consensus Revenue Estimates

For 44 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Each of the agencies and individuals involved in the process prepared independent estimates and met on November 9, 2018, to discuss estimates and come to a consensus for each fiscal year.

Concluding Comments

Consensus revenue estimates are based on current federal and state laws and their current interpretation by the courts. These estimates will be further adjusted in mid-April prior to the conclusion of the 2019 Legislative Session.

A great deal of uncertainty about the future of U.S. foreign policy, trade policy, health policy, immigration policy and tax policy has already shown signs of increasing volatility in global and domestic markets. The impact of any such increased volatility on confidence as well as consumption and investment decisions by consumers and businesses alike will be monitored by the Consensus Group over the winter prior to the next meeting in April 2019.

The following table presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.

STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate*		Difference from Final Estimate**	
				Amount	Percent	Amount	Percent
1975	\$ --	\$ 614.9	\$ 627.6	\$ --	-- %	\$ 12.7	2.1 %
1976	676.3	699.7	701.2	24.9	3.7	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	--
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	--	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(8.5)	9.9	0.2
2004	4,605.5	4,450.5	4,518.7	(86.8)	(1.9)	68.2	1.5
2005	4,490.5	4,793.8	4,841.3	350.8	7.8	47.5	1.0
2006	4,834.0	5,308.7	5,394.4	560.4	11.6	85.7	1.6
2007	5,144.0	5,721.3	5,809.0	665.0	12.9	87.8	1.5
2008	5,700.4	5,736.3	5,693.4	(7.0)	(0.1)	(43.0)	(0.7)
2009	6,185.7	5,709.7	5,587.4	(598.3)	(9.7)	(122.3)	(2.1)
2010	5,974.2	5,291.0	5,191.3	(782.9)	(13.1)	(99.8)	(1.9)
2011	5,851.0	5,779.6	5,882.1	31.1	0.5	102.5	1.8
2012	6,098.9	6,404.3	6,412.8	313.9	5.1	8.5	0.1
2013	6,414.2	6,250.4	6,341.1	(73.1)	(1.1)	90.7	1.5
2014	5,947.0	5,986.5	5,653.2	(293.8)	(4.9)	(333.3)	(5.6)
2015	5,992.3	5,944.4	5,928.8	(63.5)	(1.1)	(15.6)	(0.3)
2016	6,358.0	6,149.6	6,073.5	(284.6)	(4.5)	(76.2)	(1.2)
2017	6,377.8	6,266.8	6,339.1	(38.7)	(0.6)	72.3	1.2
2018	6,453.5	7,030.9	7,298.1	844.6	13.1	267.2	3.8

* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, that affected receipts to the SGF.

** The final estimate made in March, April, or June is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate November 9, 2018							
	FY 2018 (Actual)		FY 2019 (Revised)		FY 2020		FY 2021	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax/Fee:								
Motor Carrier	\$ 12,430	14.4 %	\$ 12,100	(2.7) %	\$ 12,300	1.7 %	\$ 12,500	1.6 %
Income Taxes:								
Individual	\$ 3,374,420	46.5 %	\$ 3,550,000	5.2 %	\$ 3,700,000	4.2 %	\$ 3,770,000	1.9 %
Corporation	392,440	20.8	420,000	7.0	425,000	1.2	430,000	1.2
Financial Institutions	45,527	10.7	43,000	(5.6)	44,000	2.3	44,000	--
Total	\$ 3,812,387	42.8 %	\$ 4,013,000	5.3 %	\$ 4,169,000	3.9 %	\$ 4,244,000	1.8 %
Excise Taxes:								
Retail Sales	\$ 2,341,693	2.4 %	\$ 2,345,000	0.1 %	\$ 2,370,000	1.1 %	\$ 2,400,000	1.3 %
Compensating Use	406,514	5.7	420,000	3.3	435,000	3.6	450,000	3.4
Cigarette	120,073	(7.7)	114,000	(5.1)	110,000	(3.5)	106,000	(3.6)
Tobacco Products	8,676	3.0	8,700	0.3	8,800	1.1	8,900	1.1
Cereal Malt Beverage	1,479	(4.2)	1,200	(18.8)	900	(25.0)	600	(33.3)
Liquor Gallonage	19,851	2.1	20,200	1.8	20,400	1.0	20,600	1.0
Liquor Enforcement	73,475	2.7	73,000	(0.6)	74,000	1.4	75,000	1.4
Liquor Drink	11,548	4.6	11,800	2.2	11,900	0.8	12,000	0.8
Corporate Franchise	7,487	(1.9)	7,300	(2.5)	7,400	1.4	7,500	1.4
Severance	41,401	(1.6)	41,000	(1.0)	36,200	(11.7)	33,700	(6.9)
Gas	12,920	(13.2)	6,500	(49.7)	4,400	(32.3)	3,300	(25.0)
Oil	28,481	4.7	34,500	21.1	31,800	(7.8)	30,400	(4.4)
Total	\$ 3,032,195	2.4 %	\$ 3,042,200	0.3 %	\$ 3,074,600	1.1 %	\$ 3,114,300	1.3 %
Other Taxes:								
Insurance Premiums	\$ 171,100	(0.7) %	\$ 165,000	(3.6) %	\$ 170,000	3.0 %	\$ 172,000	1.2 %
Miscellaneous	2,699	99.6	3,500	29.7	3,800	8.6	4,000	5.3
Total	\$ 173,799	0.1 %	\$ 168,500	(3.0) %	\$ 173,800	3.1 %	\$ 176,000	1.3 %
Total Taxes	\$ 7,030,811	20.9 %	\$ 7,235,800	2.9 %	\$ 7,429,700	2.7 %	\$ 7,546,800	1.6 %
Other Revenues & Receipts:								
Interest	\$ 22,786	(65.3) %	\$ 50,000	119.4 %	\$ 57,000	14.0 %	\$ 65,000	14.0 %
Transfers & Other Receipts	198,441	(48.0)	(31,200)	(115.7)	(268,000)	(759.0)	(429,600)	(60.3)
Agency Earnings	46,034	(38.4)	55,100	19.7	52,600	(4.5)	52,600	--
Total	\$ 267,261	(48.8) %	\$ 73,900	(72.3) %	\$ (158,400)	(314.3) %	\$ (312,000)	(97.0) %
Total Receipts	\$ 7,298,073	15.1 %	\$ 7,309,700	0.2 %	\$ 7,271,300	(0.5) %	\$ 7,234,800	(0.5) %

Table 2
State General Fund Receipts
FY 2019 Revised
Comparison of November 2018 Estimate to May 2018 Estimate
(Dollars in Thousands)

	FY 2019 CRE Est. as Adj. for Legis.	FY 2019 CRE Est. Revised 11/09/18	Difference	
			Amount	Pct. Chg.
Property Tax/Fee:				
Motor Carrier	\$ 12,100	\$ 12,100	\$ --	-- %
Income Taxes:				
Individual	\$ 3,334,170	\$ 3,550,000	\$ 215,830	6.5 %
Corporation	351,000	420,000	69,000	19.7
Financial Institutions	43,000	43,000	--	--
Total	\$ 3,728,170	\$ 4,013,000	\$ 284,830	7.6 %
Excise Taxes:				
Retail Sales	\$ 2,361,427	\$ 2,345,000	\$ (16,427)	(0.7) %
Compensating Use	405,000	420,000	15,000	3.7
Cigarette	112,000	114,000	2,000	1.8
Tobacco Products	8,700	8,700	--	--
Cereal Malt Beverage	1,200	1,200	--	--
Liquor Gallonage	20,200	20,200	--	--
Liquor Enforcement	75,161	73,000	(2,161)	(2.9)
Liquor Drink	11,600	11,800	200	1.7
Corporate Franchise	6,900	7,300	400	5.8
Severance	36,300	41,000	4,700	12.9
Gas	7,800	6,500	(1,300)	(16.7)
Oil	28,500	34,500	6,000	21.1
Total	\$ 3,038,488	\$ 3,042,200	\$ 3,712	0.1 %
Other Taxes:				
Insurance Premiums	\$ 163,000	\$ 165,000	\$ 2,000	1.2 %
Miscellaneous	2,800	3,500	700	25.0
Total	\$ 165,800	\$ 168,500	\$ 2,700	1.6 %
Total Taxes	\$ 6,944,558	\$ 7,235,800	\$ 291,242	4.2 %
Other Revenues & Receipts:				
Interest	\$ 20,000	\$ 50,000	\$ 30,000	150.0 %
Transfers & Other Receipts	(7,800)	(31,200)	(23,400)	(300.0)
Agency Earnings	46,588	55,100	8,512	18.3
Total Other Revenue	\$ 58,788	\$ 73,900	\$ 15,112	25.7 %
Total Receipts	\$ 7,003,346	\$ 7,309,700	\$ 306,354	4.4 %

Appendix 8: Excerpts from KSBE's 2017-18 Annual Report

The full 2017-18 Annual KSBE Report is available at http://www.kslegislature.org/li/b2019_20/committees/ctte_h_ed_1/documents/testimony/20190205_02.pdf. It is appropriate for this Court to take judicial notice of the 2017-18 KSBE Annual Report, which is publicly available, and Plaintiffs respectfully request that this Court do so. K.S.A. 60-409(b)(4); K.S.A. 60-412(c).

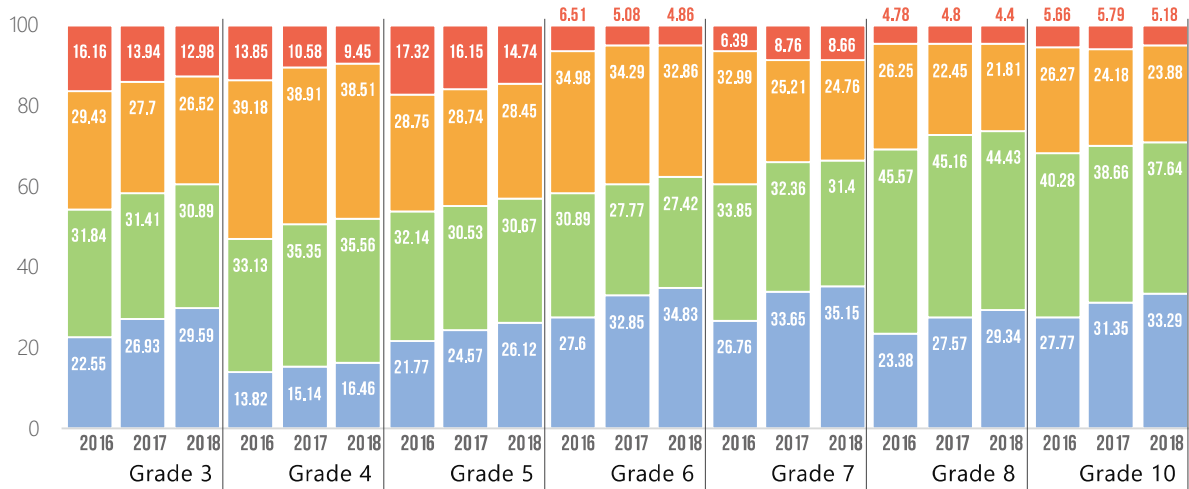
2018 ACADEMIC AND COGNITIVE PREPARATION

Student performance was scored using four levels.

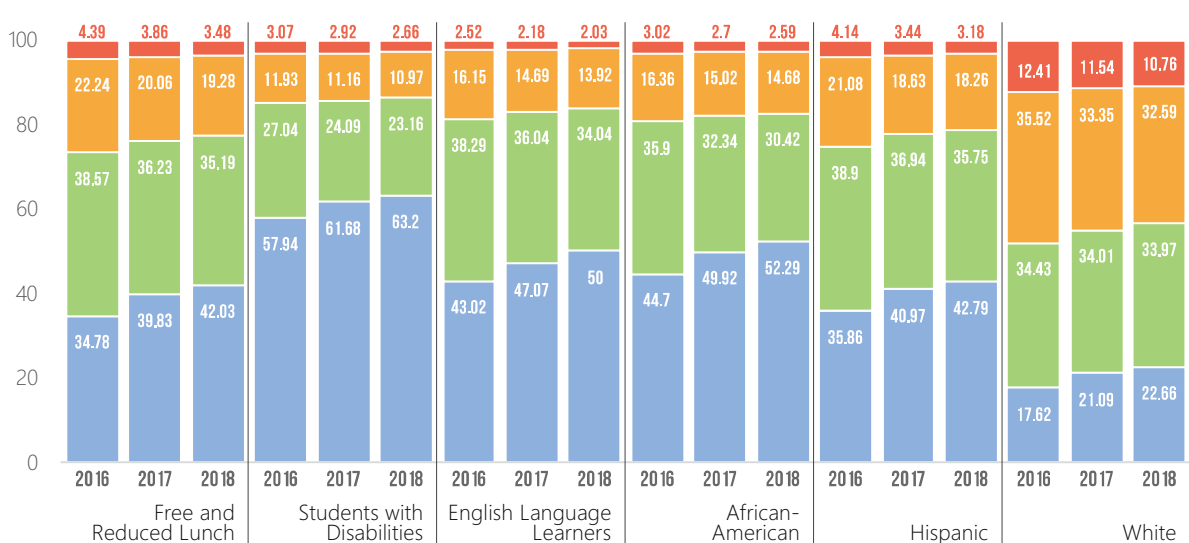
- **Level 1:**
A student at Level 1 shows a limited ability to understand and use the skills and knowledge needed for postsecondary readiness.
- **Level 2:**
A student at Level 2 shows a basic ability to understand and use the skills and knowledge needed for postsecondary readiness.
- **Level 3:**
A student at Level 3 shows an effective ability to understand and use the skills and knowledge needed for postsecondary readiness.
- **Level 4:**
A student at Level 4 shows an excellent ability to understand and use the skills and knowledge needed for postsecondary readiness.

ENGLISH LANGUAGE ARTS

BY GRADE



BY SUBGROUP

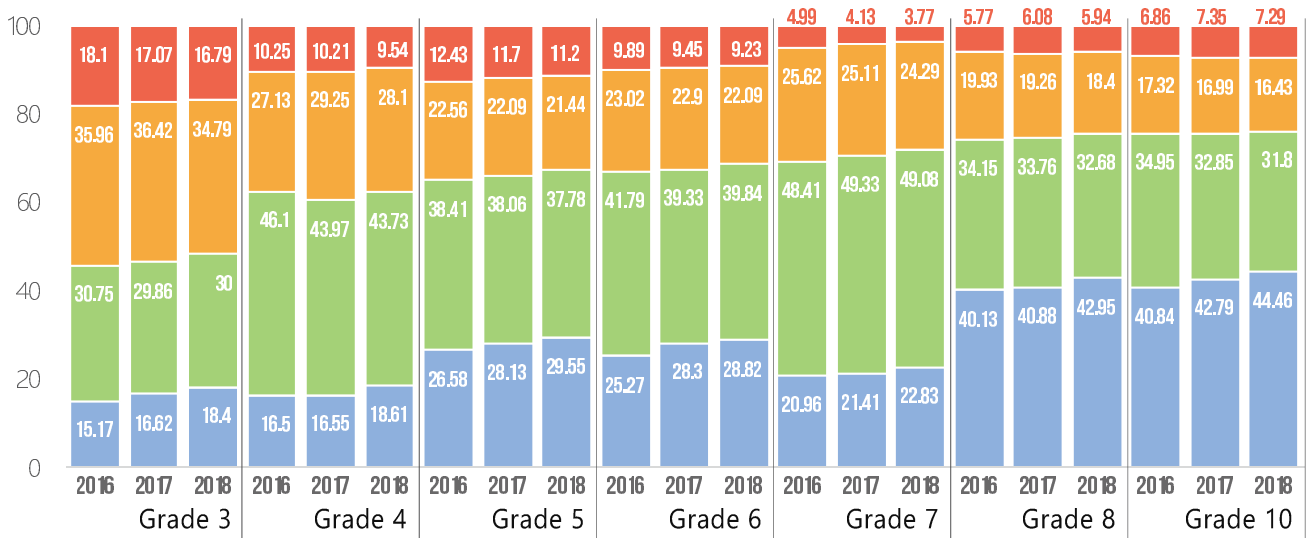


Kansas Assessment Performance Levels



MATHEMATICS

BY GRADE



BY SUBGROUP

