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To: Rep. Jason Goetz and the House Committee on K-12 Education Budget
From: Frank Harwood, Deputy Commissioner of Fiscal and Administrative Services
Date: January 29, 2025
Re: KSDE Budget for FY 2025 and FY 2026: Reduced Resources Proposal

Chair Goetz and members of the House Committee on K-12 Education Budget:

As requested by the Chair of the House Committee on Appropriations, the Kansas State Department of Education has prepared a reduced resources proposal to enact a 7.5 percent reduction in agency State General Fund expenditures in FY 2026, excluding all funds distributed by KSDE as state aid to local units of government or other assistance and all agency enhancement requests. KSDE's base SGF budget, excluding state aid and all enhancement requests, for FY 2026 is \$20,810,497. Therefore, a 7.5 percent reduction in SGF expenditures would be \$1,560,787.

Reduced Resources Proposal #1: Eliminate Appropriation for Virtual Math Program

The first reduced resources proposal proposed by KSDE is the elimination of the appropriation for the virtual math program. This appropriation is currently \$2,000,000 per year and funds a contract with IXL Learning to make their virtual math program available to additional K-12 students in the state.

KSDE believes this is the most practical reduced resources proposal for a variety of reasons. First, the program is relatively new (FY 2025 is its third year). Therefore, it is not a long-established program that school districts and accredited private schools have been using for an extended period. Second, many school districts and accredited private schools were already using IXL's virtual math program before KSDE entered into a statewide contract. Those districts and schools are still paying for a portion of the cost and would still have access to the program if the statewide contract was eliminated. Third, a significant minority of school districts have not participated in the program because they had a pre-existing math program they used before the IXL Learning contract was signed and they did not want to change vendors.

Potential Impact of Reduced Resources on KSDE's Appropriation for Agency Operations

Since 2021, the Legislature has significantly increased KSDE's reporting requirements and administrative responsibilities, including additional work for school district accountability, but has not appropriated additional SGF moneys to support these expanded responsibilities. The following bills became law and included a fiscal note that was not funded.

- 2021 House Sub. for HB 2066 included a fiscal note of \$66,000 and 1.0 FTE to implement provisions related to occupational licensing for military service members and military spouses. This fiscal note was not funded, and the additional costs had to be absorbed within KSDE's existing resources.
- 2022 Senate Sub. for HB 2567 included a fiscal note of \$455,000 and 5.0 FTE to implement provisions related to accountability and longitudinal achievement reports in the Every Child Can

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Read Act. This fiscal note was not funded, and the additional costs had to be absorbed within KSDE's existing resources.

- 2023 HB 2080 included a fiscal note of \$9.1 million to develop parallel state assessments for virtual students and to increase test security for virtual state assessments. This fiscal note was not funded. As a result, KSDE could not develop parallel assessments and had to absorb the costs for increased test security within existing resources.
- 2024 House Sub. for SB 387 included a fiscal note of \$252,314 and 3.0 FTE for the original at-risk accountability program, along with a fiscal note of \$149,432 and 2.0 FTE for the original change to the calculation of special education excess costs. As the legislation changed over the course of the 2024 session, KSDE staff communicated the changing fiscal notes for the various pieces of legislation that were eventually incorporated into SB 387. However, the Legislature did not appropriate any funding for implementation of SB 387.

In addition to these unfunded fiscal notes, KSDE's overhead costs have increased without a corresponding increase in the agency's SGF appropriation for agency operations. The Monumental Building Surcharge, for example, increased by 10 percent from FY 2024 to FY 2025, with another 36.4 percent increase planned for FY 2026. The MBS must be paid from State funds and the FY 2026 increase will cost KSDE an additional \$90,000 SGF. Similarly, SGF expenditures for office rent in Landon State Office Building will increase by approximately \$100,000 from FY 2024 to FY 2026.

This is not to say KSDE's operating budget has not increased. However, most of those increases fall into three categories: legislative pay plans; adjustments for changes in employer contributions for employee benefits, such as KPERS and health insurance; and other legislative initiatives, such as funding for a contract with the Center for READING at Pittsburg State University and the virtual math education program. KSDE is appreciative of additional funding for employee pay raises and to cover increases in employer contribution rates; such funding helps limit some of the strain on the agency's SGF operating budget. Since FY 2020, however, KSDE has only received SGF funding for two additional positions, even though the agency's responsibilities under state law have increased significantly.

Because KSDE has had to absorb the costs of additional responsibilities and rising overhead costs, it is not possible for KSDE to cut its operating budget without cutting into the core functions of the agency. A reduction in the appropriation for KSDE's appropriation for agency operations would require the agency to cut back on the following functions:

- Accrediting school systems in Kansas;
- Dispersing payments to school systems;
- Providing professional development to Kansas educators of the state standards and assessments;
- Assisting school districts with data reporting and IT security; and
- Responding to requests for information on K-12 education in Kansas.

For more information, contact:**John Hess**

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