



March 10, 2023

Dear Mr. Trabert,

Per your request, enclosed is a fiscal analysis of the net fiscal impact of the Kansas Sunflower Education Equity Scholarship (SEES) Program on the State.

This program, if enacted, is expected to generate an estimated net fiscal cost worth \$14.1 million in Fall 2024 (the program's first year) and a net fiscal cost of \$26.5 million in Fall 2027 (the program's fourth year) for the state General Fund.

**Summary of estimated fiscal impacts of Kansas Sunflower Education Equity Scholarship (SEES) Program on State**

	Fall 2024	Fall 2025	Fall 2026	Fall 2027
Kindergarten participants	110	160	210	260
FRL participants	2,340	4,680	7,020	9,360
Non-FRL participants	450	1,540	2,300	4,980
<b>Total ESAs</b>	<b>2,900</b>	<b>6,380</b>	<b>9,530</b>	<b>14,600</b>
ESA cost per student	(\$4,846)	(\$4,846)	(\$4,846)	(\$4,846)
<b>Total ESA cost</b>	<b>(\$14,053,400)</b>	<b>(\$30,917,480)</b>	<b>(\$46,182,380)</b>	<b>(\$70,751,600)</b>
Savings per student switcher (BASE plus weightings)	\$7,111	\$7,111	\$7,111	\$7,111
<b>Total state aid savings for switchers</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,840,871</b>	<b>\$44,233,054</b>
<b>Net Savings (Cost) to State</b>	<b>(\$14,053,400)</b>	<b>(\$30,917,480)</b>	<b>(\$26,341,509)</b>	<b>(\$26,518,546)</b>

Below is information about the key provisions of the bill with fiscal implications, assumptions, and some caveats.

To qualify for the program, students must either be enrolled in a public school prior to participating in the program or kindergarten age. In addition, the program phases in eligibility for students in nonpublic school settings as follows:

- Fall 2024 and beyond: Students eligible for free/reduced lunch (FRL) or score Level 1 on the state assessment (no limit on these students)
- Fall 2024: up to 2,000 students not FRL or level 1 but are from families with income up to 300% of the federal poverty limit (FPL) may receive ESAs
- Fall 2025: up to 4,000 students not FRL or level 1 but are from families with income up to 400% FPL may receive ESAs
- Fall 2026: up to 8,000 students not FRL or level 1 but are from families with income up to 400% FPL may receive ESAs
- Fall 2027: no limitations on public school students from families with income up to 600% FPL

The state treasurer shall transfer annually to a qualified student's account in the sunflower education equity scholarship fund an amount equal to 95% of the BASE aid. Allowance for administrative costs is 5% of the reimbursement amount.

Based on the experiences of other states that have private educational choice programs, the analysis assumes that 1% of eligible students will participate in the program during the first year (Fall 2023), or 2,900 students.<sup>1</sup> For subsequent years, the assumed take-up rates are 2% for year 2, 3% for year 3, and 4% for year 4.

“Switchers” are students who, in the absence of the educational choice program, would have enrolled in a public school. These students will offset program costs for the state and reduce educational costs for public schools when they leave via the SEES program. “Non-switchers” are students who, in the absence of the educational choice program, would have enrolled in a nonpublic school setting even without the program.

Kindergarten students from private schools are eligible for the program as long as they are eligible for FRL. The analysis assumes that 20% of eligible private school kindergarten students participate in the first year, 30% in the second year, 40% in the third year, and 50% in the fourth year. The implied switcher rates range from 96% to 98%.

Under the SEES program, accounts would be worth \$4,604, or 95% of the general per-pupil state base aid amount. The general per-pupil base State Aid amount for 2022-23 is \$4,846.<sup>2</sup> Allowance for administrative costs is 5% of the general per-pupil state base aid amount, or \$242 per account. Note that the ESA amount in the analysis is based on the current base amount without future adjustments. If base aid increases in the future, the ESA amount would also increase commensurately.

When students switch from public schools to private schools via the SEES program (or for any other reason), the state is relieved of its obligation to fund districts to educate that student. The average per-student adjusted base aid amount is equal to \$7,111.

Kansas provides funding protections for districts with declining enrollment. Under this funding formula provision, if the prior year enrollment has declined from the year preceding it, then the district can be funded based on enrollment in the second preceding year.<sup>3</sup> Thus, state savings for students who switch from public schools in the first year via the SEES program do not materialize until the program’s third year.

I stand by to answer any questions you have.

Respectfully,

Martin Lueken, Ph.D.

Director of the Fiscal Research and Education Center, EdChoice

---

<sup>1</sup> Take-up rates for private educational choice programs nationwide were 0.46% in their first year in operation, 0.86% in their second year, 1.12% in their third year, and 1.44% in their fourth year.

“Participation in Private Education Choice Programs,” Fiscal Research and Education Center, EdChoice, <https://www.edchoice.org/wp-content/uploads/2023/02/Participation-in-Private-Education-Choice-Programs.pdf>

<sup>2</sup> Kansas State Department of Education, “BASE AID FOR STUDENT EXCELLENCE (BASE) (KSA 72-5132),” retrieved from: <https://www.ksde.org/Portals/0/School%20Finance/Base%20State%20Aid%20for%20Excellence.pdf?ver=2021-09-23-104644-393>

<sup>3</sup> Kansas Office of Revisor Statutes, “Kansas Statutes Chapter 72-5132 - Same; Definitions,” [https://www.ksrevisor.org/statutes/chapters/ch72/072\\_051\\_0032.html](https://www.ksrevisor.org/statutes/chapters/ch72/072_051_0032.html)