

HOUSE BILL No. 2765

By Representatives D. Williams and Campbell

2-4

AN ACT concerning school district financing; relating to local effort, general fund and fund balances; amending K.S.A. 72-6416 and 72-6428 and K.S.A. 2001 Supp. 72-6409, 72-6410, 72-6417, 72-6426, 72-6430 and 72-6431 and repealing the existing sections; also repealing K.S.A. 2001 Supp. 72-8189.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2001 Supp. 72-6409 is hereby amended to read as follows: 72-6409. (a) "General fund" means the fund of a district from which operating expenses are paid and in which is deposited the proceeds from the tax levied under K.S.A. 72-6431, and amendments thereto, all amounts of general state aid under this act, *and* payments under K.S.A. 72-7105a, and amendments thereto, ~~payments of federal funds made available under the provisions of title I of public law 874, except amounts received for assistance in cases of major disaster and amounts received under the low rent housing program, and such other moneys as are provided by law.~~

(b) "Operating expenses" means the total expenditures and lawful transfers from the general fund of a district during a school year for all purposes, except expenditures for the purposes specified in K.S.A. 72-6430, and amendments thereto.

(c) "General fund budget" means the amount budgeted for operating expenses in the general fund of a district.

(d) "Budget per pupil" means the general fund budget of a district divided by the enrollment of the district.

(e) "Program weighted fund" means and includes the following funds of a district: Transportation fund, vocational education fund, and bilingual education fund.

(f) "Categorical fund" means and includes the following funds of a district: Special education fund, food service fund, driver training fund, adult education fund, adult supplementary education fund, area vocational school fund, inservice education fund, parent education program fund, summer program fund, extraordinary school program fund, and educational excellence grant program fund.

Sec. 2. K.S.A. 2001 Supp. 72-6410 is hereby amended to read as

1 follows: 72-6410. (a) “State financial aid” means an amount equal to the
2 product obtained by multiplying base state aid per pupil by the adjusted
3 enrollment of a district.

4 (b) “Base state aid per pupil” means an amount of state financial aid
5 per pupil. Subject to the other provisions of this subsection, the amount
6 of base state aid per pupil is \$3,870. The amount of base state aid per
7 pupil is subject to reduction commensurate with any reduction under
8 K.S.A. 75-6704, and amendments thereto, in the amount of the appro-
9 priation from the state general fund for general state aid. If the amount
10 of appropriations for general state aid is insufficient to pay in full the
11 amount each district is entitled to receive for any school year, the amount
12 of base state aid per pupil for such school year is subject to reduction
13 commensurate with the amount of the insufficiency.

14 (c) ~~“Local effort” means the sum of an amount equal to the proceeds~~
15 ~~from the tax levied under authority of K.S.A. 72-6431, and amendments~~
16 ~~thereto, and an amount equal to any unexpended and unencumbered~~
17 ~~balance remaining in the general fund of the district, except amounts~~
18 ~~received by the district and authorized to be expended for the purposes~~
19 ~~specified in K.S.A. 72-6430, and amendments thereto, and an amount~~
20 ~~equal to any unexpended and unencumbered balances remaining in the~~
21 ~~program weighted funds of the district, except any amount in the voca-~~
22 ~~tional education fund of the district if the district is operating an area~~
23 ~~vocational school, and an amount equal to any remaining proceeds from~~
24 ~~taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-~~
25 ~~ments thereto, prior to the repeal of such statutory sections, and an~~
26 ~~amount equal to the amount deposited in the general fund in the current~~
27 ~~school year from amounts received in such year by the district under the~~
28 ~~provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,~~
29 ~~and an amount equal to the amount deposited in the general fund in the~~
30 ~~current school year from amounts received in such year by the district~~
31 ~~pursuant to contracts made and entered into under authority of K.S.A.~~
32 ~~72-6757, and amendments thereto, and an amount equal to the amount~~
33 ~~credited to the general fund in the current school year from amounts~~
34 ~~distributed in such year to the district under the provisions of articles 17~~
35 ~~and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-~~
36 ~~visions of articles 42 and 51 of chapter 70 of Kansas Statutes Annotated,~~
37 ~~and an amount equal to the amount of payments received by the district~~
38 ~~under the provisions of K.S.A. 72-979, and amendments thereto, and an~~
39 ~~amount equal to the amount of a grant, if any, received by the district~~
40 ~~under the provisions of K.S.A. 2001 Supp. 72-983, and amendments~~
41 ~~thereto, and an amount equal to 75% of the federal impact aid of the~~
42 ~~district.~~

43 (d) “Federal impact aid” means an amount equal to the federally

1 ~~qualified percentage of the amount of moneys a district receives in the~~
2 ~~current school year under the provisions of title I of public law 974 and~~
3 ~~congressional appropriations therefor, excluding amounts received for as-~~
4 ~~sistance in cases of major disaster and amounts received under the low-~~
5 ~~rent housing program. The amount of federal impact aid defined herein~~
6 ~~as an amount equal to the federally qualified percentage of the amount~~
7 ~~of moneys provided for the district under title I of public law 974 shall~~
8 ~~be determined by the state board in accordance with terms and conditions~~
9 ~~imposed under the provisions of the public law and rules and regulations~~
10 ~~thereunder.~~

11 Sec. 3. K.S.A. 72-6416 is hereby amended to read as follows: 72-
12 6416. (a) In each school year, the state board shall determine entitlement
13 of each district to general state aid for the school year ~~as provided in this~~
14 ~~section.~~

15 (b) The state board shall determine the amount of the district's ~~local~~
16 ~~effort for the school year. If the amount of the district's local effort is~~
17 ~~greater than the amount of state financial aid determined for the district~~
18 ~~for the school year, the district shall not be entitled to general state aid.~~
19 ~~If the amount of the district's local effort is less than the amount of state~~
20 ~~financial aid determined for the district for the school year, the state board~~
21 ~~shall subtract the amount of the district's local effort from the amount of~~
22 ~~state financial aid. The remainder *state financial aid and such amount* is~~
23 ~~the amount of general state aid the district is entitled to receive for the~~
24 ~~current school year.~~

25 ~~(c) The provisions of this section shall take effect and be in force~~
26 ~~from and after July 1, 1992.~~

27 Sec. 4. K.S.A. 2001 Supp. 72-6417 is hereby amended to read as
28 follows: 72-6417. (a) The distribution of general state aid under this act
29 shall be made in accordance with appropriation acts each year as provided
30 in this section.

31 (b) (1) In the months of July through May of each school year, the
32 state board shall determine the amount of general state aid which will be
33 required by each district to maintain operations in each such month. In
34 making such determination, the state board shall take into consideration
35 the district's access to ~~local effort sources~~ *funds* and the obligations of the
36 general fund which must be satisfied during the month. The amount
37 determined by the state board under this provision is the amount of gen-
38 eral state aid which will be distributed to the district in the months of
39 July through May;

40 (2) in the month of June of each school year, payment shall be made
41 of the full amount of the general state aid entitlement determined for the
42 school year, less the sum of the monthly payments made in the months
43 of July through May.

1 (c) Payments of general state aid shall be distributed to districts once
2 each month at a time to be determined by the state board. The state
3 board shall certify to the director of accounts and reports the amount due
4 as general state aid to each district in each of the months of July through
5 June. Such certification, and the amount of general state aid payable from
6 the state general fund, shall be approved by the director of the budget.
7 The director of accounts and reports shall draw warrants on the state
8 treasurer payable to the district treasurer of each district entitled to pay-
9 ment of general state aid, pursuant to vouchers approved by the state
10 board. Upon receipt of such warrant, each district treasurer shall deposit
11 the amount of general state aid in the general fund, ~~except that, an~~
12 ~~amount equal to the amount of federal impact aid not included in the~~
13 ~~local effort of a district may be disposed of as provided in subsection (a)~~
14 ~~of K.S.A. 72-6427, and amendments thereto.~~

15 Sec. 5. K.S.A. 2001 Supp. 72-6426 is hereby amended to read as
16 follows: 72-6426. ~~(a)~~ There is hereby established in every district a fund
17 which shall be called the contingency reserve fund, which fund shall con-
18 sist of all moneys deposited therein or transferred thereto according to
19 law. The fund shall be maintained for payment of expenses of a district
20 attributable to financial contingencies ~~which were not anticipated at the~~
21 ~~time of adoption of the general fund budget as determined by the board.~~
22 ~~Except as otherwise provided in subsection (b), at no time in any school~~
23 ~~year shall the amount maintained in the fund exceed an amount equal to~~
24 ~~4% of the general fund budget of the district for the school year.~~

25 ~~— (b) In any school year, if the amount in the contingency reserve fund~~
26 ~~of a district is in excess of the amount authorized under subsection (a) to~~
27 ~~be maintained in the fund, and if such excess amount is the result of a~~
28 ~~reduction in the general fund budget of the district for the school year~~
29 ~~because of a decrease in enrollment, the district may maintain the excess~~
30 ~~amount in the fund until depletion of such excess amount by expenditure~~
31 ~~from the fund for the purposes thereof.~~

32 Sec. 6. K.S.A. 72-6428 is hereby amended to read as follows: 72-
33 6428. (a) Any lawful transfer of moneys from the general fund of a district
34 to any other fund shall be an operating expense in the year the transfer
35 is made. The board of any district may transfer moneys from the general
36 fund to any categorical fund of the district in any school year. The board
37 of any district may transfer moneys from the general fund to any program
38 weighted fund of the district in any school year, ~~subject to the following~~
39 ~~conditions:~~

40 ~~— (1) No board shall transfer moneys in any amount from the general~~
41 ~~fund to a program weighted fund prior to maturation of the obligation of~~
42 ~~the fund necessitating the transfer.~~

43 ~~— (2) The board may transfer moneys in an amount not to exceed the~~

1 amount of the obligation of the program weighted fund necessitating the
2 transfer.

3 (b) The board of any district may transfer moneys from the general
4 fund to the technology education fund of the district in any school year;
5 subject to the conditions imposed upon transferability of moneys from
6 the general fund to program weighted funds of the district.

7 (c) The board of any district may transfer moneys from the general
8 fund to the contingency reserve fund of the district in any school year;
9 subject to the limitations imposed upon the amount authorized to be
10 maintained in the contingency reserve fund under K.S.A. 72-6426, and
11 amendments thereto.

12 (d) The board of any district may transfer moneys from the general
13 fund to the capital outlay fund of the district in any school year, subject
14 to the following conditions:

15 —(1)— No board shall transfer moneys in any amount from the general
16 fund to the capital outlay fund prior to June 1 in any school year.

17 —(2)— The board of any of the districts with 10,000 or more enrollment
18 may transfer moneys in an amount not to exceed an amount equal to 1%
19 of the general fund budget.

20 —(3)— The board of any district, other than the districts with 10,000 or
21 more enrollment, may transfer moneys in an amount not to exceed an
22 amount equal to 2% of the general fund budget.

23 —(4)— No board shall transfer moneys in any amount from the general
24 fund to the capital outlay fund in any school year commencing after June
25 30, 1993, unless such board, in its adopted budget for such year, shall
26 have budgeted a capital outlay levy at (A) not less than a 3.5 mill rate or
27 (B) not less than the mill rate necessary to produce the same amount of
28 money that would have been produced by a 3.5 mill rate in the 1988-89
29 school year, whichever of (A) or (B) is the greater mill rate.

30 (e) Any district may make capital outlay expenditures from the gen-
31 eral fund for acquisition of equipment and repair of school buildings.

32 (f) ~~The provisions of this section shall take effect and be in force from
33 and after July 1, 1992.~~

34 (f) *The board of any district may transfer moneys from any other
35 fund of a district to the general fund of a district.*

36 Sec. 7. K.S.A. 2001 Supp. 72-6430 is hereby amended to read as
37 follows: 72-6430. Expenditures of a district for the following purposes are
38 not operating expenses:

39 (a) Payments to another district in an adjustment of rights as provided
40 in K.S.A. 72-6776, and amendments thereto, or upon transfer of territory
41 as provided in K.S.A. 72-7105, 72-7106 or 72-7107, and amendments to
42 such sections, if paid from any fund other than the general fund.

43 (b) Payments to another district under K.S.A. 72-7105a, and amend-

1 ments thereto.

2 (c) The maintenance of student activities which are reimbursed.

3 (d) Expenditures from any lawfully authorized fund of a district other
4 than its general fund.

5 (e) The provision of educational services for pupils residing at the
6 Flint Hills job corps center or for pupils confined in a juvenile detention
7 facility for which the district is reimbursed by a grant of state moneys as
8 provided in K.S.A. 2001 Supp. 72-8187, and amendments thereto. As
9 used in this subsection, the term juvenile detention facility means any
10 community juvenile corrections center or facility, the Forbes Juvenile
11 Attention Facility, the Sappa Valley Youth Ranch of Oberlin, Salvation
12 Army/Koch Center Youth Services, the Clarence M. Kelley Youth Center,
13 the Clarence M. Kelley Transitional Living Center, Trego County Secure
14 Care Center, St. Francis Academy at Atchison, St. Francis Academy at
15 Ellsworth, St. Francis Academy at Salina, St. Francis Center at Salina,
16 King's Achievement Center, and Liberty Juvenile Services and
17 Treatment.

18 (f) Programs financed in part or in whole by federal funds which may
19 be expended although not included in the budget of the district, ~~excepting~~
20 ~~funds received under the provisions of title I of public law 874 (but not~~
21 ~~including in such exception amounts received for assistance in cases of~~
22 ~~major disaster and amounts received under the low-rent housing pro-~~
23 ~~gram), to the extent of the federal funds to be provided.~~

24 Sec. 8. K.S.A. 2001 Supp. 72-6431 is hereby amended to read as
25 follows: 72-6431. (a) The board of each district shall levy an ad valorem
26 tax upon the taxable tangible property of the district in the school years
27 specified in subsection (b) for the purpose of:

28 (1) Financing that portion of the district's general fund budget which
29 is not financed from any other source provided by law; *and*

30 (2) ~~paying a portion of the costs of operating and maintaining public~~
31 ~~schools in partial fulfillment of the constitutional obligation of the legis-~~
32 ~~lature to finance the educational interests of the state; and~~

33 ~~—(3) with respect to any redevelopment district established prior to~~
34 ~~July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, pay-~~
35 ~~ing a portion of the principal and interest on bonds issued by cities under~~
36 ~~authority of K.S.A. 12-1774, and amendments thereto, for the financing~~
37 ~~of redevelopment projects upon property located within the district.~~

38 (b) The tax required under subsection (a) shall be levied at a rate of
39 20 mills in the 2001-02 school year and in the 2002-03 school year.

40 (c) The proceeds from the tax levied by a district under authority of
41 this section, except the proceeds of such tax levied for the purpose of
42 paying a portion of the principal and interest on bonds issued by cities
43 under authority of K.S.A. 12-1774, and amendments thereto, for the fi-

1 nancing of redevelopment projects upon property located within the dis-
2 trict, shall be deposited in the general fund of the district.

3 ~~(d) On June 1 of each year, the amount, if any, by which a district's~~
4 ~~local effort exceeds the amount of the district's state financial aid, as~~
5 ~~determined by the state board, shall be remitted to the state treasurer.~~
6 ~~Upon receipt of any such remittance, the state treasurer shall deposit the~~
7 ~~same in the state treasury to the credit of the state school district finance~~
8 ~~fund.~~

9 ~~—(e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-~~
10 ~~1964b, and amendments thereto.~~

11 Sec. 9. K.S.A. 72-6416 and 72-6428 and K.S.A. 2001 Supp. 72-6409,
12 72-6410, 72-6417, 72-6426, 72-6430, 72-6431 and 72-8189 are hereby
13 repealed.

14 Sec. 10. This act shall take effect and be in force from and after its
15 publication in the statute book.

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