

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:35 p.m. on January 12, 2005, in Room 123-S of the Capitol.

Committee members absent:

Committee staff present: Carolyn Rampey, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Dr. Andy Tompkins, Commissioner of Education

Senator Shodorf asked committee members if they had further questions for Dale Dennis, Deputy Commissioner, State Board of Education, relating to his presentation on school finance at the January 11 meeting. Senator Apple requested that Mr. Dennis provide data on the assessed valuation per student broken down by district. Mr. Dennis agreed to provide the information, noting that, due to the wide variation in assessed valuation, equalization is one of the most difficult challenges for legislators.

Senator McGinn commented that, after the 1992 formula, programs such as those for at risk students, QPA, and No Child Left Behind were put in place, and the additional programs required support staff and extra administrators. She requested that Mr. Dennis provide data on the correlation between the additional programs and the increase in the number of administrators. She noted that it has been suggested that administrative positions be consolidated. In considering that suggestion, it would be necessary for committee members to know exactly what administrative positions are currently in place to determine if the additional positions were justified. Senator Vratil commented, "There is additional support staff, but I would guess that largest percentage of this new support staff is paraprofessionals in special education. And the reason you have those people, when you didn't have them years ago, is because, quite frankly, it is cheaper to have paraprofessionals than it is to hire teachers. So they are doing it in the most effective and economical way." Senator Lee added, "One of the other reasons for the dramatic increase in paras is the fact that we have to include special education children in the regular classroom." She noted that in touring the Shawnee Mission school district as well as her own school district, she was told that it was necessary to add paraprofessionals because teachers must have support in order to teach regular children and also work with children with disabilities. Mr. Dennis noted that paras are sometimes hired because a special education teacher is not available. He informed the Committee that there are more teacher vacancies in special education than in any other area. Because of shortage, special education children are assigned to teachers who teach regular students, and paraprofessionals are assigned to the teachers. Senator McGinn stated that she supported the use of paraprofessionals and that her question regarded the increase in the number of administrators since 1992. Senator Goodwin noted that, when Winfield State Hospital was closed, children with disabilities who were formerly in the hospital were placed in Winfield public schools. The additional children in the school system required additional administrators. In response to Senator McGinn, Mr. Dennis agreed to provide a statewide comparison between certified staff and non-certified staff after 1992 to the present.

Senator Schodorf called upon Dr. Andy Tompkins, Commissioner of Education, for an update on the status of elementary-secondary education in Kansas. At the outset, Dr. Tompkins noted that Kansas has approximately 466,000 students and 301 school districts with a median school district size of 550. Of the total student population, 11 % are Hispanic, 9% are African American, 75% are white, 2% are Asian, and 3% are other. In addition, he noted that 5.5% of Kansas schools have English language learners, and 13% have children with disabilities. He went on to discuss trend data relating to the achievements of Kansas students over the past five years, and he also compared the data to the national average. He discussed the following: the increase in English language learners, the increase in special education enrollment, the improved graduation rate, and the improved attendance rate. In addition, he discussed the increased levels of proficiency in reading skills for students with disabilities, for English language learners, for male and female students, and for African American and Hispanic students. He emphasized that the number of Kansas schools reaching the standard of excellence in reading, writing, and mathematics has increased dramatically in the past five years. He reported that Kansas spends approximately \$600 to \$700 per pupil under the national average, that Kansas' student achievement is in the top ten nationally, that the salary for Kansas'

CONTINUATION SHEET

MINUTES OF THE Senate Education Committee at 1:35 p.m. on January 12, 2005, in Room 123-S of the Capitol.

teachers ranks 41st nationally, and that Kansas' teacher qualifications rank at the top nationally. He also discussed the progress Kansas schools have made in meeting federal requirements for adequate yearly progress (AYP). He explained that AYP refers to the mandate that all students in the state must be proficient by 2014. In this regard, he called attention to charts in his handout showing the AYP state profile for school districts and schools between 2003 and 2004. He followed with a description of changes in mathematics and reading assessments anticipated in 2005-2006. In conclusion, Dr. Tompkins said he was concerned about the increasing expectations at a time of limited resources, the declining federal support, and the declining availability of highly qualified teachers and school leaders; however, he was encouraged by the genuine commitment to making adjustments to the system to serve a variety of needs, by the expanding number of high performing schools, and by the knowledgeable teaching and leadership staff focused on student learning. (Attachment 1)

Senator Schodorf called the Committee's attention to copies of a memorandum prepared by the Kansas Legislative Research Department which provides a chronology of the main amendments to the 1992 School District Finance and Quality Performance Act and the 1992 School District Capital Improvements State Aid Law. (Attachment 2)

The meeting was adjourned at 2:30 p.m.

The next meeting is scheduled for January 13, 2005.

**SENATE EDUCATION COMMITTEE
GUEST LIST**

DATE: January 12, 2005

NAME	REPRESENTING
Ken Wilson	Stb Board of Ed.
Kathy Martin	State Board of Education
Alex Kobyanetz	PJA
Sara Barnes	KS Dept Education
BILL REARDON	KCKs. USD 500
Mark Tallman	KASB
Bill Brady	SFFF
Rob Mercy	Hewlett-Packard
MARK DESETTI	KNEA
Jamie Rutherford	With gov't Rel.
Bernie Koch	Wichita Area Chamber of Commerce
Val DeFever	SQE
TERRY FORSYTH	KNEA
Elaine Frisbie	Division of the Budget
Dodie Weershear Johnson	Patrick Hurley & Co.



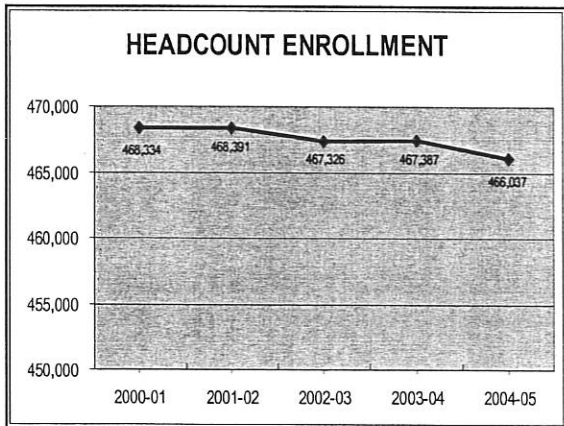
An Update on Education in Kansas

Senate Education Committee
January 12, 2005

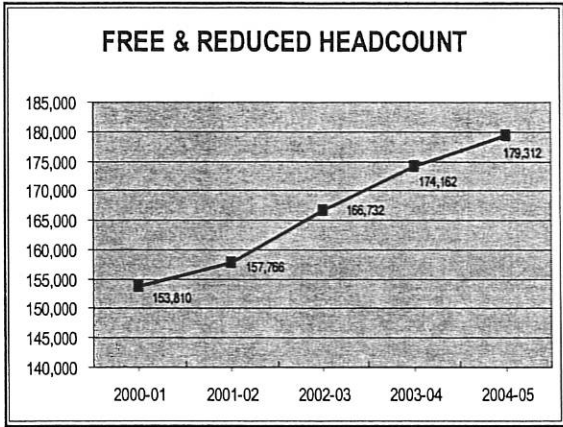


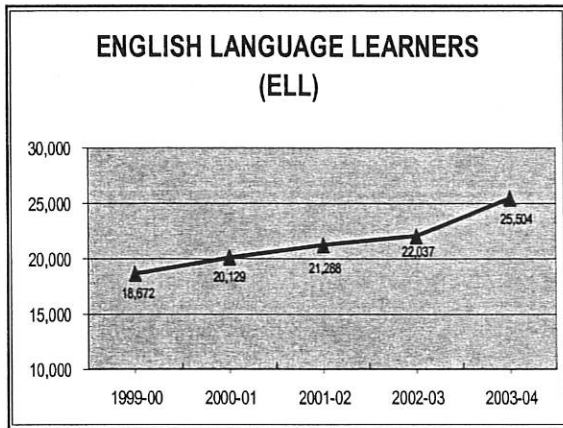
What are our demographic trend data?

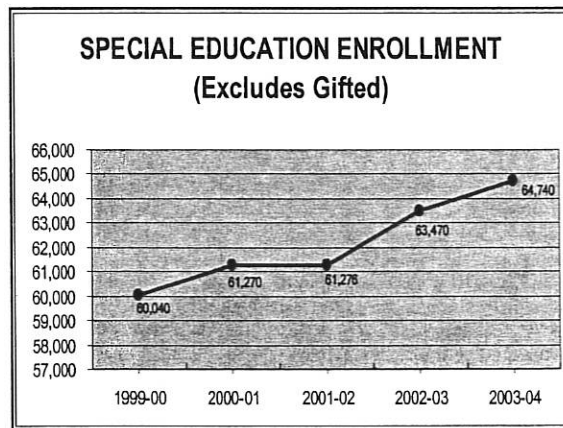
- Approximately 466,000 students
- 301 school districts with median school district size of 550
- 11% Hispanic, 9% African American, 75% white, 2% Asian, 3% other
- 5.5% have English language learners
- 13% have disabilities



Senate Education Committee
1-12-05
Attachment 1









How are Kansas students achieving?

- Improving graduation rate currently at 87% with over 75 percent attending postsecondary education
- Decreasing dropout rate currently at less than two percent
- High participation and performance on ACT and SAT
- Significant increase in the number of students taking advanced mathematics and science classes



How are Kansas students achieving?

- Steady and high attendance rate currently at 95%
- Top 10 performance on NAEP
- Improvement in all areas assessed
- Dramatic increase in number of schools reaching standard of excellence
- Narrowing of the achievement gap, especially in the last five years, yet significant gaps still exist



How do we compare nationally?

- Our expenditures per pupil are below the national average.
- Our student achievement is in the top 10 in the nation.
- Our average teacher salary is 41st in the nation.
- The qualifications of our teachers and administrators are among the best in the nation.
- We have a high number of adults with a college degree.



What progress have we made in student achievement in 2003-04 and over the past five years?



Assessment Highlights:
Reading

Students scoring in the exemplary, advanced, and proficient levels increased:

From 2003 to 2004	From 2000 to 2004
• 3.2% at 5th grade	• 9.0% at 5th grade
• 4.4% at 8th grade	• 7.3% at 8th grade
• 1.7% at 11th grade	• 4.6% at 11th grade



Assessment Highlights:
Reading (cont.)

Students with disabilities scoring in the exemplary, advanced, and proficient levels increased:

From 2003 to 2004	From 2000 to 2004
• 3.1% at 5th grade	• 31.6% at 5th grade
• 7.1% at 8th grade	• 18.5% at 8th grade
• 2.7% at 11th grade	• 17.6% at 11th grade



Assessment Highlights:
Reading (cont.)

Students who are **English Language Learners** scoring in the exemplary, advanced, and proficient levels increased:

From 2003 to 2004	From 2000 to 2004
<ul style="list-style-type: none"> • 1.9% at 5th grade • 4.3% at 8th grade • -16.7% at 11th grade 	<ul style="list-style-type: none"> • 32.6% at 5th grade • 47.6% at 8th grade • 17.1% at 11th grade



Assessment Highlights:
Reading (cont.)

There was an increase in the percentage of males and females in the top three performance levels

- 3.1% males and 3.6% females in 5th grade
- 4.7% males and 4.0% females in 8th grade
- 2.9% males and 0.2% females in 11th grade

Females perform better than males, however the gap is narrowing especially at 11th grade

- 73.7 vs. 70.7 in 5th grade
- 78.5 vs. 71.7 in 8th grade
- 64.7 vs. 60.0 in 11th grade



Assessment Highlights:
Reading (cont.)

African Americans increased the percentage of students in the top three performance levels

- 8.6% at 5th grade
- 7.6% at 8th grade
- 1.2% at 11th grade

Hispanics also increased the percentage of students in the top three performance levels in two grades

- 4.0% at 5th grade
- 7.0% at 8th grade
- -1.3% at 11th grade



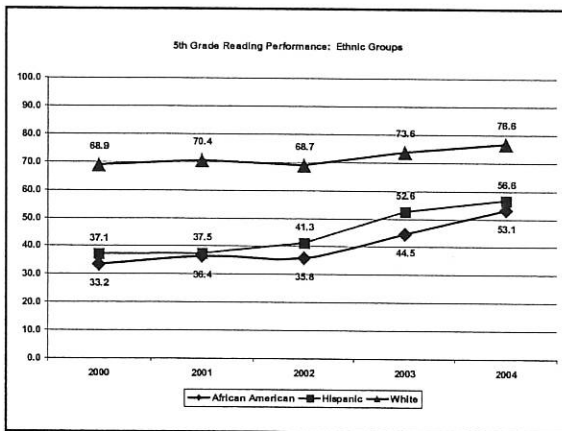
Assessment Highlights: Reading (cont.)

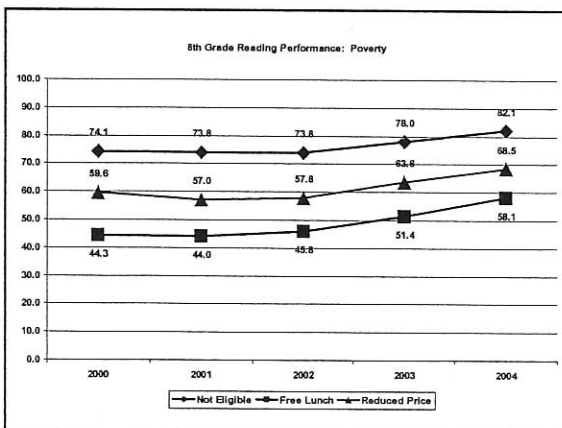
The percent of students eligible for free lunches in the top three performance levels increased

- 5.5% at 5th grade
- 6.7% at 8th grade
- 1.2% at 11th grade

The percent of students eligible for reduced price lunches in the top three performance levels also increased

- 4.7% at 5th grade
- 4.9% at 8th grade
- 3.0% at 11th grade







**Standard of Excellence:
Reading**

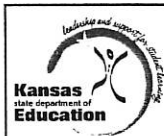
	2000	2001	2002	2003	2004
Grade 5	79	67	81	149	203
Grade 8	37	37	27	53	85
Grade 11	28	32	29	62	65



**Assessment Highlights:
Mathematics**

Students scoring in the exemplary, advanced, and proficient levels increased:

From 2003 to 2004	From 2000 to 2004
<ul style="list-style-type: none"> • 6.4% at 4th grade • 5.2% at 7th grade • 4.7% at 10th grade 	<ul style="list-style-type: none"> • 17.6% at 4th grade • 10.6% at 7th grade • 7.5% at 10th grade



**Assessment Highlights:
Mathematics (cont.)**

Students with disabilities scoring in the exemplary, advanced, and proficient levels increased:

From 2003 to 2004	From 2000 to 2004
<ul style="list-style-type: none"> • 8.6% at 4th grade • 3.4% at 7th grade • 4.2% at 10th grade 	<ul style="list-style-type: none"> • 31.6% at 4th grade • 25.4% at 7th grade • 16.3% at 10th grade



Assessment Highlights:
Mathematics (cont.)

Students who are **English Language Learners** scoring in the exemplary, advanced, and proficient levels increased:

From 2003 to 2004	From 2000 to 2004
<ul style="list-style-type: none"> • 9.4% at 4th grade • 7.1% at 7th grade • 1.6% at 10th grade 	<ul style="list-style-type: none"> • 32.5% at 4th grade • 17.3% at 7th grade • 1.7% at 10th grade



Assessment Highlights:
Mathematics (cont.)

There was an increase in the percentage of males and females in the top three performance levels

- 6.6% males and 6.0% females in 4th grade
- 5.4% males and 5.2% females in 7th grade
- 4.8% males and 4.8% females in 10th grade

There is almost no difference in performance between males and females

- 80.5 vs. 79.3 in 4th grade
- 66.1 vs. 64.5 in 7th grade
- 51.6 vs. 49.1 in 10th grade



Assessment Highlights:
Mathematics (cont.)

African Americans increased the percentage of students in the top three performance levels

- 13.8% at 4th grade
- 9.5% at 7th grade
- 2.9% at 10th grade

Hispanics increased the percentage of students in the top three performance levels in two grades

- 0.0% at 4th grade
- 10.1% at 7th grade
- 6.5% at 10th grade



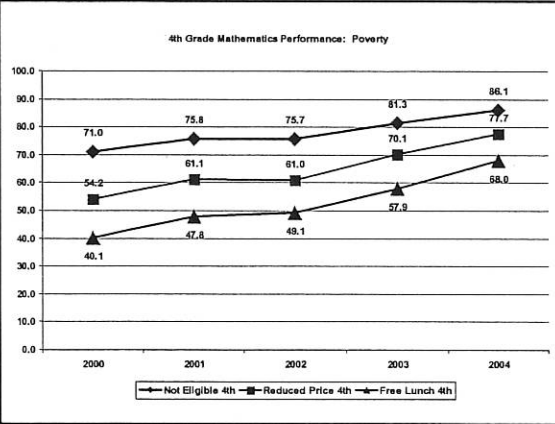
Assessment Highlights: *Mathematics* (cont.)

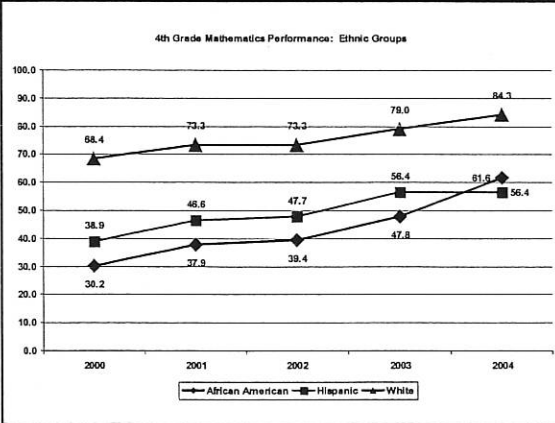
The percent of students eligible for free lunches in the top three performance levels increased


- 10.1% at 4th grade
- 8.1% at 7th grade
- 3.9% at 10th grade

The percent of students eligible for reduced price lunches in the top three performance levels also increased

- 7.6% at 4th grade
- 7.7% at 7th grade
- 6.4% at 10th grade








**Standard of Excellence:
Mathematics**


	2000	2001	2002	2003	2004
Grade 4	75	158	176	253	383
Grade 7	35	60	46	85	130
Grade 10	21	40	26	54	91



**Assessment Highlights:
*Writing***

Students scoring in the exemplary, advanced, and proficient levels increased:

- 6.1% at 5th grade
- 4.7% at 8th grade
- 3.7% at 11th grade



**Standard of Excellence:
Writing**

	2000	2002	2004
Grade 5	61	82	131
Grade 8	36	46	63
Grade 11	20	30	57



How are we meeting the NCLB requirements for highly qualified faculty?



Highly Qualified Teachers

Elementary	97.93
English/Language Arts, Reading	92.96
Fine Arts, Music, Art, Theater	91.34
Foreign Language	85.14
Mathematics	92.37
Natural Science	92.98
Social Studies, History, Government, Geography, Economics	94.95
State Average	95.00



How are our schools meeting the NCLB requirement for adequate yearly progress (AYP)?



AYP State Profile: Districts

	Districts 2003	Districts 2004
--Made AYP by %	216	223
--Made AYP by CI and/or made AYP by Safe Harbor	46	63
--Did not make AYP one year	40	16
--Did not make AYP two years	7	6



**AYP State Profile:
Schools**

	Schools 2003	Schools 2004
--Made AYP by %	1000	985
--Made AYP by CI and/or made AYP by Safe Harbor	212	308
--Did not make AYP one year	175	102
--Did not make AYP two years	30	21



**What changes should you
anticipate in 2005-06?**

- Reading and mathematics assessments at grades 3rd, 4th, 5th, 6th, 7th, 8th and high school
- There will continue to be a reading diagnostic assessment requirement at one of grades K-2
- New assessments will continue to be available online and paper/pencil
- Cut scores and AYP targets will be re-established



What changes should you anticipate in 2005-06?

- The report card will be redesigned for use in the fall of 2006 and longitudinal data will start over
- Revised accreditation regulations including increased graduation requirements will become effective
- Development of revised assessments for history/government and science will begin



What is keeping us up at nights?

- Increasing expectations – at a time of limited resources
- Providing the required technical assistance with declining federal support
- An overemphasis on a narrow set of accountability measures
- A tremendous increase in the data collection and reporting requirements



What is keeping us up at nights?

Declining Availability of Highly Qualified Teachers and School Leaders

- 35 percent of teachers and 50 percent of administrators will be eligible to retire in the next five years
- Have had a steady decrease in the number of people going into teaching in secondary disciplines and special education
- Lose 39 percent of our faculty in the first six years of their practice



What is giving me hope?

- An expanding research base on learning
- A genuine commitment to make adjustments in the system to serve a variety of learning needs
- An expanding number of high performing schools
- A knowledgeable teaching and leadership staff focused on student learning



What will be required to serve the learning needs of all students?

- All students with the building blocks for learning
- Additional learning time
- Highly qualified faculty
- Ongoing professional development
- An expanding research base
- Alternate delivery systems

October 26, 2004

AMENDMENTS TO THE 1992 SCHOOL DISTRICT FINANCE AND QUALITY PERFORMANCE ACT AND THE 1992 SCHOOL DISTRICT CAPITAL IMPROVEMENTS STATE AID LAW (FINANCE FORMULA COMPONENTS)

This memorandum provides a chronology of the main amendments to two 1992 school finance enactments. Another Legislative Research Department memorandum describes in some detail the principal features of both of these laws.

SCHOOL DISTRICT FINANCE AND QUALITY PERFORMANCE ACT

Primary Funding Program

State Financial Aid (SFA)

Base State Aid Per Pupil (BSAPP). A 1993 amendment, applicable beginning in the 1992-93 school year, provides that if appropriations in any school year for general state aid to school districts are not sufficient to pay districts' computed entitlements, the State Board of Education will reduce the Base State Aid Per Pupil to the amount necessary to match general state aid entitlements of districts with the amount of general state aid that is available. Following is a history of BSAPP:

<u>School Year</u>	<u>BSAPP</u>
1992-93	\$ 3,600*
1993-94	3,600
1994-95	3,600
1995-96	3,626
1996-97	3,648
1997-98	3,670
1998-99	3,720
1999-00	3,770
2000-01	3,820
2001-02	3,870
2002-03	3,863**
2003-04	3,863**
2004-05	3,863**

* In 1992-93, some school districts did not benefit fully from BSAPP at \$3,600. In that year, SFA was the lesser of "formula" SFA or "transitional" SFA. Formula SFA was the district's BSAPP times its adjusted enrollment, and transitional SFA was the district's 1991-92 operating budget plus its state transportation, bilingual education, and vocational education aid and the proceeds of any 1991 transportation tax levy, the sum of which was increased by 10 percent plus the percentage equivalent to any enrollment increase in 1992-93 over 1991-92.

** In 2002-03, 2003-04, and 2004-05, the statute states that the BSAPP is \$3,890; however, \$3,863 was funded.

Senate Education Committee
1-12-05
Attachment 2

Definition of the Term "Pupil." A 1993 amendment provided that a pupil enrolled in grade 11 who concurrently is enrolled in a school district and a postsecondary education institution is counted as one full-time equivalent (FTE) pupil if the school district and postsecondary enrollment is at least five-sixths time. Otherwise, the combined enrollment is determined to the nearest one-tenth of full-time enrollment. (Under prior law, only pupils in grade 12 who were involved in concurrent enrollment were counted as one FTE if their combined enrollment was at least five-sixths time.)

In 1994, an amendment specified that the term "pupil" *excludes* pupils who reside at the Flint Hills Job Corps Center and pupils confined in and receiving services provided by a school district at a juvenile detention facility. School districts receive funding under a different law for providing educational services to children in these facilities. The district receives the lesser of two times BSAPP or actual costs of the education services provided. Subsequent legislation has expanded this exclusion from coverage under the general school finance law, as follows:

- 1995 The Forbes Juvenile Attention Facility was added to the legislation that applies to the Flint Hills Job Corps Center and juvenile detention facilities.
- 1999 An amendment added the term "juvenile detention facility" and defined it to include any community juvenile corrections center or facility, the Forbes Juvenile Attention Facility and four newly designated facilities: Sappa Valley Youth Ranch of Oberlin, Parkview Passages Residential Treatment Center of Topeka, Charter Wichita Behavior Health System, L.L.C., and Salvation Army/Koch Center Youth Services.
- 2000 An amendment deleted from the listing two facilities that had been added in 1999 due to their closure and added six new ones. Facilities added to the listing were the Clarence M. Kelly Youth Center, Trego County Secure Care Center, St. Francis Academy at Atchison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina, and St. Francis Center at Salina. The two facilities deleted were the Parkview Passages Residential Treatment Center of Topeka and Charter Wichita Behavior Health System, L.L.C.
- 2001 An amendment added three new facilities: Liberty Juvenile Services and Treatment (Wichita USD 259), King's Achievement Center (Goddard USD 265), and Clarence M. Kelly Transitional Living Center (Topeka USD 501).
- 2002 An amendment modified the definition of the term "juvenile detention facility" to mean:
 - a secure public or private facility, but not a jail, used for the lawful custody of accused or adjudicated juvenile offenders;
 - a level VI treatment facility licensed by the Kansas Department of Health and Environment which is a psychiatric residential treatment facility for individuals under the age of 21, and which conforms with the regulations of the Centers for Medicare/Medicaid Services and the Joint Commission on Accreditation of Health Care Organizations governing such facilities; and
 - a facility specifically identified in the statute (no new facilities were added to the listing by the 2002 Legislature).

A 1998 amendment added to the definition of the term "pupil" preschool-aged at-risk pupils who are enrolled in the district and are receiving services under an approved at-risk pupil assistance plan maintained by a school district. Such a pupil is counted as 0.5 FTE in the district. Preschool aged at-risk pupils are four-year-olds who have been selected by the State Board of Education in accord with guidelines consonant with those governing selection of pupils for participation in the Head Start program. The 1998 legislation authorized the State Board to select not more than 1,350 pupils to be counted in any school year. A 1999 amendment expanded the program to serve up to 1,794 pupils; a 2000 amendment expanded the program to serve up to 2,230 pupils; and a 2001 amendment expanded the program to serve up to 3,756 pupils in 2001-02 and 5,500 pupils in 2002-03 and thereafter.

Decreasing Enrollments. A 1993 amendment provided that when the enrollment in the current school year had decreased from the preceding school year, a district could add to its enrollment for the current school year one-half of the number of pupils by which the enrollment in the current school year had decreased from the enrollment in the preceding school year, provided that no adjustment was made for decreases in enrollment in the current school year that exceeded 4 percent of the enrollment in the preceding school year. This provision became effective for the 1993-94 school year.

Legislation in 1997, which replaced the 1993 enactment, provided that a district in which enrollment has decreased from the preceding school year would use the enrollment of the preceding school year. Under this provision, the low enrollment and correlation weights of the preceding year are used. All other weights are determined on a current year basis.

Legislation in 1999 added a new condition applicable to districts that are experiencing enrollment decreases. The average of the sum of the enrollment for the current school year and for the two immediately preceding school years will be used in determining the district's general fund budget when the enrollment so determined is greater than the enrollment in either the current or the immediately preceding school year. (The low enrollment and correlation weights of the previous year are used. All other weights are determined on a current year basis.) The 1999 amendment also included technical changes to assure that any preschool aged at-risk four-year-old pupils receiving service under this law are treated only as an add-on based on the current year's enrollment of such pupils.

Legislation in 2002 provides that, if the State Board of Education determines that the enrollment of a school district in the preceding school year had decreased from the enrollment in the second preceding school year and that a disaster had contributed to the decrease, the enrollment of the district in the second school year following the disaster will be determined on the basis of a four-year average of the current school year and the preceding three school years, adjusted for the enrollment of pre-school aged at-risk pupils in those years, except that the enrollment decrease provisions of the general law apply if they are more beneficial to the district than the four-year average. For this purpose "disaster" means the occurrence of widespread or severe damage, injury, or loss of life or property resulting from flood, earthquake, tornado, wind, storm, drought, blight, or infestation.

(For discussion of special one-year exceptions, see "Miscellaneous" heading.)

Operating Expenses. A 1994 amendment excluded from the definition of the term "operating expenses" expenditures for which the district receives state reimbursement grants for the provision of educational services for pupils residing at the Flint Hills Job Corps Center or confined in juvenile detention facilities. A 1999 amendment expanded the listing of facilities to which this provision applies to include the Forbes Juvenile Attention Facility, Sappa Valley Youth Ranch of Oberlin, Parkview Passages Residential Treatment Center of Topeka, Charter Wichita Behavior

Health System, L.L.C., and Salvation Army/Koch Center Youth Services. A 2000 amendment added six and deleted two facilities from this listing. Those added were: Clarence M. Kelly Youth Center, Trego County Secure Care Center, St. Francis Academy at Atchison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina, and St. Francis Center at Salina. Those deleted (due to closure) were the Parkview Passages Residential Treatment Center of Topeka and Charter Wichita Behavior Health System, L.L.C. A 2001 amendment added Liberty Juvenile Services and Treatment (Wichita USD 259), King's Achievement Center (Goddard USD 265), and Clarence M. Kelly Transitional Living Center (Topeka USD 501). A 2002 amendment deleted the statutory listing under this provision of the law and replaced it with a reference to the definition of "juvenile detention facility" contained in the main definition section of the school finance law (KSA 2001 Supp. 72-6407, as amended).

Low Enrollment Weight. A 1995 amendment changed application of the low enrollment weight from all school districts with under 1,900 enrollment to all districts under 1,800 enrollment, to be phased in over a four-year period, as follows: under 1,875 in 1995-96, 1,850 in 1996-97, 1,825 in 1997-98, and 1,800 in 1998-99 and thereafter. A 1997 amendment accelerated the foregoing schedule so that as of July 1, 1997, the low enrollment weight provision was applicable to school districts with under 1,800 enrollment. The law since has been amended in both 1998 and 1999. (See table below.)

<u>School Year</u>		<u>Low Enrollment Weight Threshold</u>
1992-93	under:	1,900
1993-94		1,900
1994-95		1,900
1995-96		1,875
1996-97		1,850
1997-98		1,800
1998-99		1,750
1999-00		1,725
2000-01		1,725
2001-02		1,725
2002-03		1,725
2003-04		1,725
2004-05		1,725

The formula for computing the low enrollment weight for those districts to which the weight applies has not changed. (For districts of 1,725 to 1,899 enrollment, low enrollment weight was replaced by the "new" correlation weight (discussed below).)

Correlation Weight. A 1995 amendment added the "correlation weighting" pupil weight. This provision was to be phased in over a four-year period, as follows: in 1995-96, the weight was available to all districts with enrollments of 1,875 or more; in 1996-97, to districts of 1,850 or more; in 1997-98, to districts of 1,825 or more; and in 1998-99, to districts of 1,800 or more. The law also provided that if in any year the appropriation of general state aid was insufficient to fully fund the BSAPP, taking into account the correlation weight step scheduled for implementation in that year, only the portion of the correlation weight step would be implemented that could be accomplished without prorating the BSAPP. That point on the implementation schedule was to serve as the reference point in the next year for continuing the correlation weight implementation process. Each "regular" implementation step was designed to lower the threshold to apply to school districts having

25 fewer FTE pupils than in the preceding school year. The process was to continue until the correlation weight applied to all districts with 1,800 or more enrollment.

If the correlation weight had been phased in over a four-year period in four equal steps, the weight would have been 0.9031 percent of BSAPP in 1995-96, 1.8062 percent in 1996-97, 2.7090 percent in 1997-98, and 3.6121 percent in 1998-99 and thereafter.

(Under prior law, districts with 1,900 enrollment and over received no low enrollment weight. Districts with between 1,800 and 1,900 enrollment received low enrollment weight ranging down as enrollment increased from 3.6121 percent to 0.0362 percent. As the correlation weight factor was phased in, these districts received the correlation weight instead of the low enrollment weight.)

Legislation in 1997 accelerated the correlation weight implementation schedule so that the provision was fully implemented in the 1997-98 school year. That meant that the correlation weight applied at the 3.6121 percent rate to all districts having enrollments of 1,800 or more beginning in the 1997-98 school year. The correlation weight factor was modified by both the 1998 and 1999 Legislatures. A 1998 amendment applied the correlation weight factor to all school districts with 1,750 and over enrollment, beginning in the 1998-99 school year and the 1999 amendment applied the correlation weight factor to all school districts with 1,725 and over enrollment, beginning in 1999-2000. A history of correlation weight adjustment is shown below.

<u>School Year</u>	<u>Correlation Weight Threshold</u>	<u>Correlation Weight (Percent)</u>
1992-93	none	0.0
1993-94	none	0.0
1994-95	none	0.0
1995-96	1,875 and over	0.9031
1996-97	1,850	1.8062
1997-98	1,800	3.6121
1998-99	1,750	5.4183
1999-00	1,725	6.3211
2000-01	1,725	6.3211
2001-02	1,725	6.3211
2002-03	1,725	6.3211
2003-04	1,725	6.3211
2004-05	1,725	6.3211

At-Risk Pupil Weight. A 1997 amendment increased the at-risk pupil weight from 0.05 to 0.065, commencing with the 1997-98 school year. A 1998 amendment increased this weight to 0.08, commencing with the 1998-99 school year, a 1999 amendment increased the weight to 0.09 commencing with the 1999-2000 school year, and a 2001 amendment increased the weight to 0.10 in 2001-02 and thereafter. The 2001 amendment also directed that an amount equal to 0.01 be used by the district for achieving mastery of basic reading skills by completion of the third grade in accordance with standards established by the State Board of Education. A school district must include information in its at-risk pupil assistance plan as the State Board of Education requires regarding the district's remediation strategies and its results in achieving the State Board's third grade reading mastery standards. A school district's report must include information documenting remediation strategies and improvement made by pupils who performed below the expected standard on the State Board's second grade diagnostic reading test. A school district whose third grade pupils substantially meet the State Board standards for mastery of third grade reading skills,

upon request, may be released by the Board from the requirement to dedicate a specific portion of the at-risk weight to this reading initiative.

<u>School Year</u>	<u>At-Risk Pupil Weight (Percent)</u>
1992-93	5.0
1993-94	5.0
1994-95	5.0
1995-96	5.0
1996-97	5.0
1997-98	6.5
1998-99	8.0
1999-00	9.0
2000-01	9.0
2001-02	10.0*
2002-03	10.0*
2003-04	10.0*
2004-05	10.0*

* 1.0 percent is targeted at mastery of third grade reading skills.

Ancillary School Facilities Weight. A 1997 amendment provides, beginning in 1997-98, an amount equal to the levy approved by the State Board of Tax Appeals (SBOTA) to defray costs associated with commencing operation of a new facility is converted to a pupil weight called "ancillary school facilities weighting," this weight to be calculated each year by dividing the amount of the levy authority approved by SBOTA by BSAPP.

The school district levies a property tax for the amount approved by SBOTA. See "New School Facilities—Special Taxing Authority" (page 15). The proceeds of the tax levy are forwarded to the State Treasurer who credits the money to the State School District Finance Fund (SSDFF). Effectively, there was no change in the previous policy that this element of new facilities spending authority be supported entirely by the property taxpayers of the school district. The main differences are that the spending authority becomes a part of the school district general fund rather than additional LOB authority and the proceeds of this school district tax levy are credited to the SSDFF rather than to the district's supplemental general fund.

Special Education and Related Services Weight. A 2001 provision directed that the amount of state special education services categorical aid a school district receives during the current school year be converted to a pupil weighting for purposes of determining the State Financial Aid of a school district (the school district's general fund budget). This is accomplished by dividing the amount of state special education services aid the district receives by BSAPP and treating the result as an additional number of weighted pupils of the district. In turn, an amount equal to the amount attributable to the weighting is defined as "local effort" and, therefore, as a deduction in computing the general state aid entitlement of the district.

The amount of state special education services aid the district receives is deposited in the school district general fund and is then transferred to the district's special education fund. This procedure, which increases the size of a school district's general fund budget for purposes of the LOB calculation, was especially beneficial to school districts which sponsored a special education cooperative, as it was the sponsoring district that received state special education services aid distribution. This change in law did not benefit the other districts in the cooperative nor did it benefit

districts in a special education interlocal agreement, as the state special education services aid was paid to the interlocal and not to any of the individual school districts.

Legislation in 2002 provided that each school district which had paid amounts for special education and related services pursuant to a special education cooperative agreement or a special education interlocal agreement was entitled to special education services aid in proportion to the amount paid by the district in the current school year for the provision of special education and related services to the aggregate of all amounts paid by all school districts participating in the interlocal or cooperative entity in the current school year.

Local Effort

A 1993 amendment clarified that any tuition a school district receives for enrollment of a nonresident student for "regular" education services is to be deposited in the school district general fund and treated as a portion of the district's "local effort." (This provision became effective for the 1992-93 school year.)

Legislation in 1995 phases out the school district general fund budget participation in motor vehicle tax distributions over the period of FY 1996 through FY 2000.

A 1997 amendment provided that 75.0 percent (rather than 100.0 percent) of the federal Impact Aid that may be counted as local effort under the state's school finance law will be so counted. An exception was that the deduction remained at 100.0 percent for the Fort Leavenworth school district. A 1999 amendment reduced to 75.0 percent the Impact Aid deduction for the Fort Leavenworth school district. An amount equal to the federal impact aid not subject to deduction as local effort may be credited to any program weighted fund, categorical fund, or to the capital outlay fund.

A 2001 amendment directs that state aid a school district receives for special education services, including aid under the catastrophic special education aid program, is treated as local effort. (This was added in connection with the 2001 special education and related services weight described above.)

General Fund Property Tax Rate

A 1994 amendment set the school district general fund property tax rate applicable for the 1994-95 and 1995-96 school years at 35 mills. (The 35 mill tax rate in 1994-95 and 1995-96 was not a change in policy from the previous law, except that under the previous law, the 35 mill rate would have continued from year to year until changed by the Legislature. Rather, the amendment responded to the opinion of the Shawnee County District Court in the school finance litigation in which the judge interpreted the former property tax levying provision to constitute a "state" property tax levy. As such, the tax could not be imposed for a period in excess of two years. This finding was not contested before the Kansas Supreme Court in the school finance litigation that on December 2, 1994, upheld the constitutionality of 1992 and 1993 school finance legislation.)

A 1996 amendment set the school district general fund property tax rate at 35 mills for the 1996-97 school year and 33 mills for the 1997-98 school year. The legislation further specified that this rate could not exceed 31 mills for the 1998-99 school year.

A 1997 amendment modified the 1996 legislation (described above) by setting the school district general fund property tax rate for the 1997-98 and 1998-99 school years at 27 mills in each

year. This legislation also provided for exemption of \$20,000 of the appraised valuation of residential property from application of that levy.

A 1998 amendment set the school district general fund property tax rate for the 1998-99 and 1999-2000 school years at 20 mills in each year. Also exempted from application of this levy for the two-year period was \$20,000 of the appraised valuation of residential property. A 1999 amendment extended the 20 mill uniform tax rate and the \$20,000 residential property tax exemption to the 2000-01 school year, and a 2001 amendment extended these provisions to the 2001-02 and 2002-03 school years.

History of Uniform General Fund Mill Rate

<u>Tax Year</u>	<u>Rate (Mills)</u>
1992	32
1993	33
1994	35
1995	35
1996	35
1997	27*
1998	20*
1999	20*
2000	20*
2001	20*
2002	20*
2003	20*
2004	20*
2005	20*

* Plus \$20,000 residential property appraised valuation exemption.

Contingency Reserve Fund

A 1993 amendment increased the statutory maximum cap on the contingency reserve fund from 1.0 percent to 2.0 percent of the general fund budget. Further, the 1993 amendment provided that if the amount in the contingency reserve fund of a district exceeded the cap due to a decrease in enrollment, the district could maintain the "excess amount" in the contingency reserve fund until the amount is depleted by expenditures from the fund.

A 1995 amendment increased the contingency reserve fund cap from 2.0 percent to 4.0 percent. Also, the restraints on school district use of the contingency reserve fund were relaxed somewhat. Under the prior law, in order to tap this fund, the expenditure had to be for a financial emergency or contingency that could not reasonably have been foreseen at the time the general fund budget of the district was adopted. The new standard for expenditures for the fund is that expenditures must be attributable to financial contingencies not anticipated when the general fund budget was adopted.

A 2002 amendment removed the restriction that expenditures from this fund be attributable to financial contingencies not anticipated when the general fund budget was adopted, leaving to the school board the matter of determining when a financial contingency exists prompting expenditures from this fund.

Special Funds

A 1993 amendment added the new summer program fund to the statutory listing of "categorical" funds. (This was done in connection with legislation that authorized school districts, under certain circumstances, to charge fees for summer programs.)

A 1994 amendment added the new extraordinary school program fund to the statutory listing of "categorical" funds. (This was done in connection with provisions of 1994 HB 2553 which authorized school districts to implement extraordinary school programs and, under certain circumstances, to charge fees for them.)

Funding For Districts Formed by Disorganization and Attachment and by Districts Formed by Consolidation

The 2002 Legislature provided, effective commencing with the 2001-02 school year and prior to July 1, 2004, that a school district which was enlarged due to disorganization of one district and its attachment to the enlarged district would be entitled to State Financial Aid (school district general fund budget) in the current school year equal to the State Financial Aid of the districts as they were defined in the year preceding the disorganization and attachment. For the next three school years, the district will be entitled to the amount of State Financial Aid it received in the preceding year under this provision or the amount of State Financial Aid the district would receive under operation of the school finance formula in that year, whichever was greater.

If the attachment occurred on or after July 1, 2004, the district would receive the State Financial Aid of the districts for the year in which the attachment was implemented. For the next school year, the State Financial Aid of the district would be the greater of the amount the district received in the preceding year or the amount the district would receive under operation of the school finance formula in that year. These provisions applied only when all of the territory of the district being disorganized was attached to one other district.

Amendments also applied this method of determining State Financial Aid to districts which consolidate.

The basic concept contained in the legislation was enacted by the 1999 Legislature and was applied to districts that merged through consolidation. The 2002 legislation extended the concept to a school district which was enlarged due to disorganization of a district and attachment of its territory to another district and enhanced somewhat the financial incentives for disorganization and attachment or consolidation. (2002 SB 551, Sec. 1)

State Funding Sources—General State Aid

A 1993 amendment eliminated (effective beginning in the 1992-93 school year) the requirement that the enhanced sales and income taxes imposed by the 1992 school finance legislation be treated as a demand transfer from the State General Fund to the State School District Finance Fund (SSDFF) for school district general state aid. (Under the original provision, two of three transfers scheduled for FY 1993, totaling \$170,005,000, were made from the State General Fund to the SSDFF before the provision was repealed.)

See also, "Ancillary School Facilities Weight," (page 5) and "New School Facilities—Special Taxing Authority," (page 11) for a discussion of certain school district property tax levy proceeds that are deposited in the SSDFF and used for general state aid.

Appropriation action by the 2000 Legislature (Senate Sub. for HB 2513, Sec. 60(j)) directed the expenditure of \$1.0 million from the Children's Initiative Fund (tobacco money) for general state aid to fund a portion of four-year-old at-risk enrollment under the school finance law. The 2001 Legislature increased this funding to \$4.5 million in 2001-02. The 2002 Legislature maintained funding at \$4.5 million for FY 2003.

Local Option Budget (LOB)/Supplemental General State Aid

Disposition of Money Remaining in the Supplemental General Fund at the End of the School Year. The 1992 legislation provided that any money remaining in the supplemental general fund at the end of the school year would be transferred to the school district general fund. A 1993 amendment, effective beginning in 1992-93, revised this provision of the law as follows:

- If the district received no supplemental general state aid for its LOB in the current school year and if the district is authorized to adopt an LOB in the ensuing school year, the cash balance remaining in the supplemental general fund at the end of the school year must be maintained in that fund or transferred to the general fund. However, if the district is not authorized to adopt an LOB in the ensuing school year, the cash balance in the supplemental general fund must be transferred to the district's general fund.
- If the district received supplemental general state aid in the current school year, transferred or expended the entire amount of the budgeted LOB for the school year, and is authorized to adopt an LOB in the ensuing school year, the cash balance remaining in the supplemental general fund must be maintained in that fund or transferred to the general fund. However, if the district is not authorized to adopt an LOB in the ensuing year, the total cash balance remaining in the supplemental general fund must be transferred to the general fund.
- If the district received supplemental general state aid in the current school year, did not transfer or expend the entire amount budgeted in the LOB for the school year, and is authorized to adopt an LOB in the ensuing school year, the State Board will determine the ratio of the amount of supplemental general state aid received to the amount of the district's LOB for the school year and multiply the total amount of cash balance remaining in the supplemented general fund by that ratio. An amount equal to the amount of the product must be transferred to

the general fund of the district. The amount remaining in the supplemental general fund will be maintained in that fund or transferred to the general fund. However, if the district is not authorized to adopt an LOB in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund must be transferred to the general fund.

LOB "Cap." A 1995 amendment deleted the provision of law which required that the LOB maximum percentage, *i.e.*, 25 percent of SFA (the base budget), be reduced by the same number of percentage points by which BSAPP was increased.

"Subsequent" LOB Resolutions. A 1996 amendment provided that a school district board that has adopted an initial LOB resolution at some percentage less than the maximum authorized by law (25 percent of SFA) is authorized to adopt any number of subsequent resolutions so long as, in total, the percentages authorized in the resolutions do not exceed the maximum percentage authorized by law and do not extend beyond the duration of the initial resolution. (The previous law permitted only one additional resolution during the duration of the initial resolution.)

LOB—Lease-Purchase Expenditure Limitations. Another 1996 amendment prohibited a school district board of education from making LOB expenditures or transfers to the district's general fund for any lease-purchase agreement involving acquisition of land and buildings under KSA 72-8225, as amended.

LOB Authority—Limited One-Year Extension for Certain School Districts. Another 1996 amendment applied to any school district that had adopted an LOB for the 1996-97 school year and which in order to adopt an LOB for the next school year would be required to adopt a new LOB resolution subject to the protest petition/election provisions of the then existing law. Any such district, by a majority vote of its board, was authorized to adopt an LOB for the 1997-98 school year in an amount not in excess of the percentage of SFA that the district's LOB resolution authorized the board to adopt in 1996-97. (Another amendment to the same section of law limited the 1997-98 extension authority to 75 percent of the 1996-97 LOB authorization. School boards were permitted to operate under either of these two authorizations.)

LOB Authority—Provisions for Permanent Authority and Other Changes. Legislation enacted in 1997 made numerous changes in the law concerning LOB authority; however, such authority continues to be subject to a limitation of 25.0 percent of a school district's general fund budget.

Beginning in 1997-98, the board of education of a "below average spending" school district on its own motion may adopt an LOB. In this respect, the State Board of Education (SBOE) makes the following determinations:

- The average budget per full-time equivalent (FTE) pupil (unweighted) for the preceding school year is computed for each of four school district enrollment groupings—under 100, 100-299.9; 300-1,799.9; and 1,800 and over. This computation uses the combined school district general fund budget and LOB.
- The FTE budget per pupil (unweighted) of each school district for the preceding school year is determined (combined general fund budget and LOB).
- The district's FTE budget per pupil for the preceding year is subtracted from the preceding year's average budget per pupil for the district's enrollment grouping.

- If the district's budget per pupil is below the average budget per pupil for the district's enrollment grouping, the budget per pupil difference is multiplied by the district's FTE pupil enrollment in the preceding year. (If the district's budget per pupil exceeds the average for the enrollment grouping, this procedure does not apply.)
- The product (of multiplying the district's budget per pupil difference by FTE enrollment) is divided by the amount of the district's general fund budget in the preceding year. The result is the LOB percentage increment that is available to the district in the next school year. This LOB authority is determined in accord with the following schedule: 20.0 percent of the calculated amount in 1997-98; 40.0 percent in 1998-99; 60.0 percent in 1999-2000; 80.0 percent in 2000-01; and 100.0 percent in 2001-02, and thereafter.

If a district was authorized to adopt and did adopt an LOB in 1996-97 and qualifies for LOB authority as a "below average spending" district, calculated as described above, the LOB percentage of the district is the sum of the LOB percentage the district was authorized to budget in that year and the percentage for which the district qualifies under the formula. If the district was not authorized to adopt an LOB in 1996-97, the district qualifies for the LOB authority calculated under the formula. In subsequent years, the district's LOB authority is calculated in the same manner as applies to a district that had an LOB in 1996-97 and that also qualified for LOB authority as a "below average spending" district.

Any LOB percentage of a school district that qualifies for additional LOB authority under the above formula is recognized as perpetual authority. This includes LOB authority acquired by adoption of an LOB resolution and gained pursuant to this formula.

For the grouping of school districts with enrollments under 100, the average FTE amount is the average amount for school districts having enrollments of 75-125; for the grouping of school districts with enrollments of 100-299.9, the average FTE amount is determined under a linear transition schedule beginning with the average FTE amount for districts having enrollments of 75-125 and ending with the average FTE amount of districts having enrollments of 200-399.9; for the grouping of school districts with enrollments of 300-1,799.9, the average FTE amount is determined under a linear transition schedule beginning with the average FTE amount of districts having enrollments of 200-399.9 and ending with the average FTE amount of districts having enrollments of 1,800 and over; and for the grouping of school districts with enrollments of 1,800 and over, the average FTE amount is the average amount for all such districts.

The board of education of any "average" or "above average spending" school district that had an LOB in 1996-97 may adopt on its own motion an LOB equal to the following percentage of the district's general fund budget based upon the LOB percentage the district was authorized to adopt in 1996-97: 100.0 percent in 1997-98, 95.0 percent in 1998-99, 90.0 percent in 1999-2000, 85.0 percent in 2000-01, and 80.0 percent in 2001-02, and thereafter.

In the event that in any year the LOB authority of the district is greater if computed under the formula applicable to "below average spending" districts than under this provision, the additional LOB authority under that formula applies in determining the total LOB authority of the district.

As an alternative to the procedures described above, a school district board of education may adopt a resolution for a specified LOB percentage that is subject to a 5.0 percent protest petition election. In the resolution the board will specify the number of years for which the LOB authority is sought. (Under prior law, the duration of a resolution could not exceed four years.) Subsequent

resolutions to increase this authority (always subject to the aggregate 25.0 percent cap) also are authorized. The duration of subsequent resolutions may not exceed that of the original resolution.

If, after the 1997-98 school year, a school district has gained LOB authority under the "below average spending" formula and has obtained increased LOB authority by adoption of a resolution such that the district no longer qualifies for LOB authority under the formula applicable to "below average spending" districts, the LOB authority is:

- If the district is operating under an LOB with a fixed LOB percentage increase and a specified number of years to which it applies, the sum of the LOB percentage authority of the district for the preceding year and the additional LOB authority in the district's resolution; or
- If the district is operating under a resolution authorizing continuous and permanent LOB authority, the LOB percentage adopted by the board.

If the district's resolution for additional LOB authority is not perpetual and after some specified number of years this authority is lost, the district's LOB authority is the percentage authorization for the current school year computed under the formula as if the additional LOB authority resulting from the expired LOB resolution had not been in effect in the preceding school year.

In addition to the LOB authority available under the foregoing provisions, beginning in 1997-98, a school district is authorized to adopt a resolution to increase its LOB authority under one of two alternative procedures:

- A school district board of education may seek authority for continuous and permanent LOB authority, in which case, the board, in any school year, may increase its LOB to any level it chooses, subject to the 25.0 percent aggregate cap.
- The board may seek temporary authority to increase the LOB by a specified percentage for a specified number of years.

If the board seeks continuous and permanent LOB authority, it has the option of either submitting the question directly to the electors or adopting a resolution that is subject to a 5.0 percent protest petition election. If the district opts to submit the question directly to the electors and the question is lost, the matter may not be submitted to the electors again for a period of nine months.

When the board seeks temporary LOB authority, only the protest petition election procedure is applicable.

If the district chooses a resolution that specifies an LOB percentage increase and a number of years to which the resolution applies, the district is authorized to adopt subsequent resolutions to increase its LOB authority, subject to the 25.0 percent aggregate cap. The duration of a subsequent resolution may not exceed that contained in the initial resolution.

These provisions do not apply to a district that already has continuous and permanent authority to increase its LOB.

A district operating under LOB authority obtained prior to passage of this bill, with authority that extends to the 1997-98 school year or beyond, may continue to operate under the resolution until its expiration or abandon the resolution and operate under the new provisions of the bill.

Supplemental General State Aid Calculation Adjustment. A 1997 provision directed that, for the purpose of computing supplemental general state aid entitlements, the measure of school district assessed valuation is adjusted to net out assessed valuation attributable to Kansas Neighborhood Revitalization Act tax increment financing rebates paid by school districts. To accomplish this, the county clerk certifies annually the assessed valuation adjustment to the Commissioner of Education. The adjustment is determined by dividing the total of the tax increment rebates paid by the district during the preceding 12 months by the total of the ad valorem levy rates of the district in the previous year.

New School Facilities—Special Taxing Authority

New School Facilities—Special Taxing Authority for Operations. A 1993 amendment permitted a school district to seek approval from the State Board of Tax Appeals (SBOTA) for authority to levy a property tax to pay certain costs associated with commencing operation of new school facilities. In order to seek this authority, the school district must have begun operation of one or more new school facilities in the preceding or current school year, or both; have adopted the maximum 25 percent LOB; and have had an enrollment increase in each of the last three school years (preceding the current school year) which averages 7 percent or more. A 1995 amendment replaced this enrollment increase standard with the standard that the district must be experiencing extraordinary enrollment growth, as determined by the State Board of Education.

Under the procedure, the school district applies to SBOTA for authority to levy a property tax for an amount equal to the cost of operating the new facility that is not financed from any other source provided by law. (This amount could be adjusted for any year to reflect the inapplicability in that year of the school facilities weighting adjustment.) SBOTA may authorize the district to levy an amount not in excess of the costs attributable to commencing facility operation above the amount provided for this purpose under the school finance law. The separate tax levying authority is for a period of not to exceed two years. A 1997 amendment provided that, rather than depositing proceeds of this tax levy in the school district's supplemental general fund and budgeting them in the LOB as an addition to the maximum amount that otherwise is budgeted in the LOB, the proceeds would be forwarded to the State Treasurer who would credit the money to the SSDFF. The State Board of Education then converts the amount of the levy authorized by SBOTA to an ancillary school facilities weight for the district. (See "Ancillary School Facilities Weight," page 5.)

School districts may continue the tax levying authority beyond the initial two-year period for an additional three years, in accord with the following requirements. The school district's board of education must determine that the costs attributable to commencing operation of the new school facility (or facilities) are significantly greater than the costs of operating other school facilities in the district. The tax that then may be levied is the amount computed by the State Board of Education by first determining the amount produced by the tax levied for operation of the facility (or facilities) by the district in the second year of the initial tax levying authority and by adding the amount of general state aid attributable to the school facilities weight in that year. Of the amount so computed, 75 percent, 50 percent, and 25 percent, respectively, are the amounts that may be levied during the three-year period. A 1997 amendment specified that the amount of this levy authorization, forwarded to the State Treasurer and credited to the SSDFF, produces ancillary school facilities weight for the district.

SCHOOL DISTRICT BOND AND INTEREST STATE AID PROGRAM

School District Capital Improvements State Aid Program

A 1993 amendment clarified the law by specifying that the entitlement of state aid to assist school districts in making bond and interest payments is contingent upon the district's general obligation bonds having been issued pursuant to approval of the electors by election.

A 1997 provision directed that for the purpose of computing bond and interest state aid entitlements, the measure of school district assessed valuation is adjusted to net out assessed valuation attributable to Kansas Neighborhood Revitalization Act tax increment financing rebates paid by school districts. To accomplish this, the county clerk certifies annually the assessed valuation adjustment to the Commissioner of Education. The adjustment amount is determined by dividing the total of the tax increment rebates paid by the district during the preceding 12 months by the total of the ad valorem levy rates of the district in the previous year.

A proviso added to 1999 HB 2489, Sec. 7(l), with respect to appropriations for FY 2000, specified that bond and interest state aid payments may be made only for payment of general obligation bonds approved by the voters under KSA 72-6761. (This was intended to exclude payments for bonds issued under KSA 12-1769 for joint city-school purposes.)

MISCELLANEOUS

FY 1993 Special Appropriation Lapse Provision. 1993 H. Sub. for SB 437 contained a lapse of \$9,569,870 in an appropriation of the 1992 Legislature for general state aid. However, an attached proviso was that if the sum of the 1992-93 local effort and remittance to the SSDF were less than \$892,613,000, the State Finance Council could restore the difference between the actual amount and the forgoing sum to the extent of the amount of the lapse. (The sum of the 1992-93 local effort and remittance totaled \$914.4 million.)

1993-94 Special Enrollment Adjustment Due to Flooding. 1994 HB 2768 provided that for the purpose of determining "enrollment" and "adjusted enrollment" of the Elwood (USD 486), Wathena (USD 406), and Kaw Valley (USD 321) school districts in the 1993-94 school year, the greater of such enrollments determined on September 20, 1992, or September 20, 1993, would be used. This provision responded to the devastating impact of the flooding in these communities during the summer of 1993. The notion was that, because of the temporary relocation of a number of children due to the floods, there would be a reduction in the September 20, 1993, enrollment count. The estimated fiscal note of this provision in FY 1994 was \$272,880.

1995-96 and 1996-97 Special Enrollment Adjustment Due to Fort Riley Downsizing. 1995 Senate Sub. for HB 2152 provided for the 1995-96 school year that in the following school districts the terms "enrollment" and "adjusted enrollment" were the enrollment count on September 20, 1995, unless the enrollment was lower than on September 20, 1994. If the September 20, 1995, count was lower than the September 20, 1994, count, 90 percent of the difference between the two counts was added to the actual September 20, 1995 count. The school districts to which this provision applied were: Wamego (USD 320), Pottawatomie West (USD 323), Riley County (USD

378), Clay Center (USD 379), Manhattan (USD 383), Blue Valley (USD 384), Morris County (USD 417), Abilene (USD 435), Chapman (USD 473), Geary County (USD 475), Rural Vista (USD 481), Herington (USD 487), Mill Creek Valley (USD 329), and Wabaunsee East (USD 330). This provision was prompted by concerns about the effects the downsizing of the Fort Riley Military Reservation might have on the school districts most directly affected.

Legislation in 1996 (HB 2967) extended the foregoing concept to the 1996-97 school year, that is, if the September 20, 1996, count was lower than the September 20, 1995, count as determined under the 1995 provision, 90 percent of the difference between the two counts was added to the 1996 count.

Shawnee Heights (USD 450)—Deposit of Certain Back Tax Receipts. Legislation in 1995 (Senate Sub. for HB 2152) provided that proceeds from taxes attributable to the school district general fund that may be paid to the Shawnee Heights school district on property of Heartland Park of Topeka for the 1988 through 1991 tax years and be distributed to the school district as the result of a final and binding judicial decree may be deposited in the district's supplemental general fund or may be disposed of as provided by statute for school district miscellaneous revenues. (This means that any such tax payment would not be treated as local effort, an offset against the district's general state aid entitlement.)

Piper (USD 203)—Supplemental General State Aid and School District Capital Improvements State Aid. Legislation in 1995 (Senate Sub. for HB 2152) specified that, in the 1994-95 and 1995-96 school years, in computing the Piper (USD 203) entitlements of supplemental general state aid (for the LOB) and school district capital improvements state aid, the assessed valuation of the Woodlands race track (owned by Sunflower Racing, Inc.) would not be used in determining the district's assessed valuation per pupil.

If USD 203 subsequently received any proceeds from taxes that may be paid upon Woodlands for either or both the 1994-95 and 1995-96 school years, the State Board of Education would deduct an equal amount from future payments of state aid to which the district was entitled (for these two programs).

1997-98—Special Enrollment Adjustment Related to the Closure of Topeka State Hospital and Winfield State Hospital and Training Center. Legislation in 1996 (HB 2167) provided that for the 1997-98 school year in the following school districts the terms "enrollment" and "adjusted enrollment" meant the enrollment count on September 20 of the current school year, unless the enrollment was lower than on September 20 of the preceding school year. If the September 20 count of the preceding school year was greater than the September 20 count of the current school year, 90 percent of the difference between the two counts was added to the actual September 20 count. The school districts to which this provision applied were Winfield (USD 465), Arkansas City (USD 470), Topeka (USD 501), Auburn-Washburn (USD 437), Seaman (USD 345), Shawnee Heights (USD 450), and Silver Lake (USD 372).

Legislation in 1997 (HB 2031) repealed this provision. The purpose intended to be served by the 1996 legislation was considered to be addressed sufficiently by the 1997 legislation applicable to school districts that are experiencing enrollment decreases.

Blue Valley (USD 229) and Olathe (USD 233)—"Special" Facilities Weight for the 1996-97 School Year. Legislation in 1997 on provided that, for the 1996-97 school year only, the school facilities weight is increased from 0.25 to 0.33 for districts which commenced operating a new facility in the 1995-96 or 1996-97 school years and that qualify for the weight and which, in addition, are experiencing extraordinary enrollment growth as determined by the State Board of Education and have received approval from SBOTA to levy a tax for the purpose of financing costs associated with

operation of new school facilities. The additional amount of the weight (0.08) offset a like amount of local option budget authority that had been approved by SBOTA—applicable only to Blue Valley (USD 229) and Olathe (USD 233).

1998-99—Fort Leavenworth (USD 207) Appropriation for Capital Improvements. The 1998 Legislature appropriated for FY 1998 the sum of \$1,310,760 to Fort Leavenworth USD 207 for capital improvement aid. This action was designed to compensate the district for the results of an FY 1995 federal payment voucher coding error. The voucher for \$1,310,760 was coded as a P.L. 874 Section b payment. Under Kansas law, to the extent authorized by federal law, these payments are treated as a deduction in computing a school district's state aid entitlement. In fact, the voucher should have been coded as a P.L. 874, Section f payment. These payments are used exclusively for capital outlay projects and are not deductions under the Kansas law. The FY 1998 appropriation offsets the deduction made in computing the school district's general state aid entitlement due to the federal voucher coding error. (1998 Senate Sub. for HB 2895, Sec. 2(a).)

Funding of Districts Formed by Consolidation. The 1999 Legislature provided that any school district formed by consolidation will be entitled to state financial aid equal to the amount of state financial aid of the former districts in the year preceding the consolidation for the first two years of operation of the consolidation. (1999 SB 171, Sec. 12.)

2002-03 and 2003-04 Local Option Budget: "Hold Harmless" Provision. The 2002 Legislature added a "hold harmless" provision applicable to school districts which in the 2001-02 school year sponsored a special education cooperative. If such a school district adopted a 25.0 percent LOB for the 2002-03 school year and if the amount of the LOB was less than the amount of the LOB in 2001-02, the district was permitted to add to its 25.0 percent LOB in 2002-03 two-thirds of the difference between the 2001-02 and 2002-03 amounts. Using the 2001-02 school year as the base, this same provision applied in the 2003-04 school year, but the add-on amount was one-third of the difference. A second "hold harmless" provision applied to school districts which sponsored a special education cooperative in the 2001-02 school year and which adopted an LOB equal to the district prescribed percentage of the district in the 2002-03 school year. If the district's LOB in 2002-03 school year was less than the 2001-02 school year, an amount equal to one-third of the difference was added to the 2002-03 LOB. (The estimated fiscal note of the hold harmless provision was \$625,000.) (2002 Senate Sub. for HB 2094, Sec. 7)