

MINUTES OF THE SELECT COMMITTEE ON SCHOOL FINANCE

The meeting was called to order by Chairman Kathe Decker at 9:00 A.M. on February 23, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research
Theresa Kiernan, Revisor of Statutes Office
Art Griggs, Revisor of Statutes Office
Ann Deitcher, Committee Secretary

Representative Phelps moved that the minutes of the meetings of the Select Committee on School Finance for February 7 and 8 be approved. Representative Crow seconded the motion and it passed on a voice vote.

The Chair recognized members of the Milkin Foundation who were present in the audience.

5rs2211 - concerning school districts; relating to school finance; relating to certain weightings.

Copies of **5rs2211** were distributed. (Attachment 1).

Theresa Kiernan offered an explanation and answered the questions of Committee members.

A motion was made by Representative Crow and seconded by Representative Merrick that 2211 be included in the School Finance Plan. The motion carried on a voice vote.

5rs2212 - concerning school finance relating to capital outlay state aid.

Copies of **5rs2212** were distributed. (Attachments 2 and 3).

Representative O'Neal made the motion that was seconded by Representative Phelps to include 2212 in the School Finance Plan. The motion carried on a voice vote.

5rs2214 - concerning school districts; relating to school finance.

Copies of **5rs2214** were distributed. (Attachment 4).

The Chair explained how this would offer the greatest flexibility possible which was something that various superintendents had asked for.

It was moved by Representative O'Neal and seconded by Representative Crow that 2214 be included in the School Finance Plan. The motion carried on a voice vote.

5rs2215 - concerning school districts; relating to school finance; relating to moneys appropriated to the state department of education.

Copies of **5rs2215** were distributed. (Attachment 5).

A motion was made by Representative Merrick to include 2215 in the School Finance Plan. Representative O'Neal seconded the motion which passed on a voice vote.

CONTINUATION SHEET

MINUTES OF THE SELECT COMMITTEE ON SCHOOL FINANCE at 9:00 A.M. on February 23, 2006 in Room 519-S of the Capitol.

Copies of a draft for 5rs2229 were distributed. (Attachment 6).

The Chair explained to the Committee that the proposal for the funding of the School Finance Plan was a three-year phase-in proposal. Copies of this three-year plan were handed out to the Committee. (Attachment 7).

The name for this project was previously known as "Urban At-Risk" but has been changed to "Density At-Risk".

In trying to make an equalization factor, the name "Correlation Weighting" has been changed to "High Enrollment Equalization Factor".

A motion was made by Representative O'Neal and seconded by Representative Phelps that 2229 be included, as corrected, in the School Finance Plan. The motion passed on a voice vote.

The meeting was adjourned at 9:45. The next meeting of the Select Committee on School Finance is scheduled for Wednesday, March 1, 2006.

HOUSE BILL NO. _____

By Select Committee on School Finance

AN ACT concerning school districts; relating to school finance; relating to certain weightings; amending K.S.A. 2005 Supp. 72-6413 and 72-6421 and repealing the existing sections.

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

Section 1. K.S.A. 2005 Supp. 72-6413 is hereby amended to read as follows: 72-6413. The program weighting of each district shall be determined by the state board as follows:

(a) Compute full time equivalent enrollment in programs of bilingual education and multiply the computed enrollment by .395;

(b) compute full time equivalent enrollment in approved vocational education programs and multiply the computed enrollment by $\frac{0.5}{.62}$.62;

(c) add the products obtained under (a) and (b). The sum is the program weighting of the district.

Sec. 2. K.S.A. 2005 Supp. 72-6421 is hereby amended to read as follows: 72-6421. (a) There is hereby established in every district a fund which shall be called the vocational education fund. All moneys received by a district for any course or program authorized and approved under the provisions of article 44 of chapter 72 of Kansas Statutes Annotated, except for courses and programs conducted in an area vocational school, shall be credited to the vocational education fund. All moneys received by the district from tuition, fees or charges or from any other source for vocational education courses or programs, except for courses and programs conducted in an area vocational school, shall be credited to the vocational education fund. ~~The--expenses of--a-district-directly-attributable-to-vocational-education~~ Only those expenses of a district directly attributable to vocational education courses offered at grade-levels 10, 11 or 12 for which the course-content is the same as the course-content of vocational educational courses offered at an area vocational-technical school, technical college or other postsecondary educational institution as defined by K.S.A. 74-3201b, and amendments thereto, shall be paid from the

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vocational education fund.

(b) Obligations of a district pursuant to lawful agreements made under K.S.A. 72-4421, and amendments thereto, shall be paid from the vocational education fund established by this section. If any such agreement expresses an obligation of a district in terms of a mill levy, such obligation shall be construed to mean an amount equal to that which would be produced by the levy.

(c) Any balance remaining in the vocational education fund at the end of the budget year shall be carried forward into the vocational education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the vocational education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

Sec. 3. K.S.A. 2005 Supp. 72-6413 and 72-6421 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

Senate Bill No. 3 established the capital outlay state aid program. The language in the bill was parallel to bond and interest state aid provision, but the bill also included an \$18 million appropriation for the program. Generally, there are two ways moneys get to the department, either by appropriation or by transfers from the state general fund. Senate Bill 3 did both. Under most state aid programs, it is by appropriation. For tracking and budgeting purposes, an appropriation is probably the better way to handle it. Either way the language needs to be clarified.

There is language in the appropriation bill to negate transfers in FY 2006 so the department will spend the money as appropriated by Senate Bill No. 3.

The proposed bill would amend the capital outlay state aid program so that it is funded by appropriation and not by transfer.

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HOUSE BILL NO. _____

By Select Committee on School Finance

AN ACT concerning school finance relating to capital outlay state aid; amending K.S.A. 2005 Supp. 72-8814 and repealing the existing section.

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

Section 1. K.S.A. 2005 Supp. 72-8814 is hereby amended to read as follows: 72-8814. (a) ~~There-is-hereby-established-in--the-state-treasury-the-school-district-capital-outlay-state-aid-fund--Such--fund-shall-consist-of-all-amounts-transferred-thereto-under-the-provisions-of-subsection-(c)-~~

(b) In each school year, each school district which levies a tax pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall be entitled to receive payment ~~from-the-school-district~~ for capital outlay state aid fund in an amount determined by the state board of education as provided in this subsection. The state board of education shall:

(1) Determine the amount of the assessed valuation per pupil (AVPP) of each school district in the state and round such amount to the nearest \$1,000. The rounded amount is the AVPP of a school district for the purposes of this section;

(2) determine the median AVPP of all school districts;

(3) prepare a schedule of dollar amounts using the amount of the median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

(4) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the median AVPP shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the

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median AVPP by one percentage point for each \$1,000 interval above the amount of the median AVPP, and increasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval below the amount of the median AVPP. The state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district, except that the state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 25%;

(5) determine the amount levied by each school district pursuant to K.S.A. 72-8801 et seq., and amendments thereto;

(6) multiply the amount computed under (5), but not to exceed 8 mills, by the applicable state aid percentage factor. The product is the amount of payment the school district is entitled to receive ~~from the school district~~ for capital outlay state aid fund in the school year.

~~(c)~~ (b) The state board shall certify to the director of accounts and reports the entitlements of school districts determined under the provisions of subsection ~~(b)~~ and an amount equal thereto shall be transferred by the director from the state general fund to the school district (a) for payment of capital outlay state aid fund ~~for distribution to~~ school districts in accordance with the provisions of appropriation acts.

~~(d)~~ (c) Payments ~~from the school district~~ for capital outlay state aid fund shall be distributed to school districts at times determined by the state board of education. The state board of education shall certify to the director of accounts and reports the amount due each school district entitled to payment ~~from the fund~~ of capital outlay state aid, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the capital outlay fund of the school district to be used for the purposes of such fund.

Sec. 2. K.S.A. 2005 Supp. 72-8814 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

HOUSE BILL NO. _____

By

AN ACT concerning school districts; relating to school finance; amending K.S.A. 2005 Supp. 72-6414a, 72-6414b, 72-6421, 72-6434, 72-8204c, 72-9509, 79-2926 and 79-2927a and repealing the existing sections.

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

New Section 1. It is the intent of this act to give school districts the greatest flexibility possible in the expenditure of moneys received by districts to carry out their duties under section 4 of article 6 of the constitution of the state of Kansas to maintain, develop and operate local public schools and to attain the public policy goal of the legislature to provide an opportunity for all pupils of the state of Kansas to meet standards established by the state board of education.

New Sec. 2. Whenever the state board of education determines that a school has failed to meet either the accreditation requirements established by rules and regulations or standards adopted by the state board or provide the curriculum required by state law, the state board shall so notify the school district in which the school is located. Such notice shall specify the accreditation requirements that the school has failed to meet and the curriculum required by state law that the school has failed to provide. Upon receipt of such notification, the board of education of such district shall reallocate resources to remedy all deficiencies identified by the state board.

Sec. 3. K.S.A. 2005 Supp. 72-6414a is hereby amended to read as follows: 72-6414a. (a) There is hereby established in every district a fund which shall be called the at-risk education fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. ~~Notwithstanding any other provision of law, all moneys received by the district from whatever source for at-risk assistance plans or programs shall be credited to the at-risk education fund established by this section.~~ The expenses of a district directly attributable to providing at-risk assistance or programs shall be paid from the at-risk education fund.

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(b) Any balance remaining in the at-risk education fund at the end of the budget year shall be carried forward into the at-risk education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the at-risk education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(c) Each year the board of education of each school district shall prepare and submit to the state board a report on the at-risk program or assistance provided by the district. Such report shall include information specifying the number of pupils who were served or provided assistance, the type of service provided, the research upon which the district relied in determining that a need for service or assistance existed, the results of providing such service or assistance and any other information required by the state board.

Sec. 4. K.S.A. 2005 Supp. 72-6414b is hereby amended to read as follows: 72-6414b. (a) There is hereby established in every district a fund which shall be called the preschool-aged at-risk education fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. ~~Notwithstanding any other provision of law, all moneys received by the district from whatever source for preschool-aged at-risk assistance plans or programs shall be credited to the preschool-aged at-risk education fund established by this section.~~ The expenses of a district directly attributable to providing preschool-aged at-risk assistance or programs shall be paid from the preschool-aged at-risk education fund.

(b) Any balance remaining in the preschool-aged at-risk education fund at the end of the budget year shall be carried forward into the preschool-aged at-risk education fund for

succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the preschool-aged at-risk education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(c) Each year the board of education of each school district shall prepare and submit to the state board a report on the preschool-aged at-risk program or assistance provided by the district. Such report shall include information specifying the number of pupils who were served or provided assistance, the type of service provided, the research upon which the district relied in determining that a need for service or assistance existed, the results of providing such service or assistance and any other information required by the state board.

Sec. 5. K.S.A. 2005 Supp. 72-6421 is hereby amended to read as follows: 72-6421. (a) There is hereby established in every district a fund which shall be called the vocational education fund. ~~All moneys received by a district for any course or program authorized and approved under the provisions of article 44 of chapter 72 of Kansas Statutes Annotated, except for courses and programs conducted in an area vocational school, shall be credited to the vocational education fund.~~ All moneys received by the district from tuition, fees or charges ~~or from any other source for vocational education courses or programs, except for courses and programs conducted in an area vocational school,~~ shall be credited to the vocational education fund. The expenses of a district directly attributable to vocational education shall be paid from the vocational education fund.

(b) Obligations of a district pursuant to lawful agreements made under K.S.A. 72-4421, and amendments thereto, shall be paid from the vocational education fund established by this section.

If any such agreement expresses an obligation of a district in terms of a mill levy, such obligation shall be construed to mean an amount equal to that which would be produced by the levy.

(c) Any balance remaining in the vocational education fund at the end of the budget year shall be carried forward into the vocational education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the vocational education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(d) Each year the board of education of each school district shall prepare and submit to the state board a report on the vocational education program and courses provided by the district. Such report shall include information specifying the number of pupils who were enrolled in the vocational education program and in each vocational education course offered by the district, an itemization of the cost of each vocational education course provided by the district, the research upon which the district relied in determining that a need for the course or program existed, the results of providing such course or program and any other information required by the state board.

Sec. 6. K.S.A. 2005 Supp. 72-6434 is hereby amended to read as follows: 72-6434. (a) In each school year, each district that has adopted a local option budget is eligible for entitlement to an amount of supplemental general state aid. Entitlement of a district to supplemental general state aid shall be determined by the state board as provided in this subsection. The state board shall:

- (1) Determine the amount of the assessed valuation per pupil in the preceding school year of each district in the state;
- (2) rank the districts from low to high on the basis of the

amounts of assessed valuation per pupil determined under (1);

(3) identify the amount of the assessed valuation per pupil located at the 81.2 percentile of the amounts ranked under (2);

(4) divide the assessed valuation per pupil of the district in the preceding school year by the amount identified under (3);

(5) subtract the ratio obtained under (4) from 1.0. If the resulting ratio equals or exceeds 1.0, the eligibility of the district for entitlement to supplemental general state aid shall lapse. If the resulting ratio is less than 1.0, the district is entitled to receive supplemental general state aid in an amount which shall be determined by the state board by multiplying the amount of the local option budget of the district by such ratio. The product is the amount of supplemental general state aid the district is entitled to receive for the school year.

(b) If the amount of appropriations for supplemental general state aid is less than the amount each district is entitled to receive for the school year, the state board shall prorate the amount appropriated among the districts in proportion to the amount each district is entitled to receive.

(c) The state board shall prescribe the dates upon which the distribution of payments of supplemental general state aid to school districts shall be due. Payments of supplemental general state aid shall be distributed to districts on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due each district, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the district. Upon receipt of the warrant, the treasurer of the district shall credit the amount thereof to the supplemental general fund of the district to be used for the purposes of such fund.

(d) If any amount of supplemental general state aid that is due to be paid during the month of June of a school year pursuant to the other provisions of this section is not paid on or before June 30 of such school year, then such payment shall be paid on

or after the ensuing July 1, as soon as moneys are available therefor. Any payment of supplemental general state aid that is due to be paid during the month of June of a school year and that is paid to school districts on or after the ensuing July 1 shall be recorded and accounted for by school districts as a receipt for the school year ending on the preceding June 30.

(e) Amounts paid as supplemental general state aid to school districts are hereby deemed to be foundational-level funds.

Sec. 7. K.S.A. 2005 Supp. 72-8204c is hereby amended to read as follows: 72-8204c. (a) Each year the board of education of a school district shall conduct a needs-assessment of each attendance center in the district. The needs-assessment shall be prepared in the manner and on forms prescribed by the state board. Based upon such needs-assessment, the board shall prepare a budget and a summary of the proposed budget. Such ~~The~~ budget and summary shall be in the form prescribed by the director pursuant to K.S.A. 79-2926, and amendments thereto.

(b) The budget and the summary of the proposed budget shall be on file at the administrative offices of the school district. Copies of such budget and summary shall be available upon request.

(c) The notice required to be published by K.S.A. 79-2929, and amendments thereto, shall include a statement that the budget and the summary of the proposed budget is on file at the administrative offices of the district and that copies of such budget and summary are available upon request.

Sec. 8. K.S.A. 2005 Supp. 72-9509 is hereby amended to read as follows: 72-9509. (a) There is hereby established in every school district a fund which shall be called the "bilingual education fund," which fund shall consist of all moneys deposited therein or transferred thereto according to law. ~~Notwithstanding any other provision of law, all moneys received by the school district from whatever source for bilingual education programs established under this act shall be credited to the fund established by this section.~~ The expenses of a district directly

attributable to such bilingual education programs shall be paid from the bilingual education fund.

(b) Any balance remaining in the bilingual education fund at the end of the budget year shall be carried forward into the bilingual education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the bilingual education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(c) Each year the board of education of each school district shall prepare and submit to the state board a report on the bilingual education program and assistance provided by the district. Such report shall include information specifying the number of pupils who were served or provided assistance, the type of service provided, the research upon which the district relied in determining that a need for service or assistance existed, the results of providing such service or assistance and any other information required by the state board.

Sec. 9. K.S.A. 2005 Supp. 79-2926 is hereby amended to read as follows: 79-2926. (a) Subject to the provisions of subsection (b), the director of accounts and reports shall prepare and prescribe forms for the annual budgets of all taxing subdivisions or municipalities of the state. Such forms shall show the information required by this act necessary and proper to disclose complete information as to the financial condition of such taxing subdivision or municipality, and the receipts and expenditures thereof, both past and anticipated.

(b) (1) ~~From---and---after--July--17--2004--and~~ Based upon recommendations by the state department of education, the director shall prepare and prescribe forms for the annual budget and a summary of the proposed budget of school districts. The

state department of education shall make such recommendations ~~after-considering-the-best-practices-and-standards-established-by-the-government-finance-officers-association-and--the--association-of--school-business-officials~~ based on budget reporting standards established by the legislative division of post audit.

(2) (A) The school district budget form shall include a separate table outlining the aggregate amount of expenditures for salaries and wages for the following categories:

- (i) Certified and noncertified administrators;
- (ii) persons employed full-time as teachers;
- (iii) other certified employees who are not employed full-time as teachers;
- (iv) classified employees;
- (v) other positions designated by the state department of education; and
- (vi) substitutes and other temporary employees.

(B) The school district budget form shall show the number of full-time employee positions specified in paragraph (A) of this subsection and the average salaries or wages for such positions.

(C) The school district budget form shall show any other information recommended by the state department of education.

(3) The summary of the proposed budget form shall include:

(A) An overview of the proposed budget of the school district and the budgetary process;

(B) a summary of the changes in the proposed budget from the previous budget year;

(C) a summary of the estimated expenditures to be made and revenues to be received in the ensuing budget year and the sources of such revenue;

(D) the internet website address for school building report cards compiled by the state department of education; and

(E) any other information specified by the state department of education.

(4) Nothing in this subsection (b) shall be construed as limiting the authority of school districts to develop and provide

material or information in addition to that required by the state department of education.

(5) The state department of education shall provide technical advice and assistance to school districts to insure compliance with the provisions of this section.

(c) All such budget and tax levy forms shall be printed by the division of printing in such quantity as required by the director. The director shall deliver the forms for school districts to the clerk of the board of education of each school district. The forms for all other taxing subdivisions or municipalities of the state shall be delivered by the director to the county clerk of each county, who shall deliver the same to the presiding officer of the governing body of the respective taxing subdivisions or municipalities within the county.

Sec. 10. K.S.A. 2005 Supp. 79-2927a is hereby amended to read as follows: 79-2927a. (a) When preparing the budget for a school district, the board of education of the district shall budget to expend only the amount estimated to be spent from each fund of the school district. The budget of the school district shall be based upon the needs-assessment required by K.S.A. 72-8204c, and amendments thereto.

(b) Except as provided by this subsection, any unexpended moneys remaining in a fund of a school district at the end of the budget year may be carried forward into such fund for succeeding budget years. The provisions of this subsection shall not apply to the general fund or the supplemental general fund of the school district.

(c) Whenever unexpended moneys in a school district fund are carried forward into such fund for the succeeding budget year, the budget of the school district shall reflect the ending balance in such fund which the school district estimates will be carried forward to the succeeding budget year.

(d) If the board of education determines it is necessary to expend moneys which had been budgeted to be carried forward into the next succeeding budget year, the board shall amend its

previously adopted budget. Any amended budget shall be subject to the same publication, notice and public hearing requirements as is required by K.S.A. 79-2929, and amendments thereto, for the adoption of the original budget.

Sec. 11. K.S.A. 2005 Supp. 72-6414a, 72-6414b, 72-6421, 72-6434, 72-8204c, 72-9509, 79-2926 and 79-2927a are hereby repealed.

Sec. 12. This act shall take effect and be in force from and after its publication in the statute book.

HOUSE BILL NO. _____

By

AN ACT concerning school districts; relating to school finance; relating to moneys appropriated to the state department of education.

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

Section 1. (a) For the purposes of determining the total amount of state funds paid to school districts, all amounts appropriated to the state department of education for the following purposes shall be deemed to be foundational-level:

- (1) Educable deaf/blind aid;
- (2) parent education;
- (3) KPERS school;
- (4) juvenile detention facilities;
- (5) school food assistance;
- (6) teaching excellence scholarships and awards;
- (7) discretionary grants;
- (8) mentor teacher grants;
- (9) professional development; and

(10) any other amounts appropriated to the department for distribution to school districts.

(b) For the purposes of determining the total amount of state funds paid to school districts, all amounts appropriated to the state board of regents for the following purposes shall be deemed to be foundational-level:

- (1) Teacher service scholarships;
- (2) special education teacher service scholarships; and
- (3) any other amounts appropriated to the state board of

regents for teacher education programs.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

Select Comm. on School Finance
Date 2-23-06
Attachment # 5

By Select Committee on School Finance

AN ACT concerning school districts; relating to school finance; amending K.S.A. 2005 Supp. 72-6407, 72-6410, 72-6414 and 72-6442b and repealing the existing sections.

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

New Section 1. (a) The density at-risk pupil weighting of each district shall be determined by the state board by multiplying the number of at-risk pupils included in enrollment of the district by .1 in fiscal year 2006-2007, .155 in fiscal year 2007-2008 and .242 in fiscal year 2008-2009. The product is the density at-risk pupil weighting of the district.

(b) The provisions of this section shall apply to any school district that has a per pupil density of 212.1 students per square mile and has a free lunch (poverty) factor of 35.1% or above.

New Sec. 2. There is hereby established a new categorical aid program: Bilingual scholarship program. Such program shall be administered by the state board. School districts shall apply to reimburse teachers for classroom work to become certified bilingual instructors. This program shall not be part of the school finance formula.

Sec. 3. K.S.A. 2005 Supp. 72-6407 is hereby amended to read as follows: 72-6407. (a) (1) "Pupil" means any person who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 maintained by the district or who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 in another district in accordance with an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto, or who is regularly enrolled in a district and attending special education services provided for preschool-aged exceptional children by the district.

(2) Except as otherwise provided in paragraph (3) of this subsection, a pupil in attendance full time shall be counted as one pupil. A pupil in attendance part time shall be counted as that proportion of one pupil (to the nearest 1/10) that the

pupil's attendance bears to full-time attendance. A pupil attending kindergarten shall be counted as 1/2 pupil. A pupil enrolled in and attending an institution of postsecondary education which is authorized under the laws of this state to award academic degrees shall be counted as one pupil if the pupil's postsecondary education enrollment and attendance together with the pupil's attendance in either of the grades 11 or 12 is at least 5/6 time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest 1/10) that the total time of the pupil's postsecondary education attendance and attendance in grade 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in and attending an area vocational school, area vocational-technical school or approved vocational education program shall be counted as one pupil if the pupil's vocational education enrollment and attendance together with the pupil's attendance in any of grades nine through 12 is at least 5/6 time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest 1/10) that the total time of the pupil's vocational education attendance and attendance in any of grades nine through 12 bears to full-time attendance. A pupil enrolled in a district and attending special education and related services, except special education and related services for preschool-aged exceptional children, provided for by the district shall be counted as one pupil. A pupil enrolled in a district and attending special education and related services for preschool-aged exceptional children provided for by the district shall be counted as 1/2 pupil. A preschool-aged at-risk pupil enrolled in a district and receiving services under an approved at-risk pupil assistance plan maintained by the district shall be counted as 1/2 pupil. A pupil in the custody of the secretary of social and rehabilitation services and enrolled in unified school district No. 259, Sedgwick county, Kansas, but housed, maintained, and receiving educational services at the Judge James V. Riddel Boys Ranch, shall be counted as two pupils.

(3) A pupil residing at the Flint Hills job corps center shall not be counted. A pupil confined in and receiving

educational services provided for by a district at a juvenile detention facility shall not be counted. A pupil enrolled in a district but housed, maintained, and receiving educational services at a state institution shall not be counted. A pupil enrolled in a virtual school in a district but who is not a resident of the state of Kansas shall not be counted.

(b) "Preschool-aged exceptional children" means exceptional children, except gifted children, who have attained the age of three years but are under the age of eligibility for attendance at kindergarten.

(c) "At-risk pupils" means pupils who are eligible for free meals under the national school lunch act and who are enrolled in a district which maintains an approved at-risk pupil assistance plan.

(d) "Preschool-aged at-risk pupil" means an at-risk pupil who has attained the age of four years, is under the age of eligibility for attendance at kindergarten, and has been selected by the state board in accordance with guidelines consonant with guidelines governing the selection of pupils for participation in head start programs.

(e) "Enrollment" means: (1) (A) Subject to the provisions of paragraph (1)(B), for districts scheduling the school days or school hours of the school term on a trimestral or quarterly basis, the number of pupils regularly enrolled in the district on September 20 plus the number of pupils regularly enrolled in the district on February 20 less the number of pupils regularly enrolled on February 20 who were counted in the enrollment of the district on September 20; and for districts not specified in this paragraph (1), the number of pupils regularly enrolled in the district on September 20; (B) a pupil who is a foreign exchange student shall not be counted unless such student is regularly enrolled in the district on September 20 and attending kindergarten or any of the grades one through 12 maintained by the district for at least one semester or two quarters or the equivalent thereof;

(2) if enrollment in a district in any school year has

decreased from enrollment in the preceding school year, enrollment of the district in the current school year means whichever is the greater of (A) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled, plus enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled, or (B) the sum of enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled and the average (mean) of the sum of (i) enrollment of the district in the current school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils are enrolled and (ii) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled and (iii) enrollment in the school year next preceding the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled; or

(3) the number of pupils as determined under K.S.A. 72-6447 or K.S.A. 2005 Supp. 72-6448, and amendments thereto.

(f) "Adjusted enrollment" means enrollment adjusted by adding at-risk pupil weighting, program weighting, low enrollment weighting, if any, correlation weighting, if any, declining enrollment weighting, if any, school facilities weighting, if any, ancillary school facilities weighting, if any, cost of living weighting, if any, special education and related services weighting, and transportation weighting to enrollment.

(g) "At-risk pupil weighting" means an addend component assigned to enrollment of districts on the basis of enrollment of at-risk pupils.

(h) "Program weighting" means an addend component assigned to enrollment of districts on the basis of pupil attendance in educational programs which differ in cost from regular educational programs.

(i) "Low enrollment weighting" means an addend component assigned to enrollment of districts having under 1,662 enrollment

on the basis of costs attributable to maintenance of educational programs by such districts in comparison with costs attributable to maintenance of educational programs by districts having 1,662 or over enrollment.

(j) "School facilities weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to commencing operation of new school facilities.

(k) "Transportation weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to the provision or furnishing of transportation.

(l) "Cost of living weighting" means an addend component assigned to enrollment of districts to which the provisions of K.S.A. 2005 Supp. 72-6449, and amendments thereto, apply on the basis of costs attributable to the cost of living in the district.

(m) "Ancillary school facilities weighting" means an addend component assigned to enrollment of districts to which the provisions of K.S.A. 72-6441, and amendments thereto, apply on the basis of costs attributable to commencing operation of new school facilities. Ancillary school facilities weighting may be assigned to enrollment of a district only if the district has levied a tax under authority of K.S.A. 72-6441, and amendments thereto, and remitted the proceeds from such tax to the state treasurer. Ancillary school facilities weighting is in addition to assignment of school facilities weighting to enrollment of any district eligible for such weighting.

(n) "Juvenile detention facility" means: (1) Any secure public or private facility which is used for the lawful custody of accused or adjudicated juvenile offenders and which shall not be a jail;

(2) any 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 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

(3) the Forbes Juvenile Attention Facility, the Sappa Valley Youth Ranch of Oberlin, Salvation Army/Koch Center Youth Services, the Clarence M. Kelley Youth Center, the Clarence M. Kelley Transitional Living Center, Trego County Secure Care Center, St. Francis Academy at Atchison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina, St. Francis Center at Salina, King's Achievement Center, and Liberty Juvenile Services and Treatment.

(o) "Special education and related services weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to provision of special education and related services for pupils determined to be exceptional children.

(p) "Virtual school" means any kindergarten or grades one through 12 course offered for credit that uses distance-learning technologies which predominantly use internet-based methods to deliver instruction and for which the course content is available on an "anytime, anyplace" basis, but the instruction occurs asynchronously with the teacher and pupil in separate locations, not necessarily located within a local education agency.

(q) "Declining enrollment weighting" means an addend component assigned to enrollment of districts to which the provisions of K.S.A. 2005 Supp. 72-6451, and amendments thereto, apply on the basis of reduced revenues attributable to the declining enrollment of the district.

(r) "~~Correlation-weighting~~" "High enrollment equalization factor" means an addend component assigned to enrollment of districts having ~~±7662~~ 1,632 or over enrollment in fiscal year 2006-2007, 1,602 or over enrollment in fiscal year 2007-2008 and 1,572 or over in fiscal year 2008-2009 on the basis of costs attributable to maintenance of educational programs by such districts as a correlate to low enrollment weighting assigned to enrollment of districts having under ~~±7662~~ 1,632 enrollment in fiscal year 2006-2007, under 1,602 in fiscal year 2007-2008 and under 1,572 in fiscal year 2008-2009.

(s) "Density at-risk pupil weighting" means an addend component assigned to enrollment of districts to which the provisions of section 1, and amendments thereto, apply.

Sec. 4. K.S.A. 2005 Supp. 72-6410 is hereby amended to read as follows: 72-6410. (a) "State financial aid" means an amount equal to the product obtained by multiplying base state aid per pupil by the adjusted enrollment of a district.

(b) "Base state aid per pupil" means an amount of state financial aid per pupil. Subject to the other provisions of this subsection, the amount of base state aid per pupil is ~~\$4,257~~ \$4,307 for fiscal year 2006-2007, \$4,356 for fiscal year 2007-2008 and \$4,441 for fiscal year 2008-2009. The amount of base state aid per pupil is subject to reduction commensurate with any reduction under K.S.A. 75-6704, and amendments thereto, in the amount of the appropriation from the state general fund for general state aid. If the amount of appropriations for general state aid is insufficient to pay in full the amount each district is entitled to receive for any school year, the amount of base state aid per pupil for such school year is subject to reduction commensurate with the amount of the insufficiency.

(c) "Local effort" means the sum of an amount equal to the proceeds from the tax levied under authority of K.S.A. 72-6431, and amendments thereto, and an amount equal to any unexpended and unencumbered balance remaining in the general fund of the district, except amounts received by the district and authorized to be expended for the purposes specified in K.S.A. 72-6430, and amendments thereto, and an amount equal to any unexpended and unencumbered balances remaining in the program weighted funds of the district, except any amount in the vocational education fund of the district if the district is operating an area vocational school, and an amount equal to any remaining proceeds from taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amendments thereto, prior to the repeal of such statutory sections, and an amount equal to the amount deposited in the general fund in the current school year from amounts received in such year by the district under the provisions of subsection (a)

of K.S.A. 72-1046a, and amendments thereto, and an amount equal to the amount deposited in the general fund in the current school year from amounts received in such year by the district pursuant to contracts made and entered into under authority of K.S.A. 72-6757, and amendments thereto, and an amount equal to the amount credited to the general fund in the current school year from amounts distributed in such year to the district under the provisions of articles 17 and 34 of chapter 12 of Kansas Statutes Annotated and under the provisions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated, and an amount equal to the amount of payments received by the district under the provisions of K.S.A. 72-979, and amendments thereto, and an amount equal to the amount of a grant, if any, received by the district under the provisions of K.S.A. 72-983, and amendments thereto, and an amount equal to 70% of the federal impact aid of the district.

(d) "Federal impact aid" means an amount equal to the federally qualified percentage of the amount of moneys a district receives in the current school year under the provisions of title I of public law 874 and congressional appropriations therefor, excluding amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program. The amount of federal impact aid defined herein as an amount equal to the federally qualified percentage of the amount of moneys provided for the district under title I of public law 874 shall be determined by the state board in accordance with terms and conditions imposed under the provisions of the public law and rules and regulations thereunder.

Sec. 5. K.S.A. 2005 Supp. 72-6414 is hereby amended to read as follows: 72-6414. (a) The at-risk pupil weighting of each district shall be determined by the state board by multiplying the number of at-risk pupils included in enrollment of the district by ~~±93~~ .27 for fiscal year 2006-2007, .37 for fiscal year 2007-2008 and .424 for fiscal year 2008-2009. The product is the at-risk pupil weighting of the district.

(b) Except as provided in subsection (d), of the amount a

district receives from the at-risk pupil weighting, an amount produced by a pupil weighting of .01 shall be used by the district for achieving mastery of basic reading skills by completion of the third grade in accordance with standards and outcomes of mastery identified by the state board under K.S.A. 72-7534, and amendments thereto.

(c) A district shall include such information in its at-risk pupil assistance plan as the state board may require regarding the district's remediation strategies and the results thereof in achieving the third grade reading standards and outcomes of mastery identified by the state board. The reporting requirements shall include information documenting remediation strategies and improvement made by pupils who performed below the expected standard on the second grade diagnostic reading test prescribed by the state board.

(d) A district whose pupils substantially achieve the state board standards and outcomes of mastery of reading skills upon completion of third grade may be released, upon request, by the state board from the requirements of subsection (b).

Sec. 6. K.S.A. 2005 Supp. 72-6442b is hereby amended to read as follows: ~~72-6442b. The correlation weighting of each district with 1,662 or over enrollment shall be determined by the state board as follows:~~

~~(a) Determine the schedule amount for a district with 1,662 enrollment as derived from the linear transition under (d) of K.S.A. 72-64127 and subtract the amount determined under (c) of K.S.A. 72-64127 and amendments thereto, from the schedule amount so determined;~~

~~(b) divide the remainder obtained under (a) by the amount determined under (c) of K.S.A. 72-64127 and amendments thereto, and multiply the quotient by the enrollment of the district in the current school year. The product is the correlation weighting of the district.~~ (a) For fiscal year 2006-2007, the high enrollment equalization factor of each district with 1,632 or over enrollment shall be determined by the state board as follows:

(1) Determine the schedule amount for a district with 1,632 enrollment as derived from the linear transition under (d) of K.S.A. 72-6412, and amendments thereto, and subtract the amount determined under (c) of K.S.A. 72-6412, and amendments thereto, from the schedule amount so determined;

(2) divide the remainder obtained under (1) by the amount determined under (c) of K.S.A. 72-6412, and amendments thereto, and multiply the quotient by the enrollment of the district in the current school year. The product is the high enrollment equalization factor of the district.

(b) For fiscal year 2007-2008, the high enrollment equalization factor of each district with 1,602 or over enrollment shall be determined by the state board as follows:

(1) Determine the schedule amount for a district with 1,602 enrollment as derived from the linear transition under (d) of K.S.A. 72-6412, and amendments thereto, and subtract the amount determined under (c) of K.S.A. 72-6412, and amendments thereto, from the schedule amount so determined;

(2) divide the remainder obtained under (1) by the amount determined under (c) of K.S.A. 72-6412, and amendments thereto, and multiply the quotient by the enrollment of the district in the current school year. The product is the high enrollment equalization factor of the district.

(c) For fiscal year 2008-2009, the high enrollment equalization factor of each district with 1,572 or over enrollment shall be determined by the state board as follows:

(1) Determine the schedule amount for a district with 1,572 enrollment as derived from the linear transition under (d) of K.S.A. 72-6412, and amendments thereto, and subtract the amount determined under (c) of K.S.A. 72-6412, and amendments thereto, from the schedule amount so determined;

(2) divide the remainder obtained under (1) by the amount determined under (c) of K.S.A. 72-6412, and amendments thereto, and multiply the quotient by the enrollment of the district in the current school year. The product is the high enrollment equalization factor of the district.

Sec. 7. K.S.A. 2005 Supp. 72-6407, 72-6410, 72-6414 and 72-6442b are hereby repealed.

Sec. 8. This act shall take effect and be in force from and after its publication in the statute book.

Three Year School Finance Plan

Program	1st Year		2nd Year		3rd Year	
	FY 2006-07	New Funding	FY 2007-08	New Funding	FY 2008-09	New Funding
Base State Aid Per Pupil Inc. 1st yr - \$4,257 to \$4,307 2nd yr - \$4,307 to \$4,356 3rd yr. - \$4,356 - \$4,441	\$50	\$ 28,437,445	\$49	\$ 28,831,589	\$35	20,000,000 \$5 \$ 52,409,547
Regular At-Risk Weighting 1 st yr. 0.193 to 0.27 2nd yr. - 0.27 to 0.37 3rd yr. - 0.37 to .424 .484	0.077	\$ 46,924,534	0.1	\$ 60,763,503	0.14	64,251,637 0.054 \$ 31,845,090
New Density At-Risk: based on density of 212.1 students per sq. mile and poverty of 35.1% and above. Districts: USD 259, Wichita USD 308, Hutchinson USD 453, Leavenworth USD 500, Kansas City USD 501, Topeka USD202, Turner-Kansas City factor 0.1 2nd yr. - 0.100 to 0.155 3rd yr. 0.155 to 0.242	0.1	\$ 22,245,655	0.055	\$ 12,627,392	0.087	\$ 19,573,904
High Enrollment Equalization Factor 1st yr. 0.02145 to 0.031641 2nd yr. 0.031641 to 0.041835 3rd yr. 0.041835 to 0.052026	1,662 to 1,632 students	\$ 14,200,000	1,632 to 1,602 students	\$ 14,150,000	1,602 to 1,572 students	\$ 14,240,000
Regular Increase In Special Ed.		\$ 30,300,000		\$ 25,500,000		\$ 27,500,000
Subtotal		\$ 142,107,634		\$141,872,484		\$ 145,568,547
Current Law Inc. LOB		\$ 19,800,000		\$ 9,900,000		\$ 13,746,441
LOB Impact		\$ 12,972,297		\$ 13,355,237		\$ 500,000
Bilingual Scholarship		\$ 500,000		\$ 500,000		\$ 500,000
Total		\$ 175,379,931		\$165,627,721		\$ 159,814,988

Select Comm. on School Finance
Date 2-23-06
Attachment # 7