

MINUTES OF THE HOUSE EDUCATION COMMITTEE

The meeting was called to order by Chairman Clay Aurand at 9:00 a.m. on March 2, 2010, in Room 711 of the Docking State Office Building.

All members were present except:

Representative Melvin Neufeld- excused

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes
Sharon Wenger, Kansas Legislative Research Department
Amanda Nguyen, Kansas Legislative Research Department
Dale Dennis, Kansas State Department of Education
Janet Henning, Committee Assistant

Conferees appearing before the Committee:

Dr. Reginald Robinson, President and CEO, Kansas Board of Regents
Doug Mays, Bridgepoint Education, Inc.
Laurel Murdie, Principal Auditor, Kansas Legislative Post Audit

Chairman Aurand told Committee members that he was going to continue to schedule various committee members to "Chair" the Education Committee similar to the "Committee of the Whole" in the House chambers. Chairman Aurand stated this would again be done on a seniority basis and would continue from the previous year by designating Representative Bill Otto as the "Acting Chairman".

HB 2704 - School districts; low enrollment weighting in districts have an area of less than 200 square miles

Acting Chairman Otto gave an explanation and distributed handout material which included a balloon amendment he will offer if the Committee decides to work **HB 2704**. (Attachments 1, 2, 3, and 4)

SB 485 - Private and out-of-state postsecondary educational institution act; state board of regents, powers; reporting requirements; penalties; student complaints

Dr. Reginald Robinson, President and CEO, Kansas Board of Regents, spoke to Committee members in support of **SB 485**. Dr. Robinson told Committee members this bill proposes revisions to the statutes that the Board of Regents implements through its Private Postsecondary Division. He told Committee members the Division's principal responsibility is to regulate private postsecondary sector institutions. The regulation involves activities of authorizing private or out-of-state postsecondary institutions to operate in Kansas, reviewing new programs offered by these schools, annually evaluating institutions and programs for renewal purposes, and investigating complaints leveled against these schools.

Dr. Robinson told Committee members the proposed revisions would amend Private Postsecondary statutes by:

- Requiring the review of branch locations in Kansas
- Changing the application and renewal time frames
- Clarifying the types of degrees that require certificates of approval
- Providing for greater penalties for violations of the Private Postsecondary Act
- Requiring data to be reported by regulated institutions
- Requiring the schools to post their student complaint process
- Revising the fee structure

Dr. Robinson stated the requested fee changes would add new categories and increase the

CONTINUATION SHEET

Minutes of the House Education Committee at 9:00 a.m. on March 2, 2010, in Room 711 of the Docking State Office Building.

maximum amounts that may be charged with those individual categories. He told Committee members the Private Postsecondary Division currently employs two individuals. The current workload for that division has required the Division to engage temporary staff assistance throughout most of the year. If this legislation is enacted, the Division expects to add an additional three employees over the next five years.

Dr. Robinson told Committee members the implementation of the proposed fee changes will enable the Division to operate on a business model, tracking all costs to operate, and setting fees at a level that will cover those costs and eliminate the current reliance on State General Funds to cover both direct and indirect costs. (Attachment 5)

Doug Mays, Bridgepoint Education, Inc spoke to Committee members as a proponent of **SB 485**. Mr. Mays told Committee members the bill gives the Board of Regents regulatory authority to maintain the quality of education Kansans deserve.

A question and answer session followed the presentation.

Acting Chairman Otto closed the hearing on **SB 485**.

K-12 Education: Reviewing Issues Related to Catastrophic Funding for Special Education

Laurel Murdie, Principal Auditor, Kansas Legislative Post Audit (LPA), gave an overview of the Legislative Post Audit report entitled ***K-12 Education: Reviewing Issues Related to Catastrophic Funding for Special Education***.

Ms. Murdie told Committee members the 2010 Commission members became concerned about the recent dramatic increases in special education catastrophic aid claims. Specifically, they were concerned that districts may not have been including the same types of costs when applying for catastrophic aid and wanted to know what might happen to catastrophic claims if the law isn't changed.

Ms. Murdie told Committee members the question was asked: "Why has the number of "catastrophic" special education claims increased in recent years and how many claims are likely over the next several years?" The audit answer and key findings were:

- Claims submitted to cover the "catastrophic" costs for very expensive special education students jumped from 276 to 758 between 2008 and 2009 and catastrophic aid jumped from \$6 million to \$12 million.
- Districts submitted claims only for their very expensive students who required full-time teachers, expensive contracted services, etc. The big increase in 2009 occurred mostly because the Shawnee Mission school district decided to prorate costs for all its special education students, even its less expensive ones. In recent years, several other large districts also began prorating costs for their most expensive students.
- If the law doesn't change for 2009-10 and if all districts and cooperatives were to follow Shawnee Mission's practice of prorating costs and submitting all the claims they could, LPA estimated claims would jump to 5,500 and aid to nearly \$48 million for 2009-10. The worst cast scenario represents a 625% increase over the claims filed in 2008-09.
- Proposed changes to the requirements for qualifying for catastrophic aid - including

CONTINUATION SHEET

Minutes of the House Education Committee at 9:00 a.m. on March 2, 2010, in Room 711 of the Docking State Office Building.

raising the threshold for qualifying, and requiring districts to deduct the State special education aid they already receive when calculating catastrophic costs, would reduce catastrophic aid claims significantly.

Legislative Post Audit recommended the Legislature increase the \$25,000 threshold amount, adjust it for inflation in the future, and require districts and cooperatives to deduct the State special education aid they've already received for a student (transportation and teacher aid) when calculating costs for catastrophic aid. (On file - Legislative Division of Post Audit, October 2009) (Attachments 6 and 7)

A question and answer followed the presentation.

The meeting was adjourned at 10:40 a.m. The next meeting is scheduled for March 3, 2010.

What I would like to do with HB 2704.

#1 Keep the part that allows more than two districts to consolidate.

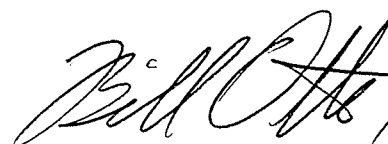
#2 Accept the fact that there is a level that it becomes very expensive to operate a school district, However 400 students is a bad level. When we look at schools larger than 200 and less than 400 I see many schools that spend less per student than other schools. Many schools in this size range are actually below the average cost per student. When we get to below 200 students then it is a different matter with \$17,000 or more as common. When faced with the facts I can see a reason for not increasing per student funding below 200 students. I do not see square miles as a factor either because districts that are smaller are often close to neighbors that are small and are taking advantage of cooperative programs to keep costs down, but for the sake of education it gets harder to keep a quality education program going below that level. So I would eliminate the 200 square miles and drop the 400 students to 200 students.

#3. We should find a way to fund schools at a level that will not raise taxes on the average person in Kansas and do it with a pot of money from persons that have been enjoying a level of property tax that would shock many. Property tax rates now range from less than 25 mills to just a little over 50 mills, and this only includes general fund and LOB. My proposal will give us a tax rate from 35 mills to a high of 47 mills and will result in the average Kansas taxpayer paying nothing more. The 38 districts below 35 mills now will pay more, and most are very rich and can afford to pay more. Well over 100 districts would get a tax cut with several more districts that could give a tax cut if their local board chose to. We have no more general fund money to give to schools to allow tax cuts for rich school districts. By raising the state wide mill levy from 20 to 35 mills, increasing the equalization rate from 80% to 90% this can be a huge benefit to the state.

#4 Raise the base to the statute level of \$4,492, so that we can stay out of court. And cut the maximum LOB to 22%

#5 The problem with my plan is that some schools will not be able to spend next year, what they spent last year. I HAVE NOT allowed for this on my print out, it only covers points 2, 3, & 4. I would then allow schools who could not spend what they did this year to have an un-equalized LOB cap of 3% more. This will help both the big spending larger districts and the big spending small schools. The first year I would allow it with just board action, but after that to keep it would require resolution, subject to protest and possible election.

#6 This proposal solves full funding of schools, without a general tax increase, and does not draw down any more on the State General Fund. Win, Win, Win. The important columns are #9 that is how much more a district could spend over this year and #17 a negative number shows taxes going down. If you look at USD 256 Moran you might think they will spend the \$280,421 more, but to get it they would raise taxes 8.61 mills, because they have never maxed their LOB in the past do not think they will now either. Look at Parsons for 2.3 mills taxes could spend over a half million, my guess no tax increase.


9th
House Education
3-2-10
Bill Otto attachment 1

COLUMN EXPLANATION

- Column 1 -- September 20, 2009 FTE enrollment
- 2 -- 2009-10 Estimated computed general fund budget at \$4,012
- 3 -- 2009-10 Estimated revised computed general fund budget at \$4,492
- 4 -- 2009-10 Estimated general fund budget increase
- 5 -- 2009-10 Estimated adopted local option budget
- 6 -- 2009-10 Estimated revised local option budget at 22 percent of general fund
- 7 -- 2009-10 Local option budget or revised amount whichever is lower
(Column 5 or 6)
- 8 -- 2009-10 Estimated decrease in local option budget authority
(Column 7 - 5)
- 9 -- 2009-10 Estimated increase in spending authority (Column 4 - 8)
- 10 -- 2009-10 Estimated local option budget state aid revised—90.3% equalized
- 11 -- 2009-10 Estimated general fund mill rate
- 12 -- 2009-10 Estimated local option budget mill rate
- 13 -- 2009-10 Estimated total mill rate (Column 11 + 12)
- 14 -- 2009-10 Proposed general fund mill rate
- 15 -- 2009-10 Proposed local option budget mill rate
- 16 -- 2009-10 Proposed total mill rate (Column 14 + 15)
- 17 -- Difference (Column 16 - 13)

This is the true spending per student counting all funds. Bill Otto Bill Otto 9th District

2/11/2010 EDLG0164			Col 1	Col 2	Col 3
			2008-2009	2008-2009	2008-2009
USD#	COUNTY NAME	USD NAME	FTE Enroll.	Total Expenditures	Total Expend Per Pupil
D0101	NEOSHO	ERIE	547.3	8,198,127	14,979
D0102	GRAY	CIMARRON-ENSIGN	650.0	7,414,710	11,407
D0103	CHEYENNE	CHEYLIN	130.5	2,196,808	16,834
D0105	RAWLINS	RAWLINS COUNTY	317.5	4,171,530	13,139
D0106	NESS	WESTERN PLAINS	160.2	2,279,757	14,231
D0107	JEWELL	ROCK HILLS	265.0	4,159,853	15,698
D0108	WASHINGTON	WASHINGTON CO.SCHOOLS	400.5	5,739,980	14,332
D0109	REPUBLIC	REPUBLIC COUNTY	480.0	6,227,978	12,975
D0110	PHILLIPS	THUNDER RIDGE SCHOOLS	235.0	4,014,325	17,082
D0111	DONIPHAN	DONIPHAN WEST SCHOOL	377.4	6,141,110	16,272
D0200	GREELEY	GREELEY COUNTY	211.0	3,041,809	14,416
D0202	WYANDOTTE	TURNER-KANSAS CITY	3,853.7	49,032,002	12,723
D0203	WYANDOTTE	PIPER-KANSAS CITY	1,581.5	15,875,150	10,038
D0204	WYANDOTTE	BONNER SPRINGS	2,279.6	27,039,642	11,862
D0205	BUTLER	BLUESTEM	582.9	8,098,775	13,894
D0206	BUTLER	REMINGTON-WHITEWATER	511.8	6,690,215	13,072
D0207	LEAVENWORTH	FT LEAVENWORTH	1,859.4	19,931,670	10,719
D0208	TREGO	WAKEENEY	443.0	5,724,878	12,923
D0209	STEVENS	MOSCOW PUBLIC SCHOOLS	208.7	3,696,584	17,712
D0210	STEVENS	HUGOTON PUBLIC SCHOOLS	947.7	12,288,555	12,967
D0211	NORTON	NORTON COMMUNITY SCHOOLS	684.0	7,201,152	10,528
D0212	NORTON	NORTHERN VALLEY	206.5	3,067,359	14,854
D0213	NORTON	WEST SOLOMON VALLEY SCHOOLS	37.7	827,644	21,953
D0214	GRANT	ULYSSES	1,591.0	18,646,900	11,720
D0215	KEARNY	LAKIN	637.0	8,789,490	13,798
D0216	KEARNY	DEERFIELD	278.0	4,443,901	15,985
D0217	MORTON	ROLLA	200.0	3,779,410	18,897
D0218	MORTON	ELKHART	676.3	8,223,191	12,159
D0219	CLARK	MINNEOLA	271.0	3,619,231	13,355
D0220	CLARK	ASHLAND	217.2	3,011,839	13,867
D0223	WASHINGTON	BARNES	336.6	5,063,282	15,042
D0224	WASHINGTON	CLIFTON-CLYDE	292.5	3,559,758	12,170
D0225	MEADE	FOWLER	162.0	2,547,338	15,724
D0226	MEADE	MEADE	458.9	6,089,448	13,270
D0227	HODGEMAN	JETMORE	251.5	3,926,990	15,614
D0228	HODGEMAN	HANSTON	72.5	1,291,061	17,808
D0229	JOHNSON	BLUE VALLEY	19,939.4	267,411,458	13,411
D0230	JOHNSON	SPRING HILL	2,224.7	24,897,038	11,191
D0231	JOHNSON	GARDNER-EDGERTON-ANTIOCH	4,332.4	56,620,375	13,069
D0232	JOHNSON	DESOTO	6,070.0	70,939,085	11,687
D0233	JOHNSON	OLATHE	25,190.1	310,851,747	12,340
D0234	BOURBON	FORT SCOTT	1,947.5	19,556,723	10,042
D0235	BOURBON	UNIONTOWN	433.4	5,618,172	12,963
D0237	SMITH	SMITH CENTER	446.0	6,040,952	13,545
D0239	OTTAWA	NORTH OTTAWA COUNTY	602.9	6,986,929	11,589
D0240	OTTAWA	TWIN VALLEY	610.5	8,698,938	14,249
D0241	WALLACE	WALLACE COUNTY SCHOOLS	193.5	2,854,871	14,754
D0242	WALLACE	WESKAN	98.0	1,721,555	17,567
D0243	COFFEY	LEBO-WAVERLY	547.0	6,414,609	11,727
D0244	COFFEY	BURLINGTON	820.4	12,063,141	14,704
D0245	COFFEY	LEROY-GRIDLEY	259.5	3,680,400	14,183
D0246	CRAWFORD	NORTHEAST	527.5	7,099,742	13,459
D0247	CRAWFORD	CHEROKEE	706.5	8,797,176	12,452
D0248	CRAWFORD	GIRARD	996.5	11,079,016	11,118

House Education
Attachment 3
SF0079.xlsx

	2/11/2010		Col 1	Col 2	Col 3
	EDLG0164			2008-2009	2008-2009
			2008-2009	Total	Total Expend
USD#	COUNTY NAME	USD NAME	FTE Enroll.	Expenditures	Per Pupil
D0249	CRAWFORD	FRONTENAC PUBLIC SCHOOLS	827.5	8,577,249	10,365
D0250	CRAWFORD	PITTSBURG	2,638.1	30,628,087	11,610
D0251	LYON	NORTH LYON COUNTY	513.0	6,634,736	12,933
D0252	LYON	SOUTHERN LYON COUNTY	511.3	7,372,389	14,419
D0253	LYON	EMPORIA	4,307.1	62,150,932	14,430
D0254	BARBER	BARBER COUNTY NORTH	500.5	6,532,906	13,053
D0255	BARBER	SOUTH BARBER	220.5	3,338,266	15,140
D0256	ALLEN	MARMATON VALLEY	321.0	4,133,416	12,877
D0257	ALLEN	IOLA	1,392.5	16,365,956	11,753
D0258	ALLEN	HUMBOLDT	493.0	6,946,157	14,090
D0259	SEDGWICK	WICHITA	45,579.7	563,837,269	12,370
D0260	SEDGWICK	DERBY	6,262.3	67,593,484	10,794
D0261	SEDGWICK	HAYSVILLE	4,647.8	51,896,247	11,166
D0262	SEDGWICK	VALLEY CENTER PUBLIC SCHOOLS	2,523.3	26,534,168	10,516
D0263	SEDGWICK	MULVANE	1,817.0	18,557,951	10,214
D0264	SEDGWICK	CLEARWATER	1,280.7	13,688,948	10,689
D0265	SEDGWICK	GODDARD	4,809.8	52,113,900	10,835
D0266	SEDGWICK	MAIZE	6,327.9	66,644,353	10,532
D0267	SEDGWICK	RENWICK	1,927.8	20,684,242	10,729
D0268	SEDGWICK	CHENEY	777.3	8,867,720	11,408
D0269	ROOKS	PALCO	164.0	2,632,853	16,054
D0270	ROOKS	PLAINVILLE	381.9	4,852,303	12,706
D0271	ROOKS	STOCKTON	297.1	4,353,867	14,655
D0272	MITCHELL	WACONDA	357.4	4,639,040	12,980
D0273	MITCHELL	BELOIT	713.9	13,558,961	18,993
D0274	LOGAN	OAKLEY	411.7	4,897,793	11,897
D0275	LOGAN	TRIPLAINS	86.5	1,617,130	18,695
D0281	GRAHAM	HILL CITY	365.6	4,883,318	13,357
D0282	ELK	WEST ELK	355.2	7,251,847	20,416
D0283	ELK	ELK VALLEY	185.0	2,514,628	13,593
D0284	CHASE	CHASE COUNTY	417.5	5,733,971	13,734
D0285	CHAUTAUQUA	CEDAR VALE	139.5	2,639,278	18,920
D0286	CHAUTAUQUA	CHAUTAUQUA COUNTY COMMUNITY	364.0	4,503,783	12,373
D0287	FRANKLIN	WEST FRANKLIN	699.0	8,185,404	11,710
D0288	FRANKLIN	CENTRAL HEIGHTS	543.0	6,776,851	12,480
D0289	FRANKLIN	WELLSVILLE	836.0	9,880,022	11,818
D0290	FRANKLIN	OTTAWA	2,411.9	27,838,027	11,542
D0291	GOVE	GRINNELL PUBLIC SCHOOLS	81.5	1,308,997	16,061
D0292	GOVE	WHEATLAND	112.5	2,018,599	17,943
D0293	GOVE	QUINTER PUBLIC SCHOOLS	261.0	3,921,953	15,027
D0294	DECATUR	OBERLIN	366.2	5,008,087	13,676
D0297	CHEYENNE	ST FRANCIS COMMUNITY SCHOOLS	297.5	3,608,404	12,129
D0298	LINCOLN	LINCOLN	337.0	4,433,892	13,157
D0299	LINCOLN	SYLVAN GROVE	144.6	2,032,805	14,058
D0300	COMANCHE	COMANCHE COUNTY	307.0	4,321,653	14,077
D0303	NESS	NESS CITY	274.5	2,929,502	10,672
D0305	SALINE	SALINA	6,959.3	113,770,681	16,348
D0306	SALINE	SOUTHEAST OF SALINE	679.6	7,360,842	10,831
D0307	SALINE	ELL-SALINE	451.0	5,605,615	12,429
D0308	RENO	HUTCHINSON PUBLIC SCHOOLS	4,542.4	56,098,547	12,350
D0309	RENO	NICKERSON	1,139.4	13,117,503	11,513
D0310	RENO	FAIRFIELD	303.7	4,923,675	16,212
D0311	RENO	PRETTY PRAIRIE	269.4	3,747,441	13,910
D0312	RENO	HAVEN PUBLIC SCHOOLS	992.5	12,187,086	12,279

	2/11/2010		Col 1	Col 2	Col 3
	EDLG0164			2008-2009	2008-2009
			2008-2009	Total	Total Expend
USD#	COUNTY NAME	USD NAME	FTE Enroll.	Expenditures	Per Pupil
D0313	RENO	BUHLER	2,145.5	24,157,515	11,260
D0314	THOMAS	BREWSTER	91.5	1,517,482	16,585
D0315	THOMAS	COLBY PUBLIC SCHOOLS	926.4	10,231,495	11,044
D0316	THOMAS	GOLDEN PLAINS	189.4	2,686,110	14,182
D0320	POTTAWATOMIE	WAMEGO	1,292.0	18,942,421	14,661
D0321	POTTAWATOMIE	KAW VALLEY	1,122.0	15,338,501	13,671
D0322	POTTAWATOMIE	ONAGA-HAVENSVILLE-WHEATON	317.5	4,009,120	12,627
D0323	POTTAWATOMIE	ROCK CREEK	813.7	8,960,666	11,012
D0325	PHILLIPS	PHILLIPSBURG	655.0	8,198,221	12,516
D0326	PHILLIPS	LOGAN	167.5	2,546,001	15,200
D0327	ELLSWORTH	ELLSWORTH	639.6	6,923,973	10,825
D0328	ELLSWORTH	LORRAINE	453.0	5,925,253	13,080
D0329	WABAUNSEE	MILL CREEK VALLEY	463.1	6,439,713	13,906
D0330	WABAUNSEE	MISSION VALLEY	475.0	6,707,023	14,120
D0331	KINGMAN	KINGMAN-NORWICH	1,033.3	12,636,942	12,230
D0332	KINGMAN	CUNNINGHAM	176.5	2,759,524	15,635
D0333	CLOUD	CONCORDIA	1,062.1	18,063,168	17,007
D0334	CLOUD	SOUTHERN CLOUD	231.5	3,085,184	13,327
D0335	JACKSON	NORTH JACKSON	360.0	4,697,320	13,048
D0336	JACKSON	HOLTON	1,052.3	17,273,738	16,415
D0337	JACKSON	ROYAL VALLEY	912.8	11,103,393	12,164
D0338	JEFFERSON	VALLEY FALLS	409.3	5,051,196	12,341
D0339	JEFFERSON	JEFFERSON COUNTY NORTH	488.0	6,716,666	13,764
D0340	JEFFERSON	JEFFERSON WEST	916.0	10,725,028	11,709
D0341	JEFFERSON	OSKALOOSA PUBLIC SCHOOLS	523.6	6,535,780	12,482
D0342	JEFFERSON	MCLOUTH	516.7	6,083,455	11,774
D0343	JEFFERSON	PERRY PUBLIC SCHOOLS	929.2	12,235,950	13,168
D0344	LINN	PLEASANTON	359.0	4,265,665	11,882
D0345	SHAWNEE	SEAMAN	3,467.7	38,232,805	11,025
D0346	LINN	JAYHAWK	525.9	6,303,990	11,987
D0347	EDWARDS	KINSLEY-OFFERLE	302.6	4,504,352	14,885
D0348	DOUGLAS	BALDWIN CITY	1,359.4	14,829,958	10,909
D0349	STAFFORD	STAFFORD	266.7	4,382,417	16,432
D0350	STAFFORD	ST JOHN-HUDSON	362.7	4,772,741	13,159
D0351	STAFFORD	MACKSVILLE	301.9	3,575,825	11,844
D0352	SHERMAN	GOODLAND	906.4	9,930,143	10,956
D0353	SUMNER	WELLINGTON	1,642.9	19,152,675	11,658
D0354	BARTON	CLAFLIN	222.1	2,953,956	13,300
D0355	BARTON	ELLINWOOD PUBLIC SCHOOLS	425.7	5,396,678	12,677
D0356	SUMNER	CONWAY SPRINGS	528.4	6,886,222	13,032
D0357	SUMNER	BELLE PLAINE	691.3	9,257,458	13,391
D0358	SUMNER	OXFORD	340.6	5,070,345	14,887
D0359	SUMNER	ARGONIA PUBLIC SCHOOLS	186.5	2,536,917	13,603
D0360	SUMNER	CALDWELL	221.0	3,620,757	16,384
D0361	HARPER	ANTHONY-HARPER	818.2	10,205,145	12,473
D0362	LINN	PRAIRIE VIEW	933.5	13,782,118	14,764
D0363	FINNEY	HOLCOMB	865.0	11,714,591	13,543
D0364	MARSHALL	MARYSVILLE	740.0	11,752,102	15,881
D0365	ANDERSON	GARNETT	1,107.2	12,331,068	11,137
D0366	WOODSON	WOODSON	399.0	5,285,637	13,247
D0367	MIAMI	OSAWATOMIE	1,121.0	14,165,106	12,636
D0368	MIAMI	PAOLA	2,027.9	35,580,717	17,546
D0369	HARVEY	BURRTON	244.7	3,428,423	14,011
D0371	GRAY	MONTEZUMA	214.9	3,375,216	15,706

	2/11/2010		Col 1	Col 2	Col 3
	EDLG0164			2008-2009	2008-2009
			2008-2009	Total	Total Expend
USD#	COUNTY NAME	USD NAME	FTE Enroll.	Expenditures	Per Pupil
D0372	SHAWNEE	SILVER LAKE	716.4	8,395,900	11,720
D0373	HARVEY	NEWTON	3,383.4	46,065,389	13,615
D0374	HASKELL	SUBLETTE	461.4	6,838,911	14,822
D0375	BUTLER	CIRCLE	1,593.8	17,172,447	10,775
D0376	RICE	STERLING	523.6	6,535,356	12,482
D0377	ATCHISON	ATCHISON CO COMM SCHOOLS	683.6	8,324,034	12,177
D0378	RILEY	RILEY COUNTY	646.3	8,356,925	12,930
D0379	CLAY	CLAY CENTER	1,358.4	18,839,274	13,869
D0380	MARSHALL	VERMILLION	525.0	6,228,852	11,864
D0381	FORD	SPEARVILLE	352.0	4,007,964	11,386
D0382	PRATT	PRATT	1,089.4	14,291,812	13,119
D0383	RILEY	MANHATTAN	5,840.7	63,522,702	10,876
D0384	RILEY	BLUE VALLEY	198.9	3,268,993	16,435
D0385	BUTLER	ANDOVER	4,538.3	50,816,855	11,197
D0386	GREENWOOD	MADISON-VIRGIL	226.5	2,889,774	12,758
D0387	WILSON	ALTOONA-MIDWAY	179.5	2,809,432	15,651
D0388	ELLIS	ELLIS	367.6	4,652,240	12,656
D0389	GREENWOOD	EUREKA	598.5	8,193,699	13,690
D0390	GREENWOOD	HAMILTON	99.5	1,537,085	15,448
D0392	OSBORNE	OSBORNE COUNTY	335.3	4,428,896	13,209
D0393	DICKINSON	SOLOMON	389.6	4,383,646	11,252
D0394	BUTLER	ROSE HILL PUBLIC SCHOOLS	1,660.4	16,793,921	10,114
D0395	RUSH	LACROSSE	299.5	3,695,466	12,339
D0396	BUTLER	DOUGLASS PUBLIC SCHOOLS	776.5	9,179,039	11,821
D0397	MARION	CENTRE	229.2	3,231,618	14,100
D0398	MARION	PEABODY-BURNS	335.0	4,718,992	14,087
D0399	RUSSELL	PARADISE	125.6	2,561,461	20,394
D0400	MCPHERSON	SMOKY VALLEY	1,016.4	12,214,252	12,017
D0401	RICE	CHASE	140.5	2,487,280	17,703
D0402	BUTLER	AUGUSTA	2,141.1	21,865,825	10,212
D0403	RUSH	OTIS-BISON	171.3	2,653,800	15,492
D0404	CHEROKEE	RIVERTON	827.5	9,966,405	12,044
D0405	RICE	LYONS	737.1	13,097,198	17,769
D0406	DONIPHAN	WATHENA	401.0	4,257,812	10,618
D0407	RUSSELL	RUSSELL COUNTY	923.2	10,445,492	11,314
D0408	MARION	MARION-FLORENCE	597.8	7,234,405	12,102
D0409	ATCHISON	ATCHISON PUBLIC SCHOOLS	1,580.0	20,471,267	12,956
D0410	MARION	DURHAM-HILLSBORO-LEHIGH	590.8	7,780,408	13,169
D0411	MARION	GOESSEL	245.3	3,480,750	14,190
D0412	SHERIDAN	HOXIE COMMUNITY SCHOOLS	292.9	4,116,549	14,054
D0413	NEOSHO	CHANUTE PUBLIC SCHOOLS	1,773.0	21,612,310	12,190
D0415	BROWN	HIAWATHA	841.8	10,788,236	12,816
D0416	MIAMI	LOUISBURG	1,644.7	18,574,079	11,293
D0417	MORRIS	MORRIS COUNTY	764.4	8,839,884	11,564
D0418	MCPHERSON	MCPHERSON	2,259.8	31,454,224	13,919
D0419	MCPHERSON	CANTON-GALVA	367.8	5,022,977	13,657
D0420	OSAGE	OSAGE CITY	644.1	7,044,295	10,937
D0421	OSAGE	LYNDON	432.0	4,460,807	10,326
D0422	KIOWA	GREENSBURG	210.5	20,401,781	96,921
D0423	MCPHERSON	MOUNDRIDGE	434.5	5,849,586	13,463
D0424	KIOWA	MULLINVILLE	226.6	1,923,798	8,490
D0426	REPUBLIC	PIKE VALLEY	253.5	3,231,613	12,748
D0428	BARTON	GREAT BEND	2,972.8	41,656,585	14,013
D0429	DONIPHAN	TROY PUBLIC SCHOOLS	337.5	4,462,091	13,221

	2/11/2010		Col 1	Col 2	Col 3
	EDLG0164			2008-2009	2008-2009
			2008-2009	Total	Total Expend
USD#	COUNTY NAME	USD NAME	FTE Enroll.	Expenditures	Per Pupil
D0430	BROWN	SOUTH BROWN COUNTY	635.5	9,544,533	15,019
D0431	BARTON	HOISINGTON	607.5	7,732,317	12,728
D0432	ELLIS	VICTORIA	257.5	3,343,792	12,986
D0434	OSAGE	SANTA FE TRAIL	1,115.2	13,078,427	11,727
D0435	DICKINSON	ABILENE	1,495.5	16,318,934	10,912
D0436	MONTGOMERY	CANEY VALLEY	807.0	8,036,686	9,959
D0437	SHAWNEE	AUBURN WASHBURN	5,356.4	58,082,615	10,844
D0438	PRATT	SKYLINE SCHOOLS	358.0	4,673,791	13,055
D0439	HARVEY	SEDGWICK PUBLIC SCHOOLS	532.0	5,167,440	9,713
D0440	HARVEY	HALSTEAD	789.6	8,649,873	10,955
D0441	NEMAHA	SABETHA	935.5	10,441,291	11,161
D0442	NEMAHA	NEMAHA VALLEY SCHOOLS	439.0	13,954,211	31,786
D0443	FORD	DODGE CITY	5,550.7	71,420,455	12,867
D0444	RICE	LITTLE RIVER	299.3	3,985,323	13,315
D0445	MONTGOMERY	COFFEYVILLE	1,800.2	21,326,314	11,847
D0446	MONTGOMERY	INDEPENDENCE	1,832.0	18,022,890	9,838
D0447	MONTGOMERY	CHERRYVALE	878.2	9,039,428	10,293
D0448	MCPHERSON	INMAN	445.3	5,449,221	12,237
D0449	LEAVENWORTH	EASTON	671.1	8,350,950	12,444
D0450	SHAWNEE	SHAWNEE HEIGHTS	3,362.4	35,269,081	10,489
D0451	NEMAHA	B & B	192.5	2,455,034	12,753
D0452	STANTON	STANTON COUNTY	423.2	6,542,517	15,460
D0453	LEAVENWORTH	LEAVENWORTH	3,857.2	59,583,218	15,447
D0454	OSAGE	BURLINGAME	329.3	4,157,940	12,627
D0456	OSAGE	MARAIS DES CYGNES VALLEY	267.0	3,487,901	13,063
D0457	FINNEY	GARDEN CITY	6,751.5	84,600,949	12,531
D0458	LEAVENWORTH	BASEHOR-LINWOOD	2,139.1	20,727,527	9,690
D0459	FORD	BUCKLIN	232.9	3,097,727	13,301
D0460	HARVEY	HESSTON	820.0	9,099,464	11,097
D0461	WILSON	NEODESHA	716.4	8,513,838	11,884
D0462	COWLEY	CENTRAL	336.5	4,598,880	13,667
D0463	COWLEY	UDALL	391.2	4,529,188	11,578
D0464	LEAVENWORTH	TONGANOXIE	1,772.4	18,984,488	10,711
D0465	COWLEY	WINFIELD	2,430.7	36,300,328	14,934
D0466	SCOTT	SCOTT COUNTY	855.9	11,065,931	12,929
D0467	WICHITA	LEOTI	426.1	5,590,226	13,120
D0468	LANE	HEALY PUBLIC SCHOOLS	73.5	1,502,867	20,447
D0469	LEAVENWORTH	LANSING	2,402.8	23,204,122	9,657
D0470	COWLEY	ARKANSAS CITY	2,709.3	30,630,022	11,306
D0471	COWLEY	DEXTER	173.0	2,270,714	13,126
D0473	DICKINSON	CHAPMAN	973.0	21,153,891	21,741
D0474	KIOWA	HAVILAND	139.0	2,537,223	18,253
D0475	GEARY	JUNCTION CITY	7,242.9	77,095,866	10,644
D0476	GRAY	COPELAND	112.5	2,075,254	18,447
D0477	GRAY	INGALLS	228.5	3,086,860	13,509
D0479	ANDERSON	CREST	221.0	2,815,979	12,742
D0480	SEWARD	LIBERAL	4,257.7	43,967,397	10,327
D0481	DICKINSON	RURAL VISTA	416.0	5,433,322	13,061
D0482	LANE	DIGHTON	253.0	3,346,747	13,228
D0483	SEWARD	KISMET-PLAINS	714.5	9,309,791	13,030
D0484	WILSON	FREDONIA	744.1	8,450,538	11,357
D0486	DONIPHAN	ELWOOD	309.9	3,978,853	12,839
D0487	DICKINSON	HERINGTON	516.4	5,888,546	11,403
D0488	MARSHALL	AXTELL	296.7	3,989,337	13,446

	2/11/2010		Col 1	Col 2	Col 3
	EDLG0164			2008-2009	2008-2009
			2008-2009	Total	Total Expend
USD#	COUNTY NAME	USD NAME	FTE Enroll.	Expenditures	Per Pupil
D0489	ELLIS	HAYS	2,758.2	41,713,110	15,123
D0490	BUTLER	EL DORADO	1,992.9	37,971,485	19,053
D0491	DOUGLAS	EUDORA	1,396.3	16,391,161	11,739
D0492	BUTLER	FLINTHILLS	294.8	4,046,887	13,728
D0493	CHEROKEE	COLUMBUS	1,152.6	13,533,490	11,742
D0494	HAMILTON	SYRACUSE	469.5	6,473,651	13,788
D0495	PAWNEE	FT LARNED	862.0	14,221,094	16,498
D0496	PAWNEE	PAWNEE HEIGHTS	147.1	2,409,841	16,382
D0497	DOUGLAS	LAWRENCE	10,418.4	123,193,732	11,825
D0498	MARSHALL	VALLEY HEIGHTS	363.0	5,414,154	14,915
D0499	CHEROKEE	GALENA	728.0	9,796,245	13,456
D0500	WYANDOTTE	KANSAS CITY	18,427.1	299,709,162	16,265
D0501	SHAWNEE	TOPEKA PUBLIC SCHOOLS	12,903.4	165,450,245	12,822
D0502	EDWARDS	LEWIS	101.6	1,411,861	13,896
D0503	LABETTE	PARSONS	1,343.4	16,943,552	12,612
D0504	LABETTE	OSWEGO	473.6	6,454,250	13,628
D0505	LABETTE	CHETOPA-ST.PAUL	502.4	6,772,063	13,479
D0506	LABETTE	LABETTE COUNTY	1,580.6	16,505,181	10,442
D0507	HASKELL	SATANTA	343.0	5,285,749	15,410
D0508	CHEROKEE	BAXTER SPRINGS	926.5	10,525,340	11,360
D0509	SUMNER	SOUTH HAVEN	225.5	3,311,035	14,683
D0511	HARPER	ATTICA	138.5	2,050,276	14,803
D0512	JOHNSON	SHAWNEE MISSION PUBLIC SCHOO	26,579.0	323,574,001	12,174
	STATE TOTALS		447,615.1	5,666,731,992	12,660

Education Committee
3-2-10
Attachment 4

HOUSE BILL No. 2704

By Committee on Appropriations

2-18

9 AN ACT concerning school districts; relating to school finance; relating
10 to consolidation; amending K.S.A. 2009 Supp. 72-6412 and 72-8701, 72-6415b, 72-6431, 72-6433, 72-6434, 72-6435,
11 and repealing the existing sections. 72-6449, 72-6451
12

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

14 Section 1. K.S.A. 2009 Supp. 72-6412 is hereby amended to read as
15 follows: 72-6412. ~~(a) The low enrollment weighting of districts which are~~
16 ~~at least 200 square miles in area shall be determined by the state board~~
17 ~~as provided by this section subsection.~~

section

18 ~~(b) (1) For districts with enrollment of 1,637 or more in school year~~
19 ~~2006-2007, and 1,622 or more in school year 2007-2008 and each school~~
20 ~~year thereafter 1,622 or more, the low enrollment weighting shall be 0.~~

[Reletter and renumber paragraphs]

21 ~~(c) (2) For districts with enrollment of less than 100, the low enroll-~~
22 ~~ment weighting shall be equal to the low enrollment weighting of a district~~
23 ~~with enrollment of 100.~~

24 ~~(d) (3) For districts with enrollment of less than 1,637 in school year~~
25 ~~2006-2007 and less than 1,622 in school year 2007-2008 and each school~~
26 ~~year thereafter 1,622 and more than 99, the low enrollment weighting~~
27 ~~shall be determined by the state board as follows:~~

28 ~~(1) (A) Determine the low enrollment weighting for such districts for~~
29 ~~school year 2004-2005;~~

30 ~~(2) (B) multiply the low enrollment weighting of each district deter-~~
31 ~~mined under paragraph (1) (A) by 3,863;~~

32 ~~(3) (C) add 3,863 to the product obtained under paragraph (2) (B);~~

33 ~~(4) (D) divide the product obtained under paragraph (3) (C) by 4,107;~~
34 ~~and~~

35 ~~(5) (E) subtract 1 from the product obtained under paragraph (4) (D).~~
36 ~~The difference shall be the low enrollment weighting of the district.~~

37 ~~(b) The low enrollment weighting of districts which are less than 200~~
38 ~~square miles in area shall be determined by the state board as provided~~
39 ~~by this subsection.~~

40 ~~(1) For districts with enrollment of 1,622 or more the low enrollment~~
41 ~~weighting shall be 0.~~

42 ~~(2) For districts with enrollment of less than 100, the low enrollment~~
43 ~~weighting shall be equal to the low enrollment weighting of a district with~~

4-2

1 ~~enrollment of 100.~~
 2 ~~(3) For districts with enrollment of less than 1,622 and more than~~
 3 ~~399, the low enrollment weighting shall be determined by the state board~~
 4 ~~as follows:~~
 5 ~~(A) Determine the low enrollment weighting for such districts for~~
 6 ~~school year 2004-2005;~~
 7 ~~(B) multiply the low enrollment weighting of each district determined~~
 8 ~~under paragraph (A) by 3.863;~~
 9 ~~(C) add 3.863 to the product obtained under paragraph (B);~~
 10 ~~(D) divide the product obtained under paragraph (C) by 4,107; and~~
 11 ~~(E) subtract 1 from the product obtained under paragraph (D). The~~
 12 ~~difference shall be the low enrollment weighting of the district.~~
 13 Sec. 2. K.S.A. 2009 Supp. 72-8701 is hereby amended to read as
 14 follows: 72-8701. In accordance with the provisions of this act: (a) The
 15 boards of education of any two or more school districts are hereby au-
 16 ~~thorized to~~ may discuss issues relating to consolidation of such districts
 17 and enter into agreements to form one consolidated unified school dis-
 18 trict; and (b) the boards of education of any three or more school districts
 19 may discuss issues relating to consolidation of such districts and enter into
 20 agreements to form two consolidated unified school districts. Such meet-
 21 ings may be held within the boundaries of any of the districts proposing
 22 to form the consolidated district.
 23 Sec. 3. K.S.A. 2009 Supp. 72-6412, and 72-8701 are hereby repealed.
 24 Sec. 4. This act shall take effect and be in force from and after July
 25 1, 2012, and its publication in the statute book.

Sections 3 through 10. See Attached

, 72-6415b, 72-6431, 72-6433, 72-6434,
72-6435, 72-6449, 72-6451

Sec. 3. K.S.A. 2009 Supp. 72-6415b is hereby amended to read as follows: 72-6415b. School facilities weighting may be assigned to enrollment of a district only if the district has adopted a local option budget in an amount equal to at least ~~25%~~ 22% of the amount of the state financial aid ~~determined for~~ of the district in for the current school year. School facilities weighting may be assigned to enrollment of the district only in the school year in which operation of a new school facility is commenced and in the next succeeding school year.

Sec. 4. K.S.A. 2009 Supp. 72-6431 is hereby amended to read as follows: 72-6431. (a) The board of each district shall levy an ad valorem tax upon the taxable tangible property of the district in the school years specified in subsection (b) for the purpose of:

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

(2) paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state; and

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

(b) The tax required under subsection (a) shall be levied at a rate of ~~20~~ 35 mills in ~~the school year 2009-2010 and school year 2010-2011 and school year 2011-2012.~~

(c) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the general fund of the district.

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

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

Sec. 5. K.S.A. 2009 Supp. 72-6433 is hereby amended to read as follows: 72-6433. (a) As used in this section:

(1) "State prescribed percentage" means ~~31%~~ 22% of state financial aid ~~of~~ for the district in the current school year.

(2) "Authorized to adopt a local option budget" means that a district has adopted a resolution under this section, has published the same, and either the resolution was not protested or it was protested and an election was held by which the adoption of a local option budget was approved.

(b) In each school year, the board of any district may adopt a local option budget which does not exceed the state prescribed percentage.

(c) Subject to the limitation of subsection (b), in each school year, the board of any district may adopt, by resolution, a local option budget in an amount not to exceed:

(1) (A) The amount which the board was authorized to adopt in accordance with the provisions of this section in effect prior to its amendment by this act; plus

(B) the amount which the board was authorized to adopt pursuant to any resolution currently in effect; plus

(C) the amount which the board was authorized to adopt pursuant to K.S.A. 72-6444, and amendments thereto, if applicable to the district; or

(2) the state-wide average for the preceding school year as determined by the state board pursuant to subsection (f) ~~(j)~~ (i).

Except as provided by subsection (e), the adoption of a resolution pursuant to this subsection shall require a majority vote of the members of the board. Such resolution shall be effective upon adoption and shall require no other procedure, authorization or approval.

(d) If the board of a district desires to increase its local option budget authority above the amount authorized under subsection (c) or if the board was not authorized to adopt a local option budget in 2006-2007, the board may adopt, by resolution, such budget in an amount not to exceed the state prescribed percentage. The adoption of a resolution pursuant to this subsection shall require a majority vote of the members of the board. The resolution shall be published at least once in a newspaper having general circulation in the district. The resolution shall be published in substantial compliance with the following form:

Unified School District No. _____,

_____ County, Kansas.

RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to adopt a local option budget in each school year in an amount not to exceed _____% of the amount of state financial aid. The local option budget authorized by this resolution may be adopted, unless a petition in opposition to the same, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after publication of this resolution. If a petition is filed, the county election officer shall submit the question of whether adoption of the local option budget shall be authorized to the electors of the school district at an election called for the purpose or at the next general election, as is specified by the board of education of the school district.

CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of unified School District No. _____, _____ County, Kansas, on the _____ day of _____, _____.

Clerk of the board of education.

All of the blanks in the resolution shall be filled as is appropriate. If a sufficient petition is not filed, the board may adopt a local option budget. If a sufficient petition is filed, the board may notify the county election officer of the date of an election to be held to submit the question of whether adoption of a local option budget shall be authorized. Any such election shall be noticed, called and held in the manner provided by K.S.A. 10-120, and amendments thereto. If the board fails to notify the county election officer within 30 days after a sufficient petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board within the nine months following publication of the resolution.

~~(e) Any resolution authorizing the adoption of a local option budget in excess of 30% of the state financial aid of the district in the current school year shall not become effective unless such resolution has been submitted to and approved by a majority of the qualified electors of the school district voting at an election called and held thereon. The election shall be called and held in the manner provided by K.S.A. 10-120, and amendments thereto.~~

(f) (e) Unless specifically stated otherwise in the resolution, the authority to adopt a local option budget shall be continuous and permanent. The board of any district which is authorized to adopt a local option budget

may choose not to adopt such a budget or may adopt a budget in an amount less than the amount authorized. If the board of any district whose authority to adopt a local option budget is not continuous and permanent refrains from adopting a local option budget, the authority of such district to adopt a local option budget shall not be extended by such refrainment beyond the period specified in the resolution authorizing adoption of such budget.

(g) (f) The board of any district may initiate procedures to renew or increase the authority to adopt a local option budget at any time during a school year after the tax levied pursuant to K.S.A. 72-6435, and amendments thereto, is certified to the county clerk under any existing authorization.

(h) (g) The board of any district that is authorized to adopt a local option budget prior to the effective date of this act under a resolution which authorized the adoption of such budget in accordance with the provisions of this section in effect prior to its amendment by this act may continue to operate under such resolution for the period of time specified in the resolution or may abandon the resolution and operate under the provisions of this section as amended by this act. Any such district shall operate under the provisions of this section as amended by this act after the period of time specified in the resolution has expired.

(i) (h) Any resolution adopted pursuant to this section may revoke or repeal any resolution previously adopted by the board. If the resolution does not revoke or repeal previously adopted resolutions, all resolutions which are in effect shall expire on the same date. The maximum amount of the local option budget of a school district under all resolutions in effect shall not exceed the state prescribed percentage in any school year.

(j) (i) (1) There is hereby established in every district that adopts a local option budget a fund which shall be called the supplemental general fund. The fund shall consist of all amounts deposited therein or credited thereto according to law.

~~(2) Subject to the limitation imposed under paragraph (3) and subsection (c) of K.S.A. 72-6434, and amendments thereto, amounts in the supplemental general fund may be expended for any purpose for which expenditures from the general fund are authorized or may be transferred to any program weighted fund or categorical fund of the district. Amounts in the supplemental general fund attributable to any percentage over 25% of state financial aid determined for the current school year may be transferred to the capital improvements fund of the district and the capital outlay fund of the district if such transfers are specified in the resolution authorizing the adoption of a local option budget in excess of 25%.~~

~~(3) (2) Amounts in the supplemental general fund may not be expended for the purpose of making payments under any lease-purchase agreement involving the acquisition of land or buildings which is entered into pursuant to the provisions of K.S.A. 72-8225, and amendments thereto.~~

(4) (3) (A) Except as provided in paragraph (B), any unexpended budget remaining in the supplemental general fund of a district at the conclusion of any school year in which a local option budget is adopted shall be maintained in such fund.

(B) If the district received supplemental general state aid in the school year, the state board shall determine the ratio of the amount of supplemental general state aid received to the amount of the local option budget of the district for the school year and multiply the total amount of the unexpended budget remaining by such ratio. An amount equal to the amount of the product shall be transferred to the general fund of the district or remitted to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund.

(k) (j) Each year the state board of education shall determine the statewide average percentage of local option budgets legally adopted by school districts for the preceding school year.

(l) (k) The provisions of this section shall be subject to the provisions of K.S.A. 2009 Supp. 72-6433d, and amendments thereto.

Sec. 6. K.S.A. 2009 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. Except as provided by K.S.A. 2009 Supp. 72-6434b, and amendments thereto, 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~~ 90.3 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) ~~(1)~~ Except as provided by paragraph (2), moneys received as supplemental general state aid shall be used to meet the requirements under the school performance accreditation system adopted by the state board, to provide programs and services required by law and to improve student performance.

~~(2) Amounts of supplemental general state aid attributable to any percentage over 25% of state financial aid determined for the current school year may be transferred to the capital improvements fund of the district and the capital outlay fund of the district if such transfers are specified in the resolution authorizing the adoption of a local option budget in excess of 25%.~~

(f) For the purposes of determining the total amount of state moneys paid to school districts, all moneys appropriated as supplemental general state aid shall be deemed to be state moneys for educational and support services for school districts.

Sec. 7. K.S.A. 2009 Supp. 72-6435 is hereby amended to read as follows: 72-6435. (a) In each school

year, the board of every district that has adopted a local option budget may levy an ad valorem tax on the taxable tangible property of the district for the purpose of: (1) Financing that portion of the district's local option budget which is not financed from any other source provided by law; (2) paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district; and (3) funding transfers to the capital improvement fund of the district and the capital outlay fund of the district if such transfers are specified in the resolution authorizing the adoption of a local option budget in excess of ~~25%~~ 22% of state financial aid ~~determined of the district~~ for the current school year.

(b) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the supplemental general fund of the district.

(c) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-1964b, and amendments to such sections.

Sec. 8. K.S.A. 2009 Supp. 72-6449 is hereby amended to read as follows: 72-6449. (a) As used in this section, "school district" or "district" means a school district authorized to make a levy under this section.

(b) The board of education of any district may levy a tax on the taxable tangible property within the district for the purpose of financing the costs incurred by the state that are attributable directly to assignment of the cost of living weighting to the enrollment of the district. There is hereby established in every school district a fund which shall be called the cost of living fund, which fund shall consist of all moneys deposited therein or transferred thereto in accordance with law. All moneys derived from a tax imposed pursuant to this section shall be credited to the cost of living fund. The proceeds from the tax levied by a district credited to the cost of living fund shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state school district finance fund.

(c) The state board of education shall determine whether a district may levy a tax under this section as follows:

(1) Determine the statewide average appraised value of single family residences for the calendar year preceding the current school year;

(2) multiply the amount determined under (1) by 1.25;

(3) determine the average appraised value of single family residences in each school district for the calendar year preceding the current school year; and

(4) (A) subtract the amount determined under (2) from the amount determined under (3). If the amount determined for the district under this paragraph is a positive number and the district is authorized to adopt and has adopted a local option budget in an amount equal to at least ~~31%~~ 22% of the state financial aid ~~for~~ of the school district for the current school year, the district qualifies for assignment of cost of living weighting and may levy a tax on the taxable tangible property of the district for the purpose of financing the costs that are attributable directly to assignment of the cost of living weighting to enrollment of the district; or

(B) As an alternative to the authority provided in paragraph (4)(A), if a district was authorized to make a levy pursuant to this section in school year 2006-2007, such district shall remain authorized to levy such tax at a rate necessary to generate revenue in the same amount generated in school year 2006-2007 if: (i) The amount determined under paragraph (4)(A) is a positive number; and (ii) the district continues to adopt a local option budget in an amount equal to ~~the state prescribed percentage in effect in school year 2006-2007~~ 22% of the state financial aid for the district in the current school year.

(d) No tax may be levied under this section unless the board of education adopts a resolution authorizing such a tax levy and publishes the resolution at least once in a newspaper having general circulation in the district. Except as provided by subsection (e), the resolution shall be published in substantial compliance with the following form:

Unified School District No. _____, _____ County, Kansas.

RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to levy an ad valorem tax in an amount not to exceed the amount necessary to finance the costs attributable directly to the assignment of cost of living weighting to the enrollment of the district. The ad valorem tax authorized by this resolution may be levied unless a petition in opposition to the same, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after the publication of this resolution. If a petition is filed, the county election officer shall submit the question of whether the levy of such a tax shall be authorized in accordance with the provisions of this resolution to the electors of the school district at the next general election of the school district, as is specified by the board of education of the school district.

CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of Unified School District No. _____, _____ County, Kansas, on the ____ day of _____, (year) ____.

Clerk of the board of education.

All of the blanks in the resolution shall be filled. If no petition as specified above is filed in accordance with the provisions of the resolution, the resolution authorizing the ad valorem tax levy shall become effective. If a petition is filed as provided in the resolution, the board may notify the county election officer to submit the question of whether such tax levy shall be authorized. If the board fails to notify the county election officer within 30 days after a petition is filed, the resolution shall be deemed abandoned and of no force and effect and no like resolution shall be adopted by the board within the nine months following publication of the resolution. If a majority of the votes cast in an election conducted pursuant to this provision are in favor of the resolution, such resolution shall be effective on the date of such election. If a majority of the votes cast are not in favor of the resolution, the resolution shall be deemed of no effect and no like resolution shall be adopted by the board within the nine months following such election.

Sec. 9. K.S.A. 2009 Supp. 72-6451 is hereby amended to read as follows: 72-6451. (a) As used in this section:

(1) "School district" or "district" means a school district which: (A) Has a declining enrollment; and (B) has adopted a local option budget in an amount which equals at least ~~31%~~ 22% of the state financial aid for the school district at the time the district applies to the state court of tax appeals for authority to make a levy pursuant to this section.

(2) "Declining enrollment" means an enrollment which has declined in amount from that of the preceding school year.

(b) (1) (A) A school district may levy an ad valorem tax on the taxable tangible property of the district each year for a period of time not to exceed two years in an amount not to exceed the amount authorized by the state court of tax appeals under this subsection for the purpose of financing the costs incurred by the state that are directly attributable to assignment of declining enrollment weighting to enrollment of the district. The state court of tax appeals may authorize the district to make a levy which will produce an amount that is not greater than the amount of revenues lost as a result of the declining enrollment of the district. Such amount shall not exceed 5% of the general fund budget of the district in the school year in which the district applies to the state court of tax appeals for authority to make a levy pursuant to this section.

(B) As an alternative to the authority provided in paragraph (1)(A), if a district was authorized to make a levy pursuant to this section in school year 2006-2007, such district shall remain authorized to make a levy at a rate necessary to generate revenue in the same amount that was generated in school year 2007-2008 if the district adopts a local option budget in an amount equal to ~~the state prescribed percentage in effect in school year 2006-2007~~ 22% of the state financial aid of the district for the current school year.

(2) The state court of tax appeals shall certify to the state board the amount authorized to be produced by the levy of a tax under this section.

(3) The state board shall prescribe guidelines for the data that school districts shall include in cases before the state court of tax appeals pursuant to this section.

(c) A district may levy the tax authorized pursuant to this section for a period of time not to exceed two years unless authority to make such levy is renewed by the state court of tax appeals. The state court of tax appeals may renew the authority to make such levy for periods of time not to exceed two years.

(d) The state board shall provide to the state court of tax appeals such school data and information requested by the state court of tax appeals and any other information deemed necessary by the state board.

(e) There is hereby established in every district a fund which shall be called the declining enrollment fund. Such fund shall consist of all moneys deposited therein or transferred thereto according to law. The proceeds from the tax levied by a district under authority of this section shall be credited to the declining enrollment fund of the district. The proceeds from the tax levied by a district credited to the declining enrollment fund shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state school district finance fund.

New Sec. 10. (a) (1) In school year 2010-2011, the state board shall:

(1) Compute the total amount of the general fund budget and the supplemental general fund budget of each school district for school year 2009-2010;

(2) compute the estimated total amount of the general fund budget and the supplemental general budget of each school district for school year 2010-2011; and

(3) subtract the amount computed under (2) from the amount computed under (1).

(b) If the remainder obtained under (3) is a positive number, the school district may adopt, by resolution, a supplemental general fund which exceeds the state prescribed percentage as defined by K.S.A. 72-6433, and amendments thereto, by an amount not to exceed 3% of state financial aid for the district for school year 2009-2010.

(c) The adoption of a resolution pursuant to this section shall require a majority vote of the members of the board. The resolution shall be published at least once in a newspaper having general circulation in the district. The resolution shall be published in substantial compliance with the following form:

Unified School District No. _____,

_____ County, Kansas.

RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to adopt a local option budget in school year 2010-2011 which exceeds the state prescribed percentage as defined by K.S.A. 72-6433, and amendments thereto, by an amount not to exceed 3% of state financial aid for the district for school year 2009-2010. The local option budget authorized by this resolution may be adopted, unless a petition in opposition to the same, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after publication of this resolution. If a petition is filed, the county election officer shall submit the question of whether adoption of the local option budget shall be authorized to the electors of the school district at an election called for the purpose or at the next general election, as is specified by the board of education of the school district.

CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of unified School District No. _____, _____ County, Kansas, on the _____ day of _____, _____.

Clerk of the board of education.

All of the blanks in the resolution shall be filled as is appropriate. If a sufficient petition is not filed, the board may adopt a local option budget. If a sufficient petition is filed, the board may notify the county election officer of the date of an election to be held to submit the question of whether adoption of a local option budget shall be authorized. Any such election shall be noticed, called and held in the manner provided by K.S.A. 10-120, and amendments thereto. If the board fails to notify the county election officer within 30 days after a sufficient petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board within the nine months following publication of the resolution.

(d) A school district adopting a supplemental general fund budget pursuant to this section shall be entitled to receive supplemental general state aid in the same manner provided by K.S.A. 72-6434, and amendments thereto, except that no supplemental general state aid shall be paid for that portion of the supplemental general fund budget which exceeds 22% of state financial aid for the district for school year 2009-2010.



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421

FAX – 785-296-0983

www.kansasregents.org

HOUSE EDUCATION COMMITTEE

March 2, 2010

Testimony in Support of Senate Bill 485

Reginald L. Robinson, President and CEO

Chairman Aurand, Ranking Member Winn, and members of the Committee, thank you for the opportunity to provide testimony in support of Senate Bill 485, legislation that proposes revisions to the statutes that the Board of Regents implements through its Private Postsecondary Division. As you may know, this legislation was approved by the Senate on February 18th by a 31-9 vote.

As part of the process for developing the revisions contained in this legislation, the Division undertook a self-study using the assistance of an independent business consultant to assess its future needs. A copy of this report's Executive Summary is attached for your reference, and I am happy to make the full 56-page report available to you upon request.

The Division's principal responsibility is to regulate private postsecondary sector institutions. This regulation involves such activities as authorizing private or out-of-state postsecondary institutions to operate in Kansas, reviewing new programs offered by these schools, annually evaluating institutions and programs for renewal purposes, and investigating complaints leveled against these schools. This Division plays a critically important **consumer protection** role by working to ensure that Kansans receive the education they pay for.

The proposed revisions would amend Private Postsecondary statutes by: 1) requiring the review of branch locations in Kansas; 2) changing the application and renewal time frames; 3) clarifying the types of degrees that require certificates of approval; 4) providing for greater penalties for violations of the Private Postsecondary Act; 5) requiring data to be reported by regulated institutions; 6) requiring the schools to post their student complaint process; and 7) revising the fee structure.

The requested fee changes would add new categories and increase the maximum amounts that may be charged with those individual categories. The current fee schedule has been in place since 2004 and fails to take into account the rapidly increasing variety and complexity of institutions and academic programs requiring review.

Due to the explosion of private programs, the Division, which is fee-funded, is struggling to keep up with the demand. We are currently in the midst of remarkable growth in the number and

House Education Committee
Date 3-2-10
Attachment # 5

complexity of institutions in the Private Postsecondary sector, both across the United States and in Kansas. A recent *Chronicle of Higher Education* article noted that, “Enrollment in the country's nearly 3,000 career colleges has grown far faster than in the rest of higher education – by an average of 9 percent per year over the past 30 years, compared with only 1.5 percent per year for all institutions, according to an industry analyst. For-profit universities now educate about 7 percent of the nation's roughly 19 million students who enroll at degree-granting institutions each fall. And the proportion rises to 10 percent, or 2.6 million, if you count students who enroll year round. Just this academic year, the University of Phoenix eclipsed California State University as the second largest higher-education system in the country, with 455,600 students as of this month—behind only the State University of New York.” **In Kansas**, from January 2007 to December 2009, the number of approved institutions in Kansas **increased 22 percent**, from 107 to 131. In that same period, the number of approved academic programs **increased 143 percent**, from 567 to 1,380. **Over 50,000 Kansans** (almost the combined enrollment of the University of Kansas and Kansas State University) are currently enrolled in these programs, and this rapid growth is expected to continue for the next several years.

The Board’s Private Postsecondary Division currently employs two individuals. The current workload for that division has required us to engage temporary staff assistance throughout most of the year. As noted above, new institutions and programs/degrees seeking approval are projected to at least double the Division’s workload in the very near future. As an example, in the past year a private institution submitted 700 new academic programs for Board staff to review. In addition, degree program requests are moving towards the more complex bachelor’s, master’s and doctorate degrees and away from less complicated certificate and diploma programs. If this legislation is enacted, the Division expects to add an additional three employees over the next five years.

As the workload increases, costs to regulate this sector are likewise expected to grow in order to keep up with the increased demand. The current fee schedule does not cover the costs of such growth or take into consideration the varying types of institutions and academic programs that are subject to this oversight and regulation. Senate Bill 485 proposes revisions to the fee structure that more accurately reflect the cost of time and resources that must be devoted to reviewing and processing the variety of schools and programs. I would note that the proposed revisions are structured in such a way as to protect those smaller institutions currently operating in Kansas.

I have attached a side-by-side fee comparison that displays the current statutory maximum, the proposed statutory maximum, and the proposed regulation if Senate Bill 485 is enacted. It is important to point out that this is a fee structure aimed at cost recovery, not generating excess revenues.

I also want to emphasize that implementation of the proposed fee changes will enable the division to operate on a business model, tracking all costs to operate, and setting fees at a level that will cover those costs and eliminate the current reliance on State General Funds to cover both direct and indirect costs.

The proposed fees follow a nationwide trend to increase fees in response to the growth in the industry, and the rates we seek to put in place are comparable to those charged in states similar to Kansas. Fees for states surrounding Kansas, for example, although varied in their structure, have either been increased, or are proposed to increase, in response to industry trends.

The other changes proposed in this legislation help to insure that Kansas students receive a quality education from this sector, and the Board believes that, because these measures are fundamentally intended to enhance its capacity to protect consumers, they have the support of most of the covered institutions.

Thank you for your consideration of Senate Bill 485. I am happy to answer any questions you may have.

EXECUTIVE SUMMARY
STAFF REPORT TO KANSAS BOARD OF REGENTS
ON THE STATUS OF THE PRIVATE POST SECONDARY DIVISION
JANUARY 22, 2010

- **Purpose of the report**
 - Review the standards and history of the Division
 - Look forward to how the private postsecondary industry is expected to grow in the next several years
 - Review the ability of the Division and the resources needed to respond to the expected growth in the Private Postsecondary industry

- **History of Kansas Private Postsecondary Education**
 - In 1909 Senate Bill 507 was introduced for the purpose of regulating approval of private postsecondary institutions.
 - In 1971 the previously enacted Senate Bill 507 was completely revised by the Kansas Legislature and named the Kansas Proprietary School Act "the Act".
 - Senate Bill 345 enacted in 1999 placed control of "proprietary schools" under the Kansas Board of Regents.
 - A 2003 revision to the Act included more fee categories and increased fees and in 2004 the Kansas Private and out-of-state Postsecondary Educational Institution Act became law, improving minimum standards and created new definitions and increased fees.
 - The Kansas Board of Regents, acting pursuant to the Private and out-of-state Postsecondary Educational Institutional Act regulates "private postsecondary educational institutions that includes certain types of private and post secondary schools, colleges and universities."

- **Historical data**
 - From January 2007 to December 2009 the approved institutions in Kansas increased from 107 in January 2007 to 131 in December 2009, a 22.4% increase. Additionally, in that same time period, the certificate/diploma and degree programs approved increased from 567 in January 2007 to 1,380 in December 2009, a 143% increase.
 - It is important to note that the institutions applying are moving towards multibillion dollar/Fortune 500 type institutions and away from the smaller cottage schools. As a result, degree program requests are moving towards the more complex bachelor's, master's and doctorate degrees and away from the certificate/diploma programs.

- **Projections for the Industry**
 - High unemployment rates have driven adults and nontraditional students back to school. The impact of that is reflected in the historical data above.
 - This growth trend is expected to continue for the next several years. Based on that assumption, it is anticipated that by 2014, there will be 300 approved private postsecondary institutions in Kansas with a projection of over 3,500 certificate/diploma and degree programs. These numbers reflect a 129% increase in approved institutions and a 150% increase in approved programs and degrees.

- **What we know**
 - Currently, the Kansas private Postsecondary division employs two persons. The current workload of the two positions has required hours equivalent to 2.25 FTEs. In addition, the current workload has necessitated use of temporary labor throughout most of the year. Even at this level, the demands on the two positions continue to grow.
 - The projections of new approved institutions and programs/degrees will even more dramatically increase the workload in the Division, in fact, it is anticipated that they will at least double.
 - Currently, the indirect expenses of the Division are funded by the State general fund.
 - The Division needs to operate on a business model, tracking all costs to operate, and setting fees at a level that will cover those costs.

- As part of operating on a business model, an operating reserve is required for unanticipated expenses or reduction in the collection of fees.
- Expenditures are expected to grow in order to keep up with the increased demands as follows (with comparison to actual for 2009):

	Actual	Estimated	Projected			
	FY 2009*	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Total Direct Expenditures	\$ 161,385	\$ 184,250	\$ 320,000	\$ 439,100	\$ 505,600	\$ 560,000
Total Indirect Expenditures	22,250	25,200	44,800	61,500	70,800	78,400
Operating Reserve	-	-	36,000	39,000	40,000	45,000
Total Expenditures	<u>\$ 183,635</u>	<u>\$ 209,450</u>	<u>\$ 400,800</u>	<u>\$ 539,600</u>	<u>\$ 616,400</u>	<u>\$ 683,400</u>

* - In FY 2009, indirect costs were funded by the State General Fund, along with certain direct costs

- **Proposed Fees**

- The current fee schedule has been in existence since 2004 and does not take into consideration the varying types of institutions or degrees and programs.
- The fees being proposed to the 2010 Kansas Legislature provide for a new fee structure that acknowledges that categories are needed to reflect the cost of time spent reviewing and processing different applications and to reflect the diversity in the types and size of institutions requesting approval.
- These proposed fees are designed to supplant the resources previously funded from the State General Fund to allow the division to be self-funded.
- The proposed fees follow a nationwide trend to increase fees in response to the growth in the industry. Fees for States surrounding Kansas, although varied in their structure, have also increased or are proposed to increase in response to industry trends.
- Assuming the new fee structure is enacted with the 2010 Legislative session, effective for July 1, 2010, fee collections are anticipated to be as follows (with comparison to actual for 2009):

	Actual	Estimated	Projected			
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Fees	<u>\$ 145,312</u>	<u>\$ 182,000</u>	<u>\$ 390,100</u>	<u>\$ 543,600</u>	<u>\$ 658,300</u>	<u>\$ 672,000</u>

- A summary comparison of the estimated fees and expenditures for 2010 and the projected fees and expenditures for FY 2011 through 2014 is as follows (with comparison to actual for 2009):

	Actual	Estimated	Projected			
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenue	\$ 145,312	\$182,000	\$390,100	\$543,600	\$658,300	\$672,000
Prior Year Carryforward	47,852	34,234	6,784	(3,916)	84	41,984
	193,164	216,234	396,884	539,684	658,384	713,984
Expenditures	<u>(158,930)</u>	<u>(209,450)</u>	<u>(400,800)</u>	<u>(539,600)</u>	<u>(616,400)</u>	<u>(683,400)</u>
Ending Cash Balance	<u>\$ 34,234</u>	<u>\$ 6,784</u>	<u>\$ (3,916)</u>	<u>\$ 84</u>	<u>\$ 41,984</u>	<u>\$ 30,584</u>

Summary

The approval of the proposed fees as presented to the 2010 Legislature is critical to continue to enable the Division to meet the growing demands of the Industry.

9-5

PRIVATE POSTSECONDARY EDUCATION COMPARISON OF PROPOSED STATUTE FEE STRUCTURE

Fees – In State Institutions	Current Statutory Maximum	Proposed Statutory Maximum	Proposed Regulation If Bill Enacted
Initial Application Fee - Non-degree granting	\$1,700	\$ 3,000	\$ 2,000
Degree granting	\$2,000	\$ 6,000	\$ 3,000
Initial degree level evaluation – Non-degree granting	No Current Fee	\$ 2,000	\$ 750
Associate degree		\$ 3,000	\$ 1,000
Baccalaureate		\$ 6,000	\$2,000
Masters		\$ 8,000	\$3,000
Professional and/or Doctoral		\$10,000	\$4,000
Renewal Application Fee Non-degree granting	*\$1,200	** \$50,000	0.2 percent of gross Tuition *\$ 1,200 min or \$25,000 max. \$1,600 min. or \$25,000 max.
Degree granting	\$1,600	** \$50,000	
New Program Fee – (cost per program) Non-degree	No Current Fee	\$2,000	\$ 250
Associate degree		\$3,000	\$ 500
Baccalaureate		\$6,000	\$ 750
Master's		\$8,000	\$ 1,000
Professional and/or Doctoral		\$10,000	\$ 2,000
Program Modification Fee (per program)	No Current Fee	\$1,000	\$ 100
Branch Site Fee – Initial – Non-degree	Branches are not charged separate fees at this time	\$3,000	\$ 1,500
Initial – Degree		\$6,000	\$ 2,500
Renewal: Non-degree		**\$50,000	0.2 percent of gross Tuition *\$ 1,200 min. or \$25,000 max. \$ 1,600 min. or \$25,000 max.
Degree		**\$50,000	
Site Approval Visit (KBOR staff)		No Current Fee	\$1,000
Representative Fees: Initial Registration	\$150	\$1,500	\$ 200
Renewal	\$100	\$1,000	\$ 150
Renewal – Late Submission Fee	No Current Fee	\$1,000	\$ 125
Student Transcript Fee	No Current Fee	\$ 50	\$ 10
Returned Check Fee	No Current Fee	\$ 300	\$ 50

65

Fees – In State Institutions	Current Statutory Maximum	Proposed Statutory Maximum	Proposed Regulation If Bill Enacted
Evaluation Team Fee (Hiring of outside experts needed to help assist in the site evaluation)	No Current Fee	Applicant Institution is responsible for any costs connected with the on-site evaluation, and if necessary, subsequent visits, including travel, meals, lodging, subject matter expert fees, and associated costs	Applicant Institution is responsible for any costs connected with the on-site evaluation, and if necessary, subsequent visits, including travel, meals, lodging, subject matter expert fees, and associated costs

*Current fee for non-degree granting is \$1,200. Proposed new regulation would not change this as a minimum fee. This will help ensure smaller schools will not have an increase.

** We are basing the regulatory fee at a percentage of gross tuition with a minimum and maximum. The statutory maximum, \$50,000, ensures no more than that can be charged when a large school, such as a complex medical school, renews with large numbers of cohorts (class enrollment).

8-5

**PRIVATE POSTSECONDARY EDUCATION
COMPARISON OF PROPOSED STATUTE FEE STRUCTURE**

Fees – Out of State Institutions	Current Statutory Maximum	Proposed Statutory Maximum	Proposed Regulation If Bill Enacted
Initial Application Fee - Non-degree granting	\$3,400	\$ 6,000	\$ 4,000
Degree granting	\$3,800	\$10,000	\$ 5,500
Initial degree level evaluation – Non-degree granting	No Current Fee	\$ 4,000	\$1,500
Associate degree		\$ 6,000	\$2,000
Baccalaureate		\$ 8,000	\$3,000
Masters		\$10,000	\$4,000
Professional and/or Doctoral		\$12,000	\$5,000
Renewal Application Fee – Non-degree granting*	*\$2,400	** \$50,000	0.3 percent of gross Tuition *\$ 2,400 min. or \$25,000 max.
Degree granting	\$2,800	** \$50,000	\$ 3,000 min. or \$25,000 max.
New Program Fee – (cost per program) Non-degree			
Associate degree		\$ 4,000	\$ 500
Baccalaureate	No Current Fee	\$ 6,000	\$ 750
Master's		\$ 8,000	\$1,000
Professional and/or Doctoral		\$10,000	\$1,500
		\$12,000	\$2,500
Program Modification Fee	No Current Fee	\$ 2,000	\$ 100
Branch Site Fee – Initial – Non-degree		\$ 6,000	\$ 4,000
Initial – Degree		\$ 10,000	\$ 5,500
Renewal: Non-degree	Branches are not charged separate fees	** \$50,000	0.3 percent of gross Tuition *\$ 2,400 min. or \$25,000 max.
Degree	at this time	** \$50,000	\$ 3,000 min. or \$25,000 max.
Site Approval Visit (KBOR staff)	No Current Fee	\$ 2,000	\$ 500
Representative Fees: Initial Registration	\$300	\$ 2,500	\$ 350
Renewal	\$200	\$ 3,000	\$ 250
Renewal – Late Submission Fee	No Current Fee	\$ 3,000	\$ 125
Student Transcript Fee	\$ 10	\$ 50	\$ 10

Fees – Out of State Institutions	Current Statutory Maximum	Proposed Statutory Maximum	Proposed Regulation If Bill Enacted
Changes in School Profile Fee – Change in Name Change in Location Change of Only Ownership Change in Ownership with additional changes in the institution's programs or instruction, location, and/or entrance requirements	No Current Fee No Current Fee No Current Fee Changes in Ownership representing a change in curriculum, must apply for new certificate of approval Application fees apply	\$ 1,000 \$ 1,000 \$ 1,000 Must apply for new authorization Initial application fees apply	\$ 100 \$ 100 \$ 100 Must apply for new authorization Initial application fee apply
Evaluation Team Fee (Hiring of outside experts needed to help assist in the site evaluation)	No Current Fee	Applicant Institution is responsible for any costs connected with the on-site evaluation, and if necessary, subsequent visits, including travel, meals, lodging, subject matter expert fees, and associated costs	Applicant Institution is responsible for any costs connected with the on-site evaluation, and if necessary, subsequent visits, including travel, meals, lodging, subject matter expert fees, and associated costs

*Current fee for non-degree granting is \$2,400. Proposed new regulation would not change this as a minimum fee. This will help ensure smaller schools will not have an increase.

** We are basing the regulatory fee at a percentage of gross tuition with a minimum and maximum. The statutory maximum, \$50,000, ensures no more than that can be charged when a large school, such as a complex medical school, renews with large numbers of cohorts (class enrollment).

SENATE BILL 485
Private Postsecondary Education

Maximum and Minimum Fees

This is a fee structure aimed at cost recovery, not generating excess revenues.

Maximum

We are basing the regulatory fee at a percentage of gross tuition per Kansas student with a maximum cap of \$50,000.

Circumstances in which \$50,000 fee would be sought apply to large schools, such as a complex medical school with 250 students per class renews. The cost recovery for a large complex school includes extensive annual statutory review of:

- Previously approved programs and degrees
- Instructor credentials
- Administrator qualification
- Student Complaints
- Safety compliance
- Financial stability and solvency
- Accreditation verifications
- Marketing and advertising
- Policies on grading, refunds, attendance,
- Classroom compliance (space and equipment)
- Representative compliance

The above would not be classified as a site visit, but an annual review.

Typically a formal evaluation site visit happens once every five years and includes KBOR staff along with Subject Matter Experts. Costs for KBOR staff come under the site visit fee and all other costs for Subject Matter Experts would be covered by the school. Again, for example, a medical school would require the expertise of doctors and other professional health care providers on a formal evaluation team.

As we speak, states like Oklahoma, Arkansas, Nebraska, Indiana, Kentucky, New York, New Hampshire, North Carolina, and Oregon (among others) are now in the process of creating new statutes to increase their fees (and the maximums). The document you have reflecting the states' fees, as of January 2010, was created for this very purpose by the cohort of states listed.

Minimum

The minimum fee for non-degree granting is \$1,200. Proposed new regulation would not change this as a minimum fee. This will help ensure smaller schools will not have an increase.

Comparison of Private Postsecondary State Fees – January 2010

11-5

STATE	AGENCY	Initial Licensure Fee	Renewal Fee (annual unless otherwise noted)	Other Fees
AL	Alabama Dept. of Postsecondary Education, Office of Private School Licensure.	.5% of annual gross income for Alabama students (Degree Granting: \$2,500 Minimum & \$15,000 Maximum)	.5% of annual gross income for Alabama students (Degree Granting: \$2,500 Minimum & \$15,000 Maximum)	Program Change: \$100; Program Name or Institution Name Change: \$30; Change of Address: \$60
ARK	Institutional Certification Advisory Committee	Notification Fee: \$250; Planning & Development Fee: \$3,000; Processing Fee: \$2,500 for 5 programs; Processing Fee: \$500 per program for > 6 programs; Travel and other per diem expenses	Notification Fee: \$250; Processing Fees: \$2,000 for up to 10 course/degree programs, \$200 for each course/degree program over 10, \$500 for up to 5 college-level courses, \$100 for each college-level course over 5, Travel and other per diem expenses	\$2,500 for up to 5 course/degree programs; \$500 for each course/degree program over 5; \$500 for up to 5 college-level courses; \$100 for each college-level course over 5; ALSO degree-level elevation \$250; change of address \$250
FL	Commission for Independent Education	Base Fee: 0 - 100 students: \$500; 101-500 students: \$1000; 501 - 1000 students: \$2000; 1001 - 5000 students: \$3000; 5001 - 10000 students: \$4000; >10000 students: \$5000. Workload Fee: Nondegree: \$2000 + \$200 per program; Degree-Granting: \$3000 + \$200 per program	Base Fee: 0 - 100 students: \$500; 101-500 students: \$1000; 501 - 1000 students: \$2000; 1001 - 5000 students: \$3000; 5001 - 10000 students: \$4000; > 10000 students: \$5000; Workload Fees: 0 - 100 students: \$1500; 101-500 students: \$2000; 501 - 1000 students: \$5000; 1001 - 5000 students: \$7000; 5001 - 10000 students: \$8500; > 10000 students: \$10,000. (Maximum Base Fee \$5,000 and Workload Fee \$10,000). Not Licensed by Means of Accreditation: \$50 per licensed program (Maximum \$500).	New programs - Degree \$1,000, Non-degree \$500; Program change: Substantive Changes: \$1000 (i.e. change of address, change of ownership). > 1 minor modification per year: \$500 (nondegree) \$1000 (degree). Less than Substantive: \$500 (nondegree) \$1000 (degree). Complaint processing fee: \$500 to \$2000 based on administrative time required.
GA	Nonpublic Postsecondary Education Commission	Application Packet: \$25 (no fee if obtained from website); Specific-Purpose Fee: Nondegree-granting: \$1000; Assoc. degree-granting: \$2000; 4yr degree-granting: \$3000; Masters degree-granting: \$4000; Doctoral degree-granting: \$5000	Basic Annual Fee: 2/10 of 1% of gross tuition (Maximum basic annual fee: \$25,000; Minimum basic annual fee: Degree-granting \$1,000)	New programs - \$400. Degree level elevation \$1,000; Change of address: \$100; Change of name: \$100; Change of ownership: \$500.
MID		\$5,000 application fee for up to two programs; additional \$1,000 for each degree program over two programs	\$5,000 fee for up to two programs; additional \$1,000 for each degree program over two programs	
MASS		For Initial licensure (for in-state or out-of-state): \$10,000 plus \$2,000 for each degree requested at the same time if more than one	Annual Fee for first five years following initial licensure: \$4,000.	For each additional degree at licensed institution: \$4,500 plus \$2,000 for each additional degree requested at the same time if more than one. Also, Institutional closure: \$500; Other requests requiring public hearings (i.e., institutional name change or program name change): \$500.

Comparison of Private Postsecondary State Fees – January 2010

21-5

TX	Higher Education Coordinating Board	Unaccredited: \$5,000; Branch campuses of accredited out-of-state institutions \$5,000	Unaccredited: \$2,500	
WI		Initial School Approval and One-Non Degree Program: \$2,000; One Associate Program: \$2,500; One Bacc Program \$3,300; On Master's Program: \$3,900; One Doctoral Program: \$5,100. Initial Distance Learning School Approval: Cost of highest degree program offered plus \$500 for each additional program (see above listing)	Adjusted Gross Revenue: Base fee: \$500 + multiplier equal to the percentage of all schools' total adjusted gross annual revenue needed to equal the cost of regulating schools subject to s. 38.50 (10), Stats., less revenue from all other fees (multiplier changes each year)	New/ Revised Program: non-degree: \$1,500; Associate: \$2,000; Bacc: \$3,000; Master's: 3,500; Doctoral: \$4,500. Application Amendments: Minor Corrections \$200; Major corrections: \$1,000. Additional Teach Location: \$200 each additional location. Change of Ownership or Control: \$1,000 each change.
ALASKA	Alaska Commission on Postsecondary Education, Institutional Authorization	\$2,500	3% of average of annual tuition and fees for most recent authorization period (\$500 minimum and \$2,500 maximum)	Curriculum or delivery method change: \$100; Change of site or add'l site: \$100. Fees are waived for institution exempt from taxation under 26 U.S.C. 501(c)(3) and who have annual enrollment of less than 30 students.
AZ	Arizona State Board for Private Postsecondary Education	\$800	Based on gross tuition revenue \$600-\$2300	New program, new/ change of location, change of ownership: \$500. All fees same since 1996 - A.R.S. Sect. 32-3027.
COL	Department of Higher Education	\$6,000 application for institutions not yet accredited; \$3,000 for institutions already accredited.		
DEL	Dept. of Education	\$250		
ID		\$500 entry fee until they begin generating ID gross tuition revenue	1/2 of 1% of previous registration year's gross Idaho tuition revenue (min. \$100 and max. \$5,000 - most of 17 colleges and 15% of proprietary max out at \$5,000)	
INDIANA		School application \$200; Certificate Fee \$50, Degree Application \$100	Accreditation Renewal \$100; Degree Renewal \$100	
IOWA		\$4,000	\$4,000 (every four years)	\$1,000 substantive change

Comparison of Private Postsecondary State Fees – January 2010

5-13

NEVADA	Commission on Postsecondary Education	Initial \$1500.	Annual Fee - Per student fee - \$4 upon that student's enrollment.	Add new program \$500; Change in ownership \$750.
NH	Postsecondary Education Commission	Requesting Initial Approval: In-state and out-of-state - initial evaluation \$3,000; additional visits \$1,000; Additional programs Included in visit \$500.		Requesting additional approval in-state and out-of-state: initial evaluation - \$1,500, Additional Visits or Evaluations \$1,000, Additional Programs (Included in visit) - \$500. complications from Accreditation Site Visit \$2,000. approval of Closed Courses \$500 out of state only. Team member stipends \$750, Chair \$1,000.
New Mexico		Initial \$3,000	.2% of tuition revenue	
ND		Initial authorization to operate: \$2,000	Renewal authorization to operate: \$750	
RI		Initial approval \$1,000		0
SC	Commission on Higher Education	.5% of actual or expected gross income of licensed programs (Minimum: \$115 and Maximum: \$5,000) Initial registration application fee is 1/2 of 1% of gross tuition income of registered programs expected during the first year, but no less than \$100 now more than \$2,000	.5% of actual or expected gross income of licensed programs (Minimum: \$115 and Maximum: \$5,000)	New programs: .5% of projected additional gross income of licensed programs (Min: \$50 and Max: \$2,500)
UTAH	Division of Consumer Protection		1/2 of 1% for previous 12 months tuition income (min. \$100 and max. \$2,000).	
VT		For credit-bearing courses \$2,000; For degrees \$2,500.	For credit-bearing courses \$2,000; For degrees \$2,500.	
VA	Private and Out-of-State Postsecondary Education Unit	New School Orientation Fee: \$150 per participant – owners required to attend; Flat Fee: Institutions of Higher Educ.: \$6000; Career-Tech. Schools: \$2500	Renewal Fee: Gross tuition >= \$150,000: \$2,500; Gross tuition b/w \$100,000 and \$150,000: \$1,500; Gross tuition b/w \$50,000 and \$100,000: \$1,000; Gross Tuition <= \$50,000: \$500	
WA	Washington Higher Education Coordinating Board, State Approving Agency for Veterans' Education and Training and Degree Authorization	\$2,000		\$1,000



Legislative Post Audit Performance Audit Report Highlights

K-12 Education: Reviewing Issues Related to Catastrophic Funding for Special Education

Report Highlights

October 2009 • 09PA13

Audit Concern

2010 Commission members became concerned about the recent dramatic increase in special education catastrophic aid claims. Specifically, they were concerned that districts may not have been including the same types of costs when for applying for catastrophic aid, and wanted to know what might happen to catastrophic claims if the law isn't changed.

Other Relevant Facts

The Legislature created catastrophic aid in 1994 to keep school districts and special education cooperatives from being financially devastated if they had to serve students with extremely expensive special education needs. Under current law, the State pays 75% of a student's special education costs that exceed the \$25,000 threshold.

When calculating catastrophic costs, districts and cooperatives can include all costs—even those costs already covered by special education transportation and teacher aid—which means they are paid twice for some costs.

Because they are paid twice for the same costs, we found that, for 100 of the 758 catastrophic (continued on the next page)

AUDIT QUESTION: Why has the number of "catastrophic" special education claims increased in recent years, and how many claims are likely over the next several years?

AUDIT ANSWER and KEY FINDINGS:

- Claims submitted to cover the "catastrophic" costs for very expensive special education students—those costing more than \$25,000 per year—jumped from 276 to 758 between 2008 and 2009, and catastrophic aid jumped from \$6 million to \$12 million.
- Historically, districts submitted claims only for their very expensive students who required full-time teachers, expensive contracted services, etc. The big increase in 2009 occurred mostly because the Shawnee Mission school district decided to prorate costs for all its special education students, even its less expensive ones. In recent years, several other large districts also began prorating costs for their most expensive students.
- If the law doesn't change for 2009-10 and if all districts and cooperatives were to follow Shawnee Mission's practice of prorating costs and submitting all the claims they could, we estimated claims would jump to 5,500 and aid to nearly \$48 million for 2009-10. This worst-case scenario represents a 625% increase over the claims filed in 2008-09.
- Proposed changes to the requirements for qualifying for catastrophic aid—including raising the threshold for qualifying, and requiring districts to deduct the State special education aid they already receive when calculating catastrophic costs, would reduce catastrophic aid claims significantly. The various proposed changes and our estimated results are summarized in the **figure on the next page**.

We Recommended

We recommended that the Legislature increase the \$25,000 threshold amount, adjust it for inflation in the future, and require districts and cooperatives to deduct the State special education aid they've already received for a student (transportation and teacher aid) when calculating costs for catastrophic aid.

House Education Committee
Date 3-2-10
Attachment # 6

Proposed Changes to Catastrophic Aid Requirements and Our Estimated Results

Proposed Change:	Threshold	Accounts for inflation?	Eliminates Double-Dipping?	Est. 2009-10 Catastrophic claims/aid	Est. 2009-10 Teacher Aid per Teacher
Scenario #1 No change to current law	\$25,000	no	no	5,490 claims \$47.7 million	\$20,026
Scenario #2 House Bill 2606	\$36,000 (a)	yes	no	1,270 claims \$14.2 million	\$22,661
Scenario #3 Eliminate Double-Dipping (b)	\$25,000	no	yes	530 claims \$3.9 million	\$23,470
Scenario #4 2010 Commission	\$56,400 (2 times prior year's aid per teacher) (c)	yes	yes	10 claims \$420K	\$23,744
Scenario #5 Special Education Directors' Proposal	\$59,550 (2 times prior year's avg cost per special education FTE) (d)	yes	yes	10 claims \$390K	\$23,746

(a) House Bill 2606 proposed the threshold be modified to \$36,000 in 2008-09, and adjusted for inflation in subsequent years.

(b) Scenario was created by LPA as it seemed a logical extension of the other proposals, but we don't endorse this over any other proposed change.

(c) This amount is tied to the prior year's special education aid per teacher. For example, the 2007-2008 aid amount per teacher was \$28,200, so the threshold for 2008-09 would be \$56,400.

(d) This amount is tied to the prior year's Statewide average cost per special education FTE. For example, the 2007-08 Statewide average special education cost for 1.0 FTE was \$29,775, so the threshold for 2008-09 would be \$59,550.

Total catastrophic aid would be capped at \$4 million.

Source: LPA analysis of KSDE and district expenditure and revenue data.

Other Relevant Facts (continued)

claims filed in 2008-09, districts and cooperatives received an estimated \$1 million in aid over and above the actual cost of providing special education services for these students.

Regardless of what happens to catastrophic aid, the total amount of State special education aid will stay the same, although less aid will be available to distribute as teacher aid. That's because the catastrophic aid formula only affects how special education funding is distributed, not the total amount of aid available.

Agency Response: The Department of Education agreed with our report.

LEGISLATIVE DIVISION OF POST AUDIT

800 SW Jackson
Suite 1200
Topeka, Kansas 66612-2212
Telephone (785) 296-3792
FAX (785) 296-4482
E-mail: LPA@lpa.ks.gov
Website:
<http://kslegislature.org/postaudit>

Barbara J. Hinton,
Legislative Post Auditor

For more information about this audit report, please contact

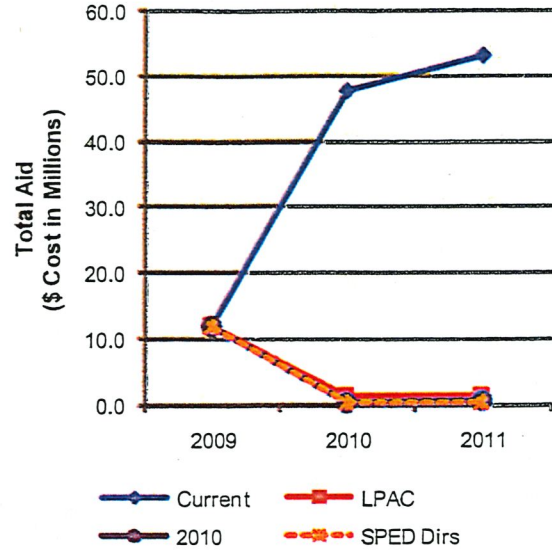
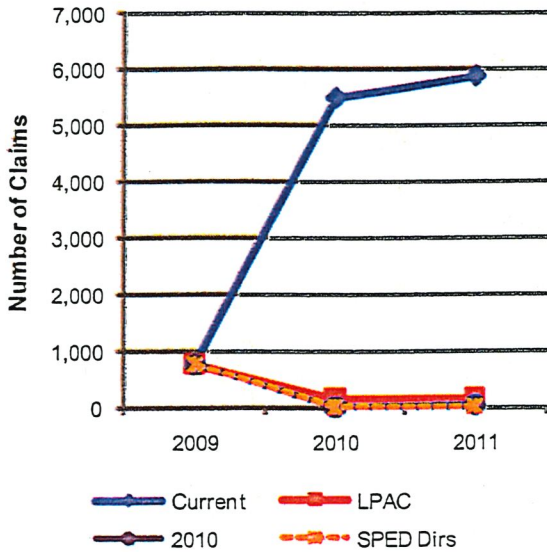
LAUREL MURDIE
(785) 296-3792

Laurel.Murdie@lpa.ks.gov

DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.

**Estimated Catastrophic Claims and Aid
Under Various Proposed Changes to Catastrophic Aid Requirements
Legislative Post Audit Committee, 2010 Commission, and Special Education Directors Proposals**



Proposed Change:	Details of the Proposed Change:			Estimated # of Claims and Estimated Catastrophic Aid	
	Threshold	Accounts for inflation?	Eliminates Double-Dipping?	2009-10	2010-11
No change to current law	\$25,000	no	no	5,490 claims \$47.7 million	5,880 claims \$53.0 million
Legislative Post Audit Committee	\$36,000 (a)	Yes	Yes	130 claims \$1.2 million	140 claims \$1.4 million
2010 Commission	\$56,400 (b)	Yes	Yes	10 claims \$420K	40 claims \$650K
Special Education Directors	\$59,550 (c)	Yes	Yes	10 claims \$390K	10 claims \$420K

(a) The LPAC proposal would increase the threshold to \$36,000 in 2009-10, and then adjust it for inflation in subsequent years.
 (b) This amount is tied to the prior year's special education aid per teacher. For example, the 2007-2008 aid amount per teacher was \$28,200, so the threshold for 2008-09 would be \$56,400.
 (c) This amount is tied to the prior year's Statewide average cost per special education FTE. For example, the 2007-08 Statewide average special education cost for 1.0 FTE was \$29,775, so the threshold for 2008-09 would be \$59,550. Total catastrophic aid would be capped at \$4 million.

Source: LPA analysis of KSDE and district expenditure and revenue data.

HB 2409
SB 359
HB 2580

SB 358