

CHAPTER 152

HOUSE BILL No. 2247

(Amended by Chapters 194 and 199)

AN ACT concerning schools and school districts; concerning the state board of education and the state department of education; relating to the powers and duties thereof; relating to school finance; establishing the legislative education council; providing for certain costs analysis studies; amending K.S.A. 72-979, 72-6405, 72-6410, 72-6412, 72-6413, 72-6414, 72-6421, 72-6433, 72-8801 and 72-9509 and K.S.A. 2004 Supp. 46-1208a, 72-978, 72-6407, 72-6409, 72-6431, 72-6434, 79-201a and 79-201x and repealing the existing sections; also repealing K.S.A. 72-6440, 72-6442 and 72-6433b and K.S.A. 2004 Supp. 46-1225.

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

New Section 1. Each school district shall compile, record and report expenditures by the categories as directed by the department of education. The department of education shall verify, on an on-going basis, the costs incurred by school districts providing programs required by law and the number of pupils enrolled in such programs. Such verification may be conducted on a sample-basis of school districts.

New Sec. 2. In order to allow any person desiring to obtain, analyze and compare financial and performance data of school districts, the state board of education shall design and implement a uniform system of reporting of such data by school districts. Such system shall be an internet-based data reporting system which is freely available and accessible. Such system shall allow a person to search and manipulate the data and allow for the comparison of data on a district by district basis. Such system may be designed so that school districts may input directly the district's financial and performance data in lieu of reporting data to the state board.

New Sec. 3. (a) In order to assist the legislature in the gathering of information which is necessary for the legislature's consideration when meeting its constitutional duties to: (1) Provide for intellectual, educational, vocational and scientific improvement in public schools established and maintained by the state; and (2) make suitable provision for the finance of educational interests of the state, the division of post audit shall conduct a professional cost study analysis to determine the costs of delivering the kindergarten and grades one through 12 curriculum, related services and other programs mandated by state statute in accredited schools. Subject to the provisions of subsection (b), the cost analysis study shall be conducted as directed by the legislative post audit committee.

(b) Any study conducted pursuant to subsection (a) shall include:

(1) A determination of the services or programs required by state statute to be provided by school districts. Such review shall include high school graduation requirements, admissions requirements established by the state board of regents pursuant to K.S.A. 76-716, and amendments thereto, state scholarship requirements established by the state board of regents and courses of instruction at various grade levels required by state statute.

(2) A study of the actual costs incurred in a sample of school districts to provide reasonable estimates of the costs of providing services and programs required by state statute to be provided by school districts for regular elementary and secondary education, including instruction, administration, support staff, supplies, equipment and building costs.

(3) A study of the actual costs incurred in a sample of school districts to provide reasonable estimates of the costs of providing services and programs required by state statute to be provided by school districts for specialized education services including, but not limited to, special education and related services, bilingual education and at-risk programs.

(4) A study of the factors which may contribute to the variations in costs incurred by school districts of various sizes and in various regions of the state when providing services or programs required by state statute to be provided by school districts. Such study shall include the administrative costs of providing such services and programs.

(5) An analysis in a sample of districts as determined by the legislative post auditor showing such things as:

(A) The percent of the estimated cost of providing services and programs required by state statute that could have been funded by the various types of state aid the districts received in the most recently completed school year, as well as the percent funded by the district's local option

budget;

(B) the percent of district funding that is spent on instruction;

(C) the percent of district funding that is spent on central administration; and

(D) the percent of district funding that is spent on support services.

(6) A review of relevant studies that assess whether there is a correlation between amounts spent on education and student performance.

(7) A review to determine whether students who are counted as a basis for computing funding for specialized educational services are actually receiving those services.

(8) Any additional reviews or analyses the legislative post auditor considers relevant to the legislature's decisions regarding the cost of funding services or programs required by state statute to be provided by school districts.

(c) In conducting such cost analysis study and subject to the limitations of the budget of the division and appropriations therefor, the legislative post auditor may enter into contracts for consultants as the post auditor deems necessary with consultants as needed.

(d) Following the completion of such cost analysis study, the legislative post auditor shall submit a detailed report thereon to the legislature on or before the first day of the 2006 legislative session. If additional time is needed to provide the most accurate information relating to any area of requested study, the legislative post auditor shall so report to the legislature, explaining the reasons for the need for additional time and providing a reasonable time frame for completion of that aspect of the study. In that event, the legislative post auditor shall submit a report on that portion of the study which has been completed before the start of the 2006 legislative session and the balance of such report shall be submitted within the time frame established by the legislative post auditor when requesting additional time.

(e) For any agency required to be audited under K.S.A. 74-7283 et seq., and amendments thereto, in time to be reviewed and evaluated during the 2006, 2007 or 2008 regular session of the legislature, such review and evaluation shall be moved forward one year.

(f) The provisions of this section shall be part of and supplemental to the legislative post audit act.

New Sec. 4. There is hereby established within the division of post audit a school district audit team.

New Sec. 5. (a) In order to assist the legislature in the gathering of information which is necessary for the legislature's consideration when meeting its constitutional duties to: (1) Provide for intellectual, educational, vocational and scientific improvement in public schools established and maintained by the state; and (2) make suitable provision for the finance of educational interests of the state, the school district audit team established by section 4, and amendments thereto, shall conduct performance audits and shall monitor school district funding and other oversight issues through audit work as directed by the 2010 commission. Except as specifically provided by this section, school district performance audits shall be conducted in the manner provided by the legislative post audit act. The scope of such audit work may not be modified by the legislative post audit committee.

(b) The topics for school district performance audits may include:

(1) The accuracy of school expenditures, reports or other information;

(2) how school districts use the funding received from the state;

(3) the relationship between school funding levels and costs;

(4) the weights of various education program components or the level of equity achieved by the funding system;

(5) whether funding levels for education programs or students are keeping up with the actual costs school districts report;

(6) the basis for changes in school district costs;

(7) the reasonableness of the amount and type of actual or budgeted expenditures compared with historical costs or with costs of other districts;

(8) options for modifying the school funding formula;

(9) other finance issues identified as needing further study;

(10) whether a school district has adequate operating or administrative procedures and fiscal controls and whether it is efficiently managed;

(11) best practices or innovative procedures, practices or controls op-

erating within any school districts that could present opportunities for other school districts to operate more efficiently; and

(12) any other topic as directed by the 2010 commission.

(c) In accordance with and subject to the scope of a school district performance audit approved by the commission as provided by this section, the legislative post auditor shall determine which school districts are to be audited based on the audit topics included and the resources available to conduct the audit.

(d) The provisions of subsection (g) of K.S.A. 46-1106, and amendments thereto, shall apply to any audit or audit work conducted pursuant to this section.

(e) Any firm which develops information in the course of conducting a school district performance audit which the legislative post auditor is required to report under subsection (d) of K.S.A. 46-1106, and amendments thereto, immediately shall report such information to the legislative post auditor. The legislative post auditor shall make the report required in subsection (d) of K.S.A. 46-1106, and amendments thereto.

(f) In conducting any school district performance audit and subject to the limitations of the budget of the division and appropriations therefor, the legislative post auditor may enter into contracts for consultants as the legislative post auditor deems necessary for any school district performance audit conducted under this section.

(g) This section shall be part of and supplemental to the legislative post audit act.

New Sec. 6. (a) In addition to subjects or areas of instruction required by K.S.A. 72-1101, 72-1103, 72-1117, 72-1126 and 72-7535, and amendments thereto, every accredited school in the state of Kansas shall teach the subjects and areas of instruction adopted by the state board of education as of January 1, 2005.

(b) Every accredited high school in the state of Kansas also shall teach the subjects and areas of instruction necessary to meet the graduation requirements adopted by the state board of education as of January 1, 2005.

(c) Subjects and areas of instruction shall be designed by the state board of education to achieve the following goals established by the legislature to allow for the:

(1) Development of sufficient oral and written communication skills which enable students to function in a complex and rapidly changing society;

(2) acquisition of sufficient knowledge of economic, social and political systems which enable students to understand the issues that affect the community, state and nation;

(3) development of students' mental and physical wellness;

(4) development of knowledge of the fine arts to enable students to appreciate the cultural and historical heritage of others;

(5) training or preparation for advanced training in either academic or vocational fields so as to enable students to choose and pursue life work intelligently;

(6) development of sufficient levels of academic or vocational skills to enable students to compete favorably in academics and the job market; and

(7) needs of students requiring special education services.

(d) Nothing in this section shall be construed as relieving the state or school districts from other duties and requirements imposed by state or federal law including, but not limited to, at-risk programs for pupils needing intervention, programs concerning special education and related services and bilingual education.

New Sec. 7. (a) There is hereby established the 2010 commission. The commission shall be composed of 11 members as follows:

(1) One member appointed by the speaker of the house of representatives;

(2) one member appointed by the president of the senate;

(3) one member appointed by the minority leader of the house of representatives;

(4) one member appointed by the minority leader of the senate;

(5) the chairperson of the house education committee;

(6) the chairperson of the senate education committee;

(7) one member appointed jointly by the speaker of the house of representatives, the minority leader of the house of representatives, the

president of the senate and the minority leader of the senate;

(8) two members appointed by the governor, of which one shall be a person licensed by the state board of education;

(9) the legislative post auditor, or the designee thereof; and

(10) the attorney general, or the designee thereof.

The legislative post auditor and the attorney general shall serve ex officio and shall be nonvoting members of the commission.

(b) Except as specifically provided in paragraphs (5) and (6) of subsection (a), nothing in this section shall be construed as requiring the appointment of legislators to the commission. Of the members of the commission, one member shall be from the professional and business sector who is recognized for leadership and expertise in such person's field and one member shall be a certified public accountant who is recognized for expertise in the area of school district financial operations and who regularly conducts or has regularly conducted audits of school districts.

(c) A member appointed by the speaker or minority leader of the house of representatives, one of the members appointed by the governor and the member appointed pursuant to paragraph (7) of subsection (a) shall serve for terms of two years and until a successor is appointed and qualified. A member appointed by the president or minority leader of the senate and one member appointed by the governor shall serve for terms of four years and until a successor is appointed and qualified. Terms of members of the legislature appointed to the commission shall expire at the expiration of the legislative term for which such legislator was elected. Except for vacancies created by the expiration of a legislative term, a vacancy shall be filled for the unexpired term by appointment in the manner prescribed by this section for the original appointment.

(d) Members of the commission attending regular or special meetings or subcommittee meetings authorized by the commission, shall be paid amounts for expenses, mileage and subsistence as provided in subsection (e) of K.S.A. 75-3223, and amendments thereto. Expenses for the commission shall be part of the budget of the legislative coordinating council and shall be subject to the council's approval.

(e) The members of the commission annually shall select a chairperson and vice-chairperson from the membership of the commission.

(f) The commission may meet at any time and at any place within the state on the call of the chairperson. A quorum of the commission shall be six voting members. All actions of the commission shall be by motion adopted by a majority of those voting members present when there is a quorum.

(g) In accordance with K.S.A. 46-1204, and amendments thereto, the legislative coordinating council may provide for such professional services as may be requested by the commission.

(h) The staff of the office of the revisor of statutes, the legislative research department and the division of legislative administrative services shall provide such assistance as may be requested by the commission. Upon request of the commission, the state board of education and the center for innovative school leadership established pursuant to K.S.A. 2004 Supp. 76-767, and amendments thereto, shall provide consultants and assistance when requested by the commission. In addition and upon the request of the commission, the state board of education and school districts shall provide any information and supporting documentation related thereto.

(i) The commission shall cease to exist on December 31, 2010.

New Sec. 8. The commission shall:

(a) Conduct continuous and on-going monitoring of the implementation and operation of the school district finance and quality performance act and other provisions of law relating to school finance and the quality performance accreditation system;

(b) evaluate the school district finance and quality performance act and determine if there is a fair and equitable relationship between the costs of the weighted components and assigned weightings;

(c) determine if existing weightings should be adjusted;

(d) determine if additional school district operations should be weighted;

(e) review the amount of base state aid per pupil and determine if the amount should be adjusted;

(f) evaluate the reform and restructuring components of the act and

assess the impact thereof;

(g) evaluate the system of financial support, reform and restructuring of public education in Kansas and in other states to ensure that the Kansas system is efficient and effective;

(h) conduct other studies, as directed by the legislative coordinating council, relating to the improving, reforming or restructuring of the educational system and the financing thereof;

(i) conduct hearings and receive and consider suggestions from teachers, parents, the department of education, the state board of education, other governmental officers and agencies and the general public concerning suggested improvements in the educational system and the financing thereof;

(j) appoint advisory committees when deemed necessary. Such advisory committees shall conduct hearings and seek a wide variety of input from individuals and groups affected by and concerned with the quality, efficiency and cost of public elementary and secondary education in Kansas. Such individuals and groups shall include, but not be limited to, teachers, parents, students, the department of education, the state board of education, other governmental officers and agencies, professional educational organizations and associations, the business community, institutions of higher education, other persons who have an interest in the quality and efficiency of elementary and secondary education in Kansas and members of the general public interested in the improvement in the state's educational system and the financing thereof. The chairperson of any such advisory committee shall be a member of the 2010 commission;

(k) make any recommendation it deems is necessary to guide the legislature to fulfill goals established by the legislature in meeting its constitutional duties of the legislature to: (A) Provide for intellectual, educational, vocational and scientific improvement in public schools established and maintained by the state; and (B) make suitable provision for the finance of the educational interests of the state;

(l) examine the availability of revenues to ensure adequate funding of elementary and secondary education in the state;

(m) examine school district efficiencies and whether districts are using best practices to deliver a high quality level of services and programs;

(n) examine school district consolidation and impediments thereto;

(o) examine voluntary activities, including extracurricular activities, which affect educational costs;

(p) monitor and evaluate associations and organizations that promote or regulate voluntary or extracurricular activities including, but not limited to, the Kansas state high school activities association;

(q) conduct other studies, as directed by the legislature, relating to the improving, reforming or restructuring of the educational system and the financing thereof;

(r) make and submit annual reports to the legislature on the work of the commission concerning recommendations of the commission relating to the improving, reforming or restructuring of the educational system and the financing thereof and other topics of study directed to the commission by the legislative coordinating council. Such report also shall include recommendations for legislative changes and shall be submitted to the legislature on or before December 31 of each year.

Sec. 9. K.S.A. 2004 Supp. 46-1208a is hereby amended to read as follows: 46-1208a. (a) The legislative educational planning committee is hereby established and shall be composed of 13 members, seven of whom shall be members of the house of representatives and six of whom shall be senators. Members of the legislative educational planning committee shall be appointed by the legislative coordinating council. The legislative coordinating council shall determine the number of members of the committee who shall be members of the majority party and the number of members of the committee who shall be members of the minority party. The committee shall be permanent with membership changing from time to time as the legislative coordinating council shall determine.

(b) *Except for matters or issues relating to school finance*, the legislative educational planning committee shall plan for public and private postsecondary education in Kansas, including vocational and technical education; explore, study and make recommendations concerning preschool and K-12 education in Kansas; review implementation of legislation relating to educational matters; and consider such other matters as the legislative coordinating council may assign. The committee shall an-

nually make a report and recommendations to the legislature and the governor and may cause the same to be published separately from other documents which are required by law to be submitted to the legislative coordinating council. The reports and recommendations of the committee shall include a developmental schedule for implementation of educational goals established by the committee. The committee shall from time to time update such schedule as new or additional information is developed or refined.

(c) The provisions of the acts contained in article 12 of chapter 46 of the Kansas Statutes Annotated, and amendments thereto, applicable to special committees shall apply to the legislative educational planning committee to the extent that the same do not conflict with the specific provisions of this act applicable to the committee.

(d) Upon request of the legislative educational planning committee, the state board of regents and the state board of education shall provide consultants from the faculties and staffs of institutions and agencies under the respective control and jurisdiction thereof.

(e) The legislative educational planning committee shall meet upon call of its chairperson and may introduce such legislation as it deems necessary in performing its functions.

Sec. 10. K.S.A. 2004 Supp. 72-978 is hereby amended to read as follows: 72-978. ~~(a) (1) In each school year, in accordance with appropriations for special education and related services provided under this act, each school district which has provided special education and related services in compliance with the provisions of this act~~

(a) Each year, the state board of education shall determine the amount of state aid for the provision of special education and related services each school district shall receive for the ensuing school year. The amount of such state aid shall be computed by the state board as provided in this section. The state board shall:

(1) Determine the total amount of general fund and local option budgets of all school districts;

(2) subtract from the amount determined in paragraph (1) the total amount attributable to assignment of transportation weighting, program weighting, special education weighting and at-risk pupil weighting to enrollment of all school districts;

(3) divide the remainder obtained in paragraph (2) by the total number of full-time equivalent pupils enrolled in all school districts on September 20;

(4) determine the total full-time equivalent enrollment of exceptional children receiving special education and related services provided by all school districts;

(5) multiply the amount of the quotient obtained in paragraph (3) by the full-time equivalent enrollment determined in paragraph (4);

(6) determine the amount of federal funds received by all school districts for the provision of special education and related services;

(7) determine the amount of revenue received by all school districts rendered under contracts with the state institutions for the provisions of special education and related services by the state institution;

(8) add the amounts determined under paragraphs (6) and (7) to the amount of the product obtained under paragraph (5);

(9) determine the total amount of expenditures of all school districts for the provision of special education and related services;

(10) subtract the amount of the sum obtained under paragraph (8) from the amount determined under paragraph (9); and

(11) (A) for school year 2005-2006, multiply the remainder obtained under paragraph (10) by 85%;

(B) for school year, 2006-2007, multiply the remainder obtained under paragraph (10) by 88%; and

(C) for school year 2007-2008 and each year thereafter, multiply the remainder obtained under paragraph (10) by 91%.

The computed amount is the amount of state aid for the provision of special education and related services aid a school district is entitled to receive for the ensuing school year.

(b) Each school district shall be entitled to receive:

~~(A)~~ *(1) Reimbursement for actual travel allowances paid to special teachers at not to exceed the rate specified under K.S.A. 75-3203, and amendments thereto, for each mile actually traveled during the school year in connection with duties in providing special education or related*

services for exceptional children; such reimbursement shall be computed by the state board by ascertaining the actual travel allowances paid to special teachers by the school district for the school year and shall be in an amount equal to 80% of such actual travel allowances;

~~(B)~~ (2) reimbursement in an amount equal to 80% of the actual travel expenses incurred for providing transportation for exceptional children to special education or related services; such reimbursement shall not be paid if such child has been counted in determining the transportation weighting of the district under the provisions of the school district finance and quality performance act;

~~(C)~~ (3) reimbursement in an amount equal to 80% of the actual expenses incurred for the maintenance of an exceptional child at some place other than the residence of such child for the purpose of providing special education or related services; such reimbursement shall not exceed \$600 per exceptional child per school year; and

~~(D)~~ (4) except for those school districts entitled to receive reimbursement under subsection ~~(b)~~ or (c) or (d), after subtracting the amounts of reimbursement under paragraphs ~~(A)~~, ~~(B)~~ and ~~(C)~~ (1), (2) and (3) of this subsection (a) from the total amount appropriated for special education and related services under this act, an amount which bears the same proportion to the remaining amount appropriated as the number of full-time equivalent special teachers who are qualified to provide special education or related services to exceptional children and are employed by the school district for approved special education or related services bears to the total number of such qualified full-time equivalent special teachers employed by all school districts for approved special education or related services.

~~(2)~~ Each special teacher who is qualified to assist in the provision of special education or related services to exceptional children shall be counted as $\frac{2}{3}$ full-time equivalent special teacher who is qualified to provide special education or related services to exceptional children.

~~(b)~~ (c) Each school district which has paid amounts for the provision of special education and related services under an interlocal agreement shall be entitled to receive reimbursement under subsection ~~(a)(1)(D)~~ (b)(4). The amount of such reimbursement for the district shall be the amount which bears the same relation to the aggregate amount available for reimbursement for the provision of special education and related services under the interlocal agreement, as the amount paid by such district in the current school year for provision of such special education and related services bears to the aggregate of all amounts paid by all school districts in the current school year who have entered into such interlocal agreement for provision of such special education and related services.

~~(c)~~ (d) Each contracting school district which has paid amounts for the provision of special education and related services as a member of a cooperative shall be entitled to receive reimbursement under subsection ~~(a)(1)(D)~~ (b)(4). The amount of such reimbursement for the district shall be the amount which bears the same relation to the aggregate amount available for reimbursement for the provision of special education and related services by the cooperative, as the amount paid by such district in the current school year for provision of such special education and related services bears to the aggregate of all amounts paid by all contracting school districts in the current school year by such cooperative for provision of such special education and related services.

~~(d)~~ (e) No time spent by a special teacher in connection with duties performed under a contract entered into by the Kansas juvenile correctional complex, the Atchison juvenile correctional facility, the Beloit juvenile correctional facility, the Larned juvenile correctional facility, or the Topeka juvenile correctional facility and a school district for the provision of special education services by such state institution shall be counted in making computations under this section.

Sec. 11. K.S.A. 72-979 is hereby amended to read as follows: 72-979. (a) Payments under this act of *state aid for the provision of special education and related services* shall be made in the manner and at such times during each school year as are determined by the state board. All amounts received by a district under this section shall be deposited in the general fund of the district and transferred to its special education fund. If any district is paid more than it is entitled to receive under any distribution made under this act, the state board shall notify the district of the amount of such overpayment, and such district shall remit the same to the state

board. The state board shall remit any moneys so received 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 general fund. If any such district fails so to remit, the state board shall deduct the excess amounts so paid from future payments becoming due to such district. If any district is paid less than the amount to which it is entitled under any distribution made under this act, the state board shall pay the additional amount due at any time within the school year in which the underpayment was made or within 60 days after the end of such school year. *If the amount of appropriations for state aid for the provision of special education and related services is insufficient to pay in full the amount of state aid each school district is entitled to receive for the school year, the state board shall prorate the amount appropriated among all school districts.*

(b) The state board shall prescribe all forms necessary for reporting under this act.

(c) Every board shall make such periodic and special reports of information to the state board as it may request in order to carry out its responsibilities under this act.

Sec. 12. K.S.A. 2004 Supp. 72-6407 is hereby amended to read as follows: 72-6407. (a) (1) "Pupil" means any person who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 maintained by the district or who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 in another district in accordance with an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto, or who is regularly enrolled in a district and attending special education services provided for preschool-aged exceptional children by the district.

(2) Except as otherwise provided in paragraph (3) of this subsection, a pupil in attendance full time shall be counted as one pupil. A pupil in attendance part time shall be counted as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the pupil's attendance bears to full-time attendance. A pupil attending kindergarten shall be counted as $\frac{1}{2}$ pupil. A pupil enrolled in and attending an institution of postsecondary education which is authorized under the laws of this state to award academic degrees shall be counted as one pupil if the pupil's postsecondary education enrollment and attendance together with the pupil's attendance in either of the grades 11 or 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of the pupil's postsecondary education attendance and attendance in grade 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in and attending an area vocational school, area vocational-technical school or approved vocational education program shall be counted as one pupil if the pupil's vocational education enrollment and attendance together with the pupil's attendance in any of grades nine through 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of the pupil's vocational education attendance and attendance in any of grades nine through 12 bears to full-time attendance. A pupil enrolled in a district and attending special education and related services, except special education and related services for preschool-aged exceptional children, provided for by the district shall be counted as one pupil. A pupil enrolled in a district and attending special education and related services for preschool-aged exceptional children provided for by the district shall be counted as $\frac{1}{2}$ pupil. A preschool-aged at-risk pupil enrolled in a district and receiving services under an approved at-risk pupil assistance plan maintained by the district shall be counted as $\frac{1}{2}$ pupil. A pupil in the custody of the secretary of social and rehabilitation services and enrolled in unified school district No. 259, Sedgwick county, Kansas, but housed, maintained, and receiving educational services at the Judge James V. Riddel Boys Ranch, shall be counted as two pupils.

(3) A pupil residing at the Flint Hills job corps center shall not be counted. A pupil confined in and receiving educational services provided for by a district at a juvenile detention facility shall not be counted. A pupil enrolled in a district but housed, maintained, and receiving educational services at a state institution shall not be counted. A pupil enrolled in a virtual school in a district but who is not a resident of the state of Kansas shall not be counted.

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

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

(d) “Preschool-aged at-risk pupil” means an at-risk pupil who has attained the age of four years, is under the age of eligibility for attendance at kindergarten, and has been selected by the state board in accordance with guidelines consonant with guidelines governing the selection of pupils for participation in head start programs. The state board shall select not more than 5,500 preschool-aged at-risk pupils to be counted in any school year.

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

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

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

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

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

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

(i) “Low enrollment weighting” means an addend component assigned to enrollment of districts having under 1,725 enrollment on the basis of costs attributable to maintenance of educational programs by such districts in comparison with costs attributable to maintenance of educational programs by districts having 1,725 or over enrollment.

(j) “School facilities weighting” means an addend component assigned to enrollment of districts on the basis of costs attributable to commencing operation of new school facilities. School facilities weighting may be assigned to enrollment of a district only if the district has adopted a local option budget and budgeted therein the total amount authorized for the 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.

(k) “Transportation weighting” means an addend component as-

signed to enrollment of districts on the basis of costs attributable to the provision or furnishing of transportation.

(l) ~~“Correlation weighting” means an addend component assigned to enrollment of districts having 1,725 or over enrollment on the basis of costs attributable to maintenance of educational programs by such districts as a correlate to low enrollment weighting assigned to enrollment of districts having under 1,725 enrollment. “Cost of living weighting” means an addend component assigned to enrollment of the districts to which the provisions of section 19, and amendments thereto, apply on the basis of costs attributable to the necessity of enhancing salaries of teachers due to the extraordinary cost of purchasing single family residences in the district.~~

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

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

(2) any level VI treatment facility licensed by the Kansas department of health and environment which is a psychiatric residential treatment facility for individuals under the age of 21 which conforms with the regulations of the centers for medicare/medicaid services and the joint commission on accreditation of health care organizations governing such facilities; and

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

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

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

Sec. 13. K.S.A. 2004 Supp. 72-6409 is hereby amended to read as follows: 72-6409. (a) “General fund” means the fund of a district from which operating expenses are paid and in which is deposited the proceeds from the tax levied under K.S.A. 72-6431, and amendments thereto, all amounts of general state aid under this act, payments under K.S.A. 72-7105a, and amendments thereto, payments of federal funds made available under the provisions of title I of public law 874, except amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program, and such other moneys as are provided by law.

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

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

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

(e) “Program weighted fund” means and includes the following funds of a district: Vocational education fund, *at-risk education fund* and bilin-

gual education fund.

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

Sec. 14. K.S.A. 72-6410 is hereby amended to read as follows: 72-6410. (a) "State financial aid" means an amount equal to the product obtained by multiplying base state aid per pupil by the adjusted enrollment of a district.

(b) "Base state aid per pupil" means an amount of state financial aid per pupil. Subject to the other provisions of this subsection, the amount of base state aid per pupil is ~~\$3,890~~ \$4,222. The amount of base state aid per pupil is subject to reduction commensurate with any reduction under K.S.A. 75-6704, and amendments thereto, in the amount of the appropriation from the state general fund for general state aid. If the amount of appropriations for general state aid is insufficient to pay in full the amount each district is entitled to receive for any school year, the amount of base state aid per pupil for such school year is subject to reduction commensurate with the amount of the insufficiency.

(c) "Local effort" means the sum of an amount equal to the proceeds from the tax levied under authority of K.S.A. 72-6431, and amendments thereto, and an amount equal to any unexpended and unencumbered balance remaining in the general fund of the district, except amounts received by the district and authorized to be expended for the purposes specified in K.S.A. 72-6430, and amendments thereto, and an amount equal to any unexpended and unencumbered balances remaining in the program weighted funds of the district, except any amount in the vocational education fund of the district if the district is operating an area vocational school, and an amount equal to any remaining proceeds from taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amendments thereto, prior to the repeal of such statutory sections, and an amount equal to the amount deposited in the general fund in the current school year from amounts received in such year by the district under the provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto, and an amount equal to the amount deposited in the general fund in the current school year from amounts received in such year by the district pursuant to contracts made and entered into under authority of K.S.A. 72-6757, and amendments thereto, and an amount equal to the amount credited to the general fund in the current school year from amounts distributed in such year to the district under the provisions of articles 17 and 34 of chapter 12 of Kansas Statutes Annotated and under the provisions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated, and an amount equal to the amount of payments received by the district under the provisions of K.S.A. 72-979, and amendments thereto, and an amount equal to the amount of a grant, if any, received by the district under the provisions of K.S.A. 72-983, and amendments thereto, and an amount equal to ~~75%~~ 70% of the federal impact aid of the district.

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

Sec. 15. K.S.A. 72-6412 is hereby amended to read as follows: 72-6412. ~~The low enrollment weighting of each district with under 1,725 enrollment shall be determined by the state board as follows:~~

~~—(a) Determine the amount of the median budget per pupil for the 1991-92 school year of districts with 75-125 enrollment in such school year;~~

~~—(b) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 200-300 enrollment in such school year;~~

- ~~— (c) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 1,000 or over enrollment;~~
- ~~— (d) prescribe a schedule amount for each of the districts by preparing a schedule based upon an accepted mathematical formula and derived from a linear transition between (1) the median budgets per pupil determined under (a) and (b), and (2) the median budgets per pupil determined under (b) and (c). The schedule amount for districts with 0-99 enrollment is an amount equal to the amount of the median budget per pupil determined under (a). The schedule amount for districts with 100-299 enrollment is the amount derived from the linear transition under (1). The schedule amount for districts with 300-1,899 enrollment is the amount derived from the linear transition under (2);~~
- ~~— (e) for districts with 0-99 enrollment:~~
 - ~~— (1) Subtract the amount determined under (c) from the amount determined under (a);~~
 - ~~— (2) divide the remainder obtained under (1) by the amount determined under (e);~~
 - ~~— (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district;~~
- ~~— (f) for districts with 100-299 enrollment:~~
 - ~~— (1) Subtract the amount determined under (c) from the schedule amount of the district;~~
 - ~~— (2) divide the remainder obtained under (1) by the amount determined under (e);~~
 - ~~— (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district;~~
- ~~— (g) for districts with 300-1,724 enrollment:~~
 - ~~— (1) Subtract the amount determined under (c) from the schedule amount of the district;~~
 - ~~— (2) divide the remainder obtained under (1) by the amount determined under (e);~~
 - ~~— (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district.~~

(a) *A low enrollment weighting factor shall be assigned to each school district as provided by this section.*

(b) *For districts with enrollment of 1,725 or more, the low enrollment weighting factor shall be 0.*

(c) *For districts with enrollment of less than 100, the low enrollment weighting factor shall be equal to the low enrollment weighting factor of a district with enrollment of 100.*

(d) *For districts with enrollment of less than 1,725 and more than 99, the low enrollment weighting factor shall be determined by the state board as follows:*

- (1) Determine the low enrollment weighting factor for such districts for school year 2004-2005;*
- (2) multiply the low enrollment weighting factor of each district determined under paragraph (1) by 3,863;*
- (3) add 3,863 to the product obtained under paragraph (2);*
- (4) divide the product obtained under paragraph (3) by 4,107; and*
- (5) subtract 1 from the product obtained under paragraph (4). The difference shall be the low enrollment weighting factor for school year 2005-2006 and each school year thereafter.*

Sec. 16. K.S.A. 72-6413 is hereby amended to read as follows: 72-6413. The program weighting of each district shall be determined by the state board as follows:

- (a) Compute full time equivalent enrollment in programs of bilingual education and multiply the computed enrollment by ~~0.2~~ .395;
- (b) compute full time equivalent enrollment in approved vocational education programs and multiply the computed enrollment by 0.5;
- (c) add the products obtained under (a) and (b). The sum is the program weighting of the district.
- ~~(d) The provisions of this section shall take effect and be in force from and after July 1, 1992.~~

Sec. 17. K.S.A. 72-6414 is hereby amended to read as follows: 72-6414. (a) The at-risk pupil weighting of each district shall be determined by the state board by multiplying the number of at-risk pupils included

in enrollment of the district by ~~10~~ .145. The product is the at-risk pupil weighting of the district.

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

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

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

New Sec. 18. (a) There is hereby established in every district a fund which shall be called the at-risk education fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. Notwithstanding any other provision of law, all moneys received by the district from whatever source for at-risk assistance plans or programs shall be credited to the at-risk education fund established by this section. The expenses of a district directly attributable to providing at-risk assistance or programs shall be paid from the at-risk education fund.

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

New Sec. 19. (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 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 a teacher salary enhancement fund, which fund shall consist of all moneys deposited therein or transferred thereto in accordance with law to be used to finance teacher salary enhancements. All moneys derived from a tax imposed pursuant to this section shall be credited to the teacher salary enhancement 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) subtract the amount determined under (2) from the amount determined under (3). If the amount determined for the district under (4) is a positive number and the district is authorized to adopt and has adopted a local option budget in an amount equal to the state prescribed percentage in 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.

(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. 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 then 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.

New Sec. 20. The cost of living weighting of a district shall be determined by the state board in each school year in which such weighting may be assigned to enrollment of the district as follows:

(1) Divide the amount determined under subsection (c)(4) of section 19, and amendments thereto, by the amount determined under subsection (c)(2) of section 19, and amendments thereto;

(2) multiply the dividend determined under (1) by .095;

(3) multiply the district's state financial aid, excluding the amount determined under this provision, by the lesser of the product determined under (2) or .05; and

(4) divide the product determined under (3) by the base state aid per pupil for the current school year. The quotient is the cost of living weighting of the district.

Sec. 21. K.S.A. 72-6421 is hereby amended to read as follows: 72-6421. (a) There is hereby established in every district a fund which shall be called the vocational education fund. All moneys received by a district for any course or program authorized and approved under the provisions of article 44 of chapter 72 of Kansas Statutes Annotated, except for courses and programs conducted in an area vocational school, shall be credited to the vocational education fund. All moneys received by the district from tuition, fees or charges or from any other source for vocational education courses or programs, except for courses and programs conducted in an area vocational school, shall be credited to the vocational education fund. The expenses of a district directly attributable to vocational education shall be paid from the vocational education fund.

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

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

(c) Any balance remaining in the vocational education fund at the end of the budget year shall be carried forward into the vocational edu-

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

Sec. 22. K.S.A. 2004 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 mills in the school year ~~2003-2004~~ 2005-2006 and school year ~~2004-2005~~ 2006-2007.

(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. 23. K.S.A. 72-6433 is hereby amended to read as follows: 72-6433. (a) (1) The board of any district may adopt a local option budget in each school year in an amount not to exceed an amount equal to the district prescribed percentage of the amount of state financial aid determined for the district in the school year. As used in this section, "district prescribed percentage" means:

(A) For any district that was authorized to adopt and that adopted a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 72-6444, and amendments thereto, do not apply in the current school year, in the 2001-02 school year and in each school year thereafter, a percentage that is equal to 80% of the percentage specified in the resolution under which the district was authorized to adopt a local option budget in the 1996-97 school year;

(B) for any district that was authorized to adopt and that adopted a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 72-6444, and amendments thereto, apply in the current school year, a percentage in the 2001-02 school year and each school year thereafter that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and the percentage computed for the district by the state board under the provisions of K.S.A. 72-6444, and amendments thereto;

(C) for any district that was not authorized to adopt a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 72-6444, and amendments thereto, apply in the current school year, a percentage in the 2001-02 school year and each school year thereafter that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and the percentage computed for the district by the state board under the provisions of K.S.A. 72-6444, and amendments thereto;

(D) for any district to which the provisions of K.S.A. 72-6444, and amendments thereto, applied in the 1997-98 school year and to which

the provisions of K.S.A. 72-6444, and amendments thereto, do not apply in the current school year because an increase in the amount budgeted by the district in its local option budget as authorized by a resolution adopted under the provisions of subsection (b) causes the actual amount per pupil budgeted by the district in the preceding school year as determined for the district under provision (1) of subsection (a) of K.S.A. 72-6444, and amendments thereto, to equal or exceed the average amount per pupil of general fund budgets and local option budgets computed by the state board under whichever of the provisions (7) through (10) of subsection (a) of K.S.A. 72-6444, and amendments thereto, is applicable to the district's enrollment group, a percentage that is equal to the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year if the resolution authorized the district to increase its local option budget on a continuous and permanent basis. If the resolution that authorized the district to increase its local option budget specified a definite period of time for which the district would retain its authority to increase the local option budget and such authority lapses at the conclusion of such period and is not renewed, the term district prescribed percentage means a percentage that is equal to the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year less the percentage of increase that was authorized by the resolution unless the loss of the percentage of increase that was authorized by the resolution would cause the actual amount per pupil budgeted by the district to be less than the average amount per pupil of general fund budgets and local option budgets computed by the state board under whichever of the provisions (7) through (10) of subsection (a) of K.S.A. 72-6444, and amendments thereto, is applicable to the district's enrollment group, in which case, the term district prescribed percentage means a percentage that is equal to the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year less the percentage of increase that was authorized by the resolution plus a percentage which shall be computed for the district by the state board in accordance with the provisions of K.S.A. 72-6444, and amendments thereto, except that, in making the determination of the actual amount per pupil budgeted by the district in the preceding school year, the state board shall exclude the percentage of increase that was authorized by the resolution.

(2) (A) Subject to the provisions of subpart (B), the adoption of a local option budget under authority of this subsection shall require a majority vote of the members of the board and shall require no other procedure, authorization or approval.

(B) In lieu of utilizing the authority granted by subpart (A) for adoption of a local option budget, the board of a district may pass a resolution authorizing adoption of such a budget and publish such resolution 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 for a period of time not to exceed _____ years in an amount not to exceed _____% of the amount of state financial aid determined for the current school year. 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. In the event 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 appropriately filled. The blank preceding the word "years" shall be filled with a specific number, and the blank preceding the percentage symbol shall be filled with a specific number. No word shall be inserted in either of the blanks. The percentage specified in the resolution shall not exceed the district pre-

scribed percentage. The resolution shall be published once in a newspaper having general circulation in the school district. If no petition as specified above is filed in accordance with the provisions of the resolution, the board may adopt a local option budget. If a petition is filed as provided in the resolution, 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. 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 no like resolution shall be adopted by the board within the nine months following publication of the resolution. If any district is authorized to adopt a local option budget under this subpart, but the board of such district chooses, in any school year, not to adopt such a budget or chooses, in any school year, to adopt such budget in an amount less than the amount of the district prescribed percentage of the amount of state financial aid in any school year, such board of education may so choose. If the board of any district refrains from adopting a local option budget in any one or more school years or refrains from budgeting the total amount authorized for any one or more school years, 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, nor shall the amount authorized to be budgeted in any succeeding school year be increased by such refrainment. Whenever an initial resolution has been adopted under this subpart, and such resolution specified a lesser percentage than the district prescribed percentage, the board of the district may adopt one or more subsequent resolutions under the same procedure as provided for the initial resolution and subject to the same conditions, and shall be authorized to increase the percentage as specified in any such subsequent resolution for the remainder of the period of time specified in the initial resolution. Any percentage specified in a subsequent resolution or in subsequent resolutions shall be limited so that the sum of the percentage authorized in the initial resolution and the percentage authorized in the subsequent resolution or in subsequent resolutions is not in excess of the district prescribed percentage in any school year. The board of any district that has been authorized to adopt a local option budget under this subpart and levied a tax under authority of K.S.A. 72-6435, and amendments thereto, may initiate, at any time after the final levy is certified to the county clerk under any current authorization, procedures to renew its authority to adopt a local option budget in the manner specified in this subpart or may utilize the authority granted by subpart (A). As used in this subpart, the term "authorized to adopt a local option budget" means that a district has adopted a resolution under this subpart, has published the same, and either that the resolution was not protested or that it was protested and an election was held by which the adoption of a local option budget was approved.

(3) The provisions of this subsection are subject to the provisions of subsections (b) and (c).

(b) The provisions of this subsection (b) shall be subject to the provisions of K.S.A. 72-6433a, and amendments thereto.

(1) The board of any district that adopts a local option budget under subsection (a) may increase the amount of such budget in each school year in an amount which together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage of the amount of state financial aid determined for the district in the school year if the board of the district determines that an increase in such budget would be in the best interests of the district.

(2) No district may increase a local option budget under authority of this subsection until: (A) A resolution authorizing such an increase is passed by the board and published once in a newspaper having general circulation in the district; or (B) the question of whether the board shall be authorized to increase the local option budget has been submitted to and approved by the qualified electors of the district at a special election called for the purpose. Any such election shall be noticed, called and held in the manner provided by K.S.A. 10-120, and amendments thereto, for the noticing, calling and holding of elections upon the question of issuing bonds under the general bond law. The notice of such election shall state the purpose for and time of the election, and the ballot shall be designed with the question of whether the board of education of the district shall be continuously and permanently authorized to increase the local option

budget of the district in each school year by a percentage which together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage in any school year. If a majority of the qualified electors voting at the election approve authorization of the board to increase the local option budget, the board shall have such authority. If a majority of the qualified electors voting at the election are opposed to authorization of the board to increase the local option budget, the board shall not have such authority and no like question shall be submitted to the qualified electors of the district within the nine months following the election.

(3) (A) Subject to the provisions of subpart (B), a resolution authorizing an increase in the local option budget of a district shall state that the board of education of the district shall be authorized to increase the local option budget of the district in each school year in an amount not to exceed _____% of the amount of state financial aid determined for the current school year and that the percentage of increase may be reduced so that the sum of the percentage of the amount of state financial aid budgeted under subsection (a) and the percentage of increase specified in the resolution does not exceed the state prescribed percentage in any school year. The blank preceding the percentage symbol shall be filled with a specific number. No word shall be inserted in the blank. The resolution shall specify a definite period of time for which the board shall be authorized to increase the local option budget and such period of time shall be expressed by the specific number of school years for which the board shall retain its authority to increase the local option budget. No word shall be used to express the number of years for which the board shall be authorized to increase the local option budget.

(B) In lieu of the requirements of subpart (A) and at the discretion of the board, a resolution authorizing an increase in the local option budget of a district may state that the board of education of the district shall be continuously and permanently authorized to increase the local option budget of the district in each school year by a percentage which together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage in any school year.

(4) A resolution authorizing an increase in the local option budget of a district shall state that the amount of the local option budget may be increased as authorized by the resolution unless a petition in opposition to such increase, 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. If no petition is filed in accordance with the provisions of the resolution, the board is authorized to increase the local option budget of the district. If a petition is filed as provided in the resolution, the board may notify the county election officer of the date of an election to be held to submit the question of whether the board shall be authorized to increase the local option budget of the district. 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 no like resolution shall be adopted by the board within the nine months following publication of the resolution.

(5) The requirements of provision (2) do not apply to any district that is continuously and permanently authorized to increase the local option budget of the district. An increase in the amount of a local option budget by such a district shall require a majority vote of the members of the board and shall require no other procedure, authorization or approval.

(6) If any district is authorized to increase a local option budget, but the board of such district chooses, in any school year, not to adopt or increase such budget or chooses, in any school year, to adopt or increase such budget in an amount less than the amount authorized, such board of education may so choose. If the board of any district refrains from adopting or increasing a local option budget in any one or more school years or refrains from budgeting the total amount authorized for any one or more school years, the amount authorized to be budgeted in any succeeding school year shall not be increased by such refrainment, nor shall the authority of the district to increase its local option budget be extended by such refrainment beyond the period of time specified in the resolution authorizing an increase in the local option budget if the resolution specified such a period of time.

(7) Whenever an initial resolution has been adopted under this sub-

section, and such resolution specified a percentage which together with the percentage of the amount of state financial aid budgeted under subsection (a) is less than the state prescribed percentage, the board of the district may adopt one or more subsequent resolutions under the same procedure as provided for the initial resolution and shall be authorized to increase the percentage as specified in any such subsequent resolution. If the initial resolution specified a definite period of time for which the district is authorized to increase its local option budget, the authority to increase such budget by the percentage specified in any subsequent resolution shall be limited to the remainder of the period of time specified in the initial resolution. Any percentage specified in a subsequent resolution or in subsequent resolutions shall be limited so that the sum of the percentage authorized in the initial resolution and the percentage authorized in the subsequent resolution or in subsequent resolutions together with the percentage of the amount of state financial aid budgeted under subsection (a) is not in excess of the state prescribed percentage in any school year.

(8) (A) Subject to the provisions of subpart (B), the board of any district that has adopted a local option budget under subsection (a), has been authorized to increase such budget under a resolution which specified a definite period of time for retention of such authorization, and has levied a tax under authority of K.S.A. 72-6435, and amendments thereto, may initiate, at any time after the final levy is certified to the county clerk under any current authorization, procedures to renew the authority to increase the local option budget subject to the conditions and in the manner specified in provisions (2) and (3) of this subsection.

(B) The provisions of subpart (A) do not apply to the board of any district that is continuously and permanently authorized to increase the local option budget of the district.

(9) As used in this subsection:

(A) "Authorized to increase a local option budget" means either that a district has held a special election under provision (2)(B) by which authority of the board to increase a local option budget was approved, or that a district has adopted a resolution under provision (2) (A), has published the same, and either that the resolution was not protested or that it was protested and an election was held by which the authority of the board to increase a local option budget was approved.

(B) "State prescribed percentage" means ~~25%~~ 27% for school year 2005-2006, 29% for school year 2006-2007 and 30% for school year 2007-2008 and each school year thereafter.

(c) To the extent the provisions of the foregoing subsections conflict with this subsection, this subsection shall control. Any district that is authorized to adopt a local option budget in the 1997-98 school year under a resolution which authorized the adoption of such budget in accordance with the provisions of this section 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.

(d) (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 provision (3), 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 the general fund of the district or to any program weighted fund or categorical fund of the district.

(3) Amounts in the supplemental general fund may not be expended nor transferred to the general fund of the district 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) Any unexpended and unencumbered cash balance 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 disposed of as provided in this subsection. If the district did not receive supplemental general state aid in the school year and the board of the district deter-

mines that it will be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be maintained in such fund or transferred to the general fund of the district. If the board of such a district determines that it will not be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be transferred to the general fund of the district. If the district received supplemental general state aid in the school year, transferred or expended the entire amount budgeted in the local option budget for the school year, and determines that it will be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be maintained in such fund or transferred to the general fund of the district. If such a district determines that it will not be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be transferred to the general fund of the district. If the district received supplemental general state aid in the school year, did not transfer or expend the entire amount budgeted in the local option budget for the school year, and determines that it will not be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be transferred to the general fund of the district. If the district received supplemental general state aid in the school year, did not transfer or expend the entire amount budgeted in the local option budget for the school year, and determines that it will be necessary to adopt a local option budget in the ensuing 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 cash balance remaining in the supplemental general fund by such ratio. An amount equal to the amount of the product shall be transferred to the general fund of the district. The amount remaining in the supplemental general fund may be maintained in such fund or transferred to the general fund of the district.

(e) To the extent the provisions of the foregoing section conflict with this subsection, this subsection shall control. Any district that has adopted a local option budget for school year 2004-2005 in an amount equal to the state prescribed in effect prior to the effective date of this act, may adopt a local option budget for school year 2005-2006 in an amount equal to the state prescribed percentage in effect on July 1, 2005, by adoption of a resolution. Such resolution shall not be subject to protest or election.

Sec. 24. K.S.A. 2004 Supp. 72-6434 is hereby amended to read as follows: 72-6434. (a) *Subject to the limitations of subsection (b) in each school year, each district that has adopted a local option budget is eligible for entitlement to an amount of supplemental general state aid. Entitlement of a district to supplemental general state aid shall be determined by the state board as provided in this subsection. The state board shall:*

- (1) Determine the amount of the assessed valuation per pupil in the preceding school year of each district in the state;*
- (2) rank the districts from low to high on the basis of the amounts of assessed valuation per pupil determined under (1);*
- (3) identify the amount of the assessed valuation per pupil located at the 75th 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) For school year 2005-2006, districts shall not be paid supplemental general state aid for that portion of the local option budget in excess of the state prescribed percentage in effect prior to the effective date of this act.

(c) 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.

~~(e)~~ (d) The state board of education 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)~~ (e) 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.

Sec. 25. K.S.A. 72-8801 is hereby amended to read as follows: 72-8801. (a) The board of education of any school district may make an annual tax levy at a mill rate not to exceed the statutorily prescribed mill rate for a period of not to exceed five years upon the taxable tangible property in the school district for the purposes specified in this act and for the purpose of paying a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the school district. No levy shall be made under this act until a resolution is adopted by the board of education in the following form:

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

RESOLUTION

Be It Resolved that:

The above-named school board shall be authorized to make an annual tax levy for a period not to exceed _____ years in an amount not to exceed _____ mills upon the taxable tangible property in the school district for the purpose of acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing and equipping of buildings necessary for school district purposes, including housing and boarding pupils enrolled in an area vocational school operated under the board, architectural expenses incidental thereto, the acquisition of building sites, the undertaking and maintenance of asbestos control projects, the acquisition of school buses and the acquisition of other equipment and for the purpose of paying a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the school district. The tax levy authorized by this resolution may be made, unless a petition in opposition to the same, signed by not less than 10% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 40 days after the last publication of this resolution. In the event a petition is filed the county election officer shall submit the question of whether the tax levy shall be authorized to the electors in 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 above 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 _____, ~~19~~_____.

Clerk of the above board of education.

All of the blanks in the above resolution shall be appropriately filled. The blank preceding the word "years" shall be filled with a specific number, and the blank preceding the word "mills" shall be filled with a specific number, and no word shall be inserted in either of the blanks. The resolution shall be published once a week for two consecutive weeks in a newspaper having general circulation in the school district. If no petition as specified above is filed in accordance with the provisions of the resolution, the board of education may make the tax levy specified in the resolution. If a petition is filed as provided in the resolution, the board of education may notify the county election officer of the date of an election to be held to submit the question of whether the tax levy shall be authorized. If the board of education fails to notify the county election officer within 60 days after a petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board

of education within the nine months following the first publication of the resolution.

(b) As used in this act:

(1) “Unconditionally authorized to make a capital outlay tax levy” means that the school district has adopted a resolution under this section, has published the same, and either that the resolution was not protested or that it was protested and an election has been held by which the tax levy specified in the resolution was approved;

(2) “statutorily prescribed mill rate” means: (A) ~~Four mills or the mill rate necessary to produce the same amount of money that would have been produced by a levy of four mills in the 1988-89 school year~~ *Eight mills*; (B) *the mill levy rate in excess of eight mills if the resolution fixing such rate was approved at an election prior to the effective date of this act*; or (C) *the mill levy rate in excess of eight mills if no petition or no sufficient petition was filed in protest to a resolution fixing such rate in excess of eight mills and the protest period for filing such petition has expired*;

(3) “asbestos control project” means any activity which is necessary or incidental to the control of asbestos-containing material in buildings of school districts and includes, but not by way of limitation, any activity undertaken for the removal or encapsulation of asbestos-containing material, for any remodeling, renovation, replacement, rehabilitation or other restoration necessitated by such removal or encapsulation, for conducting inspections, reinspections and periodic surveillance of buildings, performing response actions, and developing, implementing and updating operations and maintenance programs and management plans;

(4) “asbestos” means the asbestiform varieties of chrysotile (serpentine), crocidolite (riebeckite), amosite (cummingtonitegrunerite), anthophyllite, tremolite, and actinolite; and

(5) “asbestos-containing material” means any material or product which contains more than 1% asbestos.

New Sec. 26. From and after the effective date of this act no school district may adopt or renew a resolution imposing a tax levy in excess of the statutorily prescribed mill rate fixed by subsection (b)(2)(A) of K.S.A. 72-8801, and amendments thereto. Any school district making a levy in excess of such amount may continue to make such levy until the expiration of the resolution under which such levy is made.

New Sec. 27. The provisions of subsection (a) of K.S.A. 2004 Supp. 79-5040, and amendments thereto, shall not apply to the fund mill levy rate and aggregate levy rate limitations imposed by K.S.A. 72-8801 et seq., and amendments thereto.

New Sec. 28. (a) As used in this section:

(1) “School district” or “district” means a school district which has an extraordinary declining enrollment and which has adopted a local option budget in an amount which equals the state prescribed percentage under K.S.A. 72-6433, and amendments thereto.

(2) “Extraordinary declining enrollment” means an enrollment which has declined during the preceding three school years at an average rate of at least 5% or by at least 50 pupils.

(3) “Joint committee” means the joint committee on state building construction.

(b) The board of education of any school district shall not authorize the issuance of any bonds for the construction of a new building without having first advised and consulted with the joint committee. Prior to the date of the hearing of the joint committee at which the board is scheduled to appear, the board shall submit any information requested by the joint committee. Following such hearing, the committee shall make a recommendation on the advisability of the proposed issuance of bonds. A copy of the committee’s recommendation shall be provided to the school district and to the state board of education within 15 days of the date of the hearing.

(c) If the joint committee recommends against the issuance of any bonds for the construction of a new building and if the district proceeds to issue bonds for such construction, the district shall not be entitled to, and shall not receive, state aid for such bonds under K.S.A. 75-2319, and amendments thereto unless approved by the state board.

(d) The provisions of this section shall not apply to any district which is not entitled to state aid under 75-2319, and amendments thereto.

New Sec. 29. (a) As used in this section:

(1) "School district" or "district" means a school district which: (A) Has an extraordinary declining enrollment; and (B) has adopted a local option budget in an amount which equals the state prescribed percentage under K.S.A. 72-6433, and amendments thereto.

(2) "Extraordinary declining enrollment" means an enrollment which has declined during the preceding three school years at an average rate of at least 15% or by at least 150 pupils.

(b) (1) The board of any district to which the provisions of this subsection apply may levy an ad valorem tax on the taxable tangible property of the district each year in an amount not to exceed the amount authorized by the state board of tax appeals under this section for the purpose of replacing revenues lost as a result of the declining enrollment of the district. The state board 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 which are directly attributable to the decline in enrollment of the district.

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

(3) The state board of tax appeals may adopt rules and regulations necessary to properly effectuate the provisions of this subsection, including rules relating to the evidence required in support of a district's claim that reductions in state funding under the provisions of the school district finance and quality performance act as a result of the district's declining enrollment exceed the district's ability to make expenditure reductions.

(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 board of tax appeals. The state board of tax appeals may renew the authority to make such levy for periods of time not to exceed two years.

(d) 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. Moneys in such fund shall be used for the payment of expenses of the school district as determined by the board of education of the district.

New Sec. 30. (a) For school year 2007-2008, and for each school year thereafter, the total amount of state aid, except for state aid for special education and related services, shall be increased by not less than a percentage equal to the percentage increase in the CPI (urban) during the preceding fiscal year as certified to the commissioner of education by the director of the budget and the director of the legislative research department on August 15 of each year. Such state aid shall be distributed and adjusted for weighted enrollment changes in the manner provided by law. If there is a percentage decrease or no change in the CPI (urban) during the preceding fiscal year, the amount of state aid, excluding state aid for special education and related services, shall be no less than the amount of such aid in the preceding fiscal year.

(b) The provisions of this section shall expire on June 30, 2010.

New Sec. 31. All moneys appropriated for general state aid and supplemental general state aid to school districts shall be paid first from the revenue derived from the levy imposed pursuant to K.S.A. 72-6431, and amendments thereto. If the amount of revenue derived from the levy imposed under K.S.A. 72-6431, and amendments thereto, is insufficient to pay such state aid, the balance shall be paid from existing revenues from the state general fund.

New Sec. 32. (a) As used in this section:

(1) "School district" means any school district in which is located a redevelopment district for which bonds have been issued pursuant to K.S.A. 12-1770 et seq., and amendments thereto.

(2) "Base year assessed valuation", "redevelopment district" and "redevelopment project" shall have the meanings ascribed thereto by K.S.A. 12-1770a, and amendments thereto.

(b) No later than November 1 of each year, the county clerk of each county shall certify to the state board of education the assessed valuation of any school district located within a redevelopment district in such county. For the purposes of this section and for determining the amount of state aid for school districts under K.S.A. 72-6434 and 75-2319, and

amendments thereto, the base year assessed valuation of property within the boundaries of a redevelopment district shall be used when determining the assessed valuation of a school district until the bonds issued pursuant to K.S.A. 12-1770 et seq., and amendments thereto, to finance redevelopment projects in the redevelopment district have been retired.

New Sec. 33. (a) As used in this section:

- (1) "Pupil" means a pupil who is not a resident of the state of Kansas;
- (2) "receiving school district" or "receiving district" means a school district located within the state of Kansas;
- (3) "sending school district" or "sending district" means a school district located outside the state of Kansas.

(b) Each receiving school district shall enter into a contract with a sending district under which contract the sending district agrees to pay the costs of educating pupils enrolled in the receiving district. Except as provided by subsections (d) and (e), if the receiving district fails to enter into a contract as required by this section, pupils enrolled in the receiving district shall not be included in the enrollment of the district for the purposes of the school district finance and quality performance act.

(c) Any receiving district which fails to enter a contract as required by this section may submit a hardship application to the state board seeking to include such pupils in the enrollment of the district. Such application shall include:

- (1) A detailed description of the school districts efforts in negotiating with the sending district, including copies of related documents and a narrative describing each negotiating session;
 - (2) the number of pupils enrolled in the district; and
 - (3) any other information as may be requested by the state board.
- (d) The state board of education may grant any hardship application submitted pursuant to this section.

(e) The state board shall grant any hardship application seeking to include within the enrollment of a district any pupil:

- (1) Whose parent or guardian is an employee of the school district where the pupil is enrolled;
 - (2) whose parent or guardian owns real property located within the state of Kansas and has paid real property taxes on such property during the current or preceding school year; or
 - (3) attended public school in Kansas during school year 2004-2005.
- (f) The state board shall provide assistance and advice to school districts subject to the provisions of this act.

New Sec. 34. As used in sections 35 through 40, and amendments thereto:

- (a) "District" or "school district" means any school district submitting an application pursuant to section 36, and amendments thereto;
- (b) "program" means the Kansas skills for success in school program;
- (c) "department" means the Kansas department of education; and
- (d) "state board" means the state board of education.

New Sec. 35. (a) School districts shall determine each child's mathematics and reading skill-level and whether a child is progressing adequately in acquiring mathematics and reading skills for the child's grade-level. Districts shall utilize the grade-level indicators adopted by the state board in making such determinations. Districts shall use assessments or diagnostic reviews required by the state board during kindergarten and each of the grades one through three to determine a child's level of performance and to target specialized interventions to bring the child up to grade-level in reading and mathematics. The district shall embed such assessments or diagnostic reviews into the curriculum and implement a measure to check each child's progress during the fall or spring semesters, or both.

(b) The district shall establish a plan for providing each child needing assistance with locally-determined interventions based on input from teachers and parents of the individual child. The plan may include a re-structured school day, additional school days, summer school, individualized instruction and any other intervention the district deems necessary. The district may require attendance at such interventions unless a parent requests in writing that the child not attend, but shall not include a requirement for full-day kindergarten attendance. In addition, any plan providing for interventions shall include implementation of a first grade reading intervention which meets the following specifications: A research-based reading intervention method designed for first-graders

with a proven track record of success, with sustained learning over time using a short-term, one-on-one tutoring intervention when deemed necessary or intensive research-based small group tutoring. The diagnostic reviews or assessments may be in addition to, or in lieu of, current assessments or diagnostic reviews. If the district currently has appropriate grade-level indicators, or offers appropriate diagnostic reviews or assessments or tracking procedures for interventions, the district may continue to use such locally-determined practices so long as the district continues to meet quality performance accreditation requirements. School districts shall continue to implement the second grade reading diagnostic currently required by the state board.

(c) If a child has been identified as needing assistance, the district's plan shall create a mechanism to track the child's interventions and progress. The district shall determine the methods by which the child's progress is measured. When a child has accomplished the district-determined level of accomplishment, no further tracking will be necessary unless the child falls behind in another grade. If the child does not achieve the appropriate grade-level markers in reading or mathematics despite intervention, the district shall take whatever action which it deems is in the best educational interest of the child to reach the grade-level markers. Such action may include, but is not limited to, other more intensive interventions or retention at current grade-level unless a parent refuses in writing to allow the child to be retained. If a parent refuses to allow retention, the parent shall be provided information on the skills the child requires to succeed at the next grade-level.

(d) When it is appropriate, districts are encouraged to utilize community volunteers or community-based organizations in the carrying out of intervention plans adopted pursuant to this section.

New Sec. 36. (a) In school year 2006-2007 and each school year thereafter, any district which has established a plan of interventions pursuant to section 35, and amendments thereto, shall be entitled to receive a grant from the state board to supplement moneys expended by the district for maintenance of such plan of interventions. The district may submit an application for a grant under the Kansas skills for success in school program. The application shall be prepared in such form and manner as required by the state board. Such application shall be accompanied by any information required by the state board. No grant may be awarded pursuant to this section unless the state board approves the district's plan of interventions.

(b) Grant moneys received under subsection (a) shall be deposited in the general fund of the school district and shall be considered reimbursements for the purpose of the school district finance and quality performance act.

(c) The board of education of any district which is awarded a grant for maintenance of a plan of interventions under the Kansas skills for success in school program shall make periodic and special reports to the state board of education as it may request.

New Sec. 37. (a) On or before January 1, 2006, the state board shall adopt rules and regulations for the implementation of sections 35 through 40, and amendments thereto, and for maintenance of plans of interventions established under the Kansas skills for success in school program.

(b) The state board shall:

(1) Establish standards and criteria for reviewing, evaluating and approving plans of interventions and applications for grants;

(2) conduct a needs-assessment survey of school districts applying for grants;

(3) evaluate and approve plans of interventions;

(4) establish priorities in accordance with the findings of the needs-assessment survey for the awarding of grants, the amount of such grants and the duration for which a grant will be awarded;

(5) be responsible for awarding grants to school districts; and

(6) request of and receive from each school district which is awarded a grant reports containing information with regard to the effectiveness of the plan.

(c) In evaluating and approving plans of interventions maintained under the program and for the awarding of grants, the state board shall consider:

(1) The level of effort exhibited by districts in the establishment and maintenance of plans of interventions;

(2) the amounts budgeted by districts for the establishment and maintenance of plans of interventions; and

(3) the potential effectiveness of the plans of interventions for which grant applications are made.

(d) The amount of a grant shall be determined by the state board in accordance with established priorities, but shall not exceed the amount of actual expenses incurred by the district in the establishment and maintenance of the district's plan of interventions. Moneys awarded through grants authorized by this section shall be distributed proportionately among districts receiving such grants on a per pupil basis.

(e) Upon request of a school district, the state board of education shall provide technical advice and assistance regarding the establishment and maintenance of a plan of skills for success in school interventions or an application for a grant.

New Sec. 38. On or before November 1, 2005, the state board of education shall report its progress on the implementation of the Kansas skills for success in school program to the 2010 commission. The board shall submit other reports as requested by the chairperson of the 2010 commission. On or before September 1, 2006, and each year thereafter, the state board shall make an annual report on the program to the 2010 commission. Annual reports also shall include data relating to and supporting evaluations of goals, objectives and outcomes established by the state board of education and other information requested by the commission. On or before the first day of the 2007 legislative session and each year thereafter, the 2010 commission shall prepare and submit to the legislature a report on the program and any recommendations relating thereto.

New Sec. 39. Within the limits of appropriations therefor, the state department of education may award grants authorized by this act.

New Sec. 40. Any appropriations for the implementation of the provisions of sections 34 through 39, and amendments thereto shall not exceed \$20,000,000, in the aggregate, from one or more funds in the state treasury.

Sec. 41. K.S.A. 72-9509 is hereby amended to read as follows: 72-9509. (a) There is hereby established in every school district a fund which shall be called the "bilingual education fund," which fund shall consist of all moneys deposited therein or transferred thereto according to law. Notwithstanding any other provision of law, all moneys received by the school district from whatever source for bilingual education programs established under this act shall be credited to the fund established by this section. The expenses of a district directly attributable to such bilingual education programs shall be paid from the bilingual education fund.

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

Sec. 42. K.S.A. 2004 Supp. 79-201a is hereby amended to read as follows: 79-201a. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas *unless otherwise more specifically provided*:

First. All property belonging exclusively to the United States, except property which congress has expressly declared to be subject to state and local taxation.

Second. All property used exclusively by the state or any municipality or political subdivision of the state. All property owned, being acquired pursuant to a lease-purchase agreement or operated by the state or any municipality or political subdivision of the state, including property which is vacant or lying dormant, which is used or is to be used for any governmental or proprietary function and for which bonds may be issued or taxes levied to finance the same, shall be considered to be used exclusively by the state, municipality or political subdivision for the purposes of this section. The lease by a municipality or political subdivision of the state

of any real property owned or being acquired pursuant to a lease-purchase agreement for the purpose of providing office space necessary for the performance of medical services by a person licensed to practice medicine and surgery or osteopathic medicine by the board of healing arts pursuant to K.S.A. 65-2801 *et seq.*, and amendments thereto, dentistry services by a person licensed by the Kansas dental board pursuant to K.S.A. 65-1401 *et seq.*, and amendments thereto, optometry services by a person licensed by the board of examiners in optometry pursuant to K.S.A. 65-1501 *et seq.*, and amendments thereto, or K.S.A. 74-1501 *et seq.*, and amendments thereto, podiatry services by a person licensed by the board of healing arts pursuant to K.S.A. 65-2001 *et seq.*, and amendments thereto, or the practice of psychology by a person licensed by the behavioral sciences regulatory board pursuant to K.S.A. 74-5301 *et seq.*, and amendments thereto, shall be construed to be a governmental function, and such property actually and regularly used for such purpose shall be deemed to be used exclusively for the purposes of this paragraph. The lease by a municipality or political subdivision of the state of any real property, or portion thereof, owned or being acquired pursuant to a lease-purchase agreement to any entity for the exclusive use by it for an exempt purpose, including the purpose of displaying or exhibiting personal property by a museum or historical society, if no portion of the lease payments include compensation for return on the investment in such leased property shall be deemed to be used exclusively for the purposes of this paragraph. All property leased, other than property being acquired pursuant to a lease-purchase agreement, to the state or any municipality or political subdivision of the state by any private entity shall not be considered to be used exclusively by the state or any municipality or political subdivision of the state for the purposes of this section except that the provisions of this sentence shall not apply to any such property subject to lease on the effective date of this act until the term of such lease expires but property taxes levied upon any such property prior to tax year 1989, shall not be abated or refunded. Any property constructed or purchased with the proceeds of industrial revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 12-1740 to 12-1749, or purchased with proceeds of improvement district bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, or with proceeds of bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-3815a and 19-3815b, or any property improved, purchased, constructed, reconstructed or repaired with the proceeds of revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, or any property improved, reimproved, reconstructed or repaired with the proceeds of revenue bonds issued after July 1, 1963, under the authority of K.S.A. 13-1238 to 13-1245, inclusive, which had previously been improved, reconstructed or repaired with the proceeds of revenue bonds issued under such act on or before July 1, 1963, shall be exempt from taxation for so long as any of the revenue bonds issued to finance such construction, reconstruction, improvement, repair or purchase shall be outstanding and unpaid. Any property constructed or purchased with the proceeds of any revenue bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued on or after July 1, 1963, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Any property, all or any portion of which is constructed or purchased with the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, issued on or after July 1, 1963 and prior to July 1, 1981, *and prior to the effective date of this act* shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased wholly with the proceeds of revenue bonds issued on or after July 1, 1981, *and prior to the effective date of this act* under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased in part with the proceeds of revenue bonds issued on or after July 1, 1981, *and prior to the effective date of this act* under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years

after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property which is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 *et seq.*, and amendments thereto. *Any property constructed or purchased wholly with the proceeds of revenue bonds issued on or after the effective date of this act under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from all property or ad valorem taxes levied except the ad valorem tax levied by a school district pursuant to K.S.A. 72-6431, and amendments thereto. All such property shall be exempt from taxation to the extent herein provided only for a period of 10 calendar years after the calendar year in which the bonds were issued. Such exemption shall terminate upon the failure to pay all taxes levied upon the property, and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Any property constructed or purchased in part with the proceeds of revenue bonds issued on or after the effective date of this act under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, to the extent of the value of that portion of the property financed by the revenue bonds, shall be exempt from all property or ad valorem taxes levied, except the ad valorem tax levied by a school district pursuant to K.S.A. 72-6431, and amendments thereto. All such property to the extent herein provided shall be exempt from taxation to the extent herein provided only for a period of 10 calendar years after the calendar year in which the bonds were issued. Such exemption shall terminate upon the failure to pay all taxes levied on the property, and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto.* Property constructed or purchased in whole or in part with the proceeds of revenue bonds issued on or after January 1, 1995, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, and used in any retail enterprise identified under the standard industrial classification codes, major groups 52 through 59, inclusive, except facilities used exclusively to house the headquarters or back office operations of such retail enterprises identified thereunder, shall not be exempt from taxation. For the purposes of the preceding provision “standard industrial classification code” means a standard industrial classification code published in the Standard Industrial Classification manual, 1987, as prepared by the statistical policy division of the office of management and budget of the office of the president of the United States. “Headquarters or back office operations” means a facility from which the enterprise is provided direction, management, administrative services, or distribution or warehousing functions in support of transactions made by the enterprise. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 *et seq.*, and amendments thereto, which is located in a redevelopment project area established under the authority of K.S.A. 12-1770 *et seq.* shall not be exempt from taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto for any poultry confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903 and amendments thereto, shall not be exempt from such taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903 and amendments thereto, shall not be exempt from such taxation.

Third. All works, machinery and fixtures used exclusively by any rural water district or township water district for conveying or production of potable water in such rural water district or township water district, and all works, machinery and fixtures used exclusively by any entity which performed the functions of a rural water district on and after January 1, 1990, and the works, machinery and equipment of which were exempted

hereunder on March 13, 1995.

Fourth. All fire engines and other implements used for the extinguishment of fires, with the buildings used exclusively for the safekeeping thereof, and for the meeting of fire companies, whether belonging to any rural fire district, township fire district, town, city or village, or to any fire company organized therein or therefor.

Fifth. All property, real and personal, owned by county fair associations organized and operating under the provisions of K.S.A. 2-125 *et seq.* and amendments thereto.

Sixth. Property acquired and held by any municipality under the municipal housing law (K.S.A. 17-2337 *et seq.*) and amendments thereto, except that such exemption shall not apply to any portion of the project used by a nondwelling facility for profit making enterprise.

Seventh. All property of a municipality, acquired or held under and for the purposes of the urban renewal law (K.S.A. 17-4742 *et seq.*) and amendments thereto except that such tax exemption shall terminate when the municipality sells, leases or otherwise disposes of such property in an urban renewal area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

Eighth. All property acquired and held by the Kansas armory board for armory purposes under the provisions of K.S.A. 48-317, and amendments thereto.

Ninth. All property acquired and used by the Kansas turnpike authority under the authority of K.S.A. 68-2001 *et seq.*, and amendments thereto, K.S.A. 68-2030 *et seq.*, and amendments thereto, K.S.A. 68-2051 *et seq.*, and amendments thereto, and K.S.A. 68-2070 *et seq.*, and amendments thereto.

Tenth. All property acquired and used for state park purposes by the Kansas department of wildlife and parks.

Eleventh. The state office building constructed under authority of K.S.A. 75-3607 *et seq.*, and amendments thereto, and the site upon which such building is located.

Twelfth. All buildings erected under the authority of K.S.A. 76-6a01 *et seq.*, and amendments thereto, and all other student union buildings and student dormitories erected upon the campus of any institution mentioned in K.S.A. 76-6a01, and amendments thereto, by any other non-profit corporation.

Thirteenth. All buildings, as the same is defined in subsection (c) of K.S.A. 76-6a13, and amendments thereto, which are erected, constructed or acquired under the authority of K.S.A. 76-6a13 *et seq.*, and amendments thereto, and building sites acquired therefor.

Fourteenth. All that portion of the waterworks plant and system of the city of Kansas City, Missouri, now or hereafter located within the territory of the state of Kansas pursuant to the compact and agreement adopted by ~~chapter 304 of the 1921 Session Laws of the state of Kansas~~ K.S.A. 79-205, and amendments thereto.

Fifteenth. All property, real and personal, owned by a groundwater management district organized and operating pursuant to K.S.A. 82a-1020, and amendments thereto.

Sixteenth. All property, real and personal, owned by the joint water district organized and operating pursuant to K.S.A. 80-1616 *et seq.*, and amendments thereto.

Seventeenth. All property, including interests less than fee ownership, acquired for the state of Kansas by the secretary of transportation or a predecessor in interest which is used in the administration, construction, maintenance or operation of the state system of highways, regardless of how or when acquired.

Eighteenth. Any building used primarily as an industrial training center for academic or vocational education programs designed for and operated under contract with private industry, and located upon a site owned, leased or being acquired by or for an area vocational school, an area vocational-technical school, a technical college, or a community college, as defined by K.S.A. 72-4412, and amendments thereto, and the site upon which any such building is located.

Nineteenth. For all taxable years commencing after December 31, 1997, all buildings of an area vocational school, an area vocational-technical school, a technical college or a community college, as defined by K.S.A. 72-4412, and amendments thereto, which are owned and operated by any such school or college as a student union or dormitory and the

site upon which any such building is located.

Twentieth. For all taxable years commencing after December 31, 1997, all personal property which is contained within a dormitory that is exempt from property taxation and which is necessary for the accommodation of the students residing therein.

Except as otherwise specifically provided, the provisions of this section shall apply to all taxable years commencing after December 31, 2000.

Sec. 43. K.S.A. 2004 Supp. 79-201x is hereby amended to read as follows: 79-201x. For taxable years ~~2003 and 2004~~ 2005 and 2006, the following described property, to the extent herein specified, shall be and is hereby exempt from the property tax levied pursuant to the provisions of K.S.A. 72-6431, and amendments thereto: Property used for residential purposes to the extent of \$20,000 of its appraised valuation.

Sec. 44. K.S.A. 72-6405 is hereby amended to read as follows: 72-6405. (a) K.S.A. 72-6405 through 72-6440 *and the provisions of this act*, and amendments thereto, shall be known and may be cited as the school district finance and quality performance act.

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

(b) The provisions of this act are severable. If any provision of this act is held to be invalid or unconstitutional, it shall be presumed conclusively that the legislature would have enacted the remainder of this act without such invalid or unconstitutional provision.

Sec. 45. K.S.A. 72-979, 72-6405, 72-6410, 72-6412, 72-6413, 72-6414, 72-6421, 72-6433, 72-6433b, 72-6440, 72-6442, 72-8801 and 72-9509 and K.S.A. 2004 Supp. 46-1208a, 46-1225, 72-978, 72-6407, 72-6409, 72-6431, 72-6434, 79-201a and 79-201x are hereby repealed.

Sec. 46. This act shall take effect and be in force from and after its publication in the statute book.

Approved April 15, 2005.
