

SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 409

As Amended by House Committee of the Whole

Brief*

SB 409 pertains to school finance, authority of school district boards of education, and expenditure authority of municipalities. A description of these provisions follows.

Contingency Reserve Fund

The bill amends the school finance law as it pertains to use by a school district of money in its contingency reserve fund. Under current law, a school district may spend money from this fund for financial contingencies which were not anticipated at the time its general fund budget was adopted. The amendment removes this restriction and leaves to the school board the determination of when a financial contingency exists prompting expenditures from this fund.

School Finance—Local Effort and Transfer of Funds

The definition of the term "local effort" is changed so it consists only of the amount produced by the uniform school district property tax levy and federal impact aid amounts received in accord with federal law. In addition, school districts are authorized to transfer moneys to the general fund any unexpended and unencumbered balances which are moneys received from the state from the following school district funds: supplemental general, adult supplemental education, driver training, extraordinary school program, inservice education, parent education program, summer school, special education, technology education, area vocational school, student material, textbook rental, and coop special education.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.accesskansas.org/legislature/>

School Finance—Declining Enrollment Weighting

A new "declining enrollment" weighting is added. It is computed for a district by subtracting the current school year's enrollment from the 1994-95 enrollment of the district and multiplying the result by 0.2. The product is the declining enrollment weight of the district.

Advance Payment of Claims

An amendment permits a person designated by a municipality (includes school districts) to pay a claim in advance of a governing board meeting when the claim requires action prior to the next board meeting. (Currently, advance payment may be made when the claim involves a discount for early payment or provides for assessment of a penalty for late payment.)

School District Board Delegation of Powers to Make Certain Purchases

An amendment permits school district boards, which now may delegate to the superintendent of schools the power to execute contracts on behalf of the district for the purchase of goods and services if the value of such goods or services is less than \$10,000, to make such delegation to other employees of the district.

Local Control—School District Boards of Education

The bill confers the power of local control on school district boards of education. This power, which is exercised by board resolution, authorizes the board to transact business for efficient use of its resources. This delegation of power, which is to be construed liberally, does not relieve another governmental unit of duties and responsibilities prescribed by law or require a school district to assume duties and responsibilities required of another governmental unit.

Background

SB 409 was introduced by the Senate Ways and Means Committee in connection with its consideration of SB 385, commonly referred to as the FY 2002 "rescission bill," which currently is not under active consideration. SB 409 was designed to provide school districts an alternative means of maintaining their general fund budgets and local option budgets in FY 2002 in the face of a reduction in Base State Aid Per Pupil (BSAPP) projected at the time to be about \$39 per pupil. This would have been accomplished by:

- ! giving school districts greater flexibility in using moneys in their contingency reserve fund;
- ! permitting school districts to issue no-fund warrants in order to obtain revenue needed to maintain the general fund spending at the budgeted level, after taking into account money available in the contingency reserve fund; and
- ! preserving school district local option budgets at the level legally adopted for the school year.

The Senate Committee on Education, having determined that the provision designed to give greater flexibility to school districts regarding the use of moneys in the contingency reserve fund had merit even though the balance of the bill appeared no longer to be relevant, amended the bill to retain that provision.

The Kansas Association of School Boards and the United School Administrators of Kansas expressed support for the proposal to increase the flexibility of school districts in the use of the contingency reserve fund. The spokesperson for Wichita (USD 259) discussed the importance to that district of maintaining a significant contingency reserve fund balance for purposes of school bond ratings.

The House Committee on Education amended SB 409 to include provisions contained in Sec. 1 and Sec. 3 of HB 2777, as introduced. That bill contained the other two matters explained in the brief (above). That bill also contained a provision that would have permitted school district and community college governing boards, now authorized under the statute to spend money from the general fund to pay annual dues to the Kansas Association of School Boards, also to pay dues to any other organization and to make dues payments out of any of the school

district or community college funds. (That provision was not added to SB 409.)

The House Committee of the Whole amended the bill by adding the following provisions (which are described above in the brief):

- ! Modifying the definition of the term "local effort" in the school finance law and authorizing the transfer of state funds from various school district special funds to the district's general fund;
- ! Adding a declining enrollment weighting factor to the school finance law; and
- ! Providing a measure of local control to school district boards in conducting their business affairs.