

SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 483

As Amended by Senate Committee on
Education

Brief*

SB 483 concerns distribution of state special education services aid to school districts. The law is amended as it pertains to the distribution of this aid to school districts which participate in interlocal agreements or special education cooperatives.

The new provisions specify that each school district which has paid amounts for special education and related services pursuant to one of these types of agreements (interlocals or cooperatives) is entitled to special education services aid in proportion to the amount paid by the district in the current school year for the provision of special education and related services to the aggregate of all amounts paid by all school districts participating in the interlocal or cooperative entity in the current school year.

A two year "hold harmless" provision applies to school districts which in the 2001-2002 school year both sponsor a special education cooperative and have a 25.0 percent local option budget (LOB). If such a school district adopts a 25.0 percent LOB for the 2002-03 school year and if the amount of the LOB is less than the amount of the LOB in 2001-02, the district is permitted to add to its 25.0 percent LOB in 2002-03 two-thirds of the difference between the 2001-02 and 2002-03 amounts. Using the 2001-02 school year as the base, this same provision also applies in the 2003-04 school year, but the add-on amount is one-third of the difference.

Background

*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/>

SB 483 was recommended by the Legislative Educational Planning Committee for the purpose of resolving an anomaly resulting from provisions of Senate Sub. for HB 2336, enacted by the 2001 Legislature.

Among other things, that legislation changed the way school districts account for the state special education services aid they receive. The sole purpose for making the change was to increase the size of a school district's general fund budget in order that local option budgets (a percentage of the general fund budget ranging up to 25.0 percent) would be increased. Under this enactment, the amount of state special education aid a school district receives during the current school year is converted to a pupil weight for purposes of determining the State Financial Aid of a school district (the school district's general fund budget). An amount equal to the weight is defined as "local effort" and, therefore, as a deduction in computing the district's general state aid entitlement. The amount of state special education services aid the district receives is deposited in the school district general fund and then is transferred to the district's special education fund. The problem with this procedure is that a school district which sponsors a special education cooperative receives all of the special education services state aid for which the cooperative qualifies, while the other participating districts receive none of the aid. This then benefits only the sponsoring district. Also, school districts belonging to interlocal agreements do not benefit from this legislation at all, at least to the extent of their involvement in the interlocal, because the special education aid flows directly to the interlocal and not to the participating districts.

The amendments contained in SB 483 resolve this matter by prescribing an equitable means of allocating state special education services aid directly to school districts which participate in interlocal agreements and special education cooperatives.

Conferees included Deloyce McKee, Director of Special Education Services in Manhattan (USD 383); Gary Norris, Superintendent of Salina (USD 305) and Chair of Schools for Fair Funding; Kansas Association of School Boards (KASB); and Schools for Quality Education (SQE).

The Director of Manhattan Special Education Services expressed opposition to the impact of the 2001 legislation that provided for the movement of special education categorical aid through the school district general fund to the special education fund on the grounds that

doing so increased local property taxes inordinately due to the enhanced local option budget in school districts that sponsor special education cooperatives.

The Superintendent of Salina objected to the impact that SB 483 would have in Salina, the sponsor of a special education cooperative. He explained that the school district gained about \$844,000 more in local option budget authority in the 2001-02 school year than if the provisions of SB 483 had been in place. He urged that SB 483 be amended to include some sort of "hold harmless" for school district special education cooperative sponsors.

KASB and SQE expressed support for SB 483. KASB stated the view that whenever school districts lose budget authority due to a change in the school finance system, there should be some form of hold harmless mechanism.

The State Department of Education has estimated that the following school districts potentially would be adversely affected in terms of local option budget spending authority by virtue of the provisions of SB 483: Burlington (USD 244), Emporia (USD 253), Hays (USD 489), Kansas City (USD 500), McPherson (USD 418), Salina (USD 305), and Winfield (USD 465). In the aggregate, the total amount of the impact is estimated at about \$1.5 million, some \$375,000 of which would be aid from the State General Fund.

The fiscal note explained that the bill would increase local option budget authority for school districts by placing special education monies that now are paid directly to interlocal cooperatives in school districts' general funds. The Department of Education estimated that, statewide, local option budget authority would increase by about \$10.0 million due to the legislation, some \$2.5 million of which would be from the State General Fund.

Initially, SB 483 was recommended by the Senate Education Committee without amendment. The bill was rereferred to the Committee for further consideration. The Committee now recommends the "hold harmless" amendment described in the brief (above). It appears that the school districts affected by this provision would be those listed above, except for McPherson and Winfield whose LOBs in 2001-02 are less than 25.0 percent.

