

SESSION OF 2006

**SECOND CONFERENCE COMMITTEE REPORT BRIEF  
SENATE BILL NO. 549**

As Agreed to May 9, 2006

**Brief\***

SB 549 is a three-year school finance plan with increased funding totaling \$466,200,000 over the three-year period. The bill includes the following major provisions:

**Expenditures**

- Base State Aid Per Pupil (BSAPP) would be increased by the following amounts:
  - School year 2006-2007—from \$4,257 to \$4,316 (\$59 increase), at a cost of \$33,450,000.
  - School year 2007-2008—from \$4,316 to \$4,374 (\$58 increase), at a cost of \$33,800,000.
  - School year 2008-2009—from \$4,374 to \$4,433 (\$59 increase), at a cost of \$34,000,000.
  
- The at-risk weighting would be increased by the following amounts:
  - School year 2006-2007—from 0.193 to 0.278, at a cost of \$49,350,000.
  - School year 2007-2008—from 0.278 to 0.378, at a cost of \$58,000,000.
  - School year 2008-2009—from 0.378 to 0.456, at a cost of \$45,200,000.

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\*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

- A new weighting called the "high density at-risk weighting" would be created for school districts with high percentages of students who receive free meals. Those districts that have free meal percentages between 40.0 percent and 49.9 percent would receive an additional weighting of 0.04 percent and districts with 50.0 percent or more free meals would receive an additional weighting of 0.08 percent; and districts with a density of 212.1 students per square mile and a free lunch rate of 35.1 percent and above would receive an additional weighting of 0.8 percent during school year 2007-2008, the weightings would increase each year. Those districts that qualify would receive an additional at-risk weighting in the amount of 0.05/0.06 in school year 2007-2008; and 0.06/0.10 in school year 2008-2009. The weighting would generate the following amounts:
  - School year 2006-2007– \$22,700,000.
  - School year 2007-2008 – \$ 3,400,000.
  - School year 2008-2009 – \$ 3,500,000.
  
- A new weighting would be created for students who, based on state assessments, are not proficient in reading or math and who are not eligible for the federal free lunch program. This weighting would be computed on a percentage of students below proficient and not on free lunch divided by the number of students taking the test and applied to the enrollment (less the number of students on free lunch) of the school district. The provisions of this new weighting would expire June 30, 2007. The cost of the new weighting in FY 2007 would be \$10,000,000.
  
- The high enrollment weighting (formerly correlation weighting) threshold would be lowered by 25 students in school year 2006-2007; and 15 students in school year 2007-2008.
 

School year 2006-2007—from 1,662 to 1,637, (25 students) at a cost of \$11,700,000.

School year 2007-2008—from 1,637 to 1,622, (15 students) at a cost of \$6,800,000.
  
- Pursuant to current law, the statutory percentage of special education excess cost would be increased for school year 2006-2007, from 89.3 percent to 92.0 percent. The additional estimated cost would be as follows:

- School year 2006-2007 – \$30,300,000.
  - School year 2007-2008 – \$25,000,000.
  - School year 2008-2009 – \$25,000,000.
- The Local Option Budget authority would be increased and equalized to the 81.2 percentile.
 

School year 2006-2007– from 27 percent to 30 percent, at a cost of \$37,000,000.

School year 2007-2008 – from 30 percent to 31 percent, at a cost of \$22,000,000.

School year 2008-2009 – 31 percent, at a cost of \$15,000,000.
  - A resolution authorizing the adoption of a Local Option Budget in excess of 30 percent would require a school district election.

**Policy Amendments**

- The bill states that for the purposes of determining the total amount of state moneys paid to school districts, all moneys appropriated as supplemental general state aid would be deemed to be state moneys for educational and support services for school districts.
- Whenever the State Board of Education determines that a school has failed either to meet the accreditation requirements or provide the curriculum required by state law, the State Board will notify the school district. The notice will specify the accreditation requirements that the school has failed to meet and the curriculum that the school has failed to provide. The local board of education would be encouraged to reallocate the resources of the district to remedy all deficiencies identified by the State Board and when making such reallocation, the local board would take into consideration the resource strategies of highly resource-efficient districts as identified in Phase III of the Kansas Education Resource Management Study conducted by Standard and Poor's (March 2006).

- The bill would require that school districts, in order to achieve uniform reporting of expenditures, must report their expenditures in the manner required by the State Department of Education.
- School districts would be given flexibility to spend money received for at-risk, preschool at-risk, and bilingual education programs interchangeably. All expenditures attributable to these programs would have to be paid from the specific program weighted fund. The bill would amend the reporting requirements for the at-risk program, the four-year-old at-risk program, and the bilingual education program to require the following: specify the number of pupils served; type of services provided; research upon which the school district relied to determine the need for services; and results of providing such services. In addition, expenditures for the non-proficient weighting would be expended from the at-risk fund.
- The bill would allow at-risk funding, by statute, to fund the part of all-day kindergarten that is not funded by the state; and local school districts would be allowed to charge a fee for all-day kindergarten. In addition, the bill would require that to charge a fee or to use at-risk funds the districts that offer all-day kindergarten also would be required to offer half-day kindergarten.
- The bill would require that any school district that has experienced the greater of at least a 5 percent or at least a 50-pupil decline each year for the three previous school years must seek a recommendation from the Joint Committee on State Building Construction prior to issuing new bonds. The Building Committee would make a recommendation to the State Board of Education and if the State Board of Education, by a majority vote, does not recommend the building project, the district would not be entitled to receive state aid if it proceeds to issue such bonds. The bill would not require a district that does not receive state aid for construction projects to go before the Joint Committee on State Building Construction or the State Board of Education.
- The bill would provide, with the exception of the Building Committee recommendations provisions, that the provisions of this act would not be severable nor could they be stayed by a court order. If any provision is held to be invalid or unconstitutional, the entire act would be null and void. The provisions that deal with the Building Committee making

recommendations to the State Board of Education would be severable and subject to a court stay order.

- The bill would extend the school district contingency reserve fund from four percent to six percent.
- The bill would clarify that of Supplemental General State Aid is funding that is intended to be used to meet the requirements of the performance accreditation system adopted by the State Board, to provide programs and services required by law and to improve student performance.
- The bill would change the requirement that the State Board of Education review curriculum standards from three to seven years. In addition, the bill would provide clarification language about high academic standards for the core academic areas.
- The bill would provide that the increases in the amount of state aid attributable to the new weightings created by this act, the increases in the existing weightings and the increases in the amount of BSAPP for school years 2007-2008 and 2008-2009, would be deemed to satisfy the requirements of the Consumer Price Index-Urban provision in current law.
- The bill would require that each school district conduct a needs assessment of every attendance center and use this information in preparing the school district budget.
- The bill would amend the capital outlay state aid payments statutes to be a demand transfer.
- The bill would require that any district would qualify for the new school facilities weighting or the ancillary facilities weighting if the district has adopted a local option budget which equals at least 25 percent.
- The bill would allow any amount of moneys attributable to percentage over 25 percent of state financial aid also may be transferred and then used for bond and interest and capital outlay payments if specified in the resolution authorizing a local option budget over 25 percent. In addition, if a school district transfers funding from the local option budget to bond and interest fund the district would not receive state aid on the amount of funding transferred from the local option budget.

- The bill also would provide technical clean-up to current law.
- The bill also would provide the appropriations required for the three-year period.

### **Conference Committee Action**

The second Conference Committee adopted all of the provisions in the bill and deleted all of the provisions in the first Conference Committee Report.

### **Background**

The first Conference Committee bill, SB 549, was defeated in the House. The second report was compiled and presented to the House on May 9, 2006.

The table below summarizes proposed changes and estimated increase in costs over the prior year:

Program	Current Law	School Year 2006-07	School Year 2007-08	School Year 2008-09
BSAPP	\$4,257	\$4,316 \$33,450,000	\$4,374 \$33,800,000	\$ 4,433 \$34,000,000
At-Risk	0.193	0.278 \$49,350,000	0.378 \$58,000,000	0.456 \$45,200,000
High Density At-Risk	N/A	0.04/0.08 \$22,700,000	0.05/0.09 \$3,400,000	0.06/0.10 \$3,500,000
Non-Proficient; Non-Free Lunch*	NA	0.029 \$10,000,000 (1 year only)		
High Enrollment Equalization	1,662	1,637 \$11,700,000	1,622 \$6,800,000	
Special Education	89.3%	92.0% \$30,300,000	92.0% \$25,000,000	92.0% \$25,000,000
Supp. General State Aid (LOB)	27%	30.0% \$37,000,000	31.0% \$22,000,000	31.0% \$15,000,000
<b>Total State Aid</b>		<b>\$194,500,000</b>	<b>\$149,000,000</b>	<b>\$122,700,000</b>

\* Program sunsets June 30, 2007.

The table below shows the three-year *cumulative* increase of proposals contained in SB 549.

Program	School Year 2006-2007	School Year 2007-2008	School Year 2008-2009
BSAPP	\$4,316 \$33,450,000	\$4,374 \$100,700,000	\$4,433 \$201,950,000
At-Risk	0.278 \$49,350,000	0.378 \$156,700,000	0.456 \$309,250,000
High Density At-Risk	0.04/0.08 \$22,700,000	0.05/0.09 \$48,800,000	0.6/0.10 \$78,400,000
Non-Proficient Non-Free Lunch*	0.029 \$10,000,000	\$10,000,000	\$10,000,000
High Enrollment Weighting	1,637 \$11,700,000	1,622 \$30,200,000	1,622 \$48,700,000
Special Education	92% \$30,300,000	92% \$85,600,000	92% \$165,900,000
Supp. General State Aid (LOB)	30% \$37,000,000	31% \$96,000,000	31% \$170,000,000
<b>Total State Aid</b>	<b>\$194,500,000</b>	<b>\$528,000,000</b>	<b>\$984,200,000</b>

\* Program sunsets June 30, 2007.