

*Revised*  
*SESSION OF 2006*

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR  
HOUSE BILL NO. 2986**

As Amended by House Committee of the Whole

**Brief\***

Sub. for HB 2986 is a three-year school finance plan which would increase Base State Aid Per Pupil (BSAPP) and the at-risk weighting each of the three years, create and increase the percentage of the High Density At-Risk Weighting; lower the High Enrollment Equalization Weighting (formerly Correlation Weighting) and remove the cap on the Local Option Budget; however, the Supplement State Aid would be capped at 30 percent in FY 2006-07 and at 33 percent in FY 2007-08 and thereafter. The bill also would phase in over a three-year period funding for all-day kindergarten and make several policy amendments. The proposed plan would require an increase in state aid of \$558,350,000 over the three-year period.

Major features of the bill are as follows:

**Expenditures**

- BSAPP would be increased by the following amounts:  
  
School year 2006-07--from \$4,257 to \$4,307 (\$50 increase), at a cost of \$28,450,000.  
  
School year 2007-08--from \$4,307 to \$4,356 (\$49 increase), at a cost of \$28,800,000.  
  
School year 2008-09--from \$4,356 to \$4,391 (\$35 increase), at a cost of \$20,000,000.
- The at-risk weighting would be increased by the following amounts:

---

\*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.kslegislature.org>

School year 2006-07—from 0.193 to 0.268, at a cost of \$44,500,000.

School year 2007-08—from 0.268 to 0.368, at a cost of \$60,000,00.

School year 2008-09—from 0.368 to .482, at a cost of \$68,400,000.

- A new weighting called the “high density at-risk weighting” based upon the school districts’ percentage of free meal enrollment as follows:

School year 2006-07—school 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 0.08 percent at a cost of \$22,700,000.

School year 2007-08—school districts that have free meal percentages between 40.0 percent and 49.9 percent would receive an additional weighting of 0.05 percent and districts with 50.0 percent or more free meals would receive an additional weighting of 0.09 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 0.09 percent at a cost of \$3,400,000.

School year 2008-09—school districts that have free meal percentages between 40.0 percent and 49.9 percent would receive an additional weighting of 0.6 percent and districts with 50.0 percent or more free meals would receive an additional weighting of 10.0 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 0.10 percent at a cost of \$3,500,000.

- All-day kindergarten would be phased in over a three-year period.

School year 2006-07—full-time kindergarten students would be counted at 0.65 percent.

School year 2007-09—full-time kindergarten students would be counted at 0.80 percent.

School year 2008-09—full-time kindergarten students would be counted at 1.0 percent.

- The high enrollment weighting (formerly correlation weighting) threshold would be lowered by 30 students each year for three years.

School year 2006-07—from 1,662 to 1,632, at a cost of \$14,200,000.

School year 2007-08—from 1,632 to 1,602, at a cost of \$14,200,000.

School year 2008-09—from 1,602 to 1,572, at a cost of \$14,200,000.

- The statutory percentage of special education excess cost would be increased for school year 2006-07, from 89.3 percent to 92.0 percent, at a cost of \$30,300,000.
- The Local Option Budget authority would be increased and equalized to 81.2 percent.

School year 2006-07— from 27 percent to 30 percent, at a cost of \$37,000,000.

School year 2007-08 – from 30 percent to 33 percent, at a cost of \$37,000,000.

School year 2008-09—33 percent, at a cost of \$12,000,000.

- Authorizes school districts to levy an ad valorem tax for a local supplement aid fund similar to the current local option budget except there would be no equalization. This provision would begin in 2010-11 provided that the Legislature has appropriated

sufficient money to meet its constitutional duties to make suitable provisions for the financial education interests of the state. This provision would require a resolution with a protest petition. School districts must have the maximum LOB authorized to qualify under this provision.

- Requires the Legislative Division of Post Audit conduct a professional cost study analysis every three years to determine the suitable provision for the financing of educational interest of the state.
- A new English for Speakers of Other Languages (ESOL) Teacher Grant Program would be provided in the bill which will reimburse districts which have reimbursed teachers for direct costs, such as books, fees, tuition or other charges, to achieve full endorsement as a ESOL teacher. The State Board of Education would be required to give priority to those districts with the greatest need for ESOL teachers when approving applications for the Program. The bill would not provide funding for the Program; however, the Committee did recommend \$500,000 for FY 2007.

#### **Policy Amendments**

- The bill states that for the purposes of determining the total amount of state moneys paid to school districts, all moneys appropriated by the state for distribution to school districts 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 resources of the school district will be reallocated on the basis of benchmarks 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 notice will specify the accreditation requirements that the school has failed to meet and the curriculum that the school has failed to provide. Upon receipt of the notice the local school board will reallocate resources to remedy all deficiencies identified by the State Board of Education.

- 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.
- The bill would create a Vocational Education Start Up Grant program in which any school district which desires to establish a vocational education program may submit an application for a grant for the purpose of paying the costs of establishing the new program, including operating expenses and acquiring equipment. The State Board would be required to establish standards and criteria for reviewing, evaluating and approving the grant applications. Each school district which is awarded a grant would be required to make periodic and special reports of statistical and financial information to the State Board as it may request. The grant program would be limited to the extent that appropriations are available.
- The bill would require the uniform reporting of the number of at-risk pupils provided service or assistance by school districts, the district would report the number of at-risk pupils served or assisted in the manner required by the State Board.
- The bill would require that the State Department of Education to submit to the Legislature an annual report which shows in detail the improvement in student proficiency that is attributed to increases in state aid appropriated by the Legislature.
- The bill would clarify the intent of Supplemental General State Aid as amounts received would 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 require that each school district conduct a needs assessment of every attendance center on forms prescribed by the State Department of Education. The local Board would be required to prepare a budget and a summary of the budget for the school district. When preparing the budget for the school district, the Board would consider the needs-assessment. The budget and summary would be in the form prescribed by the Director of Accounts and Reports. The budget and the summary of the proposed budget would be on file at the administrative offices of the school district and copies available upon request.

- The bill would amend the capital outlay state aid payments statutes to be in accordance with the provisions of appropriation acts.
- The bill would establish an early high school graduation incentive program which would provide pupils attending public schools to receive a \$1,000 incentive bonus for graduating from high school in three years (one year earlier than normal). Pupils also could receive a one-time incentive bonus for a one-year tuition scholarship up to \$3,000 to attend a Kansas technical college or area vocational-technical school. These provisions in the bill would be subject to appropriations.
- The bill states that it is the public policy of the State of Kansas that neither the Legislature nor school districts would be required to pay any costs attributable to meeting federal law or rules and regulations or standards adopted by the State Board in conformance with federal law unless funding to comply with federal law, rules and regulations or standards is provided by the federal government in an amount deemed adequate by the Legislature. This provision would not apply to the Individuals with disabilities Education Act (IDEA) or any rules and regulations adopted pursuant thereto.
- The bill would require that any school district that has experienced 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 extend the six percent cap on the Contingency Reserve Fund balance for one additional year, FY 2007. Under current law, the cap would be four percent for FY 2007 and thereafter.
- The bill would delete the provision in current law dealing with cost-of-living-weighting. This provision was stayed by the Kansas Supreme Court in 2005.

- The bill would require the State Department of Education to take into consideration best practices and standards established by the governmental financial Officers Association, Association of School Business Officials, and the Legislative Division of Post Audit.
- 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 would be deemed to satisfy the requirements of the CPI-U statute.
- The bill would provide that students who graduate from Kansas high schools after May 1, 2007 and these graduates have taken precollege curriculum prescribed by the State board of Regents and these students are required to take remedial courses in a Kansas college or university, school districts would be required to compensate for the excess cost of these classes. The State Department of Education would be required to pay the colleges and universities and deduct the amount from state aid to school districts.
- The bill would provide that the provisions of this act would be severable. If any provision of the act is held to be invalid or unconstitutional, it would be presumed conclusively that the legislature would have enacted the remainder of the act without such invalid or unconstitutional provision.
- The bill would also provide technical clean-up to current law.
- The bill would repeal: KSA 72-64b01, which prohibits general fund money from being used to finance litigation; KSA 72-64b02, which requires a notice of claim to be filed with the Legislature prior to filing a suit alleging a violation of Article 6 of the *Kansas Constitution*; KSA 72-64b03, which requires appointment of a three-judge panel at the district court level to hear a suit alleging a violation of Article 6 of the *Kansas Constitution* and the panel or any master appointed has the authority to order schools closed or enjoin the distribution of funds for public education.
- The bill would allow school districts to spend money received for at-risk, preschool-aged at-risk, bilingual, and vocational education programs for other programs. All expenses attributable to at-risk, preschool-aged at-risk, bilingual, and vocational education programs would be required to be paid from

the program weighted fund. School districts would be required to make reports on expenditures and other information as required.

## **Background**

Sub. for HB 2986 is the House Select Committee on School Finance's proposal for FY 2007 funding of public elementary and secondary education in Kansas. The original bill was a three-year proposal.

The House Committee of the Whole amended the original one-year plan to be a three-year plan and made several policy amendments.

The fiscal note indicates that the original bill, according to the Department of Education would change state aid to school districts in the next three years as follows: FY 2007 state aid would increase \$174.995 million; FY 2008 state aid would increase \$164.7 million; and FY 2009 state aid would increase \$160.14 million.



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	\$4,307 \$28,450,000	\$4,357 \$28,800,000	\$4,427 \$20,000,000
At-Risk	0.193	0.268 \$44,500,000	0.368 \$60,000,000	0.428 \$68,400,000
High Density At-Risk*	N/A	\$22,700,000	\$3,400,000	\$3,500,000
All-Day Kindergarten	0.5	0.65 \$15,400,000	0.80 \$23,000,000	1.0 \$30,800,000
High Enrollment Equalization	1,662	1,632 \$14,200,000	1,602 \$14,200,000	1,572 \$14,200,000
Special Education	89.3	92.0 \$30,300,000	92.0 \$25,000,000	92.0 \$25,000,000
Supp. General State Aid (LOB)	27.0	30.0 \$37,000,000	33.0 \$37,000,000	33.0 12,000,000
Bilingual Grant Program		\$500,000	0	0
<b>Total State Aid</b>		<b>\$193,050,000</b>	<b>\$191,400,000</b>	<b>\$173,900,000</b>

\*See second bullet under expenditures.

The table below shows the three-year *cumulative* increase of proposals contained in Substitute for HB 2986.

Program	School Year 2006-07	School Year 2007-08	School Year 2008-09
BSAPP	\$4,307 \$28,450,000	\$4,357 \$85,700,000	\$4,391 \$162,950,000
At-Risk	0.268 \$44,500,000	0.368 \$149,000,000	0.482 \$321,900,000
High-Density At-Risk*	\$22,700,000	\$48,800,000	\$78,400,000
All-Day Kindergarten	0.65 \$15,400,000	0.80 \$53,800,000	1.0 \$123,000,000
High Enrollment Equalization	1,632 \$14,200,000	1,602 \$42,600,000	1,572 \$85,200,000
Special Education	92.0 \$30,300,000	No Change \$85,600,000	No Change \$165,900,000
Supp. General State Aid (LOB)	30.0 \$37,000,000	33.0 \$111,000,000	33.0 \$197,000,000
Bilingual Grant Program	\$500,000	\$1,000,000	\$1,500,000
<b>Total State Aid</b>	<b>\$193,050,000</b>	<b>\$557,500,000</b>	<b>\$1,135,850,000</b>

\*See second bullet under expenditures.