

SESSION OF 2012

**CONFERENCE COMMITTEE REPORT BRIEF  
SENATE BILL NO. 11**

As Agreed to May 15, 2012

**Brief\***

SB 11 deals with transportation of non-resident pupils, the special education state aid formula, an alternative formula for calculating the local option budget, flexibility in the use of unencumbered funds, and balances in the contingency reserve fund.

***Transportation of Non-Resident Pupils***

The bill would change the school finance law to redefine non-resident pupil. The bill would define a non-resident pupil as a student or member of the student's family who lives 2.5 or more miles from the attendance center the student would attend in the district in which the student resides. (Current law defines a non-resident pupil as a student or member of the student's family who lives ten miles or more from the resident attendance center.) The bill would clarify that provisions of the bill would not apply to school districts located in Johnson, Sedgwick, Shawnee, or Wyandotte counties.

***Special Education State Aid Formula***

The bill would repeal the portion of the special education state aid formula that determines the minimum and maximum amount of special education state aid a school district may receive.

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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>

### ***Alternative Formula for Calculating Local Option Budget***

The bill would provide an alternative formula for calculation of the local option budget of a school district. The bill would allow a school district to choose the 2008–09 special education state aid or the current year's special education state aid, whichever amount is greater, to calculate the amount of state aid that the district would receive for its local option budget.

### ***Flexibility of Unencumbered Funds***

The bill would allow a school district to continue to transfer unencumbered cash balances for the 2012–2013 school year from each of the following funds: at-risk, bilingual, contingency reserve, driver training, preschool-aged at-risk parent education program, professional development, summer program, textbook and student materials, special education, virtual education, and vocational education for general operating expenses of the district. The textbook and student materials and special education funds transfer would be limited to one-third of the balance for general operating expenditures of the district.

The maximum allowed to be transferred from the unencumbered funds would not exceed \$250 multiplied by the adjusted enrollment of the district.

### ***Contingency Reserve Funds***

Finally, the bill would allow a school district to keep up to ten percent of the district's general fund budget in a contingency reserve fund. The bill would not have an expiration date related to this provision. (Current law would reduce the amount to six percent for the 2012–2013 school year and the years thereafter.)

### **Conference Committee Action**

The Conference Committee added several bills to SB 11, after it removed the contents of the bill related to the Fort Leavenworth School District which was enacted in 2011. The remainder of SB 11, which passed the Senate Committee of the Whole, related to students living 2.5 miles or more from an attendance center.

The Conference Committee added SB 260, as it passed the Senate Committee of the Whole, which would repeal the portion of the special education state aid formula that determines the minimum and maximum amount of special education state aid a school district may receive.

The Conference Committee also added the contents of SB 257, as it passed the Senate Committee of the Whole, which relates to an alternative formula for calculation of the local option budget of a school district.

Further, the Conference Committee added HB 2773 which would allow a school district to continue to transfer unencumbered cash balances for the 2012–2013 school year from each of the following funds: at-risk, bilingual, contingency reserve, driver training, preschool-aged at-risk parent education program, professional development, summer program, textbook and student materials, special education, virtual education, and vocational education for general operating expenses of the district.

Finally, the Conference Committee added HB 2430, which passed both the House and Senate Committee of the Whole and would allow a school district to keep up to ten percent of the district's general fund budget in a contingency reserve fund.

## **Background**

### ***SB 11 Issues***

The original SB 11 from the 2011 Legislative Session, related to the Fort Leavenworth School District and was introduced by Senator Kelly Kultala. This provision was enacted in the 2011 Session. In 2011, the House Committee on Education amended SB 11 by adding the contents of HB 2004 which would redefine non-resident pupils as a pupil or member of the pupil's family living 2.5 miles or more from the attendance center the pupil would attend in the district in which the student resides. Those supporting this provision at the initial hearing were Representative Richard Carlson and some concerned citizens. Opponents of this provision included representatives of the Kansas Association of School Boards and the Cherokee School District. The original fiscal note on this provision indicated there would be no fiscal effect on transportation state aid because school districts do not receive state funding for transportation for non-resident students.

### ***SB 260 Issues***

SB 260 was introduced by the Legislative Educational Planning Committee. As originally passed in 2010, the provision directed the State Board of Education to determine the minimum and maximum amounts of state aid paid to districts for the cost of special education teachers. Minimum and maximum factors were determined by dividing the total special education per teacher entitlement by the full time equivalent enrollment of all school districts to determine an average per pupil amount. Any district with a special education per pupil amount below 75.0 percent of that statewide average would receive additional funding; districts receiving 150.0 percent of that average would have funding decreased.

Representatives from the Cowley County Special Services Cooperative, Chautauqua and Elk County Special Education Services, Doniphan County Education Cooperative, Kansas Association of Special Education Administrators, Topeka Public Schools, Coordinating Council on Early Childhood Developmental Services, Northwest Educational Service Center, and High Plains Educational Cooperative were proponents of SB 260. There were no opponents to this bill.

The Senate Education Committee made a technical correction to the bill.

According to the Division of Budget fiscal note enactment of SB 260 would have no fiscal effect. Although the bill would change state aid on a per teacher basis, it would not affect the total.

### ***SB 257 Issues***

SB 257 related to an alternative formula for calculation of the local option budget of a school district was introduced by the Legislative Educational Planning Committee. Proponents of the bill include representatives of the Kansas Association of School Boards, the Kansas City School District, and Chautauqua and Elk County Special Education Services. There were no opponents.

The Division of the Budget fiscal note on SB 257 indicated there would be a negligible effect on local option budget state aid payments to school districts.

### ***HB 2773 Issues***

Related to HB 2773, the funding flexibility of unencumbered funds bill, the Speaker of the House, Representative Michael O'Neal, spoke in favor of the bill. Opponents of the bill were representatives of Kansas Association of School Boards, Topeka Public Schools,

Wichita Public Schools, and USD 437 Auburn-Washburn School District.

The House Education Budget Committee amended the bill to remove the provision that would require districts to transfer an amount equal to the difference between the aggregate amount of the unencumbered balance of the 12 funds as certified by the district and the amount of unencumbered balance of funds that the school district was authorized to spend for general operating expenses of the district to the Local Option Budget Fund of the district, and reduce any property tax levy imposed by the district for the local option budget.

The Committee of Whole amended the bill and limited the provisions of the bill to the 2012-2013 school year. In addition, language requiring a school district to use any unencumbered funds to pay for costs incurred due to increases in the adjusted enrollment of the district and the at-risk pupil enrollment of the district when compared to the 2010-2011 school year was removed.

The fiscal note provided by the Division of the Budget indicated that, according to the Department of Education, enactment of HB 2773 would not change state aid amounts school districts would receive in FY 2013. However, depending on how a school district would choose to use its unencumbered balances of funds listed in the bill, taxpayers may experience a reduction in the levy required to fund the local option budget. In addition, enactment of the bill would reduce the aggregate amount of unencumbered fund amounts at the school district level.

### ***HB 2430 Issues***

HB 2430 related to the contingency reserve fund was introduced by the Legislative Educational Planning Committee. The Legislature increased the amount of the district's general fund budget that could be kept in a contingency reserve fund from six percent to ten percent

during the 2009 Session, but only through the 2011-2012 school year.

A representative of the Kansas Association of School Boards testified as a proponent. There was no other testimony on the bill.

The Division of the Budget fiscal note indicated there would be no change in the amount of state aid a school district receives as a result of the bill. In addition, the fiscal note stated there would be no fiscal effect on the state.

education; school finance; school transportation; special education

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