

HOUSE BILL No. 2740

By Committee on Appropriations

3-22

1 AN ACT concerning education; relating to the financing and instruction
2 thereof, making and concerning appropriations for the fiscal year
3 ending June 30, 2017, for the department of education; relating to the
4 classroom learning assuring student success act; amending K.S.A. 2015
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing
6 the existing sections.

7
8 *Be it enacted by the Legislature of the State of Kansas:*
9 Section 1.

DEPARTMENT OF EDUCATION

10
11 (a) There is appropriated for the above agency from the state general
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the
16 following special revenue fund or funds for the fiscal year ending June 30,
17 2017, all moneys now or hereafter lawfully credited to and available in
18 such fund or funds, except that expenditures other than refunds authorized
19 by law and transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016
23 House Substitute for Senate Bill No. 161 from the state general fund in the
24 block grants to USDs account (652-00-1000-0500), the sum of
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015
28 Session Laws of Kansas on the school district extraordinary need fund of
29 the department of education is hereby decreased from \$17,521,425 to
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the
32 director of accounts and reports shall transfer \$15,167,962 from the state
33 general fund to the school district extraordinary need fund of the
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that
36 has adopted a local option budget is eligible to receive an amount of

Balloun Amendments for HB 2740 #1
Senate Committee on Appropriations
Prepared by Jason Long
Office of Revisor of Statutes
March 23, 2016

WHEREAS, The people of Kansas, through article 6 § 6(b) of constitution of the state of Kansas, declared that "the legislature shall make suitable provision for finance of the educational interests of the state." According to the supreme court, this provision contains both an adequacy and equity component. On February 11, 2016, the supreme court ruled that funds provided to the school districts under the existing school finance legislation for local option budget equalization and capital outlay equalization were not equitably distributed among the school districts; and

WHEREAS, The supreme court issued an order directing the legislature to fairly allocate resources among the school districts by providing "reasonably equal access to substantially similar education opportunity through similar tax effort." The supreme court warned that, if no action is taken by June 30, 2016, and because an unconstitutional system is invalid, it may entertain a motion to enjoin funding the school system for the 2016-17 school year; and

WHEREAS, The legislature is committed to a avoiding any disruption to public education and desires to meet its obligation; and

WHEREAS, After hearing evidence concerning varying proposals for this body to continue providing an adequate public education while satisfying the supreme courts equity issue, the legislature is acting on this bill in an expedited manner so that the schools will open, as scheduled, for the 2016-17 school year; and

WHEREAS, This step, while important, is only the first of many, upon enactment of this legislation, the legislature will immediately return to the task of finding a long-term solution, based upon a broad base of stakeholders, that will continue to provide every Kansas student the opportunity to pursue their chosen desires through an excellent public education;

Now, therefore,

New Sec. 2. (a) The legislature hereby declares that the intent of this act is to ensure that public school students receive a constitutionally adequate education through a fair allocation of resources among the school districts and that the distribution of these funds does not result in unreasonable wealth-based disparities among districts. In particular, the legislature: (1) Has been advised of the constitutional standard for equity as set forth in Supreme Court's ruling in *Gannon v. State*, Case No. 113,267, ___ Kan. ___, 2016 WL 540725 (Feb. 11, 2016), including preceding school finance decisions; (ii) endeavored to memorialize the legislative evidence and deliberations conferees shared as the legislature considered the best way to meet this constitutional standard; and (iii) arrived at the best solution to discharge its constitutional duty to make suitable provision for finance of the educational interests of the state. To this end, this legislation shall be liberally construed so as to make certain that no funding for public schools will be enjoined.

supplemental general state aid. A school district's eligibility to receive supplemental general state aid shall be determined by the state board as provided in this subsection. The state board of education shall:

(1) Determine the amount of the assessed valuation per pupil (AVPP) of each school district in the state and round such amount to the nearest \$1,000. The rounded amount is the AVPP of a school district for the purposes of this section;

(2) determine the median AVPP of all school districts;

(3) prepare a schedule of dollar amounts using the amount of the median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

(4) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the median AVPP shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval above the amount of the median AVPP, and increasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval below the amount of the median AVPP. The state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district, except that the state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 25%;

(5) determine the amount of the local option budget adopted by each school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments thereto; and

(6) multiply the amount computed under subsection (a)(5) by the applicable state aid percentage factor. The resulting product is the amount of payment the school district is to receive as supplemental general state aid in the school year.

(b) The state board shall prescribe the dates upon which the distribution of payments of supplemental general state aid to school districts shall be due. Payments of supplemental general state aid shall be distributed to school districts on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due each school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the

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(b) The legislature has been advised that funding disruptions and uncertainty are counter-productive to public education and that the funding certainty of the classroom learning assuring student success act is critical to the effective operation of school districts. Furthermore, the evidence before the legislature confirms that the total amount of school funding meets or exceeds the Supreme Court's standard for adequacy. As a result, the legislature believes that it has enacted legislation that both fairly meets the equity requirements of Article 6 and does not run afoul of the already adequate funding as demonstrated by the excellent results of the public education system made known to the legislature.

(c) The legislature hereby finds and declares the following:

(1) That, based on testimony from the state department of education and other parties involved in the public education system, a hold harmless fund is necessary in light of the fact that many school budgets are set based upon the provisions of the classroom learning assuring student success act;

(2) that the prior equalization formulas used for capital outlay state aid and supplemental general state aid had no basis in educational policy, and that it is preferable to apply a single equalization formula to both categories of state aid;

(3) that this act fully complies with the supreme court's order, but that there is an untenable risk the act may be found to be unconstitutional and, as a result, all educational funding could be enjoined. The risk of disrupting education in this regard is unacceptable to the legislature, and as a result, the provisions of this act should be considered as severable; and

(4) that, based on testimony from the state department of education, the state board of education may be able to more quickly respond to and address concerns raised by the school districts, including, without limitation, emergency needs or a demonstrated inability to have reasonably equal access to substantially similar educational opportunities through similar tax effort.