

SESSION OF 2016

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR SENATE
BILL NO. 356**

As Amended by Senate Committee of the Whole

Brief*

Sub. for SB 356 would amend the law concerning capital improvement state aid. For general obligation bonds approved for issuance at an election held on or after July 1, 2015, but prior to July 1, 2016, the bill would continue to use the formula for calculating capital improvement state aid that currently exists under the block grant to school districts. The bill also would continue the current procedure for certification of amounts to be transferred to school districts and the use of demand transfers from the State General Fund; however, the bill would amend the name of the fund to which these funds are transferred, replacing each district's "capital improvements" fund with a "bond and interest" fund.

For school districts' general obligation bonds approved at an election held on or after July 1, 2016, subject to appropriations, the bill would use the block grant formula, except that in determining the amount of payments a school district is obligated to make, the Kansas State Board of Education (Board) would exclude payments for any capital improvement project, or portion thereof, that proposes to construct, reconstruct, or remodel a facility that would be used primarily for extracurricular activities. The bill would have an exception to this exclusion due to concerns of safety of the current facility and disability access to such facility as demonstrated by a State Fire Marshal Report, an inspection under the federal Americans with Disabilities Act, or other similar evaluation.

*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>

If the amount of appropriations for capital improvement state aid is less than the aggregate amount school districts are to receive for the school year, the bill would instruct the Board to allocate the amount appropriated among the school districts in accordance with the following priorities (from highest to lowest priority):

- Safety of the current facility and disability access to such facility as demonstrated by a State Fire Marshal Report, an inspection under the federal Americans with Disabilities Act, or other similar evaluation;
- Enrollment growth and imminent overcrowding as demonstrated by successive increases in enrollment of the school district in the immediately preceding three school years;
- Impact on the delivery of educational services as demonstrated by restrictive inflexible design or limitations on installation of technology; and
- Energy usage and other operational inefficiencies as demonstrated by a district-wide energy usage analysis, district-wide architectural analysis, or other similar evaluation.

The bill would further instruct when allocating capital improvement state aid, the Board is to prioritize school districts with a lower assessed valuation per pupil (AVPP) compared to other districts who are to receive capital improvement state aid.

Payments of capital improvement state aid would be distributed to school districts at times determined by the Board to be necessary to assist school districts in making scheduled payments pursuant to contractual bond obligations. The Board would certify to the Director of Accounts and Reports the amount due each school district as capital improvement state aid, and the Director of Accounts

and Reports would draw a warrant on the State Treasurer payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district would credit the amount thereof to the bond and interest fund of the school district to be used for the purposes of such fund.

The bill would specify this method would be used only for contractual obligations incurred by school districts pursuant to general obligation bonds issued upon approval of a majority of the qualified electors of the school district voting at an election upon the question of the issuance of such bonds.

Background

SB 356, as introduced, would have established the School District Bond Project Review Board. The bill was introduced at the request of Senator Abrams. At the Senate Committee on Education hearing on the bill, a representative of Educational Management Consultants, the Kansas Chamber, and Kansas Policy Institute offered testimony in support of the bill. Representatives of the Kansas National Education Association and the Meade School District were opponents of the bill. A representative of the Kansas Association of School Boards offered neutral testimony.

The Senate Committee adopted a substitute bill.

The Senate Committee of the Whole added language to provide that in allocating capital improvement state aid, the Board is to prioritize school districts with a lower AVPP compared to other districts who are to receive capital improvement state aid.

According to the fiscal note prepared by the Division of the Budget, enactment of the bill, as introduced, would likely have the effect of reducing capital improvement state aid for bond issues after January 1, 2016. The bill would not change state aid entitlements that districts currently receive for bond

issues prior to January 1, 2016. Any reduced state aid payments would be reliant on the number of bond issues approved by the voters and the determination of the percentage of voter-approved projects determined to be direct instruction by the review board. Any fiscal effect associated with the bill is not reflected in *The FY 2017 Governor's Budget Report*.

A fiscal note was not available for the substitute bill.