

SESSION OF 2006

SUPPLEMENTAL NOTE ON SENATE BILL NO. 584

As Amended by Senate Committee of the Whole

Brief*

Senate Substitute for SB 584 is a three-year school finance plan which appropriates increased funding totaling \$466,250,000 over the three-year period. The bill includes the following major provisions:

- Base State Aid Per Pupil (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 \$4,357 (\$50 increase), at a cost of \$28,800,000.
 - School year 2008-09—from \$4,357 to \$4,407 (\$50 increase), at a cost of \$29,000,000.

- The at-risk weighting would be increased by the following amounts:
 - School year 2006-07—from .193 to .268, at a cost of \$43,500,000.
 - School year 2007-08—from .268 to .318, at a cost of \$28,850,000.
 - School year 2008-09—from .318 to .368, at a cost of \$29,000,000.

- 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 free lunch program. For school year 2006-07, the weighting would generate an estimated \$446 per eligible full-time equivalent (FTE) student, or a total of \$15,400,000.

- A new weighting called the "high density at-risk pupil weighting"

would be created for school districts with high percentages of students who receive free meals . Those districts in which more than 40 percent of the students but less than 50 percent receive free meals would receive additional at-risk weighting in the amount of .04 in school year 2006-07, .05 in school year 2007-08, and .06 in school year 2008-09. Those districts in which 50 percent or more of the students receive free meals would receive additional at-risk weighting in the amount of .08 in school year 2006-07, .09 in school year 2007-08, and .10 in school year 2008-09. The weighting would generate the following amounts:

- School year 2006-07—\$21,400,000.
 - School year 2007-08—\$3,400,000.
 - School year 2008-09—\$3,500,000.
- The threshold for "high enrollment weighting" (formerly correlation weighting) would be lowered by the following amounts:
 - School year 2006-07—from 1,662 to 1,637 (25 students), at a cost of \$11,700,000.
 - School year 2007-08—from 1,637 to 1,587 (50 students), at a cost of \$23,400,000.
 - School year 2008-09—from 1,587 to 1,537 (50 students), at a cost of \$23,400,000.
 - The special education excess costs percentage would be increased from 92 percent in school year 2006-07 to 95 percent in school year 2007-08, at a cost of \$30,300,000 in school year 2006-07 (current law) and \$36,750,000 in school year 2007-08.
 - The weighting for kindergarten students would be increased from .50 FTE to .65 in school year 2008-09, at a cost of \$15,400,000. School districts would be authorized to charge a fee to cover costs of all-day kindergarten not paid for by the kindergarten student weighting or to use at-risk funding to pay for the portion of all-day kindergarten not paid for by the weighting, including kindergarten for students who are not at-risk. Use of the weighting above .50 and use of at-risk funding for all day kindergarten would be contingent upon the district continuing to make half-day

kindergarten available.

- 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. School districts would be required to make reports on expenditures and other information.
- The cap on school district contingency reserve funds would be increased from 4 percent to 6 percent.
- Any district would qualify for the school facilities weighting if the district has adopted a local option budget which equals at least 25 percent. Any district which qualifies for the new school facilities weighting also would qualify for the ancillary facilities weighting.
- School districts would be required to use supplemental general state aid to meet the requirements under the school performance accreditation system adopted by the State Board of Education, to provide programs and services required by law, and to improve student performance. All money appropriated to school districts for supplemental general state aid would be deemed to be state moneys for educational and support services for school districts.
- The provisions of the bill would be non-severable.
- Appropriations would be made in the bill to fully fund the proposal over a three-year period.

The table below summarizes proposed changes and estimated increases in costs over the prior year. The table includes supplemental general state aid and special education costs under current law because expenditures for these programs are expected to increase even if no change is made to the law. (In the case of special education, a change is proposed for school year 2007-08.)

Program	Current Law	School Year 2006-07	School Year 2007-08	School Year 2008-09
BSAPP	\$ 4,257	\$ 4,307	\$ 4,357	\$ 4,407
		\$ 28,450,000	\$ 28,800,000	\$ 29,000,000
At-Risk Weighting	.193	.268	.318	.368
		\$ 43,500,000	\$ 28,850,000	\$ 29,000,000
Nonproficient Pupil Weighting	Not in Current Law	\$ 446 per FTE	\$ 0	\$ 0
		\$ 15,400,000		
High Density At-Risk Pupil Weighting	Not in Current Law	.04/.08	.05/.09	.06/.10
		\$ 21,400,000	\$ 3,400,000	\$ 3,500,000
High Enrollment Weighting	1,662	1,637	1,587	1,537
		\$ 11,700,000	\$ 23,400,000	\$ 23,400,000
Special Education	89.3	92% (current law)	95%	95%
		\$ 30,300,000	\$ 36,750,000	\$ 26,000,000
Local Option Budget (Current Law)	27%	29% (current law)	30% (current law)	30% (current law)
		\$ 31,000,000	\$ 22,000,000	\$ 15,000,000
All-Day Kindergarten	.5 FTE	.5 FTE	.5 FTE	.65 FTE
		\$ 0	\$ 0	\$ 15,400,000
TOTAL	--	\$ 181,750,000	\$ 143,200,000	\$ 141,300,000

Background

The original SB 584 was a school finance plan developed by the Senate Leadership and debated by the Senate Committee of the Whole before it was referred back to the Senate Education Committee. The Committee held hearings April 24 and 25 and developed a new proposal which is contained in the substitute bill.

The Senate Committee of the Whole amended the bill to require school districts to make half-day kindergarten programs available even though the bill provides an incentive for districts to offer full-day programs.

The Committee of the Whole also appropriated funding to fully fund the proposal over a three-year period and made technical and

clarifying amendments.

The table in the "brief" section of this supplemental note shows the increase from year to year if Senate Substitute for SB 584 were to be enacted. Even if no change is made in current law, additional state aid will be necessary to fund estimated increases in special education, including the percentage increase in excess costs funding from 89.3 percent to 92.0 percent in school year 2006-07, and to fund the increase in the maximum local option budget from 27 percent to 29 percent in school year 2007-08 and to 30 percent in school year 2008-09. Those estimated increases under current law are shown below and have been built into the tables shown in this supplemental note.

Special Education Increases Under Current Law:

- School year 2006-07—\$30,300,000
- School year 2007-08—\$25,500,000
- School year 2008-09—\$25,500,000

Supplemental General State Aid Increases Under Current Law
(Local Option Budgets):

- School year 2006-07—\$20,000,000
- School year 2007-08—\$10,000,000
- School year 2008-09—\$10,000,000

The table below shows the three-year *cumulative* increase of proposals contained in Senate Substitute for SB 584:

<u>Program</u>	<u>School Year 2006-07</u>	<u>School Year 2007-08</u>	<u>School Year 2008-09</u>
BSAPP	\$ 4,357	\$ 4,357	\$ 4,407
	\$ 28,450,000	\$ 85,700,000	\$ 171,950,000
At-Risk	.268	.318	.368
Weighting	\$ 43,500,000	\$ 115,850,000	\$ 217,200,000
Nonproficient	\$ 446 per FTE	\$ 30,800,000	\$ 46,200,000
Pupil Weighting	\$ 15,400,000		
High Density	.04/.08	.05/.09	.06/.10
At-Risk Pupil	\$ 21,400,000	\$ 46,200,000	\$ 74,500,000
Weighting			
High Enrollment	1,637	1,587	1,537
Weighting	\$ 11,700,000	\$ 46,800,000	\$ 105,300,000
Special	92%	95%	95%
Education	(current law)		
	\$ 30,300,000	\$ 97,350,000	\$ 190,400,000
Local Option	29%	30%	30%
Budget	(current law)	(current law)	(current law)
(Current Law)	\$ 31,000,000	\$ 84,000,000	\$ 152,000,000
All-Day	.5 FTE	.5 FTE	.65 FTE
Kindergarten	\$ 0	\$ 0	\$ 15,400,000
TOTAL	\$ 181,750,000	\$ 506,700,000	\$ 972,950,000

The following are provisions contained in House Bill No. 2986:

- **Needs-Assessments and School District Budgets.** Each district is required to conduct a needs-assessment of each attendance center in the district. District must consider the needs-assessment when preparing the budget of the district.
- **School District Budget Forms.** Under current law, budget forms are designed in a manner recommended by KSDE which must consider the best practices and standards established by the Governmental Finance Officers Association and the Association of School Business Officials. The bill requires also to consider recommendations by the Legislative Division of Post Audit for school district budget forms.
- **Capital Outlay State Aid Fund.** SB 3 created the Capital Outlay State Aid Fund and provided for transfers of state aid from the State General Fund; SB 3 also included an appropriation of money for the state aid. The bill clears up the confusion created by SB 3 by making capital outlay state aid payments subject to appropriation rather than being treated as revenue transfers.
- **Payment for Remedial Classes.** The bill requires the State Board of Education to pay public colleges and universities the excess cost of providing remedial courses to Kansas high school graduates who have taken the precollege curriculum prescribed by the Board of Regents. Students taking remedial courses must pass a competency exam. Amounts paid by the State Board of Education to be deducted from state aid payments to school district the student last attended.
- **State Moneys for Educational and Support Services.** The bill provides for the purposes of determining the total amount of state moneys paid to school districts, moneys provided to districts under the programs listed in the section and any other money appropriated by the state for distribution to school districts are deemed to be state moneys for educational and support services for school districts.
- **School Finance Litigation.** The bill repeals the provisions of law which: prohibit school districts from using general fund money to sue the state; require a notice of claim to be filed with Legislature prior to filing a suit; require a three-judge panel to be appointed to hear suits; and prohibit courts from closing schools or withholding money as a remedy in school finance litigation.
- **Accreditation and Curriculum Requirements/ Reallocation of Resources.** The bill provides that if a district fails to meet accreditation requirements or standards adopted by the State Board of Education or fails to provide the curriculum required by law, the district would have to reallocate the resources of the district to remedy such deficiencies identified by the State Board. Such reallocation would be based on benchmarks of highly resource-efficient districts as identified in *Kansas Education Resource Management Study* (March 2006) conducted by Standard and Poor's.

- Vocational Education Grants. The bill establishes a grant program to pay start-up costs for new vocational education programs.
- Federal Mandates. The bill provides that neither state nor school districts are required to pay costs attributable to meeting the requirements of federal mandates if sufficient funding is not provided; specifies that this does not apply to IDEA.
- Capital Improvements State Aid. The bill provides that districts which qualify for capital improvements state aid and which have an extraordinary declining enrollment must advise and consult with the Joint Committee on Building Construction prior to issuing bonds for the construction of any new building.
- Annual Reports. The bill requires the State Department of Education to submit an annual report to the Legislature concerning improvement in student proficiency which is attributable to increases in state aid.
- Early Graduation Incentives. The bill requires the State Board of Education to establish an early high school graduation incentive program; students are eligible for \$1,000 incentive bonus for graduating one-year early and also are eligible for \$3,000 one-time tuition scholarship for attending a technical college or area vocational school.
- Expenditures for Instruction. The bill deletes language which required certain moneys received by districts under Senate Bill 3 for school year 2005-2006 to be spent on classroom instruction .
- CPI-U. Requirements deemed to have been met.
- Severability provision.