KANSAS LEGISLATIVE RESEARCH DEPARTMENT

68-West–Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ◆ FAX (785) 296-3824
kslegres@klrd.ks.gov http://www.kslegislature.org/klrd

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AMENDMENTS TO THE 1992 SCHOOL DISTRICT FINANCE AND QUALITY PERFORMANCE ACT AND THE 1992 SCHOOL DISTRICT CAPITAL IMPROVEMENTS STATE AID PROGRAM (FINANCE FORMULA COMPONENTS)

This memorandum provides a chronology of the amendments to the 1992 school finance legislation. In 1992, the Kansas Legislature enacted new school finance legislation. The 1992 Legislature replaced the former School District Equalization Act, which allowed wide differences in tax rates and expenditures, with a new law titled the School District Finance and Quality Performance Act which controlled expenditure and tax rate differences. The financing mechanism of the new legislation is known as state financial aid.

Another Kansas Legislative Research Department document titled “School District Finance and Quality Performance Act and Bond and Interest State Aid Program” describes principal features of the current school finance formula. Annual K–12 education appropriation information is included in the relevant year of the Kansas Legislative Research Department publication *Fiscal Facts*.

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State Financial Aid

Base State Aid Per Pupil (BSAPP). A 1993 amendment, applicable beginning in the 1992–93 school year, provided that if appropriations in any school year for general state aid to school districts are not sufficient to pay districts' computed entitlements, the State Board of Education will reduce the BSAPP to the amount necessary to match general state aid entitlements of districts with the amount of general state aid that is available.

Special Note: During the regular 2005 Legislative Session, HB 2247 deleted correlation weighting and placed the funding attributable to this weighting into the BSAPP which increased it to $4,107. In addition, $115 was added to the BSAPP, which increased the amount to $4,222. The 2005 Special Session provided additional funding of $35 for a total BSAPP amount of $4,257 in House Substitute for SB 3.

Following is a history of BSAPP:

School Year	BSAPP
1992–93	$ 3,600*
1993–94	3,600
1994–95	3,600
1995–96	3,626
1996–97	3,648
1997–98	3,670
1998–99	3,720
1999–2000	3,770
2000–01	3,820
2001–02	3,870
2002–03	3,863**
2003–04	3,863**
2004–05	3,863**
2005–06	4,257
2006–07	4,316
2007–08	4,374
2008–09	4,400
2009–10	4,012***
2010–11	3,937
2011–12	3,780
2012–13	3,838
2013–14	3,838
2014–15	3,852

* In 1992–1993, some school districts did not benefit fully from BSAPP at $3,600. In that year, state financial aid was the lesser of "formula" state financial aid or "transitional" state financial aid. Formula state financial aid was the district's BSAPP times its adjusted enrollment, and transitional state financial aid was the district's 1991–1992 operating budget plus its state transportation, bilingual education, and vocational education aid and the proceeds of any 1991 transportation tax levy, the sum of which was increased by 10.0 percent plus the percentage equivalent to any enrollment increase in 1992–1993 over 1991–1992.

** In 2002–2003, 2003–2004, and 2004–2005, the statute states that the BSAPP is $3,890; however, $3,863 was funded.

*** After the 2009 Legislative Session ended, the Governor enacted allotments and the BSAPP was lowered to $4,218 from $4,280; then, in November 2009, the Governor enacted an additional allotment, bringing BSAPP to $4,012.

Definition of the Term "Pupil." A 1993 amendment provided that a pupil enrolled in grade 11 who concurrently is enrolled in a school district and a postsecondary education institution is counted as one full-time equivalent (FTE) pupil if the school district and postsecondary enrollment is at least five-sixths time. Otherwise, the combined enrollment is determined to the nearest one-tenth of full-time enrollment. (Under prior law, only pupils in grade 12 who were involved in concurrent enrollment were counted as one FTE if their combined enrollment was at least five-sixths time.)

In 1994, an amendment specified that the term "pupil" *excludes* pupils who reside at the Flint Hills Job Corps Center and pupils confined in and receiving services provided by a school district at a juvenile detention facility. School districts receive funding under a different law for providing educational services to children in these facilities. The district receives the lesser of two times BSAPP or actual costs of the education services provided. Subsequent legislation has expanded this exclusion from coverage under the general school finance law, as follows:

- 1995: The Forbes Juvenile Attention Facility was added to the legislation that applies to the Flint Hills Job Corps Center and juvenile detention facilities.

- 1999: An amendment added the term "juvenile detention facility" and defined it to include any community juvenile corrections center or facility, the Forbes Juvenile Attention Facility, and four newly designated facilities: Sappa Valley Youth Ranch of Oberlin, Parkview Passages Residential Treatment Center of Topeka, Charter Wichita Behavior Health System, L.L.C., and Salvation Army/Koch Center Youth Services.

- 2000: An amendment deleted from the listing two facilities that had been added in 1999 due to their closure and added six new ones. Facilities added to the listing were the Clarence M. Kelley Youth Center, Trego County Secure Care Center, St. Francis Academy at Atchison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina, and St. Francis Center at Salina. The two facilities deleted were the Parkview Passages Residential Treatment Center of Topeka and Charter Wichita Behavior Health System, L.L.C.

- 2001: An amendment added three new facilities: Liberty Juvenile Services and Treatment (Wichita USD 259), King's Achievement Center (Goddard USD 265), and Clarence M. Kelley Transitional Living Center (Topeka USD 501).

- 2003: An amendment modified the definition of the term "juvenile detention facility" to mean:

    - A secure public or private facility, but not a jail, used for the lawful custody of accused or adjudicated juvenile offenders;

- A level VI treatment facility licensed by the Kansas Department of Health and Environment which is a psychiatric residential treatment facility for individuals under the age of 21, and which conforms with the regulations of the Centers for Medicare/Medicaid Services and the Joint Commission on Accreditation of Health Care Organizations governing such facilities; and
- A facility specifically identified in the statute (no new facilities were added to the listing by the 2003 Legislature).

- 2004: An amendment specified that the term "pupil" excludes pupils who are not residents of the state of Kansas but who are enrolled in a virtual school in a Kansas district.

- 2005: An amendment revised the September 20 pupil count by stating that a foreign exchange student would not be counted unless that student was enrolled for at least one semester or two quarters.

- 2007: An amendment allows a student in the custody of the Secretary of Social and Rehabilitation Services or the Commissioner of the Juvenile Justice Authority and who is enrolled in Wichita USD 259, but housed, maintained, and receiving educational services at the Judge James V. Riddel Boys Ranch to be counted as two pupils. Another amendment specified that a pupil enrolled in a district, but housed, maintained, and receiving educational services at a psychiatric residential treatment facility, as defined by KSA 72-8187, is not counted. An additional amendment modified the definition of the term "juvenile detention facility" to mean any public or private facility, but not a jail, used for the lawful custody of accused or adjudicated juvenile offenders.

- 2009: An amendment allows a student in the custody of the Secretary of Social and Rehabilitation Services or the Commissioner of the Juvenile Justice Authority and who is enrolled in the Atchison School District to be counted as two pupils.

A 1998 amendment added to the definition of the term "pupil" preschool-aged at-risk pupils who are enrolled in the district and are receiving services under an approved at-risk pupil assistance plan maintained by a school district. Such a pupil is counted as 0.5 FTE in the district. Preschool-aged at-risk pupils are four-year-olds who have been selected by the State Board of Education in accord with guidelines consonant with those governing selection of pupils for participation in the Head Start program. The 1998 legislation authorized the State Board of Education to select not more than 1,350 pupils to be counted in any school year. A 1999 amendment expanded the program to serve up to 1,794 pupils; a 2000 amendment expanded the program to serve up to 2,230 pupils; and a 2001 amendment expanded the program to serve up to 3,756 pupils in 2001–2002 and 5,500 pupils in 2002–2003 and thereafter. A 2005 amendment removed the cap on the number of children who can be served.

Decreasing Enrollments. A 1993 amendment provided that when the enrollment in the current school year had decreased from the preceding school year, a district could add to its enrollment for the current school year one-half of the number of pupils by which the enrollment decreased, provided that no adjustment was made for decreases in enrollment in the current

school year that exceeded 4.0 percent of the enrollment in the preceding school year. This provision became effective for the 1993–1994 school year.

Legislation in 1997, which replaced the 1993 enactment, provided that a district in which enrollment has decreased from the preceding school year would use the enrollment of the preceding school year. Under this provision, the low enrollment and correlation weightings of the preceding year are used. All other weightings are determined on a current year basis.

Legislation in 1999 added a new condition applicable to districts that are experiencing enrollment decreases. The average of the sum of the enrollment for the current school year and for the two immediately preceding school years will be used in determining the district's general fund budget when the enrollment so determined is greater than the enrollment in either the current or the immediately preceding school year. (The low enrollment and correlation weightings of the previous year are used. All other weightings are determined on a current year basis.) The 1999 amendment also included technical changes to assure that any preschool-aged at-risk four-year-old pupils receiving service under this law are treated only as an add-on based on the current year's enrollment of such pupils.

Legislation in 2002 provided that, if the State Board of Education determines that the enrollment of a school district in the preceding school year had decreased from the enrollment in the second preceding school year and that a disaster had contributed to the decrease, the enrollment of the district in the second school year following the disaster will be determined on the basis of a four-year average of the current school year and the preceding three school years, adjusted for the enrollment of pre-school aged at-risk pupils in those years, except that the enrollment decrease provisions of the general law apply if they are more beneficial to the district than the four-year average. For this purpose, "disaster" means the occurrence of widespread or severe damage, injury, or loss of life or property resulting from flood, earthquake, tornado, wind, storm, drought, blight, or infestation.

Operating Expenses. A 1994 amendment excluded from the definition of the term "operating expenses" expenditures for which the district receives state reimbursement grants for the provision of educational services for pupils residing at the Flint Hills Job Corps Center or confined in juvenile detention facilities. A 1999 amendment expanded the listing of facilities to which this provision applies to include the Forbes Juvenile Attention Facility, Sappa Valley Youth Ranch of Oberlin, Parkview Passages Residential Treatment Center of Topeka, Charter Wichita Behavior Health System, L.L.C., and Salvation Army/Koch Center Youth Services. A 2000 amendment added six and deleted two facilities from this listing. Those added were Clarence M. Kelley Youth Center, Trego County Secure Care Center, St. Francis Academy at Atchison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina, and St. Francis Center at Salina. Those deleted (due to closure) were the Parkview Passages Residential Treatment Center of Topeka and Charter Wichita Behavior Health System, L.L.C. A 2001 amendment added Liberty Juvenile Services and Treatment (Wichita USD 259), King's Achievement Center (Goddard USD 265), and Clarence M. Kelley Transitional Living Center (Topeka USD 501). A 2002 amendment deleted the statutory listing of facilities under this provision of the law and replaced it with a reference to the definition of "juvenile detention facility" contained in the main definition section of the school finance law (KSA 72-6407).

Low Enrollment Weighting. A 1995 amendment changed application of the low enrollment weighting from all school districts with under 1,900 enrollment to all districts under 1,800 enrollment, to be phased in over a four-year period, as follows: under 1,875 in 1995–96,

1,850 in 1996–97, 1,825 in 1997–98, and 1,800 in 1998–99 and thereafter. A 1997 amendment accelerated the foregoing schedule so that as of July 1, 1997, the low enrollment weighting provision was applicable to school districts with less than 1,800 enrollment. The law was amended in both 1998 and 1999. A 2005 amendment changed the formula for computing the low enrollment weighting for those districts to which the weighting applies and provided for low enrollment weighting to districts with less than 1,662 students. A 2006 amendment changed the formula by decreasing the enrollment to 1,637 in 2007, and to 1,622 in 2008 and thereafter. (See table below.)

School Year		Low Enrollment Weighting Threshold
1992–1993	under:	1,900
1993–1994		1,900
1994–1995		1,900
1995–1996		1,875
1996–1997		1,850
1997–1998		1,800
1998–1999		1,750
1999–2000		1,725
2000–2001		1,725
2001–2002		1,725
2002–2003		1,725
2003–2004		1,725
2004–2005		1,725
2005–2006		1,662
2006–2007		1,637
2007–2008		1,622

For districts with greater than 1,662 enrollment, low enrollment weighting was replaced by the correlation weighting (discussed below).

Correlation (High Enrollment) Weighting. A 1995 amendment added the "correlation" pupil weighting. This provision was to be phased in over a four-year period, as follows: in 1995-1996, the weighting was available to all districts with enrollments of 1,875 or more; in 1996-1997, to districts of 1,850 or more; in 1997-1998, to districts of 1,825 or more; and in 1998-1999, to districts of 1,800 or more. The law also provided that if in any year the appropriation of general state aid was insufficient to fully fund the BSAPP, taking into account the correlation weighting step scheduled for implementation in that year, only the portion of the correlation weighting step would be implemented that could be accomplished without prorating the BSAPP. That point on the implementation schedule was to serve as the reference point in the next year for continuing the correlation weighting implementation process. Each "regular" implementation

step was designed to lower the threshold to apply to school districts having 25 fewer FTE pupils than in the preceding school year. The process was to continue until the correlation weighting applied to all districts with 1,800 or more enrollment.

If the correlation weighting had been phased in over a four-year period in four equal steps, the weighting would have been 0.9031 percent of BSAPP in 1995-1996, 1.8062 percent in 1996-1997, 2.7090 percent in 1997-1998, and 3.6121 percent in 1998-1999 and thereafter.

Legislation in 1997 accelerated the correlation weighting implementation schedule so that the provision was fully implemented in the 1997-1998 school year. That meant the correlation weighting applied at the 3.6121 percent rate to all districts having enrollments of 1,800 or more beginning in the 1997-1998 school year. The correlation weighting factor was modified by both the 1998 and 1999 Legislatures. A 1998 amendment applied the correlation weighting factor to all school districts with at least 1,750 enrollment, beginning in the 1998-1999 school year, and the 1999 amendment applied the correlation weighting factor to all school districts with 1,725 and over enrollment, beginning in 1999-2000. During the regular 2005 Legislative Session, HB 2247 deleted correlation weighting and placed the funding attributable to this weighting into the BSAPP which increased it to $4,107. A 2005 amendment also accelerated the correlation weighting to 1,662 or more beginning in the 2005-2006 school year. A 2006 amendment changed the name from “correlation weighting” to “high enrollment weighting” and adjusted the threshold to 1,637 in the 2006-2007 school year and 1,622 in the 2007-2008 school year. The correlation weighting has remained the same since the 2007-2008 school year. A history of correlation weighting adjustment is shown below.

School Year	Correlation Weighting Threshold	Correlation Weighting (Percent)
1992–1993	none	0.0
1993–1994	none	0.0
1994–1995	none	0.0
1995–1996	1,875 and over	0.9031
1996–1997	1,850	1.8062
1997–1998	1,800	3.6121
1998–1999	1,750	5.4183
1999–2000	1,725	6.3211
2000–2001	1,725	6.3211
2001–2002	1,725	6.3211
2002–2003	1,725	6.3211
2003–2004	1,725	6.3211
2004–2005	1,725	6.3211
2005–2006	1,662	0.0215
2006–2007	1,637	0.0299
2007–2008 and subsequent	1,622	0.0350

At-Risk Pupil Weighting. A 1997 amendment increased the at-risk pupil weighting from 0.05 to 0.065, commencing with the 1997-1998 school year. A 1998 amendment increased this weighting to 0.08, commencing with the 1998-1999 school year, a 1999 amendment increased the weighting to 0.09 commencing with the 1999-2000 school year, and a 2001 amendment increased the weighting to 0.10 in 2001-2002 and thereafter. A 2005 amendment increased the at-risk pupil weighting from 0.10 to 0.193 for the 2005-2006 school year. A 2006 amendment increased the at-risk pupil weighting from 0.193 to 0.278 for school year 2006-2007, to 0.378 for school year 2007-2008, and to 0.456 for school year 2008-2009 and each school year thereafter.

The 2001 amendment also directed that an amount equal to 0.01 be used by the district for achieving mastery of basic reading skills by completion of the third grade in accordance with standards established by the State Board of Education. A school district must include information in its at-risk pupil assistance plan as the State Board of Education requires regarding the district's remediation strategies and its results in achieving the State Board of Education's third grade reading mastery standards. A school district's report must include information documenting remediation strategies and improvement made by pupils who performed below the expected standard on the State Board of Education's second grade diagnostic reading test. A school district whose third grade pupils substantially meet the State Board of Education standards for mastery of third grade reading skills, upon request, may be released by the State Board of Education from the requirement to dedicate a specific portion of the at-risk weighting to this reading initiative.

The 2014 Legislature changed the at-risk definition, excluding any pupil enrolled less than full time in grades one through 12 or any student over 19 years of age. However, this provision does not apply for any student who has an individualized education program.

School Year	At-Risk Pupil weighting (Percent)
1992–1993	5.0
1993–1994	5.0
1994–1995	5.0
1995–1996	5.0
1996–1997	5.0
1997–1998	6.5
1998–1999	8.0
1999–2000	9.0
2000–2001	9.0
2001–2002	10.0*
2002–2003	10.0*
2003–2004	10.0*
2004–2005	10.0*
2005–2006	19.3*
2006–2007	27.8*

School Year	At-Risk Pupil weighting (Percent)
2007–2008	37.8
2008–2009	45.6

* 1.0 percent is targeted at mastery of third grade reading skills.

High Density At-Risk Weighting. A 2006 amendment provided, beginning in 2006-2007, a new pupil weighting factor for school districts with high percentages of students receiving free meals. Those districts that have free meal percentages between 40.0 percent and 49.9 percent receive an additional weighting of 0.04 percent; and districts with 50.0 percent or more free meal students receive an additional weighting of 0.08 percent. Districts with a density of 212.1 students per square mile and a free lunch rate of 35.1 percent and above receive an additional weighting of 0.8 percent.

This weighting was amended during the 2008 Legislative Session. Districts having an enrollment of at least 40.0 percent at-risk pupils receive an additional weighting of 0.06. Enrollments of at least 50.0 percent at-risk pupils or an enrollment of at least 35.1 percent at-risk pupils and 212.1 pupils per square mile receive an additional weighting of 0.10. The Legislature changed the law allowing school districts to use current school year, prior school year, or the average of the weighting in the current school year and the preceding two school years.

Legislation in 2012 provided for a linear transition formula to calculate the high-density at-risk pupil weighting for districts having between 35.0 percent and 50.0 percent at-risk pupils. For those districts having an at-risk pupil percentage of 50.0 percent or more, or for districts having an enrollment of at least 35.1 percent at-risk pupils and an enrollment density of at least 212.1 pupils per square mile, the district will multiply the number of at-risk pupils by 0.105 to determine the high-density at-risk weighting. For those districts having between 35.0 percent to less than 50.0 percent at-risk pupils, the district will subtract 35.0 percent from the percentage of at-risk enrollment in the district and multiply that result by 0.7. The product of this calculation multiplied by the at-risk student enrollment is the high density at-risk weighting.

Nonproficient Pupil Weighting. A 2006 amendment provided, beginning with school year 2006-2007, a new weighting factor for students who, based on state assessments from the previous school year, are not proficient in reading or math and who are not eligible for the federal free lunch program. This weighting is computed on a percentage of students below proficient.

The 2014 Legislature eliminated the nonproficient pupil weighting.

Bilingual Education Weighting. A 2005 amendment provided, beginning with school year 2005-2006, an increased weighting factor for bilingual education classes. The weighting factor was increased from 0.2 to 0.395.

Ancillary School Facilities Weighting. A 1997 amendment provided, beginning with school year 1997-1998, that an amount equal to the levy approved by the State Board of Tax Appeals, now the State Court of Tax Appeals (SCOTA), to defray costs associated with commencing operation of a new facility is converted to a pupil weighting called “ancillary school

facilities weighting." This weighting is calculated each year by dividing the amount of the levy authority approved by SCOTA by BSAPP.

The school district levies a property tax for the amount approved by SCOTA. (See "New School Facilities—Special Taxing Authority," page 22.) The proceeds of the tax levy are forwarded to the State Treasurer who credits the money to the State School District Finance Fund (SSDFF). Effectively, there was no change in the previous policy that this element of new facilities spending authority be supported entirely by the property taxpayers of the school district. The main differences are that the spending authority becomes a part of the school district general fund rather than additional local option budget (LOB) authority and the proceeds of this school district tax levy are credited to the SSDFF rather than to the district's supplemental general fund.

A 2011 amendment allows any school district having authority for ancillary school facilities weighting, cost-of-living weighting, or declining enrollment weighting to spend the motor vehicle-related revenue derived as a result of these weightings. Prior law allowed a school district to receive this revenue, but not spend the revenue.

The 2013 Legislature amended this provision allowing a local school board that has levied an *ad valorem* tax for ancillary school facilities for two years to continue to levy the tax for up to six years. The amount of the levy is reduced to 90 percent in the first year of the six-year period, 75 percent in the second year, 60 percent in the third year, 45 percent in the fourth year, 30 percent in the fifth year, and 15 percent in the sixth year. (Prior law allowed local school boards to levy the tax for up to an additional three years, after the initial two years.)

Declining Enrollment Weighting. A 2005 amendment created a new declining enrollment weighting in addition to the other provisions provided in law for decreasing enrollment (See page 6). The provision provides that any district at its maximum LOB and that has declined in enrollment from the prior year may seek approval from SCOTA to make a levy for up to two years, capped at 5.0 percent of the district's general fund budget. The levy would be equalized by the state up to the 75th percentile. However, if the amount of appropriation for declining enrollment state aid is less than the amount each district is entitled to receive, the SCOTA will prorate the amount appropriated among the districts.

A 2011 amendment allows any school district having authority for ancillary school facilities weighting, cost of living weighting, or declining enrollment weighting to spend the motor vehicle-related revenue derived as a result of these weightings. Prior law allowed a school district to receive this revenue, but not spend the revenue.

Special Education and Related Services Weighting. A 2001 provision directed that the amount of state special education services categorical aid a school district receives during the current school year be converted to a pupil weighting for purposes of determining the state financial aid of a school district (the school district's general fund budget). This is accomplished by dividing the amount of state special education services aid the district receives by BSAPP and treating the result as an additional number of weighted pupils of the district. In turn, an amount equal to the amount attributable to the weighting is defined as "local effort" and, therefore, as a deduction in computing the general state aid entitlement of the district.

The amount of state special education services aid the district receives is deposited in the school district general fund and is then transferred to the district's special education fund.

This procedure, which increases the size of a school district's general fund budget for purposes of the local option budget calculation, was especially beneficial to school districts which sponsored a special education cooperative, as it was the sponsoring district that received state special education services aid distribution. This change in law did not benefit the other districts in the cooperative nor did it benefit districts in a special education interlocal agreement, as the state special education services aid was paid to the interlocal and not to any of the individual school districts.

Legislation in 2002 provided that each school district that had paid amounts for special education and related services pursuant to a special education cooperative agreement or a special education interlocal agreement was entitled to special education services aid in proportion to the amount paid by the district in the current school year for the provision of special education and related services to the aggregate of all amounts paid by all school districts participating in the interlocal or cooperative entity in the current school year.

Legislation in 2012 repealed the portion of the special education state aid formula that determined the minimum and maximum amount of special education state aid a school district may receive.

Cost-of-Living Weighting. A 2006 amendment created a new cost-of-living pupil weighting. The provision provides that any district in which the average appraised value of a single-family residence is more than 25.0 percent higher than the statewide average value may apply for additional funding from the State Board of Education in an amount not to exceed 0.05 percent of the district's budget. The local school board would be required to pass and publish a resolution authorizing the levy, subject to protest petition, and the district also must have levied the maximum percentage allowed LOB.

A 2011 amendment allows any school district having authority for ancillary school facilities weighting, cost of living weighting, or declining enrollment weighting to spend the motor vehicle-related revenue derived as a result of these weightings. Prior law allowed a school district to receive this revenue, but not spend the revenue.

Local Effort

A 1993 amendment clarified that any tuition a school district receives for enrollment of a nonresident student for "regular" education services is to be deposited in the school district general fund and treated as a portion of the district's "local effort." (This provision became effective for the 1992-1993 school year.)

A 1997 amendment provided that 75.0 percent (rather than 100.0 percent) of the federal Impact Aid that may be counted as local effort under the state's school finance law will be so counted. An exception was that the deduction remained at 100.0 percent for the Fort Leavenworth school district. A 1999 amendment reduced to 75.0 percent the federal Impact Aid deduction for the Fort Leavenworth school district. An amount equal to the federal Impact Aid not subject to deduction as local effort may be credited to any program weighted fund, any categorical fund, or the capital outlay fund. A 2005 amendment reduced from 75.0 percent to 70.0 percent the amount of the federal Impact Aid that may be counted as local effort under the state's school finance law.

A 2001 amendment directed that state aid a school district receives for special education services, including aid under the catastrophic special education aid program, is treated as local effort. (This was added in connection with the 2001 special education and related services weighting described above.)

The 2014 Legislature provided that the mandatory school district general fund property tax levy (20 mills) be remitted to the State Treasurer to be deposited in the School District Finance Fund at the Department of Education to be distributed to school districts as part of the districts' General State Aid, and no longer counted as part of local effort.

General Fund Property Tax Rate

A 1994 amendment set the school district general fund property tax rate applicable for the 1994-1995 and 1995-1996 school years at 35 mills. (The 35 mill tax rate in 1994-1995 and 1995-1996 was not a change in policy from the previous law, except that under the previous law, the 35 mill rate would have continued from year to year until changed by the Legislature. Rather, the amendment responded to the opinion of the Shawnee County District Court in the school finance litigation in which the judge interpreted the former property tax levying provision to constitute a "state" property tax levy. As such, the tax could not be imposed for a period in excess of two years. This finding was not contested before the Kansas Supreme Court in the school finance litigation that on December 2, 1994, upheld the constitutionality of the 1992 and 1993 school finance legislation.)

A 1996 amendment set the school district general fund property tax rate at 35 mills for the 1996-1997 school year and 33 mills for the 1997-1998 school year. The legislation further specified that this rate could not exceed 31 mills for the 1998-1999 school year.

A 1997 amendment modified the 1996 legislation (described above) by setting the school district general fund property tax rate for the 1997-1998 and 1998-1999 school years at 27 mills in each year. This legislation also provided for exemption of $20,000 of the appraised valuation of residential property from application of that levy.

A 1998 amendment set the school district general fund property tax rate for the 1998-1999 and 1999-2000 school years at 20 mills in each year. Also exempted from application of this levy for the two-year period was $20,000 of the appraised valuation of residential property. A 1999 amendment extended the 20 mill uniform tax rate and the $20,000 residential property tax exemption to the 2000-2001 school year, and a 2005 amendment extended these provisions to the 2005-2006 and 2006-2007 school years. Every two years since, the Legislature has reauthorized the school district property tax mill levy at 20 mills and extended the deadline for repeal of the $20,000 residential property tax exemption. The current reauthorization of 20 mills is through the 2014-2015 school year and the extension of the deadline for repeal of the $20,000 residential property tax exemption is to the end of tax year 2014.

The 2014 Legislature provided that the mandatory school district general fund property tax levy (20 mills) be remitted to the State Treasurer to be deposited in the School District Finance Fund at the Department of Education to be distributed to school districts as part of the districts' General State Aid, and no longer counted as part of local effort.

History of Uniform General Fund Mill Rate

Tax Year	Rate (Mills)
1992	32
1993	33
1994	35
1995	35
1996	35
1997	27*
1998	20*
1999	20*
2000	20*
2001	20*
2002	20*
2003	20*
2004	20*
2005	20*
2006	20*
2007	20*
2008	20*
2009	20*
2010	20*
2011	20*
2012	20*
2013	20*

*Plus $20,000 residential property appraised valuation exemption.

Contingency Reserve Fund

A 1993 amendment increased the statutory maximum cap on the contingency reserve fund from 1.0 percent to 2.0 percent of the general fund budget. Further, the 1993 amendment provided that if the amount in the contingency reserve fund of a district exceeded the cap due to a decrease in enrollment, the district could maintain the “excess amount” in the contingency reserve fund until the amount is depleted by expenditures from the fund.

A 1995 amendment increased the contingency reserve fund cap from 2.0 percent to 4.0 percent. Also, the restraints on school district use of the contingency reserve fund were relaxed somewhat. Under the prior law, in order to tap this fund, the expenditure had to be for a financial emergency or contingency that could not reasonably have been foreseen at the time the general fund budget of the district was adopted. The 1995 standard for expenditures from the fund was that expenditures must be attributable to financial contingencies not anticipated when the general fund budget was adopted.

A 2002 amendment removed the restriction that expenditures from this fund be attributable to financial contingencies not anticipated when the general fund budget was adopted, leaving to the school board the matter of determining when a financial contingency exists prompting expenditures from this fund.

A 2005 amendment increased the contingency reserve fund cap from 4.0 percent to 6.0 percent for school year 2005-2006 only. Beginning with school year 2006-2007, the cap was to return to the 4.0 percent amount. A 2006 amendment made the 6.0 percent cap permanent.

In 2009, SB 161 limited to 10.0 percent the balance maintained in a school district's contingency reserve fund until school year 2012-2013, when the amount would return to a requirement that the amount in a district's contingency reserve fund could not exceed 6.0 percent of a district's general fund. However, the provisions of SB 161 would not be imposed on any school district whose state financial aid was computed under law (KSA 72-6445a) related to districts formed by consolidation or disorganization, or districts with decreasing enrollments. Any such district could maintain the excess amount in the contingency fund until the amount in the fund was depleted.

A 2012 amendment made the 10.0 percent cap permanent.

2013 legislation removed the cap entirely.

Special Funds

A 1993 amendment added the new summer program fund to the statutory listing of "categorical" funds. (This was done in connection with legislation that authorized school districts, under certain circumstances, to charge fees for summer programs.)

A 1994 amendment added the new extraordinary school program fund to the statutory listing of "categorical" funds. (This was done in connection with provisions of 1994 HB 2553 which authorized school districts to implement extraordinary school programs and, under certain circumstances, to charge fees for them.)

Funding For Districts Formed by Disorganization and Attachment and by Districts Formed by Consolidation

The 2002 Legislature provided, effective commencing with the 2001-2002 school year and prior to July 1, 2004, that a school district which was enlarged due to disorganization of one district and its attachment to the enlarged district would be entitled to state financial aid (school district general fund budget) in the current school year equal to the state financial aid of the districts as it was defined in the year preceding the disorganization and attachment. For the next three school years, the district was entitled to the amount of state financial aid it received in the preceding year under this provision or the amount of state financial aid the district was to receive under operation of the school finance formula in that year, whichever was greater.

An amendment in FY 2004 required that any districts that consolidated on or after June 30, 2005, were to receive the amount of state financial aid they received in the preceding year or the amount of state financial aid the districts were to receive under operation of the school finance formula in that year, whichever was greater, and to continue to receive the enhanced formula for the next two years.

If the attachment occurred on or after July 1, 2004, the district would receive the state financial aid of the districts for the year in which the attachment was implemented. For the next

school year, the state financial aid of the district would be the greater of the amount the district received in the preceding year or the amount the district would receive under operation of the school finance formula in that year.

These provisions applied only when all of the territory of the district being disorganized was attached to one other district.

Amendments also applied this method of determining state financial aid to districts which consolidated.

The 1999 Legislature enacted the basic concept contained in the legislation and it was applied to districts that merged through consolidation. The 2002 legislation extended the concept to a school district which was enlarged due to disorganization of a district and attachment of its territory to another district and enhanced somewhat the financial incentives for disorganization and attachment or consolidation. (2002 SB 551, Sec. 1)

Legislation in 2008 further changed school district consolidation law. This bill provided a school district desiring to consolidate before July 1, 2011, with another district with fewer than 150 pupils a guaranteed combined general fund budget for the year in which the consolidation took place plus two school years. Any school district with an enrollment of less than 150 pupils desiring to consolidate after July 1, 2011, will receive only the combined general fund budget for the current year plus one year. If a district has more than 150 pupils but fewer than 200 pupils, the combined general fund budgets will be guaranteed for the current year plus three years. For a district with more than 200 pupils, the combined general fund budgets will be guaranteed for the current year plus four years. If three or more districts wish to combine, regardless of the number of pupils enrolled in the districts, the combined general fund budget will be guaranteed for the current year plus four years. In all scenarios, a consolidated district will receive either the guaranteed general fund budget or the actual computed amount under current law, whichever is higher. The bill made parallel changes to another provision in law relating to the disorganization of a district and the attachment of the territory of the disorganized district to another school district.

The law allows local boards of education desiring to consolidate school districts to enter into an agreement requiring a majority of the qualified electors of each school district proposed to be consolidated to vote in favor of the consolidation.

In 2009, SB 41 amended state law dealing with school district consolidation and disorganization. In situations where a school district disorganizes and the territory of the disorganized district is attached to more than one district, the state financial aid of the disorganized district is allocated to the districts to which the territory of the former district is attached. The state financial aid is allocated on the same proportional basis that the assessed valuation of the territory attached to each district bears to the assessed valuation of the entire disorganized district.

Local Option Budget (LOB)/Supplemental General State Aid

Disposition of money remaining in the supplemental general fund at the end of the school year. Legislation in 1992 provided that any money remaining in the supplemental general fund at the end of the school year would be transferred to the school district general

fund. A 1993 amendment, effective beginning in the 1992–93 school year, revised this provision of the law as follows:

- If the district received no supplemental general state aid for its LOB in the current school year and if the district is authorized to adopt an LOB in the ensuing school year, the cash balance remaining in the supplemental general fund at the end of the school year must be maintained in that fund or transferred to the general fund. However, if the district is not authorized to adopt an LOB in the ensuing school year, the cash balance in the supplemental general fund must be transferred to the district's general fund.

- If the district received supplemental general state aid in the current school year, transferred or expended the entire amount of the budgeted LOB for the school year, and is authorized to adopt an LOB in the ensuing school year, the cash balance remaining in the supplemental general fund must be maintained in that fund or transferred to the general fund. However, if the district is not authorized to adopt an LOB in the ensuing year, the total cash balance remaining in the supplemental general fund must be transferred to the general fund.

- If the district received supplemental general state aid in the current school year, did not transfer or expend the entire amount budgeted in the LOB for the school year, and is authorized to adopt an LOB in the ensuing school year, the State Board of Education will determine the ratio of the amount of supplemental general state aid received to the amount of the district's LOB for the school year and multiply the total amount of cash balance remaining in the supplemental general fund by that ratio. An amount equal to the amount of the product must be transferred to the general fund of the district. The amount remaining in the supplemental general fund will be maintained in that fund or transferred to the general fund. However, if the district is not authorized to adopt an LOB in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund must be transferred to the general fund.

LOB "cap." A 1995 amendment deleted the provision of law which required that the LOB maximum percentage, *i.e.*, 25.0 percent of state financial aid (the base budget), be reduced by the same number of percentage points by which BSAPP was increased. A 2005 amendment provided that the maximum percentage be increased to 27.0 percent of state financial aid for FY 2006, to 29.0 percent for FY 2007, and to 30.0 percent for FY 2008 and thereafter. In addition, a district would be allowed to increase its LOB from 25.0 percent to 27.0 percent on board action for the school year 2005-2006 only. After the 2005-2006 school year, all local boards were going to be required to stand for a protest petition to increase their LOB above 25.0 percent. A 2006 amendment increased the maximum percentage to 30.0 percent for FY 2007, and to 31.0 percent for FY 2008 and thereafter.

"Subsequent" LOB resolutions. A 1996 amendment provided that a school district board that has adopted an initial LOB resolution at some percentage less than the maximum authorized by law (25.0 percent of state financial aid) is authorized to adopt any number of subsequent resolutions so long as, in total, the percentages authorized in the resolutions do not exceed the maximum percentage authorized by law and do not extend beyond the duration of

the initial resolution. (The previous law permitted only one additional resolution during the duration of the initial resolution.)

LOB—lease-purchase expenditure limitations. Another 1996 amendment prohibited a school district board from making LOB expenditures or transfers to the district's general fund for any lease-purchase agreement involving acquisition of land and buildings under KSA 72-8225, as amended.

LOB authority—limited one-year extension for certain school districts. Another 1996 amendment applied to any school district that had adopted an LOB for the 1996-1997 school year and which in order to adopt an LOB for the next school year would be required to adopt a new LOB resolution subject to the protest petition/election provisions of the then-existing law. Any such district, by a majority vote of its board, was authorized to adopt an LOB for the 1997-1998 school year in an amount not in excess of the percentage of state financial aid that the district's LOB resolution authorized the board to adopt in 1996-1997. (Another amendment to the same section of law limited the 1997-1998 extension authority to 75.0 percent of the 1996-1997 LOB authorization. School boards were permitted to operate under either of these two authorizations.)

LOB authority—provisions for permanent authority and other changes. Legislation enacted in 1997 made numerous changes in the law concerning LOB authority; however, such authority continues to be subject to a limitation of the state prescribed percentage of a school district's general fund budget.

"Below average spending" school districts. Beginning in 1997-1998, the board of education of a "below average spending" school district on its own motion may adopt an LOB. In this respect, the State Board of Education makes the following determinations:

- The average budget per full-time equivalent (FTE) pupil (unweighted) for the preceding school year is computed for each of four school district enrollment groupings—under 100, 100–299.9; 300–1,799.9; and 1,800 and over. This computation uses the combined school district general fund budget and LOB.

- The FTE budget per pupil (unweighted) of each school district for the preceding school year (combined general fund budget and LOB).

- The district's FTE budget per pupil for the preceding year is subtracted from the preceding year's average budget per pupil for the district's enrollment grouping.

- If the district's budget per pupil is below the average budget per pupil for the district's enrollment grouping, the budget-per-pupil difference is multiplied by the district's FTE pupil enrollment in the preceding year. (If the district's budget per pupil exceeds the average for the enrollment grouping, this procedure does not apply.)

- The product (of multiplying the district's budget per pupil difference by FTE enrollment) is divided by the amount of the district's general fund budget in the preceding year. The result is the LOB percentage increment that is available to

the district in the next school year. This LOB authority is determined in accord with the following schedule: 20.0 percent of the calculated amount in 1997-1998; 40.0 percent in 1998-1999; 60.0 percent in 1999-2000; 80.0 percent in 2000-2001; and 100.0 percent in 2001-2002, and thereafter.

If a district was authorized to adopt and did adopt an LOB in 1996-1997 and qualified for LOB authority as a "below average spending" district, calculated as described above, the LOB percentage of the district would be the sum of the LOB percentage the district was authorized to budget in that year and the percentage for which the district qualifies under the formula. If the district was not authorized to adopt an LOB in 1996-1997, the district qualified for the LOB authority calculated under the formula. In subsequent years, the district's LOB authority was calculated in the same manner as applied to a district that had an LOB in 1996-1997 and that also qualified for LOB authority as a "below average spending" district.

Any LOB percentage of a school district that qualified for additional LOB authority under the above formula is recognized as perpetual authority. This included LOB authority acquired by adoption of an LOB resolution and gained pursuant to this formula.

- For the grouping of school districts with enrollments under 100, the average FTE amount is the average amount for school districts having enrollments of 75–125;

- For the grouping of school districts with enrollments of 100–299.9, the average FTE amount is determined under a linear transition schedule beginning with the average FTE amount for districts having enrollments of 75–125 and ending with the average FTE amount of districts having enrollments of 200–399.9;

- For the grouping of school districts with enrollments of 300–1,799.9, the average FTE amount is determined under a linear transition schedule beginning with the average FTE amount of districts having enrollments of 200–399.9 and ending with the average FTE amount of districts having enrollments of 1,800 and over; and

- For the grouping of school districts with enrollments of 1,800 and over, the average FTE amount is the average amount for all such districts.

"Average" or "above average spending" school districts. The board of education of any "average" or "above average spending" school district that had an LOB in 1996-1997 may adopt, on its own motion, an LOB equal to the following percentage of the district's general fund budget based upon the LOB percentage the district was authorized to adopt in 1996-1997: 100.0 percent in 1997-1998, 95.0 percent in 1998-1999, 90.0 percent in 1999-2000, 85.0 percent in 2000-2001, and 80.0 percent in 2001-2002, and thereafter.

In the event that in any year the LOB authority of the district is greater if computed under the formula applicable to "below average spending" districts than under this provision, the additional LOB authority under that formula applies in determining the total LOB authority of the district.

As an alternative to the procedures described above, a school district board may adopt a resolution for a specified LOB percentage that is subject to a 5.0 percent protest petition

election. In the resolution the board will specify the number of years for which the LOB authority is sought. (Under prior law, the duration of a resolution could not exceed four years.) Subsequent resolutions to increase this authority (always subject to the aggregate 25.0 percent cap) also are authorized. The duration of subsequent resolutions may not exceed that of the original resolution.

If, after the 1997-1998 school year, a school district has gained LOB authority under the "below average spending" formula and has obtained increased LOB authority by adoption of a resolution such that the district no longer qualifies for LOB authority under the formula applicable to "below average spending" districts, the LOB authority is determined this way:

- If the district is operating under an LOB with a fixed LOB percentage increase and a specified number of years to which it applies, the sum of the LOB percentage authority of the district for the preceding year and the additional LOB authority in the district's resolution; or

- If the district is operating under a resolution authorizing continuous and permanent LOB authority, the LOB percentage adopted by the board.

If the district's resolution for additional LOB authority is not perpetual and after some specified number of years this authority is lost, the district's LOB authority is the percentage authorization for the current school year computed under the formula as if the additional LOB authority resulting from the expired LOB resolution had not been in effect in the preceding school year.

In addition to the LOB authority available under the foregoing provisions, beginning in 1997-1998, a school district is authorized to adopt a resolution to increase its LOB authority under one of two alternative procedures:

- A school district board may seek authority for continuous and permanent LOB authority, in which case, the board, in any school year, may increase its LOB to any level it chooses, subject to the state prescribed percentage aggregate cap; or

- The board may seek temporary authority to increase the LOB by a specified percentage for a specified number of years.

If the board seeks continuous and permanent LOB authority, it has the option of either submitting the question directly to the electors or adopting a resolution that is subject to a 5.0 percent protest petition election. If the district opts to submit the question directly to the electors and the question is lost, the matter may not be submitted to the electors again for a period of nine months.

When the board seeks temporary LOB authority, only the protest petition election procedure is applicable. These provisions do not apply to a district that already has continuous and permanent authority to increase its LOB.

If the district chooses a resolution that specifies an LOB percentage increase and a number of years to which the resolution applies, the district is authorized to adopt subsequent

resolutions to increase its LOB authority, subject to the state prescribed percentage aggregate cap. The duration of a subsequent resolution may not exceed that contained in the initial resolution.

A district operating under LOB authority obtained prior to passage of this bill, with authority that extended to the 1997-1998 school year or beyond, may continue to operate under the resolution until its expiration or abandon the resolution and operate under the new provisions of the bill.

Supplemental general state aid calculation adjustment. A 1997 provision directed that, for the purpose of computing supplemental general state aid entitlements, the measure of school district assessed valuation is adjusted to net out assessed valuation attributable to the Kansas Neighborhood Revitalization Act tax increment financing rebates paid by school districts. To accomplish this, the county clerk certifies annually the assessed valuation adjustment to the Commissioner of Education. The adjustment is determined by dividing the total of the tax increment rebates paid by the district during the preceding 12 months by the total of the *ad valorem* levy rates of the district in the previous year.

Supplemental general state aid percentage increase. A 2005 provision increased the supplemental general state aid percentage from the 75th percentile to the 81.2 percentile beginning in the 2005-2006 school year.

Adoption of a local option budget in excess of 30.0 percent. A 2006 law requires a school district election to authorize the adoption of a local option budget in excess of 30.0 percent.

Alternative formula for calculation of the local option budget. A 2009 law authorizes a school district to calculate its LOB using a BSAPP of $4,433 in any school year in which the BSAPP is less than that amount. In addition, a 2012 law permits the LOB to be calculated based on the special education appropriation for school year 2008-2009 or the current year's special education state aid, whichever amount is greater, to calculate the amount of state aid that the district receives for its local option budget.

Changes in LOB cap. The 2014 Legislature made the following changes regarding the LOB calculations:

- Amended the statutory Base State Aid Per Pupil (BSAPP) used in calculating the LOB from $4,433 to $4,490 for school years 2014-2015 and 2015-2016, then it will revert to $4,433 on July 1, 2016;

- Excluded virtual school state aid from the amount of state financial aid used in calculating the LOB;

- Authorized USD 207, Ft. Leavenworth, to adopt an LOB in excess of 30 percent with a resolution, subject to protest petition. This resolution will expire on June 30, 2015, at which time a mail ballot election will be required to exceed an LOB of 30 percent; and

- Any school district having a 31 percent LOB on June 30, 3014, may increase its LOB to 33 percent by vote of the school board.

New School Facilities—Special Taxing Authority for Operations

A 1993 amendment permitted a school district to seek approval from the SCOTA for authority to levy a property tax to pay certain costs associated with commencing operation of new school facilities. In order to seek this authority, the school district must have begun operation of one or more new school facilities in the preceding or current school year, or both; have adopted the maximum 25.0 percent LOB; and have had an enrollment increase in each of the previous three school years (preceding the current school year) which averages 7.0 percent or more. A 1995 amendment replaced this enrollment increase standard with the standard that the district must be experiencing extraordinary enrollment growth, as determined by the State Board of Education.

Under the procedure, the school district applies to SCOTA for authority to levy a property tax for an amount equal to the cost of operating the new facility that is not financed from any other source provided by law. (This amount could be adjusted for any year to reflect the inapplicability in that year of the school facilities weighting adjustment.) SCOTA may authorize the district to levy an amount not in excess of the costs attributable to commencing facility operation above the amount provided for this purpose under the school finance law. The separate tax levying authority is not to exceed two years. A 1997 amendment provided that, rather than depositing proceeds of this tax levy in the school district's supplemental general fund and budgeting them in the LOB as an addition to the maximum amount that otherwise is budgeted in the LOB, the proceeds will be forwarded to the State Treasurer who will credit the money to the SSDFF. The State Board of Education then will convert the amount of the levy authorized by SCOTA to an ancillary school facilities weighting for the district. (See "Ancillary School Facilities weighting," page 11.)

According to the 1997 change, school districts may continue the tax levying authority beyond the initial two-year period for an additional three years, in accord with the following requirements. The school district's board of education must determine that the costs attributable to commencing operation of the new school facility (or facilities) are significantly greater than the costs of operating other school facilities in the district. The tax that then may be levied is the amount computed by the State Board of Education by first determining the amount produced by the tax levied for operation of the facility (or facilities) by the district in the second year of the initial tax levying authority and by adding the amount of general state aid attributable to the school facilities weighting in that year. Of the amount so computed, 75.0 percent, 50.0 percent, and 25.0 percent, respectively, are the amounts that may be levied during the three-year period. A 1997 amendment specified that the amount of this levy authorization, forwarded to the State Treasurer and credited to the SSDFF, produces ancillary school facilities weighting for the district.

The 2013 Legislature changed the ancillary school facilities' weighting to allow a local school board that has levied an *ad valorem* tax for ancillary school facilities for two years to continue to levy the tax for up to six years. The amount of the levy is reduced to 90.0 percent in the first year of the six-year period, 75.0 percent in the second year, 60.0 percent in the third year, 45.0 percent in the fourth year, 30.0 percent in the fifth year, and 15.0 percent in the sixth year.

1992 SCHOOL DISTRICT CAPITAL IMPROVEMENTS STATE AID PROGRAM

A 1992 law established the School District Capital Improvements State Aid Program, based on an equalization concept, to assist school districts in making bond and interest payments. In this regard, the law created the new School District Capital Improvements Fund in the State Treasury.

Each school year, any school district that is obligated to make payments from its bond and interest fund is entitled to receive state aid inversely to its assessed valuation per pupil. The State Board of Education administers this program. Each year, the State Board of Education determines each school district's assessed valuation per pupil, rounded to the nearest $1,000; determines the median assessed valuation per pupil of all districts in the state; assigns a percentage factor (called the state aid computation percentage) to the median assessed valuation per pupil; and, for each $1,000 of assessed valuation per pupil above or below the state median assessed valuation per pupil, changes the factor by 1.0 percentage point inversely to the assessed valuation per pupil. The percentage assigned to a district is its state aid percentage factor. A district's factor may not exceed 100.0 percent. The state aid computation factor is 5.0 percent for contractual bond obligations incurred by school districts prior to July 1, 1992, and 25.0 percent for contractual bond obligations incurred after July 1, 1992. The school district's entitlement of state aid each year is determined by applying its state aid percentage factors (as applicable) to the bond and interest fund payment obligations for that year.

A 1993 amendment clarified the law by specifying that the entitlement of state aid to assist school districts in making bond and interest payments is contingent upon the district's general obligation bonds having been issued pursuant to approval of the electors by election.

A 1997 provision directed that for the purpose of computing bond and interest state aid entitlements, the measure of school district assessed valuation is adjusted to net out assessed valuation attributable to Kansas Neighborhood Revitalization Act tax increment financing rebates paid by school districts. To accomplish this, the county clerk certifies annually the assessed valuation adjustment to the Commissioner of Education. The adjustment amount is determined by dividing the total of the tax increment rebates paid by the district during the preceding 12 months by the total of the *ad valorem* levy rates of the district in the previous year.

Joint Committee on State Building Construction Approval

A 2006 amendment requires that any school district that has experienced the greater of at least a 5.0 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 will 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 will not be entitled to receive state aid if it proceeds to issue such bonds. The amendment does 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.

MISCELLANEOUS

Virtual School Act

The 2008 Legislature passed the Virtual School Act. For each school year that a school district has a virtual school, the district is entitled to Virtual School State Aid. Virtual School State Aid is calculated by multiplying the number of FTE pupils enrolled in a virtual school times 105.0 percent of the unweighted BSAPP.

In addition, virtual schools receive a non-proficient weighting of 25.0 percent multiplied by the FTE enrollment of non-proficient pupils in an approved at-risk program offered by the virtual school.

Advanced placement course funding of 8.0 percent of the BSAPP is paid to virtual schools for each pupil enrolled in at least one advanced placement course if the pupil is enrolled in a resident school district that:

- Does not offer advanced placement courses;
- Contains more than 200 square miles; or
- Has an enrollment of at least 260 pupils.

Moneys received as virtual school aid are required to be deposited in a Virtual School Fund. Expenses of the virtual school will be paid from this Fund.

In addition, a pupil with an individualized education program and attending a virtual school is counted as the proportion of one pupil, to the nearest tenth that the pupil's attendance at the non-virtual school bears to full-time attendance. Any student enrolled in a virtual school is not counted in the enrollment calculation. The law requires school districts to provide adequate training to teachers who teach in virtual schools or virtual programs. The definition of a virtual school requires that students make academic progress toward the next grade level and demonstrate competence in subject matter for each class in which a student is enrolled, and it requires age-appropriate students to complete state assessment tests.

The 2014 Legislature excluded virtual school state aid from the amount of state financial aid used in calculating the local option budget.

K–12 Special Education; Catastrophic Special Education Aid

The 2010 Legislature amended the special education catastrophic state aid law for the 2009-2010 school year by increasing the threshold for eligibility to $36,000 (from $25,000) and by requiring that state special education state aid and federal special education state aid, including Medicaid Replacement State Aid, be deducted in determining the amount of reimbursement per special education student. In school year 2010-2011 and years thereafter, the catastrophic state aid reimbursement threshold increased to twice the state aid per special teacher from the previous year. State and federal special education aid, including Medicaid Replacement State Aid, must be deducted in determining the amount of reimbursement per special education student.

Beginning in school year 2011-2012, the new law directed the State Board of Education to determine the minimum and maximum amounts of state aid paid to districts for the costs of special education teachers. Minimum and maximum factors are determined by dividing the total special education per teacher entitlement by the FTE 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 receives additional funding; districts receiving 150.0 percent of that average have funding decreased. (Each district's special education aid continues to be determined by amounts per special teacher.) This provision sunset on June 30, 2013.

Uniform Accounting System

The 2011 Legislature established a uniform reporting system for receipts and expenditures for school districts to begin on July 1, 2012. The State Board of Education is required to develop and maintain the system. The system includes all funds held by a school district, regardless of the source of moneys held in the funds; allows districts to record any information required by state or federal law; provides records by fund, account, and other pertinent classifications; and includes amounts appropriated, revenue estimates, actual revenues or receipts, amounts available for expenditure, total expenditures, unencumbered cash balances (excluding state aid receivable), and actual balances. In addition, the system must allow for data to be searched and compared on a district-by-district basis.

Each school district is required to submit a report annually to the State Board of Education on all construction activity undertaken by the school district financed by the issuance of bonds. This report is required to include all revenue, expenditures of bond proceeds authorized by law, the dates for commencement and completion of construction activity, and the estimated and actual cost of the construction activity. The State Board of Education determines the form and manner of this report.

The Department of Education also is required to publish annually on its website a copy of Budget Form 150, the estimated legal maximum general fund budget, or any successor document containing the same or similar information, submitted by each district. School districts also are required to publish the same information annually.

The Department of Education also is required to publish annually the following expenditures for each school district on a per pupil basis: (1) total expenditures; (2) capital outlay expenditures; (3) bond and interest expenditures; and (4) all other expenditures not included in (2) or (3).

Legislation passed in 2013 requires each school district and the Kansas Department of Education to report on their respective websites the budget summary for the current school year, as well as actual expenditures for the immediately preceding two school years showing total net transfers and amounts spent per pupil by specific function, disaggregated to show the per-pupil revenue amounts from local, state, and federal sources.

The 2014 Legislature amended the definition of "budget summary" to be a one-page summary. Additionally, the Legislature required publications of the financial accounting information already required to be collected to be made available to the public at every board of education meeting at which the district's budget or other school finance matters are discussed.

Career Technical Education for Secondary Students

The 2012 Legislature passed a law requiring the State Board of Education to conduct or contract for a study of the implementation of a new requirement that each school district maintain an individual career plan of study for each student enrolled in grades 8 through 12 and submit findings from the study to the Legislature by January 15, 2014. The State Board of Education also was required to report to the Legislature by January 15, 2014, regarding a proposed strategy and a proposed plan for providing state aid to career technical education programs or courses in school districts and to consider the funding scheme under the Postsecondary Tiered Technical Education State Aid Act.

The 2012 Legislature also required the State Board of Regents to establish a career technical education incentive program, to award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education. The State Board of Regents is allowed to adopt rules and regulations necessary to administer the program. A school district must reimburse a pupil who has not obtained a high school diploma and is currently or previously was enrolled in a career technical education course or program in the district an amount up to half of the cost of the industry-recognized credential assessment (assessment). This reimbursement will be taken out of the $1,000 incentive award to the school district. No school district will be required to pay for three or more assessments for the same or substantially the same credential if the pupil fails to earn the credential within two attempts of taking the assessment. After payment for assessments, the school district is allowed to use any remaining portion of the $1,000 award for the district's operating expenses.

The same provisions apply to students from a private secondary school, attending a community or technical college or institute of technology, except that the State Board of Regents must reimburse a community or technical college or institute of technology for payment of the cost of assessments up to $1,000 per student. The bill also clarifies that the State Board of Regents is required to distribute state funds to community colleges, technical colleges, and the Institute of Technology at Washburn University for the costs associated with secondary students enrolled at postsecondary career technical education programs, to the extent sufficient moneys are appropriated to the program.

Any high school student admitted to a vocational education course or program conducted by a community college, technical college, or institute of technology may be charged fees, but not tuition. Tuition for secondary career technical education students is subject to appropriation.

The bill maintained the vocational education program weighting of 0.5 which is used to compute the FTE enrollment in any approved vocational education program, with no sunset on this provision.

Capital Outlay – Change in Use

Legislation passed in 2013 authorizes a school district to use capital outlay funds for school district property maintenance, various equipment for academic uses, computer software, and performance uniforms under certain circumstances. Prior to such authorization, the bill

requires the Director of the Budget and the Director of Legislative Research to jointly certify to the Secretary of State that capital outlay state aid is fully funded at 100.0 percent of the amount a district is entitled to receive.

The 2014 Legislature fully funded capital outlay state aid and gave districts the authority to renew their capital outlay tax levy prior to the expiration of any existing capital outlay levy.