

SESSION OF 2018

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR SENATE
BILL NO. 423**

As Recommended by Senate Select Committee
on Education Finance

Brief*

Sub. for SB 423 would make appropriations to the Kansas State Department of Education (KSDE) and the Kansas Board of Regents. In addition, the bill would make several amendments to the Kansas School Equity and Enhancement Act, including amendments to the Base Aid for Student Excellence (BASE), at-risk students, Total Foundation Aid for consolidated school districts, the Local Option Budget (LOB), formula weightings, school district funding reporting requirements, the schedule for audits to be completed by the Legislative Division of Post Audit (LPA), and school district capital improvements.

Appropriations

FY 2019

In FY 2019, the bill would appropriate \$20.7 million, all from the State General Fund (SGF) for increased State Foundation Aid payments, including \$1.0 million for preschool-aged at-risk. The bill would also appropriate \$12.0 million for increased Special Education Services Aid payments and \$1.6 million for increased Supplemental State Aid (LOB State Aid) payments, all from the SGF.

The bill would appropriate \$2.8 million from the SGF to provide the ACT and three ACT Workkeys assessments

*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>

required to earn a national career readiness certificate to each student enrolled in grades 9-12. No such student would be required to pay any fees or costs, and no school district would be required to provide more than one exam and three assessments per student. Further, the bill would appropriate \$500,000 for the mentor teacher program and \$1.5 million for professional development, all from the SGF.

The bill would appropriate \$10.0 million from the SGF for the Statewide Community Mental Health Centers (CMHCs) and Other Mental Health Provider Pilot Program. The bill states funds would be used to improve social-emotional wellness and outcomes for students by increasing schools' access to counselors, social workers, and psychologists statewide, which would include establishing or expanding collaborative relationships with CMHCs and other mental health providers. Priority would be given to districts and schools that have not established such relationships.

The bill would appropriate \$3.0 million for the Parent Education Program and require school districts to match at least 50.0 percent of grant funds. Additionally, on July 1, 2018, the bill would void provisions in SB 19 that required school districts to match 65.0 percent of grant funds expended from the Parent Education Program Account of the Children's Initiative Fund.

Additionally, the bill would appropriate \$1.5 million, all from the SGF, to the Kansas Board of Regents to establish a concurrent enrollment pilot program, which would offer qualified 9-12 grade students the opportunity to take English Composition I through a postsecondary educational institution at no cost to such student.

ABC Early Childhood Intervention Program (FY 2019-2021)

The bill would appropriate funds to implement the ABC Early Childhood Intervention Program (ABC Program) as follows: \$1.8 million in FY 2019, \$3.5 million in FY 2020, and

\$5.3 million in FY 2021. The ABC Program would be required to use scientific, evidence-based practices to identify early childhood at-risk indicators and to connect parents and legal guardians of children aged six months to four years who are identified as early childhood at-risk with services to be provided by trained parent coaches. KSDE would be required to work in collaboration with and operationally fund the Bureau of Family Health in the Department of Health and Environment (KDHE) in the development, implementation, and expansion of the ABC Program. Further, both KSDE and KDHE would be required to consult with the United Methodist Health Ministry Fund for the duration of the ABC Program. The bill would specify amounts that could be spent on research and evaluation of processes utilized by or related to the ABC Program in each year it receives funding.

Base Aid for Student Excellence

The bill would amend the BASE for five years beginning in school year 2018-2019. The new BASE amounts would be:

- School year 2018-2019, \$4,258;
- School year 2019-2020, \$4,334;
- School year 2020-2021, \$4,412;
- School year 2021-2022, \$4,492; and
- School year 2022-2023, \$4,574.

Beginning in school year 2023-2024, the BASE would increase by the average percentage increase in the Consumer Price Index for all urban consumers in the Midwest region during the three immediately preceding school years. Current law provides for inflationary increases beginning in school year 2019-2020.

At-Risk Students

The bill would exclude from the definition of “at-risk student” any kindergarten student in attendance less than full time. The bill would also allow districts to expand their preschool-aged at-risk programs to include three-year-old children, so long as such students do not replace four-year old preschool-aged at-risk students and only fill available openings.

Total Foundation Aid for Consolidated School Districts

For school districts formed by consolidation in school years 2018-2019, 2019-2020, and 2020-2021, the Kansas Board of Education (KSBE) would determine the Total Foundation Aid as the greater of the Total Foundation Aid received by the consolidated school district under current law or:

- 105.0 percent of the sum of the Total Foundation Aid received by each of the former school districts that comprise the consolidated school district in the year preceding the date the consolidation was completed for the first year following consolidation;
- 104.0 percent of such sum for the second year;
- 103.0 percent of such sum for the third year;
- 102.0 percent of such sum for the fourth year;
- 101.0 percent of such sum for the fifth year; and
- 100.0 percent of such sum for the sixth year.

Local Option Budget

The bill would amend law capping the LOB at 33.0 percent of the product of \$4,490 and the district's adjusted enrollment in any year in which the BASE is less than \$4,490. The bill would change \$4,490 to \$4,600.

Formula Weightings

The bill would repeal the high enrollment weighting and rename the low enrollment weighting the "enrollment weighting." Additionally, the bill would revise the enrollment weighting, which is available to districts with fewer than 1,622 students. The weighting would continue to be calculated on 2 linear transitions, but districts with 100 or fewer students would receive a weighting of approximately 97.9 percent of the enrollment of the district and that percent would decline to 0 as the enrollment of the district approaches 1,622 students. Current law provides a weighting of approximately 101.4 percent for districts with 100 or fewer students declining to approximately 3.5 percent as the district approaches 1,622 students.

The bill would also repeal the July 1, 2019, sunset for the career and technical education weighting.

School District Funding Reporting Requirements

The bill would require KSDE to include general obligation bond indebtedness in the annual school district funding reports.

LPA Audit Schedule

The bill would make several changes to the schedule for audits to be completed by LPA. The new schedule would be:

- FY 2019, virtual school programs;

- FY 2020, special education and related services;
- FY 2021, at-risk education funding;
- FY 2022, cost-function analysis of statewide education performance; and
- FY 2023, bilingual education funding.

The bill removes from the schedule cost-function analyses that were to be performed in 2019 and 2025. The remaining cost-function analysis would not include special education and related services. The bill also removes two performance audits to identify best practices in successful schools that were to be performed in 2021 and 2026.

School District Capital Improvements

The bill would amend current provisions that allow KSBE to approve an application for a bond election only if approval does not result in the aggregate amount of all general obligation bonds approved by the KSBE for such school year exceeding the aggregate principal amount of bonds retired by districts in the state in the preceding year (aggregate principal amount). The bill would provide that for an application in excess of \$200 million, KSBE would apply an amount of \$200 million when determining whether the aggregate principal amount has been exceeded. Additionally, commencing in school year 2017-2018, KSBE would be required to determine the aggregate principal amount by adjusting the aggregate principal amount by the three-year compounded producer price index industry data for new school building as reported by the Bureau of Labor Statistics.

Background

SB 423, as introduced, would have amended the at-risk weighting and use of capital outlay funds. In the Senate Select Committee hearing, representatives of the Kansas Association of School Boards and the Kansas Policy Institute

appeared in support of the bill. No other testimony was provided. The Senate Select Committee added the contents of SB 423 to SB 422. At a later date, the Senate Select Committee agreed to delete the original contents of the bill and adopt the substitute bill concerning school finance.

The fiscal note prepared by the Division of the Budget for SB 423, as introduced, does not address the potential fiscal impact of the substitute bill.