

SESSION OF 2022

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2567**

As Recommended by Senate Committee on
Ways and Means

Brief*

Senate Sub. for HB 2567, as amended, would alter the calculation of local foundation aid within the Kansas School Equity and Enhancement Act (KSEEA) by removing federal impact aid from the formula. It would also exclude the Fort Leavenworth school district and virtual school students from the capital improvement state aid determination.

The bill would amend the calculation of a unified school district's local foundation aid by removing the requirement that 70.0 percent of a school district's federal impact aid be included in the calculation.

[*Note:* Federal impact aid is provided to school districts that have lost property tax revenue due to the presence of tax-exempt federal property or serve large numbers of federally connected students.]

The bill would extend the statutory cap on the aggregate amount of school district general obligation bonds approved by the State Board of Education to June 30, 2027.

School districts that are not eligible to receive capital improvement state aid or that have opted out of receiving such aid would be exempt from the general obligation bond cap.

*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>

For all general obligation bonds approved at elections held on or after July 1, 2022, the bill would remove Unified School District 207, Fort Leavenworth, from the determination of the school district with the lowest assessed value per pupil (AVPP), and the capital state aid computation would begin at 51.0 percent.

The bill would also exclude all students enrolled in a virtual school within a school district from the determination of that district's AVPP.

The bill would make various technical amendments.

Background

The Senate Committee on Ways and Means removed the contents of HB 2567, as amended by the House Committee of the Whole, and replaced it with the contents of SB 341, as amended by the Senate Committee on Ways and Means, pertaining to federal impact aid and state capital improvement aid.

HB 2567, as amended by the House Committee of the Whole, would have altered certain fees related to the registration, title, and administrative costs on vehicles for services performed by county treasurers and the Division of Vehicles and altered the disposition of such fees.

SB 341

The bill was introduced by the Senate Committee on Education at the request of Senator Longbine.

Senate Committee on Education

In the Senate Committee hearing on February 1, 2022, **proponent** testimony was provided by Senator Pittman and representatives of the Governor's Military Council; USD 207,

Fort Leavenworth; USD 337, Royal Valley; and USD 475, Geary County. The proponents generally discussed the additional needs of districts that serve large military or Native American populations and the purpose of federal impact aid to help address those needs. Proponents also stated that the inclusion of federal impact aid within the local foundation aid calculation was viewed in a negative light by the U.S. Department of Defense and could impact future decisions regarding military investment in Kansas.

No other testimony was offered.

The Senate Committee amended the bill to exclude USD 207, Fort Leavenworth, from the capital improvement state aid determination, remove virtual school students from a school districts AVPP calculation, and extend the cap for State Board of Education approval of new school district general obligation bonds.

[*Note:* The provisions amended into the bill are similar to provisions in 2021 SB 31].

Senate Committee on Ways and Means

In the Senate Committee hearing, the committee amended the bill to lower the base state aid computation percentage from 75.0 percent to 51.0 percent. The committee then removed the contents of HB 2567, inserted the contents of SB 341, and recommended a substitute bill be passed.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Kansas State Department of Education states that enactment of the bill would reduce local foundation aid by \$13.0 million and would require an additional \$13.0 million in SGF be appropriated in FY 2023 per the current school finance formula.

Any fiscal effect associate with the bill are not reflected in *The FY 2023 Governor's Budget Report*.

Education; Kansas School Equity and Enhancement Act; federal impact aid; k-12; local foundation aid; Fort Leavenworth USD 207; virtual school students; capital improvement state aid; general obligation bond