

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2003

As Amended by House Committee on Education
Budget

Brief*

HB 2003, as amended, would change the name of the “local option budget” to “local operating budget” in certain laws governing school finance and would require school boards to adopt a local operating budget that is at least 10.0 percent, but not more than 17.0 percent, of state financial aid for school years 2013-2014 and 2014-2015. In school year 2015-2016 and each year thereafter, the board of any district may adopt a local operating budget that does not exceed the prescribed percentage. A local operating budget in excess of 17.0 percent would have to be adopted by a separate resolution and approved by a majority of qualified electors of the school district voting at election. An amount equal to 10.0 percent of the base state aid per pupil (BSAPP) multiplied by the adjusted enrollment of the school district must be transferred to the general fund.

The transferred funds would be required to be expended as follows:

- 10.0 percent of state financial aid attributable to at-risk must be spent on at-risk assistance or programs in the district;
- 10.0 percent of the state financial aid attributable to bilingual education must be spent on bilingual programs; and

*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>

- Any remaining funds must be expended for general operating expenses.

Funds transferred pursuant to the above provisions would be considered state moneys for education and support services for school districts. The expenditure of these transferred funds would expire on June 30, 2015. In addition, the bill would allow a board to adopt a local operating budget if it does not exceed the local operating budget calculated as if the BSAPP was \$4,926. Under current law, the local option budget for a district is calculated as if the BSAPP is \$4,433.

The bill would set the BSAPP at \$4,264 for the 2013-2014 and 2014-2015 school years, and \$4,492 for the 2015-2016 school year and each year thereafter. Current law sets the BSAPP at \$4,492; however, BSAPP is currently financed at \$3,838 for the 2012-2013 school year and estimated at the same amount for the 2013-2014 school year. The bill also would change the definition of "local effort" by including an amount transferred from the supplemental general fund to the general fund of a district. Furthermore, the board of every district would be required to levy an *ad valorem* tax on the taxable tangible property of the district. Current law states that a district that has adopted a local option budget may levy an *ad valorem* tax.

The bill also would require a district to adopt a local operating budget equal to at least 22.5 percent of state financial aid determined for the district for school years 2013-2014 and 2014-2015, and 25.0 percent for school year 2015-2016 and each school year thereafter, in order to receive school facilities weighting. Current law permits school facilities weighting if the district adopted a local option budget equal to at least 25.0 percent of the amount of the state financial aid determined for the district in the current school year.

The bill also would require a district to adopt a local operating budget of 17.9 percent for school years 2013-2014 and 2014-2015 and 31.0 percent for school year 2015-2016

and each school year thereafter with regard to the state prescribed percentage and declining enrollment weighting.

(Note: the bill appears to make additional changes, such as identifying special teachers who assist in providing special education and related services to students at either the School for the Blind or the School for the Deaf to be considered a special teacher of that school district. These amendments are already current law, but are included in this bill to reconcile different versions of the statutes in which they appear.)

Background

Proponents of the bill at the House Committee hearing included Representative Huebert, former Representative Clay Aurand, and the Kansas Policy Institute. Neutral testimony was provided by the Kansas Association of School Boards. Dr. George Griffith, Superintendent, Trego County USD 208, provided testimony in opposition of the bill.

The House Education Budget Committee amendments increase the BSAPP to \$4,264 for the 2013-2014 and 2014-2015 school years; change the school facilities weighting so that it would only be assigned to a district if the district adopted a local operating budget equal to at least 22.5 percent of state financial aid determined for the district for school years 2013-2014 and 2014-15; adjust the state prescribed percentage to 17.9 percent for school years 2013-2014 and 2014-2015, and 31.0 percent for the 2015-2016 school year and each year thereafter; and adjust the declining enrollment weighting to require a district to adopt a local operating budget of 17.9 percent for school years 2013-2014 and 2014-2015, and 31.0 percent for school year 2015-2016 and each school year thereafter. The Committee also placed a June 30, 2015, sunset on the expenditure of transferred funds.

The original fiscal note indicates the bill would have the net effect of reducing General State Aid payments to districts

by approximately \$55.2 million in FY 2014 and each year thereafter. The bill would increase the BSAPP from \$3,838 to \$4,241, and the Department estimates the statewide district general fund budget would increase by \$273.2 million. However, the amount generated by the mandated 10.0 percent transfer of the local operating budget to the general fund budget is estimated to be \$328.4 million. Because schools cannot spend more from the general fund than the authorized BSAPP, this would have the net effect of reducing General State Aid payments to school districts by \$55.4 million ($\$328.4 \text{ million} - \$273.2 \text{ million} = \55.4 million).

The above fiscal note does not reflect amendments made by the House Committee.