

SECOND CORRECTED
SESSION OF 2014

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2506**

As Recommended by Senate Committee on
Ways and Means

Brief*

Senate Sub. for HB 2506 would appropriate an additional \$669,698 from the State General Fund (SGF) for higher education in FY 2014 and an additional \$25.2 million from the SGF for higher education in FY 2015; appropriate an additional \$105,665,000 for Supplemental General State Aid (local option budget equalization aid) and make a revenue transfer of \$25,200,786 to the Capital Outlay Fund from the SGF; make changes in the school finance formula; make changes in alternative teacher licensure; establish a Pre-Kindergarten–Grade 12 School Finance Commission; create the Fairness Property Tax Relief Act; make changes in the Reads to Succeed program; repeal the expiration provision of the Midwestern Higher Education Compact Act; allow Emporia State University (ESU) and the University of Kansas (KU) to transfer or sell property; create the Go Pro Now program; encourage performance-based funding; and create the SUCCESS Act for community colleges.

Appropriations for Higher Education

The bill would appropriate an additional \$669,698 from the SGF for higher education in FY 2014 and an additional \$25.2 million from the SGF for higher education in FY 2015. The additional appropriation in FY 2014 would provide \$500,000 to the Board of Regents for the Go Pro Now program and restore \$169,698 to the Municipal Operating Grant for 2014 and 2015. The additional appropriation for FY

*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>

2015 would provide \$15.0 million for research, \$1.5 million for the Go Pro Now program, \$1.9 million for the performance-based funding, and \$5.3 million for the SUCCESS Act. Additionally, the bill would restore \$2.1 million in funding to the community and technical colleges.

The bill would delete \$3.3 million from the tuition for technical education and delete the longevity funding for those institutions who will have all unclassified employees after July 1, 2014.

Appropriations for K-12

The bill would appropriate an additional \$105,665,000 for Supplemental General State Aid (local option budget equalization aid) and would make a revenue transfer of \$25,200,786 to the Capital Outlay Fund from the SGF. Changes in the school finance formula are described below resulting in a decrease in various weightings with associated decreases in education funding. In addition, to these decreases, the bill would make additional adjustments totaling \$96.5 million from the SGF.

Sale of Property

The bill would authorize the State Board of Regents, on behalf of ESU, to sell or exchange with the ESU Foundation certain real estate commonly known as Emporia State University Apartments. The bill would allow for an exchange of the apartments with land the ESU Foundation is acquiring closer to the campus than the apartments' current location.

The bill would authorize KU and the KU Endowment Association to exchange two parcels of property. The parcels have been appraised and the boundaries have been defined such that the two parcels are equal in value.

Midwestern Higher Education Compact

The bill would repeal the expiration provision of the Midwestern Higher Education Compact Act.

Go Pro Now Program

The bill would create the Johnson County Community College (JCCC) Go Pro Now program, a pilot program that would provide high school students with a: (1) Two-year, opportunity to receive a high school diploma from the school district in which the student is enrolled and an associate degree from JCCC in a relevant technology, bioscience, or other field that addresses employers' needs; or (2) accelerated, four-year opportunity to receive a high school diploma from the school district in which the student is enrolled, associate degree from JCCC, and bachelor's degree from a state educational institution. This provision would be effective upon publication in the *Kansas Register*.

Performance-Based Funding

The bill would provide payments by the Board of Regents to postsecondary educational institutions that have provided any of the following to an individual enrolled in the institution:

- Receipt of a GED credential while enrolled in an eligible career technical education (CTE) program;
- Receipt of a CTE credential; or
- Enrollment in an eligible CTE program.

SUCCESS Act Program

The bill would establish the SUCCESS Act program for community colleges. The program includes the formation of a SUCCESS selection committee, which will select at least one but not more than two community colleges as participants in the program. The committee would determine the amount of money to be distributed to each participant from the SUCCESS program account.

The board of trustees for any community college selected to participate in the SUCCESS program would work

in conjunction with the State Board of Regents, one or more state educational institutions, one or more technical colleges, and one or more school districts to develop a detailed plan to provide educational programs that integrate CTE from the secondary education level through attainment of a postsecondary industry certification or advanced degree, including a bachelor's degree.

This provision would be effective upon publication in the *Kansas Register*.

Changes to the K-12 Finance Formula

The bill would make the following changes in the school finance formula:

- Eliminate the nonproficient weighting resulting in a total reduction of \$4,885,485 (a weighting for pupils who are not proficient on state assessments and who do not qualify for free lunch);
- Eliminate school facilities weighting for a total reduction of \$10,473,984 (those districts qualifying for the first year of the weighting in 2013-14 would receive the second year of the weighting in 2014-15; thereafter, the weighting would be eliminated);
- Eliminate part-time students in grades 1-12 from the at-risk weighting as well as students over the age of 19. (Students with individualized education programs are exempt from this provision.) The total reduction would be \$3,351,451;
- Revise the transportation weighting, resulting in a reduction of \$16,468,518;
- Reduce virtual school aid to 90 percent (from 105 percent) for full-time virtual students and 70 percent for part-time virtual students, with a resulting reduction of \$7,051,380;

- Revise the definition of a virtual student to exclude those students in virtual programs in nonpublic schools; the advanced placement state aid would be based upon the full-time equivalent enrollment (this exclusion does not apply to homeschools registered with the State Board of Education);
- Reduce the high density at-risk weighting by beginning the scale at 45 percent of students at risk (a change from 35 percent) to 55 percent – the percent of at-risk students in a district eligible for the maximum weighting, resulting in a reduction of \$7,235,205;
- Extend the sunset on the alternative local option budget (LOB) calculation, using \$4,433 as the base state aid per pupil, to June 30, 2017;
- Authorize districts to adopt a new resolution to levy property taxes for capital outlay reflecting expanded uses of the funds (legislation passed in 2013 allowed districts to use funds for academic purposes, computer software, and performance uniforms at which time capital outlay state aid become fully funded); and

Any school district having adopted a local option budget in excess of 30 percent of the state financial aid before June 30, 2014, would not be required to hold an election to go to 33 percent. However, if a district has an LOB under 30 percent, a mail ballot election would be required to be held on or before August 1 of the initial year for which the resolution was adopted.

These reductions would be used to fully fund the Supplemental General State Aid and the Capital Outlay State Aid. The school finance provisions related to the local option budget would be effective upon publication in the *Kansas Register*.

Alternative Teacher Licensure

The bill would exempt a teacher licensure applicant from completing a teacher preparation program prior to licensure if the applicant:

- Holds a valid teaching licensure from another jurisdiction and has obtained the required scores on the Praxis series tests;
- Has obtained an industry-recognized certificate in a technical profession with at least five years of work experience in that profession and has secured a commitment from a local board of education to be hired as a CTE teacher for that profession; or
- Has obtained at least a bachelor's degree in science, technology, engineering, mathematics, finance or accounting; has at least five years of work experience in that subject area; and has secured a commitment from the local school board to be hired as a teacher in that content area.

This provision would be effective upon publication in the *Kansas Register*.

Pre-Kindergarten – Grade 12 School Finance Study Commission

The bill would establish a Pre-K–12 School Finance Study Commission (Commission) to study and analyze the current school finance system and school district spending, and develop recommendations regarding the Legislature's constitutional funding obligations. The Commission would consist of 19 voting members as follows:

- Eight members of the Legislature, including:
 - Two members appointed by the President of the Senate with one being a member of the Senate Ways and Means Committee;

- Two members appointed by the Speaker of the House, with one being a member of the House Appropriations Committee;
- One member each appointed by the Minority Leader of the House and Senate; and
- One member each appointed by the chairpersons of the House and Senate Education Committees.
- Eight at-large members appointed, as follows:
 - Two members appointed by the President of the Senate;
 - One appointed by the Senate Minority Leader;
 - Two appointed by the Speaker of the House;
 - One appointed by the House Minority Leader;
 - One appointed by the chairperson of the Senate Education Committee; and
 - One appointed by the chairperson of the House Education Committee.
- Three at-large members appointed by the Governor.

The Commission would be required to make a report to the Legislature by January 12, 2015.

Education Fairness Property Tax Relief Act

The bill would provide *ad valorem* tax relief to parents of a child between the ages of 6 and 18, who was not enrolled in a Kansas public school during a preceding calendar year and was educated in a private school registered with the State Board of Education. Parents would be eligible for property tax relief not exceeding \$1,000 per calendar year per child or \$2,500 per family, nor exceeding the property tax accrued. Upon submission of allowable education expense

documentation to the Department of Revenue, the property tax would be reduced. (This would apply only to property tax levies imposed by a local school district.) Allowable education expenses would include tuition, fees, books, equipment, and supplies relating to the child's education outside the public education system. This provision would be effective upon publication in the *Kansas Register*.

Lexia Reading Program

The bill would remove the requirement that Lexia be the vendor for the Kansas Reads to Succeed program for FY 2015. This provision would be effective upon publication in the *Kansas Register*.

Background

HB 2506, as introduced, would repeal a statute relating to the Midwest Higher Education Compact Act. There was no hearing on the original bill. Following its passage in the House, the bill was referred to the Committee on Ways and Means. The Senate Committee recommended a substitute bill that includes the original bill and incorporates provisions from several other bills. The bills are described below.

Background – SB 452 (School Finance Formula)

SB 452, introduced in the Committee on Ways and Means, contained several adjustments to the school finance formula. The Senate Ways and Means Committee inserted the higher education and K-12 education appropriation provisions into the bill, as well as several education-related policy provisions described above.

The bill had a hearing with several opponents of the revisions to the virtual student weighting. Those opponents included representatives of Basehor/Linwood, Elkhart, Maize, and Springhill School Districts; Clayton Christensen Institute;

Insight School of Kansas; Kansas Connection Academy; Kansas Virtual Schools; and United School Administrators. Those presenting neutral testimony were representatives of Kansans for Liberty, Kansas Association of School Boards, Kansas Coalition for School Readiness, Kansas Policy Institute, and Wichita School District and a private citizen. There was no fiscal note on the bill.

Background – HB 2396 (ESU, KU, Surplus Real Estate)

HB 2396 was introduced by the House Appropriations Committee. A representative of the Department of Administration testified in support of the bill at the House General Government Budget Committee hearing, noting that the Legislative Division of Post Audit made several recommendations about the State Surplus Property Program, including the recommendation to give the Secretary of Administration sole authority in designating surplus state property.

The House Committee of the Whole amended the bill to insert the contents of HB 2021 and HB 2071. HB 2021 was introduced by the Legislative Educational Planning Committee as part of the Board of Regents legislative package. Proponent testimony was provided by representatives of ESU. Representative Mast also testified as a proponent of the bill. There were no opponents.

HB 2071 was introduced by the Legislative Educational Planning Committee at the request of the Board of Regents. The Chief Business and Financial Planning Officer of KU testified as a proponent of the bill, stating KU has a piece of property that was purchased with parking funds and currently contains a parking garage that the University wants to exchange for a piece of property owned by the KU Endowment Association that currently is used as a parking lot.

The fiscal note indicated the costs of publishing notices of surplus property would be negligible.

Background – SB 427 (Go Pro Now Program)

SB 427, concerning the Go Pro Now Program, at its hearing before the Senate Committee on Ways and Means, had proponents representing JCCC and Shawnee Mission High School. Written proponent testimony was provided by the Board of Regents and a representative of the Kansas Association of Community College Trustees. There were no opponents. There was no fiscal note on the bill.

Background – SB 429 (Performance-Based Funding)

At the Senate Committee on Ways and Means hearing on SB 429, related to performance-based funding, proponents included representatives of Goodwill Industries, the Kansas Association of Community Colleges, Kansas Board of Regents, and Kansas Association of Technical Colleges. There were no opponents.

The fiscal note on the bill indicated that when certifications are received by the Board of Regents, payment would be calculated and distributed subject to appropriation.

Background – SB 434 (SUCCESS Act)

At the Senate Committee on Ways and Means hearing on SB 434, concerning the SUCCESS Act, had proponents from Cloud County Community College, Fort Scott Community College, and the Kansas Association of Community College Trustees. There were no opponents.

The fiscal note on the bill indicated it would cost \$5.3 million from the SGF in both FY 2015 and FY 2016. This includes funding for Board of Regents administrative support and community college operations. The fiscal note also indicated there would be a fiscal impact on local government because the selected community college would be authorized to levy a property tax.