

SESSION OF 2016

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2655**

As Recommended by Senate Committee on
Ways and Means

Brief*

Senate Sub. for HB 2655 would amend statutes relating to school finance. Specifically, the bill would alter statutory formulas for providing Supplemental General State Aid and Capital Outlay State Aid for FY 2017; amend law related to the School District Extraordinary Need Fund (Extraordinary Need Fund); provide for School District Equalization State Aid; change a non-severability provision to a severability provision; and amend law related to ancillary school facilities state aid. The bill would make necessary appropriations for the statutory changes in the bill.

Appropriations

The bill would appropriate \$367,582,721 for Supplemental General State Aid, \$50,780,296 for Capital Outlay State Aid, and \$61,792,947 for School District Equalization State Aid. The bill also would change the appropriation for the School District Extraordinary Need Fund from \$17,521,425 to \$15,167,962 and lapse \$477,802,500 from the block grants to unified school districts for fiscal year 2017.

The bill also would provide that, if the appropriated amounts for Supplemental General State Aid or Capital Outlay State Aid are not sufficient to fund the statutory requirements for those two categories of aid, the amount of

*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>

money necessary to satisfy such statutory requirements shall be transferred out of the Extraordinary Need Fund.

Supplemental General State Aid

The formula would replace the amount of Supplemental General State Aid provided by House Sub. for SB 7 enacted in 2015 with a new formula for determining the amount of Supplemental General State Aid. Under the new formula, a school district's Supplemental General State Aid would be determined by multiplying the school district's local option budget by an equalization factor. The equalization factor would be determined by arranging the assessed valuation per pupil (AVPP) of all school districts from largest to smallest, rounding the AVPPs to the nearest \$1,000 and identifying the median. The equalization factor of the median would be 25 percent. For every \$1,000 a school district's AVPP is above the median, the school district's equalization factor would be reduced from 25 percent by 1 percent and for every \$1,000 a school district's AVPP is below the median, the school district's equalization factor would be increased from 25 percent by 1 percent.

Capital Outlay State Aid

The bill would reinstate the Capital Outlay State Aid formula that was in effect prior to the enactment of 2015 House Sub. for SB 7.

Extraordinary Need Fund

The bill also would give the State Board of Education (Board) the authority to review and decide upon school district applications for funds from the Extraordinary Need Fund. Current law gives the State Finance Council authority to review and act upon such applications. Whether a school district has reasonably equal access to substantially similar educational opportunity through similar tax effort would be

added as a factor the Board is required to consider in evaluating an application for funds from the Extraordinary Need Fund.

School District Equalization State Aid

The bill would provide funds to school districts if the changes to Supplemental General State Aid or Capital Outlay State Aid in the bill resulted in the school districts being entitled to less state aid than under prior law.

Severability

The bill would change the non-severability provision in KSA 2015 Supp. 72-6481 to a provision specifically allowing the provisions of the Classroom Learning Assuring Student Success (CLASS) Act, included in 2015 House Sub. for SB 7, to be severed and for the provisions of the bill to be severed.

Ancillary School Facilities

The bill also would amend statutes related to the authority of a school district to levy a tax for the purpose of financing the costs incurred that are directly attributable to ancillary school facilities. The bill would allow the levying of the tax for the operation of a school facility whose construction was financed by the issuance of bonds approved for issuance at an election held on or before June 30, 2015.

Background

The Senate Committee on Ways and Means deleted the contents of HB 2655, as amended by the House Committee on Vision 2020, which would have provided for the placement of a memorial on the State Capitol grounds commemorating the laying of the building's original cornerstone, and inserted the amended provisions of SB 515. The following is the background of both bills.

HB 2509 Background

At the House Committee on Vision 2020 hearing, two representatives of the MW Grand Lodge of Kansas AF and AM testified in favor of the bill. The proponents provided information regarding the placement of the initial cornerstone at the Kansas Statehouse by Kansas Masons in 1866 and subsequent historical details regarding the cornerstone and its significance. The proponents stated the placement of the proposed cornerstone monument would be completed at no cost to the State, as the Masons of Kansas would provide funds to cover any of the costs associated with designing, manufacturing, setting, and maintaining the monument. Written proponent testimony was provided by former Kansas Governor Graves and a representative of Treanor Architects.

No opponent or neutral testimony was provided at the House Committee hearing.

The House Committee made a technical amendment to the bill.

According to the fiscal note on the original bill prepared by the Division of the Budget, the Kansas Historical Society indicates the fiscal effect on the agency's budget cannot be determined because the amount of donations the agency might receive and the size and scope of the memorial is unknown. The agency notes it may incur administrative costs

associated with collecting donations and holding meetings to plan for the memorial.

The Department of Administration states approving the design and architectural drawings could be accomplished within current resources. The Department indicates a new cornerstone plaque would cost approximately \$10,200 and mounting it would cost an additional \$1,600. It is assumed all costs for construction and maintenance would be offset equally by resources in the Memorial Fund. Any fiscal effect associated with the bill is not reflected in *The FY 2017 Governor's Budget Report*.

SB 515 Background

The bill was introduced by the Senate Committee on Ways and Means. At the Senate Committee hearing on the bill, proponents of the bill included representatives of the Blue Valley and Shawnee Mission school districts and a representative of the Kansas Chamber of Commerce. Written testimony in support of the bill was provided by the Bonner Springs/Edwardsville School District. Opponents of the bill included representatives of the Kansas City, Kansas Public Schools and Wichita Public Schools. Neutral testimony was provided by the Kansas Policy Institute.

The Senate Committee amended the bill by adding the provisions related to ancillary school facilities and provide for the contingent transfer of funds from the Extraordinary Need Fund. The Senate Committee also amended the bill by adding prefatory language to the bill describing the legislative process and identifying the findings made by the Committee during its work on the legislation.

No fiscal note was provided by the Division of the Budget on this appropriations bill.