

*SPECIAL SESSION OF 2016*

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE  
BILL NO. 2001**

As Recommended by House Committee on  
Appropriations

**Brief\***

Sub. for HB 2001 would amend statutes relating to school finance. Specifically, the bill would alter the statutory formula for providing Supplemental General State Aid for FY 2017 and amend laws related to virtual school state aid, the Extraordinary Need Fund, hold harmless funding under 2016 Senate Sub. for HB 2655, and federal funding for certain pre-kindergarten programs. The bill also would amend law related to the sale of the Kansas Bioscience Authority (KBA).

***Appropriations***

The bill would appropriate \$99,408,027 for Supplemental General State Aid. The bill also would change the appropriation from the State General Fund to the School District Extraordinary Need Fund to \$8.0 million and transfer \$5.0 million from the State Highway Fund to the Extraordinary Need Fund. The bill would lapse \$61,792,947 of School District Equalization State Aid and would lapse \$2.8 million from the block grant to school districts.

The bill would lapse \$4.1 million of the appropriation for the Children's Initiative Fund and transfer \$4.1 million from the Children's Initiative Fund to the State General Fund. It also would direct the Department for Children and Families to expend \$4.1 million from the Temporary Assistance for Needy Families Fund for the purpose of providing additional funding for programs provided by the Kansas State Department of Education.

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\*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>

### ***Supplemental General State Aid***

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

### ***Virtual School State Aid***

The bill would change the amount school districts would receive for each full-time virtual school student for FY 2017 from \$5,600 to \$5,000.

### ***Extraordinary Need Fund***

The bill would allow the Kansas State Department of Education to approve applications to the Extraordinary Need Fund that would be contingent upon the receipt of at least \$38.0 million from the sale of the KBA. If the proceeds of the sale of the KBA are less than \$38.0 million, then the amount of money appropriated to the Extraordinary Need Fund would be reduced by the amount of the shortfall.

### ***Sale of the KBA***

The bill would provide that any proceeds of the sale of the KBA in excess of \$25.0 million, but less than \$38.0 million would be deposited in the State General Fund.

### ***Other Provisions***

The bill would eliminate the School District Equalization State Aid created in 2016 Senate Sub. for HB 2655. The bill also would include a severability clause.

## **Background**

The bill was introduced by the House Committee on Appropriations.

At the hearing on the bill, testimony was provided by representatives of Game On for Kansas Schools, Kansas Action for Children, Kansas Association of School Boards, Kansas Policy Institute, Kansas PTA, and several school districts, and by a private citizen. Written testimony was provided by the Kansas Chamber of Commerce, the Kansas School Superintendents Association and United School Administrators of Kansas, the Kansas State Department of Education, the League of Women Voters of Kansas, Schools for Fair Funding, and several school districts. The hearing was held jointly with the Senate Committee on Ways and Means.

The Committee recommended HB 2001 be passed on June 23. On June 24, the bill was referred back to the Committee which met twice, adopted amendments to the bill and recommended those amendments be incorporated into the substitute bill.

The substitute bill would eliminate the reduction in General State Aid contained in the original bill (\$13.0 million) and would instead utilize designated proceeds from the sale of the KBA. If the proceeds of the sale of the KBA are less than \$38.0 million, then the amount of money appropriated to the Extraordinary Need Fund would be reduced by the amount of the shortfall. The substitute bill also includes the transfer of \$5.0 million from the State Highway Fund to the Extraordinary Need Fund.