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300 SW TENTH AVENUE • SUITE 24-E • TOPEKA, KS 66612 • (785) 296-2321

MEMORANDUM

To: Senate Select Committee on Education Finance
From: Office of Revisor of Statutes
Date: March 20, 2018
Subject: Senate Bill 422—Local Option Budget

SB 422 would: (1) Require all school districts to adopt a local option budget (LOB) equal to 30% of the school district's total foundation aid; (2) determine supplemental state aid based on the current year's LOB; (3) continue the protest petition process for LOB, but void any existing LOB resolution adopted by a school district prior to July 1, 2017, that was not subject to an election or protest petition process; (4) require local school boards to notify the State Board of Education of their intent to raise their LOB authority in the succeeding school year; and (5) require each school district to transfer from the LOB an amount that is proportional its total foundation aid attributable to its at-risk weighting to its at-risk fund.

Mandatory Local Option Budget of 30%

Currently, school districts may adopt an LOB up to 30% of the total foundation aid of the school district. School districts can adopt an LOB greater than 30%, up to 33%, by adopting a resolution subject to protest petition. SB 422 would require school districts to adopt an LOB of 30% of their total foundation aid. School districts could still increase their LOB authority up to an additional 3% above the required 30% through the same resolution process.

Supplemental State Aid

Under SB 19, the State Board is directed to determine the amount of supplemental state aid received by a school district based on the amount of LOB of the district for the immediately preceding school year. SB 422 would strike the phrase “for the immediately preceding school year” allowing the State Board to determine the amount of supplemental state aid school districts are to receive based on the current year’s LOB.

LOB Protest Petition

In school year 2014-2015, the School District Finance and Quality Performance Act allowed certain districts to increase their LOB authority up to 33% upon local school board action alone without a protest petition or election process. The Classroom Learning Assuring Student Success Act maintained LOBs as they were, which allowed certain school districts to maintain the maximum 33% LOB authority, without any additional action. Under SB 19, the Kansas School Equity and Enhancement Act, school districts that desire to increase their LOB authority above 30% are subject to a protest petition and election process, while school districts who do not desire to increase their LOB may maintain their LOB, even if they are above 30%.

SB 422 would continue to require a protest petition process for school districts that desire to increase their LOB authority above the mandatory 30%. Additionally, SB 422 would void any existing LOB resolution adopted by a school board prior to July 1, 2017, that was not subsequently approved at an election by a majority of the voters of the school district. Any such resolution would expire on June 30, 2018.

Notice of Intent to Increase LOB Authority

If a school district desires to increase its LOB authority in the immediately succeeding school year, SB 422 new subsection (g) would require local school boards to notify the State Board of their intent to increase their LOB authority by March 15 of the current year. The State Board would then compile such notices and submit a report to the legislature on or before March 25 of each year.

At-Risk Funds

SB 422 would require each school district to transfer an amount proportional to its total foundation aid attributable to the at-risk weighting from the LOB fund to the school district's at-risk fund.

Effective Date

The bill would take effect upon publication in the Kansas register.