

SUPPLEMENTAL NOTE ON SENATE BILL NO. 246

As Amended by Senate Committee of the Whole

Brief*

SB 246, as amended, involves amendments to the School District Finance and Quality Performance Act and other school funding legislation. The bill would provide for funding special education excess costs at a statutorily prescribed level, increase Base State Aid Per Pupil (BSAPP), increase the bilingual and at-risk pupil weightings, increase the maximum allowable local option budget (LOB), lower the correlation weighting threshold, and renew the 20-mill school district property tax levy. These components are discussed below:

- ! **Special Education.** The bill would put into the statute both the current method used to determine special education excess costs and the percentage of excess costs that should be funded. Currently, the percentage is subject to appropriation and is based on whatever amount of money the Legislature appropriates. The bill specifies that excess costs will be funded at the 85 percent level in school year 2005-06 and thereafter. A proration provision ensures that, if the appropriation is not sufficient, the amount available will be prorated by the State Board of Education among the districts.

- ! **BSAPP.** SB 246 would increase BSAPP from the current statutory rate of \$3,890 to \$3,983 in school year 2005-06 and thereafter. The increase is \$120 over the allotment rate of \$3,863 which has been in effect since FY 2004.

- ! **Bilingual Education Weighting.** SB 246 would increase the bilingual education weighting from 0.2 to 0.3 for school year 2005-06 and thereafter.

*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>

- ! **At-Risk Weighting.** The weighting for at-risk students would be increased from 0.1 to 0.15 for school year 2005-06 and thereafter.
- ! **Correlation Weighting Threshold.** Under SB 246, the correlation weighting threshold, which currently is at 1,725 students, would be lowered to 1,700.
- ! **Renewal of the 20-Mill Levy.** SB 246 would renew the 20-mill school district property tax levy for two more years (school years 2005-06 and 2006-07) and continue the \$20,000 exemption for residential property for the same time period.
- ! **LOB Increase.** SB 246 would increase the maximum amount of LOBs from the current limit of 25 percent of school district general fund budgets to 27 percent for school year 2005-06 and thereafter.

Background

SB 246 is one of three bills introduced as a school finance package by the Senate Republican Leadership. The bills – SB 244 (creating the "2010 Commission"), SB 245 (creating the School District Audit Team within the Legislative Division of Post Audit), and SB 246 – were introduced as companion bills, but are independent of each other.

The Senate Education Committee made two amendments to the bill, as introduced. First, the version as introduced would have deleted the vocational education weighting, but the Senate Committee bill restored vocational education to its current weighting of 0.5. Second, the Senate Committee lowered the correlation weighting threshold from 1,725 students to 1,700.

The Senate Committee of the Whole changed the bill from a three-year proposal with incremental increases or changes in a number of its components to a one-year proposal effective for school year 2005-06 and thereafter. The Senate Committee of the Whole also reduced BSAPP from the proposed \$150 increase to an increase of \$120 over the allotment rate of \$3,863.

SB 246 contains no revenue producing measures except for the renewal of the 20-mill school district property tax levy. Because it is

unconstitutional to have a permanent statewide levy that is not authorized by the *Kansas Constitution*, it is necessary for the Legislature to renew the school district levy in the statutes every two years.

The cost of the proposal in FY 2006 over the Governor's recommendation would be \$147,111,000, as shown below:

- ! \$69,700,000—cost necessary to increase BSAPP by \$120 in school year 2005-06, from the allotment rate of \$3,863 to \$3,983.
- ! \$5,000,000—additional state aid needed for LOBs as the result of the increase in BSAPP.
- ! \$11,111,000—additional funding necessary to lower the correlation weighting threshold from 1,725 to 1,700.
- ! \$28,000,000—cost to fund the increase in the at-risk weighting from 0.10 to 0.15.
- ! \$5,600,000—cost to fund the increase in the bilingual education weighting from 0.2 to 0.3.
- ! \$17,700,000—additional funding necessary to increase funding for special education excess costs from 81.7 percent to 85 percent.
- ! \$10,000,000—additional state aid needed for the increase in the LOB maximum budget authority from 25 percent to 27 percent.

TOTAL: \$147,111,000