

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SUBSTITUTE FOR SENATE BILL NO. 584**

As Amended by House Committee of the Whole

Brief*

House Substitute for Substitute for SB 584 is a three-year school finance plan with increased funding totaling \$458,200,000 over the three-year period. The bill includes the following major provisions:

Expenditures

- Base State Aid Per Pupil (BSAPP) would be increased by the following amounts:
 - School year 2006-2007—from \$4,257 to \$4,307 (\$50 increase), at a cost of \$28,450,000.
 - School year 2007-2008—from \$4,307 to \$4,357 (\$50 increase), at a cost of \$28,800,000.
 - School year 2008-2009—from \$4,357 to \$4,407 (\$50 increase), at a cost of \$29,000,000.

- The at-risk weighting would be increased by the following amounts:
 - School year 2006-2007—from 0.193 to 0.268, at a cost of \$43,500,000.
 - School year 2007-2008—from 0.268 to 0.318, at a cost of \$28,850,000.
 - School year 2008-2009—from 0.318 to 0.368, at a cost of \$29,000,000.

*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>

- A new weighting called the "high density at-risk weighting" would be created for school districts with high percentages of students who receive free meals. Those districts in which at least 50 percent of the students are on free lunch or at least 35.1 percent are on free lunch and have enrollment density of at least 212.1 pupils per square mile would qualify. Those districts that qualify would receive an additional at-risk weighting in the amount of 0.084 in school year 2006-2007; 0.089 in school year 2007-2008; and 0.094 in school year 2008-2009. The weighting would generate the following amounts:
 - School year 2006-2007– \$21,400,000.
 - School year 2007-2008 – \$ 3,400,000.
 - School year 2008-2009 – \$ 3,500,000.

- A new weighting would be created for students who, based on state assessments, are not proficient in reading or math and who are not eligible for the federal free lunch program. This weighting would be computed on a percentage of students below proficient and not on free lunch divided by the number of students taking the test and applied to the enrollment (less the number of students on free lunch) of the school district. If the number of pupils enrolled in the district who are eligible for free lunch is greater than the number of at-risk pupils, as defined by the State Board, the State Board would be required to reduce the amount of money a district is entitled to receive as outlined in the formula. The provisions of this new weighting would expire June 30, 2007. The cost of the new weighting in FY 2007 would be \$10,000,000.

- The high enrollment weighting (formerly correlation weighting) threshold would be lowered by 25 students in school year 2006-2007; and 50 students each year for the next two years.

School year 2006-2007—from 1,662 to 1,637, (25 students) at a cost of \$11,700,000.

School year 2007-2008—from 1,637 to 1,587, (50 students) at a cost of \$23,400,000.

School year 2008-2009—from 1,587 to 1,537, (50 students) at a cost of \$23,400,000.

- Pursuant to current law, the statutory percentage of special education excess cost would be increased for school year 2006-07, from 89.3 percent to 92.0 percent. The additional estimated cost would be as follows:
 - School year 2006-2007 – \$30,300,000.
 - School year 2007-2008 – \$25,000,000.
 - School year 2008-2009 – \$25,000,000.

- The Local Option Budget authority would be increased and equalized to the 81.2 percentile.

School year 2006-2007– from 27 percent to 29 percent (current law), at a cost of \$31,000,000.

School year 2007-2008 – from 29 percent to 33 percent, at a cost of \$42,000,000.

School year 2008-2009 – 33 percent, at a cost of \$20,000,000.

- A resolution authorizing the adoption of a Local Option Budget in excess of 30 percent would require a school district election.

- The vocational education weighting would be increased from 0.5 to 0.62; however, ninth grade level vocation education courses would not qualify for funding. Ninth, tenth, eleventh, and twelve grade students would be counted for funding if they are enrolled in a tenth, eleventh, or twelfth grade course if the courses meet the curriculum requirements. This change in statute would not require any additional funding.

- A new English for Speakers of Other Languages (ESOL) Teacher Grant Program would be provided in the bill which would reimburse districts which have reimbursed teachers for direct costs, such as books, fees, tuition or other charges, to achieve full endorsement as an ESOL teacher. The State Board of Education would be required to give priority to those districts with the greatest need for ESOL teachers when approving applications for the program. Although the bill would not provide funding for the program, estimated expenditures for FY 2007 are \$500,000.

Policy Amendments

- The bill states that for the purposes of determining the total amount of state moneys paid to school districts, all moneys appropriated by the state for distribution to school districts would be deemed to be state moneys for educational and support services for school districts.
- Whenever the State Board of Education determines that a school has failed either to meet the accreditation requirements or provide the curriculum required by state law, the State Board will notify the school district. The notice will specify the accreditation requirements that the school has failed to meet and the curriculum that the school has failed to provide. The local board of education would be required to reallocate the resources of the district to remedy all deficiencies identified by the State Board and when making such reallocation, the local board would take into consideration the resource strategies of highly resource-efficient districts as identified in Phase III of the Kansas Education Resource Management Study conducted by Standard and Poor's (March 2006).
- The bill would create a Vocational Education Start Up Grant program in which any school district which desires to establish a vocational education program may submit an application for a grant for the purpose of paying the costs of establishing the new program, including operating expenses and acquiring equipment. The State Board would be required to establish standards and criteria for reviewing, evaluating and approving the grant applications. Each school district which is awarded a grant would be required to make periodic and special reports of statistical and financial information to the State Board as it may request. The grant program would be limited to the extent that appropriations are available.
- The bill would require that school districts in order to achieve uniform reporting of expenditures must report their expenditures in the manner required by the State Department of Education.
- The bill would amend the reporting requirements for the at-risk program, the four-year-old at-risk program, and the bilingual education program to require the following: specify the number of pupils served; type of services provided; research upon which the school district relied to determine the need for services; and results of providing such services.

- The bill would amend vocational education laws to provide that no course or program would be approved unless the course content is comparable to those offered in a technical college or area vocational school.
- The bill states that it is the public policy of the State of Kansas that neither the Legislature nor school districts would be required to pay any costs attributable to meeting federal law or rules and regulations or standards adopted by the State Board in conformance with federal law unless funding to comply with federal law, rules and regulations or standards is provided by the federal government in an amount deemed adequate by the Legislature. This provision would not apply to the Individuals with Disabilities Education Act (IDEA) or any rules and regulations adopted pursuant thereto.
- The bill would require that any school district that has experienced the greater of at least a 5 percent or at least a 50-pupil decline each year for the three previous school years must seek a recommendation from the Joint Committee on State Building Construction prior to issuing new bonds. The Building Committee would make a recommendation to the State Board of Education and if the State Board of Education, by a majority vote, does not recommend the building project, the district would not be entitled to receive state aid if it proceeds to issue such bonds. The bill would not require a district that does not receive state aid for construction projects to go before the Joint Committee on State Building Construction or the State Board of Education.
- The bill would provide that the provisions of this act would not be severable. If any provision of the act is held to be invalid or unconstitutional, the entire act would be null and void.
- The bill would require that on or before January 1, 2007, the State Board design an administration reorganization plan for school districts to be submitted to the 2007 Legislature for consideration.
- The bill would provide that the intent of the school finance act is to give school districts the greatest flexibility possible in the expenditure of moneys received by the districts to carry out their duties; to maintain, develop and operate local public schools; and to attain the public policy goal of the Legislature to provide an opportunity for all pupils of the State of Kansas to meet standards established by the State Board of Education. It would

also be the intent of the act to require greater accountability from school districts in the expenditure of such moneys.

- The bill states that “Cost of Living Weighting” means an additional component to the formula to apply on the basis of costs attributable to the necessity of enhancing salaries of teachers due to the high cost of living in the district.
- The bill would extend the six percent cap on the Contingency Reserve Fund balance for one additional year, FY 2007. Under current law, the cap would be four percent for FY 2007 and thereafter.
- The bill would clarify that of Supplemental General State Aid is funding that is intended to be used to meet the requirements of the performance accreditation system adopted by the State Board, to provide programs and services required by law and to improve student performance.
- The bill would change the requirement that the State Board of Education review curricular standards from three to seven years. In addition, the bill would provide clarification language about high academic standards for the core academic areas.
- The bill would provide that the increases in the amount of state aid attributable to the new weightings created by this act, the increases in the existing weightings and the increases in the amount of BSAPP would be deemed to satisfy the requirements of the Consumer Price Index-Urban provision in current law.
- The bill would require that each school district conduct a needs assessment of every attendance center on forms prescribed by the State Department of Education and use this information in preparing an attendance center and school district budget. In addition, each school district would be required to prepare a summary of the school district budget. The State Department would be required to take into consideration the best practices and standards established by the Government Finance Officers Association, the Legislative Division of Post Audit and the Association of School Business Officials when preparing and prescribing forms for the annual budgets.
- The bill would amend the capital outlay state aid payments statutes to be in accordance with the provisions of appropriation acts.

- The bill would establish an early high school graduation incentive program which would provide pupils attending public schools to receive a \$1,000 incentive bonus for graduating from high school in three years (one year earlier than normal). Pupils also could receive a one-time incentive bonus for a one-year tuition scholarship up to \$3,000 to attend a Kansas technical college or area vocational-technical school. These provisions in the bill would be subject to appropriations.
- The bill would require that all secondary schools which receive public moneys offer pregnancy-related instruction that will include information and materials specifically addressing human fetal development and gestation. Whenever any instruction discusses abortion, such information would be required to include a description of all methods of abortion and the fetal information would be required to include the probable physical sensations or pain a fetus feels or detects, or may feel or detect, during the various abortion procedures. A parent or legal guardian of a child may choose to remove the child from the instruction required by this act by notifying the school administration. Any school in violation of this act would be ineligible to receive general state aid.
- The bill would create an At-Risk Academy which would be administered by the state education institution designated by the State Board of Regents. Any district desiring to participate in the program would submit an application for the establishment of either a middle school or a high school at-risk academy in the district to the designated state education institution. The curriculum selected by the Regents institution would be age-appropriate and culturally relevant to the student population of the academy. The curriculum should provide a student-friendly education environment that is personalized, character-based and computer-integrated. Teachers and administrators of the academy would meet the same qualifications of those in public schools. The academy would meet or exceed the accreditation standards adopted by the State Board of Education and students would be required to take the state assessments. The Regents institution would be required to report its progress of implementation to the Legislative Education Planning Committee (LEPC) by September 1, 2006. The bill would require an annual report by the regents institution to the LEPC and the LEPC would be required to report to the Legislature in 2008 and 2009 on the program and make any recommendations about the program. Attendance at the academy would be limited to no more than 100

students and the parent or guardian of any student who is an at-risk pupil and who desires to attend the academy would submit an application to the state educational institution. The Regents institution would establish a lottery system for the selection of students when the number of applications exceeds the number of openings at the academy. The program would terminate as of June 30, 2009.

- The bill would amend statutes relating to the transportation of students, so that any pupil who lives 10 or more miles from the attendance center may attend another school with the approval of the receiving school district. Current law requires the pupil live 10 or more miles from the attendance center and nearer to an appropriate attendance center in a receiving school district.
- The bill would require the State Board of Education to designate 10 school districts which would provide, in school year 2006-2007, students in kindergarten and grades one through eight with character development programs and instruction which are appropriate for the grade-levels at which any such program or instruction is offered. Beginning in school year 2007-2008, all school districts would provide such programs and instruction. The State Board would develop a curriculum, materials, guidelines, standards, and objectives for character development within any existing appropriate subject-matter curriculum. "Character Development Program" would mean a program such as Character First or Character Counts or other similar program which is secular in nature and which stresses character qualities.
- The bill states that in any civil action in law or equity in which a legislative enactment is alleged to violate Article 6 of the *Constitution of the State of Kansas*, the Kansas Supreme Court would have appellate jurisdiction only and the district court would be the exclusive court of original jurisdiction.
- The bill would require the State Board to make recommendations to the Governor for adjustments to the amount of state aid to provide for the regional cost differences among the school districts in the state. In determining the amount of any adjustment, the State Board would be required to use data from the National Center for Educational Statistics, studies conducted by the Board, the Legislative Division of Post Audit, or other sources the Board deems appropriate. The State Board would be required to file these recommendations as part of the budget estimate.

- The bill also would provide technical clean-up to current law.

Background

Senate Substitute for SB 584 was the Senate Committee of the Whole proposal for funding public elementary and secondary education in Kansas for the next three years.

The House Select Committee on School Finance amended the plan and made several policy amendments.

The House Committee of the Whole made several amendments to the bill recommended by the House Select Committee on School Finance.

The table below summarizes proposed changes and estimated increase in costs over the prior year:

Program	Current Law	School Year 2006-07	School Year 2007-08	School Year 2008-09
BSAPP	\$ 4,257	\$ 4,307 \$ 28,450,000	\$ 4,357 \$ 28,800,000	\$ 4,407 \$ 29,000,000
At-Risk	0.193	0.268 \$ 43,500,000	0.318 \$ 28,850,000	0.368 \$ 29,000,000
High Density At-Risk	N/A	0.084 \$ 21,400,000	0.089 \$ 3,400,000	0.094 \$ 3,500,000
Non-Proficient; Non-Free Lunch*	NA	0.029 \$ 10,000,000 (1 year only)		
High Enrollment Equalization	1,662	1,637 \$ 11,700,000	1,587 \$ 23,400,000	1,537 \$ 23,400,000
Special Education	89.3%	92.0% \$ 30,300,000	92.0% \$ 25,000,000	92.0% \$ 25,000,000
Supp. General State Aid (LOB)	27%	29.0% \$ 31,000,000	33.0% \$ 42,000,000	33.0% \$ 20,000,000
Bilingual Grant Program	N/A	\$ 500,000		
Total State Aid		\$176,850,000	\$151,450,000	\$129,900,000

* Program sunsets June 30, 2007.

The table below shows the three-year *cumulative* increase of proposals contained in House Substitute for Substitute for SB 584.

Program	School Year 2006-2007	School Year 2007-2008	School Year 2008-2009
BSAPP	\$ 4,307 \$ 28,450,000	\$ 4,357 \$ 85,700,000	\$ 4,407 \$ 171,950,000
At-Risk	0.268 \$ 43,500,000	0.318 \$ 115,850,000	0.368 \$ 217,200,000
High Density At-Risk	0.084 \$ 21,400,000	0.089 \$ 46,200,000	0.094 \$ 74,500,000
Non-Proficient Non-Free Lunch*	0.029 \$ 10,000,000	\$ 10,000,000	\$ 10,000,000
High Enrollment Weighting	1,637 \$ 11,700,000	1,587 \$ 46,800,000	1,537 \$ 105,300,000
Special Education	92% \$ 30,300,000	92% \$ 85,600,000	92% \$ 165,900,000
Supp. General State Aid (LOB)	29% \$ 31,000,000	33% \$ 104,000,000	33% \$ 197,000,000
Bilingual Grant Program	\$ 500,000	\$ 1,000,000	\$ 1,500,000
Total State Aid	\$176,850,000	\$495,150,000	\$ 943,350,000

* Program sunsets June 30, 2007.