

SESSION OF 2008

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 531**

As Agreed to April 30, 2008

Brief*

SB 531 addresses school finance, establishing a Base State Aid Per Pupil (BSAPP) rate of \$4,492 for the 2009-2010 school year and beyond. Specifically, the bill would:

- Increase BSAPP by \$59 (from \$4,433 to \$4,492) for the 2009-2010 school year and beyond;
- Appropriate \$37.2 million from the State General Fund in general state aid in FY 2010;
- Create the Keeping Education Promises Trust Fund with a \$0 expenditure limit in FY 2009;
- Transfer \$37.2 million from the State General Fund to the Keeping Education Promises Trust Fund in FY 2009; and
- Transfer the \$37.2 million back from the Keeping Education Promises Trust Fund to the State General Fund in FY 2010.

The bill would entitle each school district providing special education and related services to pupils who receive Medicaid to receive Medicaid Replacement State Aid, subject to appropriation, in an amount not to exceed \$9.0 million per year. The State Board of Education would compute Medicaid-Replacement State Aid for each district by dividing the

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appropriation by the number of pupils in the state receiving Medicaid special education and related services and multiplying the quotient by the number of exceptional pupils receiving Medicaid-provided special education and related services in each school district. The product would be the amount of Medicaid Replacement State Aid the district would be entitled to receive. School districts would certify the number of exceptional pupils receiving Medicaid services as of March 1 of each year. This provision will take effect in school year 2007-2008 and end with school year 2009-2010.

The bill would change current school district consolidation law. This bill would provide a school district desiring to consolidate with another district with fewer than 150 pupils on September 20th of the school year preceding the consolidation consolidating before July 1, 2011, a guaranteed combined general fund budget for the year in which the consolidation takes place plus two school years. Any school district with an enrollment of less than 150 pupils desiring to consolidate after July 1, 2011, would only receive the combined general fund budget for the current year plus one year. If a district has more than 150 pupils but fewer than 200 pupils, the combined general fund budgets would be guaranteed for the current year plus three years. For a district with more than 200 pupils, the combined general fund budgets would be guaranteed for the current year plus four years. If three or more districts wish to combine, regardless of the number of pupils enrolled in the districts, the combined general fund budget would be guaranteed for the current year plus four years. In all scenarios, a consolidated district would receive either the guaranteed general fund budget or the actual computed amount under current law, whichever is higher. The bill makes parallel changes to another provision in law relating to the disorganization of a district and the attachment of the territory of the disorganized district to another school district.

The bill would amend the high density at-risk pupil weighting of the school finance plan. The bill creates a new weighting called the medium density at-risk pupil weighting. School districts having an enrollment of at least 40.0 percent at-

risk pupils but less than 50.0 percent at-risk pupils would qualify to receive the medium density at-risk pupil weighting which would be determined by the state board by multiplying the number of at-risk pupils in the district by a factor of .06. School districts having an enrollment of at least 50.0 percent at-risk pupils or an enrollment of at least 35.1 percent at risk pupils and an enrollment density of at least 212.1 pupils per square mile would continue to be eligible for the high density at-risk pupil weighting which would be determined by the state board by multiplying the number of at-risk pupils by a factor of .10.

Any district that becomes ineligible for the medium density at-risk pupil weighting or the high density at-risk pupil weighting because the district no longer meets the requirements specified in the bill, would receive the greater of the weighting in the current school year; the weighting in the prior school year; or the average of the weighting in the current school year and the preceding two school years.

The bill would allow boards of education desiring to consolidate school districts to enter into an agreement requiring a majority of the qualified electors of each school district proposed to be consolidated to vote in favor of the consolidation.

The bill would establish a Special Education Funding Task Force consisting of 12 members, as follows:

- Four members appointed by legislative leadership;
- Three members appointed by the Board of Directors of the United School Administrators with one appointee being a chief fiscal officer of a school district and one appointee being a special education director;
- Three members appointed by the Kansas Association of School Boards;
- One member appointed by the Kansas National Education Association of the six members appointed by United

School Administrators and Kansas Association of School Boards two members would be from school districts having an enrollment of at least 12,000 pupils; two would be from school districts having an enrollment of less than 12,000, but more than 1,636 pupils; and two shall be from school districts having an enrollment of 1,636 pupils or less; and

- The Commissioner of Education or designee shall serve *ex officio*.

The Task Force would:

- Study and make recommendations for changes in the existing special education formula;
- Conduct hearings;
- Study and make recommendations regarding Medicaid reimbursement to school districts; and
- Submit reports and recommendations to the Legislature by January 14 of each year.

The Task Force would cease to exist on June 30, 2010.

The bill would permit students living more than ten miles from their school to attend school in an adjoining district, if the receiving district agrees to accept and provide transportation for the student.

A definition section was added to the bill to make it consistent with SB 669.

Conference Committee Action

The Conference Committee amended SB 531 by making the following changes in provisions establishing Medicaid Replacement State Aid.

- Certify the number of pupils receiving Medicaid services on March 1;
- Establish that the provisions would take effect in school year 2007-2008 and end with school year 2009-2010; and
- Provide that the Medicaid State Replacement Aid would be subject to appropriation in an amount not to exceed \$9.0 million per year.

The Conference Committee also extended the date, to July 1, 2011, by which a school district with fewer than 150 students could consolidate and receive a guaranteed combined general fund budget for the current year plus two years.

The Conference Committee added a portion of SB 620 to SB 531 to establish a Special Education Funding Task Force and defined the membership of the Task Force.

The Conference Committee added one additional provision to SB 531:

- HB 2123 (2007) would permit students living more than ten miles from their school to attend school in an adjoining district, if the receiving district agrees to accept and provide transportation for the student.

Background

Senator Derek Schmidt submitted written testimony in support of the bill. Representatives of the Kansas Association of School Boards and the Kansas National Education

Association testified on the bill, expressing support for additional funding, but expressing concern that the amount of the funding was not sufficient.

2006 SB 549 established a three-year school finance plan, which runs through FY 2009. This bill essentially would add a fourth year, putting the entire amount into Base State Aid Per Pupil.

The House Education Committee amended the bill by adding the original SB 620 which would create Medicaid Replacement State Aid and the contents of HB 2734 which would change current school consolidation law. SB 531, as amended, would guarantee combined general fund budgets in varying lengths to various-sized school districts desiring to consolidate. Finally, the House Education Committee amended the bill by adding an option to school consolidation agreements requiring a dual majority of qualified electors voting in favor of consolidation.

The House Committee of the Whole added an amendment allowing children with dyslexia to be withdrawn from school for alternative education programs.

The fiscal note indicates that, although funding of \$37.2 million is appropriated for general state aid, no appropriations are made for other expenditures related to a base aid increase. There are no provisions for supplemental general state aid (estimated at \$3.7 million), KPERS-School, or special education.

The Department of Education indicated there would be no fiscal impact related to HB 2734 related to school consolidation. There was no fiscal note for the amended version of SB 620 creating the Medicaid Replacement State Aid.

school finance; dyslexia; special education; Medicaid