

SESSION OF 2018

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SENATE BILL NO. 61**

As Recommended by House Committee on
Appropriations

Brief*

House Sub. for SB 61 would make changes to school finance law. The bill would make a public policy statement concerning the consideration of Local Option Budget (LOB) funds in determining adequacy, revise the Base Aid for Student Excellence (BASE) for school years 2018-2019 through 2022-2023, amend LOB authority, change the definition of Local Foundation Aid, and revise the terms of the mental health pilot program provided by Sub. for SB 423. (*Note: Sub. for SB 423 was approved by the Governor on April 17, 2018.*)

Public Policy Statement

The bill would provide a statement of public policy of the State of Kansas to require an LOB of at least 15 percent of the school district's Total Foundation Aid. The statement would further provide that the moneys provided for school districts pursuant to the required portion of the LOB shall be included in determining the adequacy of the amount of total funding and that other moneys provided by LOBs may also be included in determining the adequacy of the amount of total funding.

*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>

Base Aid for Student Excellence

The bill would amend the BASE for five years beginning in school year 2018-2019. The new BASE amounts would be:

- School year 2018-2019, \$4,165;
- School year 2019-2020, \$4,302;
- School year 2020-2021, \$4,439;
- School year 2021-2022, \$4,576; and
- School year 2022-2023, \$4,713.

LOB Authority

The bill would provide that school districts may adopt an LOB up to the statewide average from the preceding year and may adopt an LOB up to 33 percent of the Total Foundation Aid of the district if the board of education of the district has adopted a resolution providing for such authority that has been subject to a protest petition of the district.

The bill would reinstate a provision in law prior to Sub. for SB 423 providing for the Total Foundation Aid for purposes of the LOB to be calculated as if the BASE was \$4,490 in all years in which the BASE is less than \$4,490.

The bill would also reinstate a provision in law prior to Sub. for SB 423 providing for districts to use the Special Education Aid amount from school year 2008-2009 for purposes of calculating the district's LOB authority in any year in which the district's actual Special Education Aid amount is less than that year.

Local Foundation Aid Defined

The bill would eliminate a provision created by 2017 Sub. for SB 423 that included the proceeds of a 15 percent LOB as Local Foundation Aid.

Mental Health Pilot Program

The bill would void the provision of Sub. for SB 423 that allowed for nine schools to be served by the Central Kansas Cooperative in Education and replace it with a provision allowing nine schools to be served by USD 435, Abilene, as fiscal agent.

Background

The House Committee on Appropriations recommended a substitute bill, which deletes the contents of SB 61 and inserts provisions relating to school finance. The background of SB 61 follows.

SB 61

The bill was introduced during the 2017 Session by the Senate Committee on Agriculture and Natural Resources at the request of the Kansas Department of Agriculture (KDA). In the Senate Committee hearing on the bill, a representative of KDA testified as proponents. According to the representative, the difference between the current fees and the sunset fees was approximately 21 percent of the Dairy and Feed Safety budget within KDA. A representative of the Kansas Livestock Association (KLA) testified in opposition to the bill, but stated KLA could support the bill, if amended. The representative proposed reducing the extension of the sunsets from ten years (June 30, 2028) to five years (June 30, 2023). In addition, the representative proposed revising the current exemption for manufacturing plants located on dairies by allowing only small-scale producers to retain the exemption.

No neutral testimony was offered at the 2017 Committee hearing.

During its work on the bill, the Senate Committee adopted several amendments. (*Note:* these amendments are described in the supplemental note for SB 61, as amended by Senate Committee on Agriculture and Natural Resources).

Following passage by the Senate, the bill was introduced in the House and referred to the House Committee on Agriculture. It rereferred to the House Committee on Appropriations on March 23, 2017.

On April 27, 2018, the House Committee on Appropriations deleted the contents of the bill concerning dairy business fees (which had previously been enacted into law [House Sub. for SB 60]), inserted provisions concerning school finance, and recommended a substitute bill. The substitute bill includes the provisions of 2018 HB 2796.

According to the fiscal note prepared by the Division of the Budget on HB 2796, the Department of Education indicates enactment of the bill would not require any additional appropriations for state aid payments to school districts.