HOUSE BILL No. 2540

By Committee on K-12 Education Budget

AN ACT concerning school districts; relating to the Kansas school equity and enhancement act; requiring certain expenditures from school district at-risk education funds; amending K.S.A. 72-5151 and K.S.A. 2019 Supp. 72-5153 {and 72-5173} and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 72-5151 is hereby amended to read as follows: 72-5151. (a) The at-risk student weighting of each school district shall be determined by the state board as follows:

(1) Determine the number of at-risk students included in the enrollment of the school district; and

(2) multiply the number determined under subsection (a)(1) by 0.484.

The resulting sum is the at-risk student weighting of the school district.

(b) Except as provided in subsection (b)(4), the high-density at-risk student weighting of each school district shall be determined by the state board as follows:

(1) (A) If the enrollment of the school district is at least 35% at-risk students, but less than 50% at-risk students:

(i) Subtract 35% from the percentage of at-risk students included in the enrollment of the school district;

(ii) multiply the difference determined under subsection (b)(1)(A)(i) by 0.7; and

(iii) multiply the product determined under subsection (b)(1)(A)(ii) by the number of at-risk students included in the enrollment of the school district; or

(B) if the enrollment of the school district is 50% or more at-risk students, multiply the number of at-risk students included in the enrollment of the school district by 0.105; or

(2) (A) if the enrollment of a school in the school district is at least 35% at-risk students, but less than 50% at-risk students:

(i) Subtract 35% from the percentage of at-risk students included in the enrollment of such school;

(ii) multiply the difference determined under subsection (b)(2)(A)(i) by 0.7; and
(iii) multiply the product determined under subsection (b)(2)(A)(ii) by the number of at-risk students included in the enrollment of such school; or
(B) if the enrollment of a school in the school district is 50% or more at-risk students, multiply the number of at-risk students included in the enrollment of such school by 0.105; and
(C) add the products determined under subsections (b)(2)(A)(iii) and (b)(2)(B) for each such school in the school district, respectively.
(3) The high-density at-risk student weighting of the school district shall be the greater of the product determined under subsection (b)(1) or the sum determined under subsection (b)(2)(C).
(4) Commencing in school year 2018-2019, School districts that qualify to receive the high-density at-risk student weighting pursuant to this section shall spend any money attributable to the school district's high-density at-risk student weighting on the at-risk best practices developed by the state board pursuant to K.S.A. 72-5153(d), and amendments thereto. If a school district that qualifies for the high-density at-risk student weighting does not spend such money on such best practices, the state board shall notify the school district that it shall either spend such money on such best practices or shall show improvement within five years of notification. Improvement shall include, but not be limited to, the following: (A) The percentage of students at grade level on state math and English language arts assessments; (B) the percentage of students that are college and career ready on state math and English language arts assessments; (C) the average composite ACT score; or (D) the four-year graduation rate. If a school district does not spend such money on such best practices and does not show improvement within five years, the school district shall not qualify to receive the high-density at-risk student weighting in the succeeding school year.
(5) The provisions of this subsection shall expire on July 1, 2025.
(c) Upon a school district's receipt of state foundation aid, that portion of such state foundation aid that is directly attributable to such school district's at-risk student weighting and high-density at-risk student weighting, if any, shall be transferred to the district's at-risk education fund established under K.S.A. 72-5153, and amendments thereto.
Sec. 2. K.S.A. 2019 Supp. 72-5153 is hereby amended to read as follows: 72-5153. (a) There is hereby established in every school district an at-risk education fund, which shall consist of all moneys deposited therein or transferred thereto according to law. The expenses of a school district directly attributable to providing at-risk student assistance or programs shall be paid from the at-risk education fund.
(b) Any balance remaining in the at-risk education fund at the end of
the budget year shall be carried forward into the at-risk education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the at-risk education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(c) Commencing in school year 2018-2019, Expenditures from the at-risk education fund of a school district shall only be made for the following purposes:

(1) At-risk and provisional at-risk educational programs—based—on—best practices identified pursuant to subsection (d);

(2) personnel providing educational services in conjunction with such programs; or

(3) services contracted for by the school district to provide— at-risk educational such programs based on best practices identified pursuant to subsection (d).

(d) (1) The state board shall identify and approve evidence-based best practices for at-risk educational programs and instruction of students receiving at-risk program services. On and after July 1, 2019, Such best practices shall include, but not be limited to, programs and services provided by state-based national nonprofit organizations that:

(A) Focus on students who are identified as students eligible to receive at-risk program services or who face other identifiable barriers to success;

(B) provide evidence-based instruction and support services to such students inside and outside the school setting; and

(C) evaluate outcomes data for students, including, but not limited to, school attendance, academic progress, graduation rates, pursuit of postsecondary education or career advancement.

(2) The state board shall review and update such best practices as necessary and as part of its five-year accreditation system review process.

(3) The state board shall provide a list of approved at-risk educational programs to each school district. No expenditure shall be made from a school district's at-risk education fund for any program or service that is not included on the list of approved at-risk educational programs, unless such program is a provisional at-risk educational program. Expenditures shall only be made for a provisional at-risk educational program for the first year such program is implemented by a school district. The state board shall review any such provisional at-risk educational program, and if such program satisfies the state board's requirements as an evidence-based best practice, then such
program shall be included in the list of approved at-risk educational programs. The department shall publish the list on the department's website with a link to such list prominently displayed on the website homepage.

(e) Each year the board of education of each school district shall prepare and submit to the state board a report on the assistance or at-risk and provisional at-risk educational programs provided by the school district for students identified as eligible to receive at-risk program services. Such report shall include:

(1) The number of students identified as eligible to receive at-risk or provisional at-risk educational program services who were served or provided assistance;

(2) the type of service at-risk and provisional at-risk educational program services provided, including the number of students served or provided assistance under each program;

(3) the research upon which the school district relied in determining that a need for service or assistance existed;

(4) the results of providing such service or assistance by a comparison of students receiving such service or assistance with all other students, including specific academic performance progress achieved through each program provided, attendance and, if applicable, state assessment score, four-year graduation rate and average ACT composite score; and

(5) any other information required by the state board.

(f) In order to achieve uniform reporting of the number of students provided service or assistance by school districts in at-risk student programs, school districts shall report the number of students served or assisted in the manner required by the state board.

(g) As used in this section, the term:

(1) "At-risk educational program" means an at-risk program or service that is identified and approved by the state board as an evidence-based best practice pursuant to subsection (d); and

(2) "evidence-based instruction" means an education delivery system based on peer-reviewed research that consistently produces better student outcomes over a five-year period than would otherwise be achieved by the same students who are receiving at-risk program services; and

(3) "provisional at-risk educational program" means an evidence-based at-risk program or service identified by a school district as producing or likely to produce measurable success that has been submitted to the state board for review pursuant to subsection (d).

|Sec. 3. K.S.A. 2019 Supp. 72-5173 is hereby amended to read as follows: 72-5173. The legislative post audit committee shall direct the
legislative division of post audit to conduct the following performance audits in the fiscal year specified:

(a) A performance audit of transportation services funding. The audit should include a comparison of the amount of transportation services funding school districts receive to the cost of providing transportation services. This performance audit shall be conducted during fiscal year 2018, and the final audit report shall be submitted to the legislature on or before January 15, 2018.

(b) A performance audit of at-risk education funding. The audit should evaluate the method of counting students for at-risk education funding, the level of the at-risk student weighting and high-density at-risk student weighting under the act and how school districts are expending moneys provided for at-risk education. This performance audit shall be conducted during fiscal year 2020, and the final audit report shall be submitted to the legislature on or before January 15, 2020.

(c) A performance audit of bilingual education funding. The audit should evaluate the method of counting students for bilingual education funding, the level of the bilingual weighting under the act and how school districts are expending moneys provided for bilingual education. This performance audit shall be conducted during fiscal year 2021, and the final audit report shall be submitted to the legislature on or before January 15, 2021.

(d) A study of statewide virtual school programs administered in other states. The study shall include, but not be limited to, the following:

(1) The aggregate cost incurred by each state administering a virtual school program, and the cost incurred by individual school districts or schools within each state;

(2) the resources necessary for the implementation of each virtual school program, including, but not limited to, personnel, equipment, software and facility usage;

(3) the scope of each virtual school program; and

(4) the effectiveness of each virtual school program with respect to student performance and outcomes.

The study shall be conducted during fiscal year 2023, and the final study report shall be submitted to the legislature on or before January 15, 2023.

(e) A performance audit of the unencumbered cash balances held in all funds by each school district. The audit should evaluate the annual accumulations of unencumbered cash balances for the preceding 10 years, the annual expenditures of such moneys and how school districts are expending such moneys. This performance audit
shall be conducted no later than fiscal year 2021, and the final audit report shall be submitted to the legislature on or before January 15, 2021.

(f) (1) A performance audit to provide a reasonable estimate of the cost of providing educational opportunities for every public school student in Kansas to achieve the performance outcome standards adopted by the state board of education. This performance audit shall be conducted during fiscal year 2024, and the final report submitted to the legislature on or before January 15, 2024.

(2) The performance audit required under this subsection shall:
(A) Include reasonable estimates of the costs of providing specialized education services as required by law, including, but not limited to, bilingual education and at-risk programs; and
(B) account for other factors which may contribute to variations in costs incurred by school districts, including, but not limited to, total district enrollment and geographic location within the state.

(3) In conducting the performance audit required under this subsection:
(A) Any examination of historical data and expenditures shall correct any recognized inadequacy of such data or expenditure through a statistically valid method of extrapolation; and
(B) subject to the limitations of the division of legislative post audit budget and appropriations therefor, the legislative post auditor may enter into contracts with consultants as the post auditor deems necessary.

(g) A performance audit to provide a reasonable estimate of the costs of providing special education and related services, including, but not limited to, other factors which may contribute to variations in costs incurred by school districts. This performance audit shall be conducted during fiscal year 2019, and the final audit report shall be submitted to the legislature on or before January 15, 2019.

(h) A performance audit of at-risk education expenditures. The audit should evaluate how school districts are expending moneys provided for at-risk education, whether those expenditures comply with statutory provisions and whether the state board of education and the department of education are acting in accordance with statutory provisions related to at-risk expenditures and programs. This audit should also evaluate the trends in the academic outcomes of students receiving at-risk education program services. This performance audit shall be conducted during calendar year 2022, and the final audit report shall be submitted to the legislature on or before January 15, 2023.

Sec. 3. K.S.A. 72-5151 and K.S.A. 2019 Supp. 72-5153 {and 72-5173} are hereby repealed.
Sec. 4: This act shall take effect and be in force from and after its publication in the statute book.