

SESSION OF 2011

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SUBSTITUTE FOR SENATE BILL NO. 111**

As Amended by House Committee of the Whole

Brief*

House Sub. for Sub. for SB 111, as amended, would change the starting date of the special education school finance formula that determines the minimum and maximum amount of special education state aid a school may receive. This provision would go into effect for the 2012-2013 and the 2013-2014 school years and end on June 30, 2014. (Current law makes this section effective with the 2011–2012 school year and the expiration date June 30, 2013.) The bill also would allow school districts to expend a portion of the unencumbered balances held in particular funds. The following funds would be considered the first priority for use: at-risk education; bilingual education; contingency reserve; driver training; parent education; preschool-aged at-risk; professional development; summer program; virtual school; and vocational education. The textbook and student materials revolving fund would be the second priority with the special education fund the last priority for use. Local school boards are not limited to using the funds in the priority list and are not required to expend the total unencumbered balance before utilizing the unencumbered balance in another fund.

The bill would limit the amount money a school district could use from its unencumbered balance through a formula which would be calculated by the State Board of Education. The formula would be as follows:

*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>

- Determine the adjusted enrollment of the district, excluding special education and related services weighting;
- Subtract the amount of Base State Aid Per Pupil (BSAPP) appropriated to the Department of Education for FY 2012 from \$4,012; and
- Multiply the difference between the amount of BSAPP appropriated to the Department of Education and \$4,012 by the adjusted enrollment.

Implementation of the bill would establish the aggregate amount that could be expended from the unencumbered balance for the 2011-2012 school year. The bill also would require that 65.0 percent of the aggregate amount authorized to spend would be used for instruction as defined in KSA 72-64(c)01. The bill would amend KSA 72-965 by replacing the number three in the statute with the word three.

The bill would allow school districts to levy a capital outlay tax for school year 2011-2012 only for additional purposes, such as for payment of utility services and insurance. School districts currently levying the maximum allowable capital outlay levy of eight mills would not be eligible to use this provision.

Background

The original Sub. for SB 111 adopted by the Senate Education Committee would have extended the statute's starting date to the 2012-2013 school year for the section of law dealing with the special education school finance formula to determine the minimum and maximum amount of special education state aid a school may receive, on a per-teacher basis. The expiration date for this section of the special education school finance formula would be June 30, 2014.

Representatives from the Northwest Kansas Educational

Service Center, High Plains Educational Cooperative, Doniphan Education Cooperative, Kansas Association of Special Education Administrators, Cooperative Council on Early Childhood, Chautauqua and Elk Counties Special Education Services, ANW Special Education Cooperative, North Central Kansas Special Education Cooperative, and Cowley County Special Services Cooperative were proponents of Sub. for SB 111. There were no opponents to this bill.

The House Appropriations Committee amended Sub. for SB 111 by inserting the contents of HB 2395, which allows school districts to use unencumbered balances for general operating expenses on a limited basis. As a result, a new substitute bill was adopted.

Mark Tallman, Kansas Association of School Boards, testified as a proponent of the original HB 2395. The fiscal note on the original SB 111 indicated the bill would have no fiscal effect. There was not an updated fiscal note for Sub. for SB 111. The fiscal note on HB 2395 indicated the bill would have no fiscal effect for the state as the bill would not change the amount of state aid payments to school districts.

The House Committee of the Whole amended the bill to allow school districts to levy a capital outlay tax for additional purposes, such as utility services and insurance. Under current law, school boards may only use the moneys raised from an existing or previous capital outlay tax levy for purposes which does not include utility services or insurance. School districts currently levying the maximum allowable capital outlay levy of eight mills would not be eligible to use this provision.