

**Higher Education—Appropriations, Sale of Property, Midwestern Higher Education Compact, and Performance-Based Funding; K-12 Education—Appropriations and School Finance, Adoption of Rose Capacities, Student Performance and Efficiency Commission, Alternative Teacher Licensure, Kansas Tort Claims Act, Public Innovative District Ceiling Increase, Virtual Schools and Programs, Uniform Financial Accounting and Reporting Act, Due Process Rights of Teachers, and Tax Credit for Low Income Students Scholarship Program Act; Senate Sub. for HB 2506**

**Senate Sub. for HB 2506** makes appropriations for both K-12 and higher education. The bill also makes a number of policy revisions, mostly for K-12 education, which are described below.

## **Higher Education**

### ***Appropriations***

The bill adds \$169,698, all from the State General Fund (SGF), for the Municipal University Operating Grant in FY 2014 and FY 2015. The bill adds \$17.4 million, all from the SGF, although there is shift of approximately \$18.0 million from special revenue funds to SGF for FY 2015. The bill restores funding of \$2.1 million SGF for the tiered technical formula to community and technical colleges; adds \$1.9 million SGF for the GED accelerator program; adds \$316,853 for the KAMS Summer Academy; and adds \$500,000 SGF for training and equipment for Wichita State University. The bill deletes funding for longevity in those universities that will have no classified employees after July 1, 2014, and the Governor's 1.5 percent salary pay increase for classified employees in the Board of Regents for FY 2015.

The bill also adds bonding authority to Fort Hays State University for the construction of a new Weist Hall; for Kansas State University chiller plant expansion; and for the University of Kansas (KU) Earth, Energy, Environment Center; and additional bonding authority, in the amount of \$25.0 million for FY 2015, to the KU Medical Center for the health education building.

### ***Sale of Property***

The bill authorizes the Kansas Board of Regents, on behalf of Emporia State University (ESU), to sell or exchange with the ESU Foundation certain real estate commonly known as Emporia State University Apartments. The bill allows for an exchange of the apartments with land the ESU Foundation is acquiring closer to the campus than the apartments' current location. The bill also authorizes KU and the KU Endowment Association to exchange two parcels of property. The parcels have been appraised, and the boundaries have been defined such that the two parcels are equal in value.

## ***Midwestern Higher Education Compact***

The bill repeals the expiration provision of the Midwestern Higher Education Compact Act.

## ***Performance-Based Funding***

The bill provides payments by the Board of Regents to postsecondary educational institutions that have provided any of the following to an individual enrolled in the institution: receipt of a GED credential while enrolled in an eligible career technical education (CTE) program; receipt of a CTE credential; or enrollment in an eligible CTE program.

## **K-12 Education**

### ***Appropriations***

The bill appropriates an additional \$109.3 million for Supplemental General State Aid (local option budget equalization aid) and makes a revenue transfer of \$25.2 million to the Capital Outlay Fund from the SGF. Changes in the school finance formula, described below, result in a decrease in various weightings taking affect beginning in FY 2015 and thereafter, unless otherwise noted below.

### ***Policy Statement***

The bill states the purpose and intention of the Legislature is to provide a K-12 funding system that provides students with the seven “Rose” capacities. [Note: These capacities, originally set out in *Rose v. Council for Better Education, Inc.*, 790 S.W.2d 186 (Ky. 1989), were held by the Kansas Supreme Court in *Gannon v. State of Kansas* to be the standards against which to evaluate the adequacy of the K-12 funding system.] The bill requires the funding system to be sufficiently flexible for the Legislature to consider and use financing methods from all available resources, such as the following:

- Federal funding to school districts or schools;
- State moneys appropriated for the improvement of public education. The bill includes a list of examples of such state funding sources;
- Any provision authorizing local tax levies for school funding purposes; or
- Any transfer of funds or appropriations from one object or fund to another approved for the purpose of funding public schools.

### ***Phase-Out of the School Facilities Weighting***

The bill limits use of the school facilities weighting to only those districts that have adopted a local option budget (LOB) of at least 25 percent of the amount of state financial aid and for which the contractual bond obligations incurred by the district were approved by voters on or before July 1, 2014.

### ***Elimination of the Nonproficient Pupil Weighting***

The bill eliminates the weighting for pupils not eligible for the federal free lunch program but who scored below proficiency or failed to meet the standards established by the State Board on either the mathematics or reading state assessments in the preceding school year.

### ***Change in Definition of At-Risk Pupil***

The bill excludes from the definition of at-risk pupil any pupil enrolled less than full time in grades 1 through 12 or any student over 19 years of age. However, these provisions would not apply for any student who has an individualized education program (IEP).

### ***LOB Authority Expansion; Election Requirement***

With regard to the LOB, the bill:

- Amends the statutory Base State Aid Per Pupil (BSAPP) used in calculating the LOB from \$4,433 to \$4,490 for school years 2014-2015 and 2015-2016 (The current BSAPP of \$4,433 for LOB calculation purposes is extended until June 30, 2017.);
- Excludes virtual school state aid from the amount of state financial aid used in calculating the LOB;
- For school year 2014-2015, allows any school district that has adopted an LOB in excess of 30 percent on or before June 30, 2014, to adopt a second resolution in an amount not to exceed 2 percent. This resolution will expire on June 30, 2015, at which time a mail ballot election will be required to exceed an LOB of 30 percent; and
- Authorizes USD 207, Ft. Leavenworth, to adopt an LOB in excess of 30 percent with a resolution, subject to protest petition.

### ***K-12 Student Performance and Efficiency Commission***

The bill establishes the K-12 Student Performance and Efficiency Commission, charged with studying and making recommendations to the Legislature regarding opportunities to make more efficient use of taxpayer money and, in particular, study the following areas:

- Opportunities for school districts to be operated in a cost-effective manner;
- Variances in per-pupil and administrative expenditures among districts with comparable enrollment, demographics, and statewide assessment outcomes;
- Opportunities for implementing recommendations made by any efficiency task forces established by the Governor prior to July 1, 2014;
- Administrative functions that may be shared between school districts; and
- Expenditures not directly or sufficiently related to the goal of providing every child with the *Rose* capacities.

The bill sets forth the composition of the Commission, which will have nine voting and five nonvoting, *ex officio*, members. Procedural, staffing, reimbursement, and vacancy provisions also are included in the bill. The Commission's authority expires January 12, 2015.

The bill requires the Commission to submit a report to the Legislature before January 9, 2015, with any findings and recommendations including those for any legislation. The bill further requires that identical bills be introduced in the two chambers during the 2015 Legislative Session.

### ***Alternative Teacher Licensure***

The bill requires a specific group of prospective teachers be exempted from the requirement to complete a teacher preparation program prior to licensure if the licensure applicant satisfies one of the following conditions:

- The applicant holds a valid teaching license from another jurisdiction and has obtained the required scores on the test series required by the State Board of Education (State Board) for licensure;
- The applicant has obtained an industry-recognized technical profession certificate, has at least five years of work experience in that profession, and has secured a commitment to be hired to teach a related course from a local school district board; or
- The applicant has obtained at least a bachelor's degree in science, technology, engineering, mathematics, finance or accounting; has at least five years of work experience in the subject matter area; and has secured a commitment to be hired to teach a related course from a local school district board.

Such licensure applicant would be authorized to teach only in the subject or subjects specified on the face of the license. The bill authorizes the State Board to adopt rules and regulations necessary to carry out the provisions of this section.

### ***Notice Regarding Protections under the Kansas Tort Claims Act***

The bill requires each school district to provide to each employed teacher a written notice of protections afforded under the Kansas Tort Claims Act. The bill specifies the information that must be included in the notice.

### ***Codification of Rose Capacities***

The bill revises a statute pertaining to subjects and areas of instruction (KSA 2013 Supp. 72-1127) to eliminate a set of goals similar, but not identical, to the *Rose* capacities, and replace these goals with the exact language of the *Rose* capacities. The revised language states the Board must design subjects and areas of instruction to achieve the goal established by the Legislature of providing every child with at least the following capacities:

- Sufficient oral and written communication skills to enable students to function in a complex and rapidly changing civilization;
- Sufficient knowledge of economic, social, and political systems to enable the student to make informed choices;
- Sufficient understanding of governmental processes to enable the student to understand the issues that affect his or her community, state, and nation;
- Sufficient self-knowledge and knowledge of his or her mental and physical wellness;
- Sufficient grounding in the arts to enable each student to appreciate his or her cultural and historical heritage;
- Sufficient training or preparation for advanced training in either academic or vocational fields so as to enable each child to choose and pursue life work intelligently; and
- Sufficient levels of academic or vocational skills to enable public school students to compete favorably with their counterparts in surrounding states, in academics or in the job market.

### ***Public Innovative District Ceiling Increase***

The bill increases the maximum percentage of Kansas school districts that may operate as Public Innovative Districts from 10 percent to 20 percent. The bill authorizes the additional 10 percent of school districts to operate as Public Innovative Districts, if the school district operates a school within its district that is deemed to be either a Title I Focus School or a Title I Priority School pursuant to the Elementary and Secondary Education Act Flexibility Waiver for Kansas. Any such request for approval must be reviewed by the Coalition Board.

### ***Change in Statutory BSAPP and Formula Definitions***

The bill changes the statutory BSAPP from \$4,492 to an amount appropriated by the Legislature in a fiscal year for a designated school year. The amount must be at least \$3,838.

### ***Requirement to Study Virtual Schools and Programs***

The bill requires the Legislative Division of Post Audit to conduct a performance audit of virtual schools and programs as well as their funding.

### ***Renewal of Capital Outlay Authority***

The bill provides a school district with the authority to renew its capital outlay tax levy prior to the expiration of its existing capital outlay levy.

### ***Kansas Uniform Financial Accounting and Reporting Act Changes***

The bill amends the definition of “budget summary” to be a one-page summary. Additionally, the bill requires publications of the financial accounting information already required to be collected to be made available to the public at every board of education meeting at which the district’s budget or other school finance matters are discussed.

### ***Due Process Rights of Teachers—Changes in Definition of “Teacher”***

The bill amends the law concerning due process procedures for the termination of a teacher contract. In the act governing due process procedures, the bill strikes from the definition of “teacher” any professional employee who is required to hold a certificate to teach in any school district. Instead, the bill defines “teacher” as any teacher or instructor in any technical college, the Institute of Technology at Washburn University, or community college. “Teacher” does not include any persons employed in an administrative capacity by any technical college, community college, or the Institute of Technology at Washburn University.

However, for the purposes of the section in that act governing the renewal of a teacher’s contract absent written notice to terminate the contract, “teacher” includes any professional employee who is required to hold a certificate to teach in any school district. (This narrowing of the definition of “teacher” for the act as a whole makes the due process procedures inapplicable to such professional employees, as outlined above.)

The bill makes technical amendments to conform with that change and strikes provisions exempting certain teachers from due process procedures and concerning plans of assistance for teachers who have completed at least three years of employment. The bill also amends provisions of the law concerning the mentor teacher program to revise the definitions of “probationary teacher” to mean a certificated teacher who has completed less than three consecutive school years of employment in the school district.

## ***Tax Credit for Low Income Students Scholarship Program Act***

The bill creates the Tax Credit for Low Income Students Scholarship Program Act (Act), to provide eligible students with scholarships to pay all or a portion of tuition to attend a qualified school in Kansas.

### ***Scholarship Eligibility***

An “eligible student” is a child who qualifies as an at-risk pupil (eligible for free lunch under the National School Lunch Act) and:

- Attends a school that would qualify as either a Title I Focus School or a Title I Priority School; or
- Received an educational scholarship under this program and has not graduated from high school or reached 21 years of age.

Eligible students will be required to reside in Kansas while receiving a scholarship and be enrolled in a public school in the year prior to receiving the scholarship or be eligible to be enrolled in a public school, if under the age of six.

### ***Tax Credits***

The scholarship will be financed via a tax credit against corporate income and premium (insurance companies) or privilege (financial institutions) tax liability beginning with tax year 2014 in an amount equal to 70 percent of the amount contributed for scholarships. The credit will be claimed and deducted from the taxpayer’s tax liability during the tax year in which the contribution was made. However, if the credit would exceed the donor’s tax liability for a particular year, the excess amount can be carried over in future years until the total credit was used. The total amounts of credits allowed in each tax year will not exceed \$10.0 million. The bill requires the Secretary of Revenue to adopt rules and regulations regarding filing of documents that support the amount of credit.

### ***Scholarship Granting Organizations***

The bill creates scholarship granting organizations (SGOs) to administer the Act. The bill requires SGOs to provide verification to the Secretary of Revenue of the SGOs’ federal income tax exemption via section 501(c)(3) of the federal Internal Revenue Code. Further, the bill requires SGOs to disburse not less than 90 percent of the contributions received within a 36-month time period in educational scholarships not to exceed \$8,000 per eligible student. Allocation of the tax credits will be determined by the SGO in consultation with the Secretary of Revenue. The bill requires the State Board to adopt rules and regulations to implement provisions regarding Board certification that the scholarship granting organization is in substantial compliance with the program.

Applications for a scholarship will be made to the SGO, which must verify students meet the eligibility criteria of the Act and report which eligibility criteria the student met to the State

Board of Education by June 1 of each year. Other information required to be reported to the State Board includes name and address of the SGO and of each scholarship recipient and the total number and amount of contributions and scholarships received and awarded during a 12-month period.

Each SGO is required to have its accounts examined and audited by a certified public accountant annually. An SGO having contributions in excess of \$50,000 during a school year must provide to the State Board a surety bond or financial information demonstrating an ability to pay an amount equal to contributions received. An SGO will be responsible for ensuring schools receiving scholarships comply with the Corporate Education Tax Credit Program requirements.

Finally, an SGO is prohibited from providing an eligible student with a scholarship funded by a student's relative or accepting a contribution directed toward a specific student.

### *Qualified Schools*

The bill provides eligible students with an opportunity to attend qualified schools chosen by their parents. "Qualified school" is defined as any nonpublic school providing education to elementary and secondary students. The school must notify the State Board of its intention to participate in the scholarship program.