

UPDATED
SESSION OF 2013

SUPPLEMENTAL NOTE ON SENATE BILL NO. 23

As Amended by House Committee of the Whole

Brief*

SB 23, as amended, would require the Director of the budget and the Director of Legislative Research to jointly certify to the Secretary of State that capital outlay state aid is fully funded at 100.0 percent of the amount a district is entitled to receive. Upon certification, a school district would be authorized to use capital outlay funds for school district property maintenance, various equipment for academic uses, computer software, and performance uniforms.

Local Operating Budgets (Sections 2-4; 6-14)

The bill would change the name of the “local option budget” to “local operating budget” in certain laws governing school finance and would require school boards to adopt a local operating budget that is at least 10.0 percent, but not more than 17.0 percent, of state financial aid for school years 2013-2014 and 2014-2015. In school year 2015-2016 and each year thereafter, the board of any district could adopt a local operating budget that does not exceed the prescribed percentage. A local operating budget in excess of 17.0 percent would have to be adopted by a separate resolution and approved by a majority of qualified electors of the school district voting at election. An amount equal to 10.0 percent of the base state aid per pupil (BSAPP) multiplied by the adjusted enrollment of the school district would be required to be transferred to the general fund.

*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>

The transferred funds would be required to be expended as follows:

- 10.0 percent of state financial aid attributable to at-risk on at-risk assistance or programs in the district;
- 10.0 percent of the state financial aid attributable to bilingual education on bilingual programs; and
- Any remaining funds for general operating expenses.

Funds transferred pursuant to the above provisions would be considered state moneys for education and support services for school districts. The requirements related to the expenditure of these transferred funds would expire on June 30, 2015. In addition, the bill would allow a board to adopt a local operating budget if it does not exceed the local operating budget calculated as if the BSAPP was \$4,926. Under current law, the local option budget for a district is calculated as if the BSAPP is \$4,433. The bill would set the BSAPP at \$4,264 for the 2013-2014 and 2014-2015 school years, and \$4,492 for the 2015-2016 school year and each year thereafter. Current law sets the BSAPP at \$4,492; however, BSAPP is currently financed at \$3,838 for the 2012-2013 school year and estimated at the same amount for the 2013-2014 school year. The bill also would change the definition of "local effort" by including an amount transferred from the supplemental general fund to the general fund of a district. Furthermore, the board of every district would be required to levy an *ad valorem* tax on the taxable tangible property of the district. Current law states that a district that has adopted a local option budget may levy an *ad valorem* tax.

The bill also would require a district to adopt a local operating budget equal to at least 12.5 percent of state financial aid determined for the district for school years 2013-2014 and 2014-2015, and 25.0 percent for school year 2015-2016 and each school year thereafter, in order to receive

school facilities weighting. Current law permits school facilities weighting if the district adopted a local option budget equal to at least 25.0 percent of the amount of the state financial aid determined for the district in the current school year.

The bill also would require a district to adopt a local operating budget of 17.9 percent for school years 2013-2014 and 2014-2015 and 31.0 percent for school year 2015-2016 and each school year thereafter with regard to the state prescribed percentage and declining enrollment weighting.

In addition, the bill also would authorize the school district property tax mill levy for the 2013-2014 and 2014-2015 school years, extend the deadline for repeal of the \$20,000 residential property tax exemption to the end of tax year 2014, and make changes to certain laws governing "local operating budgets."

The bill also would identify procedures for a protest petition by local voters and what a school district would be authorized to use capital outlay funds for: school district property maintenance, various equipment for academic uses, computer software, and performance uniforms.

Background

SB 23 was introduced by the Legislative Educational Planning Committee. Proponents of the bill appearing at the Senate Education Committee hearing included representatives of the Kansas Association of School Boards and the Kansas National Education Association. No opposing or neutral testimony was received.

Proponents of the bill appearing in the House Education Budget Committee hearing included representatives of the Kansas Association of School Boards and the Kansas National Education Association. No opposing or neutral testimony was received.

The House Education Budget Committee amended the bill to include provisions relating to local operating budgets in school finance law (HB 2003, as amended by the House Committee).

The House Committee of the Whole amended the bill so that upon certification by the Director of the Budget and the Director of Legislative Research that capital outlay state aid is fully funded at 100.0 percent of the amount a district is entitled to receive, a school district is authorized to use capital outlay funds for school district property maintenance, various equipment for academic uses, computer software, and performance uniforms. In addition, procedures for a protest petition by local voters were identified. The bill was also amended to require a district to adopt a local operating budget equal to at least 12.5 percent of state financial aid determined for the district for school years 2013-2014 and 2014-2015. The House Education Budget Committee version required a district to adopt a local operating budget equal to 22.5 percent.

The Division of the Budget fiscal note on SB 23 as introduced indicates the bill would allow approximately \$574 million in local property taxes be available to schools.

The original fiscal note on HB 2003 indicates the bill would have the net effect of reducing General State Aid payments to districts by approximately \$55.2 million in FY 2014 and each year thereafter. The bill would increase the BSAPP from \$3,838 to \$4,241, and the Department estimates the statewide district general fund budget would increase by \$273.2 million. However, the amount generated by the mandated 10.0 percent transfer of the local operating budget to the general fund budget is estimated to be \$328.4 million. Because schools cannot spend more from the general fund than the authorized BSAPP, this would have the net effect of reducing General State Aid payments to school districts by \$55.4 million ($\$328.4 \text{ million} - \$273.2 \text{ million} = \55.4 million). The above fiscal note does not reflect amendments made by the House Committee.

An updated fiscal note on SB 23 was not available at the time of publication of the supplemental note.