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MEMORANDUM

To: Chairman Patton
Members of the K-12 Education Budget Committee

From: Jason B. Long, Senior Assistant Revisor

Date: March 13, 2018

Subject: HB 2445 – Amendments to the Kansas School Equity and Enhancement Act.

House Bill No. 2445 (HB 2445) makes various amendments regarding school finance provisions. These amendments generally respond to the equity issues identified by the Kansas Supreme Court in its *Gannon V* decision.

First, HB 2445 addresses the Court's concern regarding the protest petition requirement for approval of local option budget (LOB) authority. The Court identified the ability of some school districts to adopt an LOB in excess of 30% under the school finance law immediately prior to the enactment of the CLASS Act without being subject to electoral approval as an equity issue. Such districts were able to continue to exercise this LOB authority under both CLASS act and the Kansas School Equity and Enhancement Act (KSEEA). HB 2445 provides that if a school district adopted an LOB in excess of 30% prior to July 1, 2017, under the provisions of the law prior to the CLASS Act, and such resolution was not submitted to the electors of the district for approval, then the resolution is null and void, and the school district will need to adopt a new resolution subject to protest petition for SY 2018-2019.

HB 2445 would also require any school district that seeks to increase its LOB authority for the succeeding school year to notify the State Board of Education of its intention by April 1 of the current school year.

Second, the Court held that the determination of supplemental state aid violated the equity component of Section 6 of Article 6 of the Constitution of the State of Kansas. The KSEEA requires that supplemental state aid be based on the LOB authority of the school district

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for the immediately preceding school year. HB 2445 strikes this requirement so that supplemental state aid is based on the current year LOB authority.

Third, the Court held that the 10% minimum for at-risk student weighting was a wealth-based weighting and was constitutionally inequitable. HB 2445 strikes the 10% minimum provision from the KSEEA.

Finally, the Court held that the expansion of the use of capital outlay funds to include utility and property and casualty insurance was a constitutional violation of the equity component. HB 2445 strikes the statutory language allowing such uses.

HB 2445 also amends the transportation weighting formula to include an adjustment of the curve of best fit for determining such weighting. This amendment is identical to that proposed in HB 2561. Under the amendment the weighting would have a statutory minimum amount of transportation funding for school districts.

HB 2445 also strikes references to the preceding school year in determining the bilingual and career technical education weightings.

If enacted, HB 2445 would become effective on July 1, 2018.