

## **K-12 School Finance; Amendments to the Kansas School Equity and Enhancement Act; Sub. for SB 423**

**Sub. for SB 423** makes appropriations to the Kansas State Department of Education (KSDE) for FY 2019. This bill also creates a new pilot program for the Mental Health Intervention Team between school districts and community mental health centers (CMHCs). In addition, the bill makes several amendments to the Kansas School Equity and Enhancement Act (KSEEA), including amendments to the Base Aid for Student Excellence (BASE), preschool-aged at-risk students, the Local Option Budget (LOB), various weightings in the school finance formula, the State Board of Education's (KSBE) accreditation system, school district funding reporting requirements, and the schedule for audits to be completed by the Legislative Division of Post Audit (LPA). The bill also amends statutes relating to capital outlay funds and school district capital improvements.

### ***Introductory Statement***

The bill includes an introductory statement stating the State's educational interests concern the areas of social-emotional learning, kindergarten readiness, individual plans of study, graduation, and post secondary success, and the State addresses such interests by providing support and services both in the classroom and in the community. Further, the introductory statement summarizes appropriations for K-12 education, as well as appropriations for support services provided by other state agencies and institutions for students from birth to graduation.

### ***FY 2019 Appropriations***

The bill appropriates \$26.0 million, all from the State General Fund (SGF), for increased State Foundation Aid payments. The bill also appropriates \$32.4 million for increased Special Education Services Aid payments and \$6.0 million for increased Supplemental State Aid (LOB State Aid) payments, all from the SGF.

The bill appropriates \$2.8 million, all from the SGF, to provide the ACT and three ACT WorkKeys assessments required to earn a national career readiness certificate to each student enrolled in grades 9-12. No such student is required to pay any fees or costs, and no school district is required to provide more than one exam and three assessments per student. Further, the bill appropriates \$500,000 for the mentor teacher program, all from the SGF.

The bill appropriates \$10.0 million, all from the SGF, for the first year of a Mental Health Intervention Team pilot program between school districts and CMHCs for FY 2019, including \$7.5 million for the operation of the pilot program and \$2.5 million for the one-time purchase of a database. Upon the certification of memorandums of understanding between participating school districts and CMHCs, the bill requires the transfer of \$1.5 million from KSDE to the Kansas Department for Aging and Disability Services (KDADS) to provide treatment and services for students under the pilot program who are uninsured or underinsured.

The bill appropriates \$15,000, all from the SGF, to implement the Jobs for America's Graduates–Kansas (JAG-K) pilot program for foster children in the Wichita school district (USD 259), the Topeka school district (USD 501), and the Kansas City school district (USD 500).

### ***Mental Health Intervention Team Pilot Program***

The bill creates the Mental Health Intervention Team pilot program between participating school districts and CMHCs for FY 2019. School districts will enter into memorandums of understanding with participating CMHCs and the appropriate state agencies. The mental health intervention teams will be composed of school liaisons employed by the school district and clinical therapists and case managers employed by the CMHC.

The following will participate in the program:

- Twenty-three schools in the Wichita school district (USD 259);
- Twenty-eight schools in the Topeka school district (USD 501);
- Ten schools in the Kansas City school district (USD 500);
- Five schools in the Parsons school district (USD 503);
- Four schools in the Garden City school district (USD 457); and
- Nine schools served by the Central Kansas Cooperative in Education. *[Note: This provision was amended by House Sub. for SB 61.]*

The bill requires the Director of the Division of Health Care Finance of the Kansas Department of Health and Environment to certify to the Director of the Budget and the Director of Legislative Research the aggregate amount of expenditures for FY 2019 for treatment provided to students under the pilot program, or provided based on a referral from such program.

### ***Base Aid for Student Excellence***

The bill amends the BASE for five years beginning in school year 2018-2019. The new BASE amounts are:

- School year 2018-2019, \$4,900;
- School year 2019-2020, \$5,061;
- School year 2020-2021, \$5,222;
- School year 2021-2022, \$5,384; and

- School year 2022-2023, \$5,545. *[Note: These amounts are amended by House Sub. for SB 61.]*

Beginning in school year 2023-2024, the BASE will increase by the average percentage increase in the Consumer Price Index for all urban consumers in the Midwest region during the three immediately preceding school years. SB 19 (2017) provided for inflationary increases beginning in school year 2019-2020.

### ***Preschool-Aged At-Risk***

The bill amends the definition of “preschool-aged at-risk student” to allow districts to expand their programs to include three-year-old children.

### ***Local Option Budget***

#### *Use of LOB*

The bill requires each school district to adopt an LOB equal to 15.0 percent of the school district’s Total Foundation Aid. The amount, along with the LOB State Aid attributable to that required LOB, will be included in a district’s Local Foundation Aid. The required LOB dollars will be included in the BASE amount, and the bill revises the BASE to reflect this increase.

Beyond the required LOB amount, school districts may adopt an LOB up to 27.5 percent of a district’s Total Foundation Aid on the action of local school boards. The maximum LOB amount a school district may adopt is 30.5 percent of Total Foundation Aid, which is subject to a protest petition. *[Note: House Sub. for SB 61 amends these percentages to 30.0 percent and 33.0 percent, respectively, and further amends LOB provisions.]*

The Total Foundation Aid amount used for LOB purposes divides the total Special Education Services Aid received by a school district by 85.0 percent of the BASE. The resulting quotient is then used to calculate a school district’s Total Foundation Aid.

Further, the bill requires school districts to transfer from the LOB an amount proportional to the amounts of its Total Foundation Aid attributable to the at-risk and bilingual weightings to their at-risk and bilingual funds.

#### *LOB Authority*

The bill voids any resolution providing LOB authority in excess of 30.0 percent that was adopted by a local school board prior to July 1, 2017, under the provisions of the Classroom Learning Assuring Student Success Act and not submitted to the electors of the school district for approval. Any school district affected by this provision will be required to adopt a new resolution subject to protest petition to adopt an LOB above 27.5 percent. *[Note: House Sub. for SB 61 changes this to 30.0 percent.]*

The bill increases the protest petition requirements to challenge an LOB increase above 27.5 percent from 5.0 percent of a school district's qualified voters in 30 days to 10.0 percent of voters in 40 days.

The bill requires any school board seeking to raise its LOB authority for the succeeding school year to notify KSBE of the intended percentage increase in its LOB authority by April 1 of the current school year. School boards are prohibited from adopting an LOB in excess of the authority stated in its notice submitted to KSBE, which KSBE is required to submit all such notifications to the Legislature. The notification requirement takes effect for any planned increases in LOB authority during school year 2019-2020.

#### *LOB State Aid*

The bill changes the process for calculating LOB State Aid from a school district's LOB for the immediately preceding school year to a school district's current-year LOB.

#### **Formula Weightings**

##### *Transportation Weighting*

The bill amends the transportation weighting in the KSEEA. The transportation weighting will be calculated based on a per capita allowance based on a school district's density figure, which is the area of a school district in square miles divided by the number of transported students. The bill also provides for a statutory minimum level of transportation funding; provides for per capita allowances based on a cost factor of 5.0 for students more than 2.5 miles away from their school (prior law provided for a cost factor of 2.8); and limits the proportion of a school district's State Foundation Aid attributable to the transportation weighting to being no more than 110.0 percent of a school district's total transportation expenditures for the immediately preceding school year.

##### *At-Risk and Other Weightings*

The bill removes language that provides for a 10.0 percent minimum for the at-risk student weighting. The bill also delays to July 1, 2020, the sunset on the provision in the high-density at-risk weighting that allows for calculation of the weighting at the school-building level. The bill removes authority for the Board to adopt rules and regulations to establish criteria for eligibility for at-risk program services.

The bill changes the use of the preceding year's data to use of the current year's data for the bilingual and career and technical education (CTE) weightings and repeals the July 1, 2019, sunset for the CTE weighting.

#### **KSBE Accreditation System**

The bill requires KSBE to establish rigorous accountability measures in the areas of social-emotional learning, kindergarten readiness, individual plans of study, graduation, and

postsecondary success. The bill requires such accountability measures to be applied at the school district level and the school building level, and both KSBE and local school boards are required to publish such accountability measures on their websites.

The bill also requires any corrective action plan required by KSBE for a school district not meeting accreditation requirements, and any subsequent reports regarding the implementation of such a corrective action plan, to be published on the websites of KSDE and such school district. In addition, the bill requires the superintendent, or the superintendent's designee, of any school district not meeting accreditation requirements to appear before the House Committee on Education and the Senate Committee on Education during the same school year in which the school district is not accredited. Such school district is required to provide a report to the House and Senate education committees on the challenges to the district regaining accreditation.

### ***School District Funding Reporting Requirements***

The bill requires KSDE to include the following in the annual school district funding reports:

- Expenditures and fund transfers from the LOB for the following:
  - At-risk education programs and services;
  - Preschool-aged at-risk education programs and services;
  - Bilingual education programs and services;
  - CTE programs and services;
  - Special education and related services; and
  - Virtual school programs and services; and
- Each school district's total bonded indebtedness.

### ***Performance Audit Schedule—Legislative Division of Post Audit***

The bill makes several changes to the schedule for the performance audits to be completed by LPA. The new schedule is:

- FY 2019, special education and related services;
- FY 2020, at-risk education funding;
- FY 2021, cost-function analysis of statewide education performance;
- FY 2022, bilingual education funding;
- FY 2023, virtual school programs; and

- FY 2024, cost-function analysis of statewide education performance.

The bill removes from the schedule a cost-function analysis that was to be performed in 2019. The remaining cost-function analyses will not include special education and related services. The bill also removes two performance audits to identify best practices in successful schools that were to be performed in 2021 and 2026.

### ***Use of Capital Outlay Funds***

The bill eliminates the provision of law that allowed school districts to expend capital outlay funds on utilities and property and casualty insurance.

### ***School District Capital Improvements***

The bill amends provisions that allow KSBE to approve an application for a bond election only if approval does not result in the aggregate amount of all general obligation bonds approved by the KSBE for such school year exceeding the aggregate principal amount of bonds retired by districts in the state in the preceding year (aggregate principal amount). The bill provides that for an application in excess of \$175.0 million, KSBE will apply an amount of \$175.0 million when determining whether the aggregate principal amount has been exceeded. Additionally, commencing in school year 2017-2018, KSBE is required to determine the aggregate principal amount by adjusting the aggregate principal amount by the five-year compounded producer price index industry data for new school buildings as reported by the Bureau of Labor Statistics.

### ***Effective Dates***

The bill took effect upon publication in the *Kansas Register*. However, all provisions other than the use of current year data for the bilingual and CTE weighting will be effective on and after July 1, 2018.