

School Finance; Senate Sub. for HB 2655

Senate Sub. for HB 2655 amends statutes relating to school finance. Specifically, the bill alters statutory formulas for providing Supplemental General State Aid and Capital Outlay State Aid for FY 2017; amends law related to the School District Extraordinary Need Fund (Extraordinary Need Fund); provides for School District Equalization State Aid; changes a non-severability provision to a severability provision; and amends law related to ancillary school facilities state aid. The bill makes necessary appropriations for the statutory changes in the bill.

Appropriations

The bill appropriates \$367,582,721 for Supplemental General State Aid, \$50,780,296 for Capital Outlay State Aid, and \$61,792,947 for School District Equalization State Aid. The bill also changes the appropriation for the Extraordinary Need Fund from \$17,521,425 to \$15,167,962, and lapses \$477,802,500 from the block grants to unified school districts for fiscal year 2017.

The bill also provides that, if the appropriated amounts for Supplemental General State Aid or Capital Outlay State Aid are not sufficient to fund the statutory requirements for those two categories of aid, the amount of money necessary to satisfy such statutory requirements shall be transferred out of the Extraordinary Need Fund.

Supplemental General State Aid

The formula replaces the amount of Supplemental General State Aid provided by House Sub. for SB 7 enacted in 2015 with a new formula for determining the amount of Supplemental General State Aid. Under the new formula, a school district's Supplemental General State Aid is determined by multiplying the school district's local option budget by an equalization factor. The equalization factor is determined by arranging the assessed valuation per pupil (AVPP) of all school districts from largest to smallest, rounding the AVPPs to the nearest \$1,000 and identifying the median. The equalization factor of the median is 25 percent. For every \$1,000 a school district's AVPP is above the median, the school district's equalization factor is reduced from 25 percent by 1 percent and for every \$1,000 a school district's AVPP is below the median, the school district's equalization factor is increased from 25 percent by 1 percent.

Capital Outlay State Aid

The bill reinstates the Capital Outlay State Aid formula that was in effect prior to the enactment of 2015 House Sub. for SB 7.

Extraordinary Need Fund

The bill also gives the State Board of Education (Board) the authority to review and decide upon school district applications for funds from the Extraordinary Need Fund. Current law gives the State Finance Council authority to review and act upon such applications. Whether a school district has reasonably equal access to substantially similar educational

opportunity through similar tax effort is added as a factor the Board is required to consider in evaluating an application for funds from the Extraordinary Need Fund.

School District Equalization State Aid

The bill provides funds to school districts if the changes to Supplemental General State Aid or Capital Outlay State Aid in the bill resulted in the school districts being entitled to less state aid than under prior law.

Severability

The bill changes the non-severability provision in KSA 2015 Supp. 72-6481 to a provision specifically allowing the provisions of the Classroom Learning Assuring Student Success (CLASS) Act, included in 2015 House Sub. for SB 7, to be severed and for the provisions of the bill to be severed.

Ancillary School Facilities

The bill also amends statutes related to the authority of a school district to levy a tax for the purpose of financing the costs incurred that are directly attributable to ancillary school facilities. The bill allows the levying of the tax for the operation of a school facility whose construction was financed by the issuance of bonds approved for issuance at an election held on or before June 30, 2016.