

FY2016 and FY2017 School Finance Scheme

House Substitute for Senate Bill 7, Section 6(a)

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| 1. | (1) | General State Aid received for FY2015 |
| 2. | (A) | - FY2015 Ancillary local levy amount |
| 3. | (B) | - FY2015 Cost of Living local levy amount |
| 4. | (C) | - FY2015 Declining Enrollment local levy amount |
| 5. | (D) | - FY2015 Virtual Amount |
| 6. | (2) | + LOB Equalization Aid received for FY2015 as prorated down |
| 7. | (3) | + Capital Outlay Equalization Aid received for FY2015 as prorated down |
| 8. | (4) (A) | + New Declining Enrollment local tax levied (no equalization) |
| 9. | (B) | + New Ancillary local tax levied (no equalization) |
| 10. | (C) | + New Cost of Living local tax levied (no equalization) |
| 11. | (5) | + New Virtual aid per new formula |
| 12. | (6) | + KPERS employer obligation as determined by statute |
| 13. | (7) | - 0.4% of the amount determined under (1) above |
| 14. | | = Block Grant Amount |
| 15. | | - KPERS employer obligation (swept in and out) |
| 16. | | + LOB local tax levied: no more than greater of (1) FY2015 LOB Budget adopted or (2) amount of LOB Budget that would have adopted for FY2016 (no equalization) |
| 17. | | + Capital Outlay local tax levied: no more than 8 mills (no equalization) |
| 18. | | = Operating Fund for Majority of School Operations |
| 19. | Sec. 6(f) | + Any excess Block Grant appropriation will be distributed in proportion to enrollment (per pupil) |

New Sec. 4. (a) The provisions of sections 4 through 22, and amendments thereto, shall be known and may be cited as the classroom learning assuring student success act.

(b) The legislature hereby declares that the intent of this act is to lessen state interference and involvement in the local management of school districts and to provide more flexibility and increased local control for school district boards of education and administrators in order to:

- (1) Enhance predictability and certainty in school district funding sources and amounts;
- (2) allow school district boards of education and administrators to best meet their individual school district's financial needs; and
- (3) maximize opportunities for more funds to go to the classroom.

To meet this legislative intent, state financial support for elementary and secondary public education will be met by providing a block grant for school years 2015-2016 and 2016-2017 to each school district. Each school district's block grant will be based in part on, and be at least equal to, the total state financial support as determined for school year 2014-2015 under the school district finance and quality performance act, prior to its repeal. All school districts will be held harmless from any decreases to the final school year 2014-2015 amount of total state financial support.

(c) The legislature further declares that the guiding principles for the development of subsequent legislation for the finance of elementary and secondary public education should consist of the following:

- (1) Ensuring that students' educational needs are funded;
- (2) providing more funding to classroom instruction;
- (3) maximizing flexibility in the use of funding by school district boards of education and administrators; and
- (4) achieving the goal of providing students with those education capacities established in K.S.A. 72-1127, and amendments thereto.

(d) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

New Sec. 5. (a) As used in sections 4 through 22, and amendments thereto:

(1) (A) "At-risk pupils" means pupils who are eligible for free meals under the national school lunch act and who are enrolled in a district which maintains an approved at-risk pupil assistance plan.

(B) The term "at-risk pupils" shall not include any pupil: (i) Enrolled in any of the grades one through 12 who is in attendance less than full time; or (ii) who is over 19 years of age. The provisions of this paragraph shall not apply to any pupil who has an individualized education program.

(2) "Board" means the board of education of a school district.

(3) "Current school year" means the school year during which general state aid is determined by the state board under section 6, and amendments thereto.

(4) "Enrollment" means: (A) (i) Subject to the provisions of subsection (a)(4)(A)(ii), for school districts scheduling the school days or school hours of the school term on a trimestral or quarterly basis, the number of pupils regularly enrolled in the district on September 20 plus the number of pupils regularly enrolled in the school district on February 20 less the number of pupils regularly enrolled on February 20 who were counted in the enrollment of the school district on September 20;

(ii) for school districts not described in subsection (a)(4)(A)(i), the number of pupils regularly enrolled in the school district on September 20; and

(iii) a pupil who is a foreign exchange student shall not be counted unless such student is regularly enrolled in the school district on September 20 and attending kindergarten or any of the grades one through 12 maintained by the school district for at least one semester or two quarters or the equivalent thereof;

(B) if enrollment in a school district in any school year has decreased from enrollment in the preceding school year, enrollment of the school district in the current school year means whichever is the greater of:

(i) Enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled, plus enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled; or

(ii) the sum of enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled and the average of the sum of:

(a) Enrollment of the school district in the current school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils are enrolled;

(b) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled; and

(c) enrollment in the school year next preceding the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled.

(5) "February 20" has its usual meaning, except that in any year in which February 20 is not a day on which school is maintained, it shall mean the first day after February 20 on which school is maintained.

(6) "Preceding school year" means the school year immediately before the current school year.

(7) "Preschool-aged at-risk pupil" means an at-risk pupil who has attained the age of four years, is under the age of eligibility for attendance at kindergarten, and has been selected by the state board in accordance with guidelines consonant with guidelines governing the selection of pupils for participation in head start programs.

(8) "Preschool-aged exceptional children" means exceptional children, except gifted children, who have attained the age of three years but are under the age of eligibility for attendance at kindergarten.

(9) "Pupil" means any person who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 maintained by the district, or who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 in another district in accordance with an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto, or who is regularly enrolled in a district and attending special education services provided for preschool-aged exceptional children by the district.

(10) "School district" means a unified school district organized and operated under the laws of this state.

(11) "School year" means the 12-month period ending June 30.

(12) "September 20" has its usual meaning, except that in any year in which September 20 is not a day on which school is maintained, it shall mean the first day after September 20 on which school is maintained.

(13) "State board" means the state board of education.

(b) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

New Sec. 6. (a) For school year 2015-2016 and school year 2016-2017, the state board shall disburse general state aid to each school district in an amount equal to:

(1) Subject to the provisions of subsections (b) through (e), the amount of general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

(A) The amount directly attributable to the ancillary school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6443, prior to its repeal;

(B) the amount directly attributable to the cost of living weighting as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450, prior to its repeal;

(C) the amount directly attributable to declining enrollment state aid as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6452, prior to its repeal; and

(D) the amount directly attributable to virtual school state aid as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-3715, and amendments thereto, plus;

(2) the amount of supplemental general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434, prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to its repeal, plus;

(3) the amount of capital outlay state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814, prior to its repeal, plus;

(4) (A) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to section 14, and amendments thereto, provided, the school district has levied such tax;

(B) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to section 15, and amendments thereto, provided, the school district has levied such tax;

(C) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to section 16, and amendments thereto, provided, the school district has levied such tax, plus;

(5) the amount of virtual school state aid such school district is to receive under K.S.A. 2014 Supp. 72-3715, and amendments thereto, plus;

(6) an amount certified by the board of trustees of the Kansas public employees retirement system which is equal to the participating employer's obligation of such school district to the system, less;

(7) an amount equal to 0.4% of the amount determined under subsection (a)(1).

(b) For any school district whose school financing sources exceeded its state financial aid for school year 2014-2015 as calculated under the school district finance and quality performance act, prior to its repeal,

the amount such school district is entitled to receive under subsection (a)(1) shall be the proceeds of the tax levied by the school district pursuant to section 11, and amendments thereto, less the difference between such school district's school financing sources and its state financial aid for school year 2014-2015 as calculated under the school district finance and quality performance act, prior to its repeal.

(c) For any school district formed by consolidation in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, prior to the effective date of this act, and whose state financial aid for school year 2014-2015 was determined under K.S.A. 72-6445a, prior to its repeal, the amount of general state aid for such school district determined under subsection (a)(1) shall be determined as if such school district was not subject to K.S.A. 72-6445a, prior to its repeal, for school year 2014-2015.

(d) For any school district that consolidated in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, and such consolidation becomes effective on or after July 1, 2015, the amount of general state aid for such school district determined under subsection (a)(1) shall be the sum of the general state aid each of the former school districts would have received under subsection (a)(1).

(e) (1) For any school district that was entitled to receive school facilities weighting for school year 2014-2015 under K.S.A. 72-6415b, prior to its repeal, and which would not have been eligible to receive such weighting for school year 2015-2016 under K.S.A. 72-6415b, prior to its repeal, an amount directly attributable to the school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6415, prior to its repeal, for such school district shall be subtracted from the amount of general state aid for such school district determined under subsection (a)(1).

(2) For any school district which would have been eligible to receive school facilities weighting for school year 2015-2016 under K.S.A. 72-6415b, prior to its repeal, but which did not receive such weighting for school year 2014-2015, an amount directly attributable to the school facilities weighting as would have been determined under K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be added to the amount of general state aid for such school district determined under subsection (a)(1).

(3) For any school district which would have been eligible to receive school facilities weighting for school year 2016-2017 under K.S.A. 72-6415b, prior to its repeal, but which did not receive such weighting for school year 2014-2015, and which would not have been eligible to receive such weighting for school year 2015-2016 under K.S.A. 72-6415b, prior to its repeal, an amount directly attributable to the school facilities weighting as would have been determined under K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be added to the amount of general state aid for such school district determined under subsection (a)(1).

(f) The general state aid for each school district shall be disbursed in accordance with appropriation acts. In the event the appropriation for general state aid exceeds the amount determined under subsection (a) for any school year, then the state board shall disburse such excess amount to each school district in proportion to such school district's enrollment.

(g) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

New Sec. 7. (a) The distribution of general state aid determined pursuant to section 6, and amendments thereto, shall be made in accordance with appropriation acts each year as provided in this section.

(b) (1) In the months of July through May of each school year, the state board shall determine the amount of general state aid which will be required by each district to maintain operations in each such month. In making such determination, the state board shall take into consideration the district's access to school financing sources and the obligations of the general fund which must be satisfied during the month. The amount determined by the state board under this provision is the amount of general state aid which will be distributed to the district in the months of July through May;

(2) in the month of June of each school year, subject to the provisions of subsection (d), payment shall be made of the full amount of the general state aid entitlement determined for the school year, less the sum of the monthly payments made in the months of July through May.

(c) The state board of education shall prescribe the dates upon which the distribution of payments of general state aid to school districts shall be due. Payments of general state aid shall be distributed to districts once each month on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due as general state aid to each district in each of the months of July through June. Such certification, and the amount of general state aid payable from the state general fund, shall be approved by the di-

rector of the budget. The director of accounts and reports shall draw warrants on the state treasurer payable to the district treasurer of each district entitled to payment of general state aid, pursuant to vouchers approved by the state board. Upon receipt of such warrant, each district treasurer shall deposit the amount of general state aid in the general fund.

(d) If any amount of general state aid that is due to be paid during the month of June of a school year pursuant to the other provisions of this section is not paid on or before June 30 of such school year, then such payment shall be paid on or after the ensuing July 1, as soon as moneys are available therefor. Any payment of general state aid that is due to be paid during the month of June of a school year and that is paid to school districts on or after the ensuing July 1 shall be recorded and accounted for by school districts as a receipt for the school year ending on the preceding June 30.

(e) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

New Sec. 8. (a) In the event any district is paid more than it is entitled to receive under any distribution made under the provisions of sections 4 through 22, and amendments thereto, or under any statute repealed by this act, the state board shall notify the district of the amount of such overpayment, and such district shall remit the same to the state board. The state board shall remit any moneys so received to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state school district finance fund. If any district fails so to remit, the state board shall deduct the excess amounts so paid from future payments becoming due to the district. In the event any district is paid less than the amount to which it is entitled under any distribution made under the provisions of sections 4 through 22, and amendments thereto, the state board shall pay the additional amount due at any time within the school year in which the underpayment was made or within 60 days after the end of such school year.

(b) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

New Sec. 9. (a) On or before October 10 of each school year, the clerk or superintendent of each district shall certify under oath to the state board a report showing the total enrollment of the district by grades maintained in the schools of the district and such other reports as the state board may require. Upon receipt of such report, the state board shall examine the report, and if the state board finds any errors in any such report, the state board shall consult with the district officer furnishing the report and make such corrections in the report as are necessary. One of such district officers shall also certify to the state board, on or before August 25 of each year, a copy of the budget adopted by the district.

(b) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

New Sec. 10. (a) The state school district finance fund, established by K.S.A. 1991 Supp. 72-7081, prior to its repeal, is hereby continued in existence and shall consist of: (1) All moneys credited to such fund under K.S.A. 72-6418, 72-6431, 72-6441 and K.S.A. 2014 Supp. 72-6449 and 72-6451, prior to their repeal; and (2) all amounts transferred to such fund pursuant to the provisions of sections 4 through 22, and amendments thereto.

(b) The state school district finance fund shall be used for the purpose of school district finance and for no other governmental purpose. It is the intent of the legislature that the fund shall remain intact and inviolate for such purpose, and moneys in the fund shall not be subject to the provisions of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

(c) Amounts in the state school district finance fund shall be allocated and distributed to school districts as a portion of general state aid entitlements provided for under section 6, and amendments thereto.

(d) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

New Sec. 11. (a) The board of education of each school district shall levy an ad valorem tax upon the taxable tangible property of the district at a rate of 20 mills in school year 2015-2016 and school year 2016-2017 for the purpose of:

(1) Paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state; and

(2) with respect to any redevelopment district established prior to July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, paying a portion of the principal and interest on bonds issued by cities

(continued)