## MINUTES OF THE HOUSE EDUCATION COMMITTEE

The meeting was called to order by Chairperson Kathe Decker at 9:00 a.m. on February 24, 2004 in Room 313-S of the Capitol.

All members were present except:

Representative Daniel Williams- excused

Committee staff present:

Kathie Sparks Legislative Research Department Art Griggs, Office of the Revisor of Statues Ann Deitcher, Secretary

Conferees appearing before the committee:

Mark Desetti, KNEA Tim Rooney, Budget & Finance Mgr., USD 512

It was moved by Representative Powell and seconded by Representative Miller to approve the minutes for Committee meetings of January 27, February 4, 5 and 10, 2004. The motion carried on a voice vote.

## HB 2807 - school finance.

The Chair introduced Mark Desetti who gave testimony in support of **HB 2807**. (Attachment 1).

A motion was made by Representative Morrison and seconded by Representative Hutchins to work **HB 2807**. The motion carried on a voice vote.

Copies of a balloon amendment to **HB 2807** were distributed. (Attachment 2).

Tim Rooney explained the amendment and a period of questions and answers followed.

A motion was made by Representative Morrison and seconded by Representative Mason that the Committee work the balloon amendment to **HB 2807**. The motion carried on a voice vote.

A discussion followed and an explanation to the balloon amendment was given by Art Griggs.

It was moved by Representative Decker and seconded by Representative Yonally to amend **HB 2807** by deleting lines 38 through 40 on page 2.

A motion was made by Representative Horst and seconded by Representative Hutchins to amend HB 2807. (Attachment 3). The motion passed on a voice vote.

Representative Decker moved and Representative Yonally seconded the motion that would strike language in the balloon on page 5, (c), lines 38 through 40.

It was moved by Representative Horst and seconded by Representative Morrison to reconsider the amendment but to amend it on (b), line 2 by deleting "and" and inserting "or". The motion carried on a voice vote.

Representative Decker withdrew her motion.

Representative DeCastro made a motion regarding the amendment. In section (d), line 2, following the word "Such" that the word "internal" be inserted. The motion was seconded by Representative Hutchins. The motion passed on a voice vote.

## CONTINUATION SHEET

MINUTES OF THE HOUSE EDUCATION COMMITTEE at 9:00 a.m. on February 24, 2004 in Room 313-S of the Capitol.

It was moved by Representative Yonally and seconded by Representative Morrison that the substitute to HB 2807 be adopted as amended. The motions carried on a voice vote.

It was moved by Representative Yonally and seconded by Representative Mason that **HB 2807** be passed as amended. The motion carried on a show of hands.

The meeting was adjourned at 10:45 a.m. The next meeting is scheduled for Wednesday, March 3, 2004



KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

Mark Desetti, testimony House Education Committee February 23, 2004 **House Bill 2807** 

Madame Chairman, members of the committee, thank you for the opportunity to address House Bill 2807. This bill is an interesting concept and we are happy to see the level of discussion about school finance that it has generated. I would like to point out some issues about the bill that we at KNEA feel are important.

First, HB 2807 does not put additional money into public education and we all acknowledge the one of the major problems we have today is the result of not providing funding increases to match inflation over the years. It is irrelevant that had HB 2807 been in place for several years, we would be better off now – the fact is that it hasn't been in place. We are now dealing with the reality of sub-inflationary increases in school funding over multiple years.

By tying state aid to assessed valuation per pupil, HB 2807 does create a system of tax effort equity. The same tax effort generates the same number of dollars across the state. Tax effort equity is a good idea. However, allowing school districts to raise unlimited amounts of money beyond the "suitable" level is a potential problem. Property wealthy districts would be able to go far beyond the suitable level with little effort which certainly makes it easier for taxpayers to vote yes on an increase. If we can get elementary foreign language teachers for a 1 mill increase, I'll vote for it. If the same program were to take a 10 mill increase, I'll likely hesitate. And I'll hesitate not because I don't think elementary foreign language is a good idea – I just can't go for 10 additional mills.

We remain very concerned about the weightings that are eliminated. While in the first year of the plan, funding is frozen and thus preserves the dollar amount received for weightings at the current level, the plan does not take into account what happens in the future if populations increase. For example, if Garden City continues to see increases in their limited English proficient population but their bilingual program funds are frozen at the current level, it will become increasingly more difficult to fund programs to meet the needs of these students without draining more and more money from the general education programs. The same can be said for at-risk funding.

House Education Committee
Date: 3/24/04
Attachment # /

FAX: (785) 232-6012

The plan creates a simple mathematical formula for determining how much money is necessary to fund schools in the future through the reliance on assessed valuation per pupil. If property values continue to rise as they have historically, there is the potential for good increases in school funding (as Tim has pointed out). Unfortunately it still rests with the future legislatures to either fund the increase or ignore it. The experience of the last 12 years does not give us confidence that the increases would be a reality. If funding is frozen at the level it is currently – which is how the plan starts – and future legislatures ignore the calculation on AVPP, then we will see no change from the problems we have now.

Since we all agree (Tim included) that our schools are woefully under-funded now, we should be looking at how we move towards the levels of funding suggested by Governor Graves' 21<sup>st</sup> Century Task Force, the State Board of Education, the Legislature's own suitability study, and Judge Bullock's decision. This plan does not do that.

National teacher of the year Chauncy Veach, in speaking before the Senate Education Committee last week, said, "A quality public education is the destiny of every child regardless of where they live in the state." Kansas must first ensure that all students receive a quality public education and that the state funds that education. There is ample evidence that this will take additional funds and we believe that increased funding is what this legislature must focus on now.

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HOUSE BILL No. 2807 By Committee on Education 2-10 AN ACT relating to school finance; amending K.S.A. 72-979, 72-6405, 72-6408, 72-6441 and 72-8190 and K.S.A. 2003 Supp. 10-1116a, 72-10 6407, 72-6417, 72-6428, 72-6431 and 72-8251 and repealing the exist-11 ing sections; also repealing K.S.A. 72-6410, 72-6411, 72-6412, 72-6413, 12 72-6414, 72-6415, 72-6416, 72-6421, 72-6422, 72-6433, 72-6433b, 72-13 6435, 72-6442, 72-6443, 72-6444 and 72-9509 and K.S.A. 2003 Supp. 14 72-6425, 72-6434 and 72-9609. 15 16 Be it enacted by the Legislature of the State of Kansas: (b) New Section 1. As used in this act: "Base year" means the 2004-2005 school year. "Budget authority" means the statewide assessed valuation per Fupil factor times the current mill levy multiplied by the enrollment "Changes to the initial levy" means the difference between a dis-(e) 22 trict's current mill levy and the initial mill levy. (Current mill levy" means the tax rate assessed for school district operating purposes for the current school year, excluding the levy authorized by K.S.A. 72-6441, and amendments thereto. (e) "Enrollment" means enrollment as defined by K.S.A. 2003 Supp. 72-6407 and amendments thereto. (1) - "Hold harmless amount" means a positive amount computed fee the school year 2004 2005 in accordance with the following formula The initial budget amount minus [(the initial mill lovy times the distriot's assessed valuation for the current year) divided by (the district's four year average assessed valuation per pupil divided by the four year average 95th percentile assessed valuation per pupil)]. "Initial budget amount" means the weighted full-time equivalent per pupil number for the 2003-2004 school year, adjusted for changes in enrollment for the 2004-2005 school year reduced by the amount of ancillary facilities weighting funding and increased by the average ancillary facilities weighting based upon school years 2003-04 and 2004-05, times \$3,890 multiplied by the sum of one plus the local option budget percentage for the 2003-2004 school year less the amount of special education aid included. "Initial mill levy" means the sum of the levies for the general fund

79-201x and 79-5105 and 79-201y

72-8187,

(a) "Base budget enhancement" means the initial budget amount divided by \$3,890 times \$27.

Reletter subsections accordingly.

initial budget amount for the 2004-05 school year plus the base budget enhancement; for subsequent years the base budget authority is established as follows:

- (1) The state average assessed valuation per pupil factor times the current mill levy times enrollment, plus
  - (2) budget authority hold harmless, plus
  - (3) base budget enhancement.
- (d) "Budget authority hold harmless" means a positive amount which is the initial budget less the 2004-05 state average assessed valuation per pupil factor times the initial levy times enrollment for the 2004-05 school year, and this amount shall be used for the 2004-05 school year and all subsequent years.
- (h) "District assessed valuation per pupil" means the assessed valuation of the school district divided by enrollment.
- (i) "District average assessed valuation per pupil" means the average of the district assessed valuation per pupil for the four prior calendar years.

1 1 and the supplemental general fund for the 2002-2003 school year.

(H) "Mathematics proficiency rate for a district" means the number of students in a district meeting mathematics proficiency standards for the preceding year as determined by the state board of education, divided

5 by the number of students tested in the district for the preceding year.
6 (f) "Mathematics proficiency rate for the state" means the average of all mathematics proficiency rates for all districts for the preceding year

as determined by the state board of education.

9 [(1)] "Reading proficiency rate for a district" means the number of students in a district meeting proficiency standards for the preceding year, as determined by the state board of education, divided by the number of students tested in the district for the preceding year.

"Reading proficiency rate for the state" means the average of all reading proficiency rates for all districts for the preceding year, as determined by the state board of education.

(m) "Statewide assessed valuation per pupil factor" is determined as

follows

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(1) The 95th percentile assessed valuation per pupil as determined

[2) The average of the four percentiles is the statewide assessed val-

(3) The statewide assessed valuation per pupil factor shall be the greater of the preceding year factor or the calculated average.

New Sec. 2. (a) Subject to the provisions of subsections (b), (c) and (d), the formula for general state aid for school districts is as follows:

Times the district's current mill levy

(b) If a district's general fund balance exceeds 10% of the budgeted expenditures for the succeeding year, the excess balance shall be subtracted from the general state aid allocation for the subsequent year.

(c) If the appropriations in any year are insufficient to fund the formula set forth in subsection (a), the distribution of the funds appropriated shall be made in the following order:

(1) All school districts shall receive general state aid based upon the prior year mill levy rates and prior year assessed valuation per pupil and prorated if necessary;

(2) if the amount appropriated is more than sufficient to pay the full general state aid pursuant to clause (1), then in lieu of clause (1) school district shall receive general state aid pursuant to this clause (2) which shall be based upon the prior year mill levy rate and the current year's assessed valuation per pupil, and prorated if necessary; and

(3) if the amount appropriated is more than sufficient to pay in full the general state aid pursuant to clause (2), then in lieu of clause (2)

(2) the 2003-04 assessed valuation times the combined general and supplemental general

"State aid hold harmless amount

tax rates for the 2002-03 school year, less
(3) other general sources of revenue for

the 2004-05 school year, less

(4) initial budget times the state assistance factor, and this amount shall be used for the 2004-05 school year and all

subsequent years.

(q) "State assessed valuation per pupil factor" means the resulting value based upon the 95th percentile of district assessed valuation per pupil amounts for each district in the state.

(r) "State assistance factor" means 100% minus the percentage derived by dividing the district average assessed valuation per pupil by the state average assessed valuation per

pupil.

means.

(s) "State average assessed valuation per pupil factor" means the greater of the average of the state assessed valuation per pupil for the four prior calendar years or the state average assessed valuation per pupil factor used in the prior year.

New Sec. 2. Prior to July 1, 2008, the budget authority of any school district cannot increase more than 10% above the prior year amount plus the percentage increase in enrollment.

Renumber the remaining sections accordingly

<sup>(1)</sup> For school year 2004-05 the formula is, the initial budget amount times the state assistance factor plus the state aid hold harmless plus the base budget enhancement; and for subsequent years the formula is: the state aid hold harmless amount, plus [the budget authority hold harmless plus the product of the state average assessed valuation per pupil factor times the current levy times enrollment] multiplied by the state assistance factor plus the base budget enhancement.

school districts shall receive general state aid based upon the current year mill levy rate and the current year's assessed valuation per pupil, and prorated if necessary.

(d) If general state aid pursuant to this section for the 2004-2005 school year is less than the hold harmless amount, as defined in section 1, and amendments thereto, then a school district shall receive the hold harmless amount.

New Sec. 2. On July 1, 2004, any balances in a district's supplemental general fund, bilingual education fund, vocational education fund area weetiened school fund and professional development fund shall be transferred to the district's general fund.

Sec. K.S.A. 2003 Supp. 10-1116a is hereby amended to read as follows: 10-1116a. The limitations on expenditures imposed under the cash-basis law shall not apply to:

- (a) Expenditures in excess of current revenues made for municipally owned and operated utilities out of the fund of such utilities caused by, or resulting from the meeting of, extraordinary emergencies including drought emergencies. In such cases expenditures in excess of current revenues may be made by declaring an extraordinary emergency by resolution adopted by the governing body and such resolution shall be published at least once in a newspaper of general circulation in such city. Thereupon, such governing body may issue interest bearing no-fund warrants on such utility fund in an amount, including outstanding previously issued no-fund warrants, not to exceed 25% of the revenues from sales of service of such utility for the preceding year. Such warrants shall be redeemed within three years from date of issuance and shall bear interest at a rate of not to exceed the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto. Upon the declaration of a drought emergency, the governing body may issue such warrants for water system improvement purposes in an amount not to exceed 50% of the revenue received from the sale of water for the preceding year. Such warrants shall be redeemed within five years from the date of issuance and shall bear interest at a rate not to exceed the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto.
- (b) Expenditures in any month by school districts which are in excess of current revenues if the deficit or shortage in revenues is caused by, or a result of, the payment of state aid after the date prescribed for the payment of state aid during such month under K.S.A. 72-6417 or 72-6434 section 2 and amendments thereto.

The provisions of this subsection shall apply to expenditures made in school year 2001-2002, school year 2002-2003, school year 2003-2004, school year 2004-2005, school year 2005-2006 and school year 2006-2007.

Sec. 5 KS A 72-979 is hereby amended to read as follows: 72-979.

(a) Payments under this act shall be made in the manner and at such times during each school year as are determined by the state board. All amounts received by a district under this section shall be deposited in the general fund of the district and transferred to its special education fund. If any district is paid more than it is entitled to receive under any distribution made under 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 general fund. If any such district fails so to remit, the state board shall deduct the excess amounts so paid from future payments becoming due to such district. If any district is paid less than the amount to which it is entitled under any distribution made under this act, 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 state board shall prescribe all forms necessary for reporting under this act.
- (c) Every board shall make such periodic and special reports of information to the state board as it may request in order to carry out its responsibilities under this act.
- Sec. 6. K.S.A. 72-6405 is hereby amended to read as follows: 72-6405. (a) K.S.A. 72-6405 through 72-6440, and amendments thereto, The provisions of this act and the statutes contained in article 64 of chapter 72 of the Kansas statutes annotated, and amendments thereto, shall be known and may be cited as the school district finance and quality performance Kansas equality for youth act.
- (b) The provisions of this section shall take effect and be in-force from and after July 1, 1002.
- Sec. 7. K.S.A. 2003 Supp. 72-6407 is hereby amended to read as follows: 72-6407. (a) "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 preschoolaged exceptional children by the district. Except as otherwise provided in this subsection, a pupil in attendance full time shall be counted as one pupil. A pupil in attendance part time shall be counted as that proportion of one pupil (to the nearest ½0) that the pupil's attendance bears to full-

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time attendance. A pupil attending kindergarten shall be counted as 1/2 pupil. A pupil enrolled in and attending an institution of postsecondary education which is authorized under the laws of this state to award academic degrees shall be counted as one pupil if the pupil's postsecondary education enrollment and attendance together with the pupil's attendance in either of the grades 11 or 12 is at least 56 time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest 1/10) that the total time of the pupil's postsecondary education attendance and attendance in grade 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in and attending an area vocational school, area vocational-technical school or approved vocational education program shall be counted as one pupil if the pupil's vocational education enrollment and attendance together with the pupil's attendance in any of grades nine through 12 is at least 5% time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest 1/10) that the total time of the pupil's vocational education attendance and attendance in any of grades nine through 12 bears to full-time attendance. A pupil enrolled in a district and attending special education and related services; except special education and related services for preschool-aged exceptional children, provided for by the district shall be counted as one pupil. A pupil enrolled in a district and attending special education and related services for preschool-aged exceptional children provided for by the district shall be counted as ½ pupil. A preschool-aged at-risk pupil enrolled in a district and receiving services under an approved at-risk pupil assistance plan maintained by the district shall be counted as 1/2 pupil. A pupil in the custody of the secretary of social and rehabilitation services and enrolled in unified school district No. 259, Sedgwick county, Kansas, but housed, maintained, and receiving educational services at the Judge James V. Riddel Boys Ranch, shall be counted as two pupils. A pupil residing at the Flint Hills job corps center shall not be counted. A pupil confined in and receiving educational services provided for by a district at a juvenile detention facility shall not be counted. A pupil enrolled in a district but housed, maintained, and receiving educational services at a state institution shall not be counted.

(b) "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.

(c) "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.

(d) "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

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with guidelines consonant with guidelines governing the selection of pupils for participation in head start programs. The state board shall select not more than 5,500 preschool-aged at-risk pupils to be counted in any school year.

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(e) "Enrollment" means: (1) For 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 district on February 20 less the number of pupils regularly enrolled on February 20 who were counted in the enrollment of the district on September 20; and for districts not specified in this clause (1), the number of pupils regularly enrolled in the district on September 20; (2) if enrollment in a district in any school year has decreased from enrollment in the preceding school year, enrollment of the district in the current school year means whichever is the greater of (A) 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 (B) the sum of enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled and the average (mean) of the sum of (i) enrollment of the district in the current school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils are enrolled and (ii) 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 (iii) 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; or (3) the number of pupils as determined under K.S.A. 72-6447, and amendments thereto.

- (f) "Adjusted enrollment" means enrollment adjusted by adding atrisk pupil weighting, program weighting, low enrollment weighting, if any, correlation weighting, if any, school facilities weighting, if any, special education and related services weighting, and transportation weighting to enrollment.
- (g) "At-risk pupil weighting" means an addend component assigned to enrollment of districts on the basis of enrollment of at-risk pupils.
- (h) "Program weighting" means an addend component assigned to enrollment of districts on the basis of pupil attendance in educational programs which differ in cost from regular educational programs.
- (i) "Low enrollment weighting" means an addend component assigned to enrollment of districts having under 1,725 enrollment on the basis of costs attributable to maintenance of educational programs by such districts in comparison with costs attributable to maintenance of educational

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tional programs by districts having 1,725 or over enrollment.

—(j)—"School facilities weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to commencing operation of new school facilities. School facilities weighting may be assigned to enrollment of a district only if the district has adopted a local option budget and budgeted therein the total amount authorized for the school year. School facilities weighting may be assigned to enrollment of the district only in the school year in which operation of a new school facility is commenced and in the next succeeding school year.

- —(k) "Transportation weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to the provision or furnishing of transportation.
- 13 (l)—"Correlation weighting" means an addend component assigned to
  14 enrollment of districts having 1,725 or over enrollment on the basis of
  15 costs attributable to maintenance of educational programs by such dis16 tricts as a correlate to low enrollment weighting assigned to enrollment
  17 of districts having under 1,725 enrollment.
  - (m) "Ancillary school facilities weighting" means an addend component assigned to enrollment of districts to which the provisions of K.S.A. 72-6441, and amendments thereto, apply on the basis of costs attributable to commencing operation of new school facilities. Ancillary school facilities weighting may be assigned to enrollment of a district only if the district has levied a tax under authority of K.S.A. 72-6441, and amendments thereto, and remitted the proceeds from such tax to the state treasurer. Ancillary school facilities weighting is in addition to assignment of school facilities weighting to enrollment of any district eligible for such weighting.
  - (n)(f) "Juvenile detention facility" means: (1) Any secure public or private facility which is used for the lawful custody of accused or adjudicated juvenile offenders and which shall not be a jail;
  - (2) any level VI treatment facility licensed by the Kansas department of health and environment which is a psychiatric residential treatment facility for individuals under the age of 21 which conforms with the regulations of the centers for medicare/medicaid services and the joint commission on accreditation of health care organizations governing such facilities; and
  - (3) the Forbes Juvenile Attention Facility, the Sappa Valley Youth Ranch of Oberlin, Salvation Army/Koch Center Youth Services, the Clarence M. Kelley Youth Center, the Clarence M. Kelley Transitional Living Center, Trego County Secure Care Center, St. Francis Academy at Atchison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina, St. Francis Center at Salina, King's Achievement Center, and Liberty Juvenile Services and Treatment.

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- (o) "Special education and related services weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to provision of special education and related services for pupils determined to be exceptional children.
- Sec. 8. K.S.A. 72-6408 is hereby amended to read as follows: 72-6408. (a) "School year" means the twelve month period ending June 30.
- (b) "Current school year" means the school year during which general state aid is determined by the state board under K.S.A. 72-6416 section 2, and amendments thereto.
- (c) "Preceding school year" means the school year immediately before the current school year.
- (d) "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.
- (e) "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.
- (f) The previsions of this section shall take effect and be in force from and after July 1, 1992.
- Sec. 9. K.S.A. 2003 Supp. 72-6417 is hereby amended to read as follows: 72-6417. (a) The distribution of general state aid under this act 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 local effort 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

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the state general fund, and the timing for the release of such funds shall be approved by be subject to the approval of the director 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, except that, an amount equal to the amount of federal impact aid not included in the local effort of a district may be disposed of as provided in subsection (a) of K.S.A. 72-6427, and amendments thereto.

- (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.
- Sec. 10. K.S.A. 2003 Supp. 72-6428 is hereby amended to read as follows: 72-6428. (a) Any lawful transfer of moneys from the general fund of a district to any other fund shall be an operating expense in the year the transfer is made. The board of any district may transfer moneys from the general fund to any categorical fund of the district in any school year. The board of any district may transfer moneys from the general fund to any program weighted fund of the district, subject to the following conditions:
- (1)—No board shall transfer moneys in any amount from the general fund to a program weighted fund prior to maturation of the obligation of the fund necessitating the transfer.
- (2) The board may transfer moneys in an amount not to exceed the amount of the obligation of the program weighted fund necessitating the transfer.
- (b) The board of any district may transfer moneys from the general fund to the contingency reserve fund of the district, subject to the limitations imposed upon the amount authorized to be maintained in the contingency reserve fund under K.S.A. 72-6426, and amendments thereto.
- (c) The board of any district may transfer moneys from the general fund to the capital outlay fund of the district.
- (d) The board of any district may transfer moneys from the general fund to the special reserve fund.
  - (e) The board of any district may transfer moneys from the general

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fund to the special liability expense fund.

(f) The board of any district may transfer moneys from the general fund to the textbook and student materials revolving fund.

Sec. 11. K.S.A. 2003 Supp. 72-6431 is hereby amended to read as follows: 72-6431. (a) The board of each district shall levy an ad valorem tax upon the taxable tangible property of the district in the school years specified in subsection (b) for the purpose of:

(1) Financing that portion of the district's general fund budget which is not financed from any other source provided by law;

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

(3) 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 under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district.

(b) The tax required under subsection (a) shall be levied for the 2004-2005 school year at a rate of 20 mills in the school year 2003-2004 and school year 2004-2005 equal to the initial levy. The school board may change the rate in subsequent years with majority approval of the school board. If the reading proficiency rate for the district is lower than the reading proficiency rate for the state, the district must maintain a levy equal to the initial levy plus the average changes to the initial levy. If the mathematics proficiency rate for a district is lower than the mathematics proficiency rate for the state, the district must maintain a levy equal to the initial levy plus the average changes to the initial levy.

(c) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the general fund of the district.

(d) On June 1 of each year, the amount, if any, by which a district's local effort execeds the amount of the district's state financial aid, as determined by the state board, shall be remitted to the state treasurer: Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund.

No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-1964b, and amendments thereto.

Sec. 12. K.S.A. 72-6441 is hereby amended to read as follows: 72-

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subsection apply may levy an ad valorem tax on the taxable tangible property of the district each year for a period of time not to exceed two years in an amount not to exceed the amount authorized by the state board of tax appeals under this subsection for the purpose of financing the costs incurred by the state that are directly attributable to assignment of aneillary new school facilities weighting to enrollment of the district. The state board of tax appeals may authorize the district to make a levy which will produce an amount that is not greater than the difference between the amount of costs directly attributable to commencing operation of one or more new school facilities and the amount that is financed from any other source provided by law for such purpose, including any amount attributable to assignment of school facilities weighting to enrollment of the district for each school year in which the district is eligible for such weighting. If the district is not eligible, or will be ineligible, for school facilities weighting in any one or more years during the two year period for which the district is authorized to levy a tax under this subsection, the state board of tax appeals may authorize the district to make a levy, in such year or years of ineligibility, which will produce an amount that is not greater than the actual amount of costs attributable to commencing operation of the facility or facilities.

- (2) The board of tax appeals shall certify to the state board of education the amount authorized to be produced by the levy of a tax under subsection (a).
- (3) The state board of tax appeals may adopt rules and regulations necessary to properly effectuate the provisions of this subsection, including rules relating to the evidence required in support of a district's claim that the costs attributable to commencing operation of one or more new school facilities are in excess of the amount that is financed from any other source provided by law for such purpose.
- (4) The provisions of this subsection apply to any district that (A) commenced operation of one or more new school facilities in the school year preceding the current school year or has commenced or will commence operation of one or more new school facilities in the current school year or any or all of the foregoing, and (B) is authorized to adopt and has adopted a local option budget in an amount equal to the state prescribed percentage of the amount of state financial aid determined for the district in the current school year, and (C) is experiencing extraordinary enrollment growth as determined by the state board of education.
- (b) The board of any district that has levied an ad valorem tax on the taxable tangible property of the district each year for a period of two years under authority of subsection (a) may continue to levy such tax under authority of this subsection each year for an additional period of time not to exceed three years in an amount not to exceed the amount computed

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by the state board of education as provided in this subsection if the board of the district determines that the costs attributable to commencing operation of one or more new school facilities are significantly greater than the costs attributable to the operation of other school facilities in the district. The tax authorized under this subsection may be levied at a rate which will produce an amount that is not greater than the amount computed by the state board of education as provided in this subsection. In computing such amount, the state board shall (1) determine the amount produced by the tax levied by the district under authority of subsection (a) in the second year for which such tax was levied and add to such amount the amount of general-state aid directly attributable to school facilities weighting that was received by the district in the same year, and (2) compute 75% of the amount of the sum obtained under (1), which computed amount is the amount the district may levy in the first year of the three-year period for which the district may levy a tax under authority of this subsection, and (3) compute 50% of the amount of the sum obtained under (1), which computed amount is the amount the district may levy in the second year of the three-year period for which the district may levy a tax under authority of this subsection, and (4) compute 25% of the amount of the sum obtained under (1), which computed amount is the amount the district may levy in the third year of the three-year period for which the district may levy a tax under authority of this subsection.

(c) The proceeds from the tax levied by a district under authority of this section shall be remitted 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.

Sec. 18. K.S.A. 72-8190 is hereby amended to read as follows: 72-8190. (a) For the purpose of determination of supplemental general state aid under K.S.A. 72-6434, and amendments thereto, and payments from the school district capital improvements fund under K.S.A. 75-2319, and amendments thereto, notwithstanding any provision of either such statutory section to the contrary, the term assessed valuation per pupil, as applied to unified school district No. 203, Wyandotte county, shall not include within its meaning the assessed valuation of property which is owned by Sunflower Racing, Inc. and operated as a racetrack facility known as the Woodlands. The meaning of assessed valuation per pupil as provided in this subsection, for the purposes specified in this subsection, and as applied to the unified school district designated in this subsection, shall be in force and effect for the 1994-95 and 1995-96 school years.

(b) (1) In the event unified school district No. 203, Wyandotte county, receives in any school year the proceeds from any taxes which

See Sec. 14, attached, and renumber the remaining sections accordingly.

- Sec. 14. K.S.A. 72-8187 is hereby amended to read as follows: 72-8187. (a) In each school year, to the extent that appropriations are available, each school district which has provided educational services for pupils residing at the Flint Hills job corps center or for pupils confined in a juvenile detention facility is eligible to receive a grant of state moneys in an amount to be determined by the state board of education.
- (b) In order to be eligible for a grant of state moneys provided for by this section, each school district which has provided educational services for pupils residing at the Flint Hills job corps center or for pupils confined in a juvenile detention facility shall submit to the state board of education an application for a grant and shall certify the amount expended, and not reimbursed or otherwise financed, in the school year for the services provided. The application and certification shall be prepared in such form and manner as the state board shall require and shall be submitted at a time to be determined and specified by the state board. Approval by the state board of applications for grants of state moneys is prerequisite to the award of grants.
- (c) Each school district which is awarded a grant under this section shall make such periodic and special reports of statistical and financial information to the state board as it may request.
- (d) All moneys received by a school district under authority of this section shall be deposited in the general fund of the school district and shall be considered reimbursement of the district for the purpose of the school district finance and quality performance act.
- (e) The state board of education shall approve applications of school districts for grants, determine the amount of grants and be responsible for payment of grants to school

districts. In determining the amount of a grant which a school district is eligible to receive, the state board shall compute annually the amount of state financial aid the-district-would-have-received on the basis of enrollment of pupils residing at the Flint Hills job corps center or confined in a juvenile detention facility if-such-pupils had-been-counted-as-two-pupils-under-the school-district-finance-and-quality performance-act-and-compare-such-computed amount-to-the-amount-certified-by-the district-under-subsection-(b). For school year 2004-05, the amount shall be \$7,780. For subsequent years, such amount shall be adjusted for changes in the consumer price index or a similar inflation index, as determined by the state board of education. The amount of the grant the district is eligible to receive shall be an amount equal to the lesser of the amount computed under this subsection or the amount certified under subsection (b). If the amount of appropriations for the payment of grants under this section is insufficient to pay in full the amount each school district is determined to be eligible to receive for the school year, the state board shall prorate the amount appropriated among all school districts which are eligible to receive grants of state moneys in proportion to the amount each school district is determined to be eligible to receive.

(f) As used in this section:

- (1) "Enrollment" means the number of pupils who are residing at the Flint Hills job corps center or who are confined in a juvenile detention facility and for whom a school district is providing educational services on September 20, on November 20, or on April 20 of a school year, whichever is the greatest number of pupils; and
- (2) "juvenile detention facility" shall have the meaning ascribed thereto by K.S.A. 72-6407, and amendments thereto.

may be paid upon the Woodlands for the 1994-95 school year or the 1995-96 school year or for both such school years, the state board of education shall deduct an amount equal to the amount of such tax proceeds from future payments of state aid to which the district is entitled.

(2) For the purposes of this subsection, the term "state aid" means

(2) For the purposes of this subsection, the term "state aid" means supplemental general state aid and payments from the school district capital improvements fund.

Sec. 14. K.S.A. 2003 Supp. 72-8251 is hereby amended to read as follows: 72-8251. Whenever a school district is required by law to make any payment during the month of June and there is insufficient revenue to make such payment as a result of the payment of state aid after the date prescribed by the state board of education pursuant to K.S.A. 72-6417 or 72-6434 section 2, and amendments thereto, the school district shall make such payment as soon as moneys are available.

Sec. 15. K.S.A. 72-979, 72-6405, 72-6408, 72-6410, 72-6411, 72-6412, 72-6413, 72-6414, 72-6415, 72-6416, 72-6421, 72-6422, 72-6433, 72-6433b, 72-6435, 72-6441, 72-6442, 72-6443, 72-6444, 72-8190 and 72-9509 and K.S.A. 2003 Supp. 10-1116a, 72-6407, 72-6417, 72-6425, 72-6428, 72-6431, 72-6434, 72-8251 fand 72-9609 are hereby repealed.

Sec. 16. This act shall take effect and be in force from and after its publication in the Kansas register.

See Sec. 16 and Sec. 17, attached, and renumber the remaining sections accordingly.

72-8187,

, 79-201x, 79-201y and 79-5105

Sec. 16. K.S.A. 79-201x is hereby amended to read as follows: 79-201x. For taxable-years-2003-and-20047 The following described property, to the extent herein specified, shall be and is hereby exempt from 20 mills of the property tax levied pursuant to the provisions of K.S.A. 72-6431, and amendments thereto: Property used for residential purposes to the extent of \$20,000 of its appraised valuation.

Sec. 17. K.S.A. 79-5105 is hereby amended to read as follows: 79-5105. (a) A tax is hereby levied upon every motor vehicle, as the same is defined by K.S.A. 79-5101, and amendments thereto, in an amount which shall be determined in the manner hereinafter prescribed, except that: (1) (A) For 1995, the tax on any motorcycle shall not be less than \$6 and the tax on any other motor vehicle shall not be less than \$12; and (B) the tax on each motor vehicle the age of which is 15 years or older shall not be more than \$12; and (2) for 1996, and each year thereafter: (A) The tax on any motorcycle shall not be less than \$12 and the tax on any other motor vehicle shall not be less than \$24, except as otherwise provided by clause (B) and (C); (B) the tax on any motorcycle the model year of which is 1980 or earlier shall be \$6 and the tax on any other motor vehicle the model year of which is 1980 or earlier shall be \$12; and (C) if the tax on any motorcycle in 1995 was more than \$6 but less than \$12, the tax shall be determined for 1996 and each year thereafter in the manner hereinafter prescribed but shall not be less than \$6, and if the tax on any other motor vehicle in 1995 was more than \$12 but less than \$24, the tax shall be determined for 1996 and each year thereafter in the manner hereinafter prescribed but shall not be less than \$12.

(b) The amount of such tax on a motor vehicle shall be computed by: (1) Determining the amount representing the midpoint of the values included within the class in which such motor vehicle is classified under K.S.A. 79-5102 or 79-5103, and amendments thereto, except that the midpoint of class 20 shall be \$21,000 plus \$2,000 for each \$2,000 or portion thereof by which the trade-in value of the vehicle exceeds \$22,000; (2) if the model year of the motor vehicle is a year other than the year for which the tax is levied, by reducing such midpoint amount by an amount equal to 16% in 1995, and all years prior thereto, and 15% in 1996, and all years thereafter, of the remaining balance for each year of difference between the model year of the motor vehicle and the year for which the tax is levied if the model year of the motor vehicle is 1981 or a later year or (B) the remaining balance for each year of difference between the year 1980 and the year for which the tax is levied if the model year of the motor vehicle is 1980 or any year prior thereto; (3) by multiplying the amount determined after application of clause (2) above by 30% during calendar year 1995, 28.5% during the calendar year 1996, 26.5% during the calendar year 1997, 24.5% during the calendar year 1998, 22.5% during the calendar year 1999, and 20% during all calendar years thereafter, which shall constitute the taxable value of the motor vehicle; and (4) by multiplying the taxable value of the motor vehicle produced under clause (3) above by the county average tax rate.

(c) The "county average tax rate" means the total amount of general property taxes levied within the county by the state, county and all other taxing subdivisions levying such taxes within such county in the second calendar year before the calendar year in which the owner's full registration year begins divided by the total assessed tangible valuation of property within such county as of November 1 of such second calendar year before the calendar year in which the owner's full registration year begins as certified by

the secretary of revenue, except that: (1) As of-November-17-19947-such-rate-shall-be computed-without-regard-to-11-429%-of-the general-property-taxes-levied-by-school districts-pursuant-to-K-S-A--72-64317-and amendments-thereto;-(2)-as-of-November-17 1995,-such-rate-shall-be-computed-without regard-to-31-429%-of-the-general-property taxes-levied-by-school-districts-pursuant-to K-S-A--72-64317-and-amendments-thereto;-(3) as-of-November-17-19967-such-rate-shall-be computed-without-regard-to-54-286%-of-the general-property-taxes-levied-by-school districts-pursuant-to-K-S-A--72-64317-and amendments-thereto;-{4}-as-of-November-1; 1997,-such-rate-shall-be-computed-without regard-to-70.36%-of-the-general-property taxes-levied-by-school-districts-pursuant-to K-S-A--72-64317-and-amendments-thereto;-and +5)-as-of-November-1,-1998,-and-such-date-in all-years-thereafter, 20 mills of such rate shall be computed without regard to the general property taxes levied by school districts pursuant to K.S.A. 72-6431, and amendments thereto.

Amendment to HB 2807

(a) There is appropriated for the state board of education from the state general fund for the fiscal year ending June 30, 2005, the following:

Bilingual education	\$1,500,000
At-risk education	\$5,500,000

- (b) The state board of education shall distribute the moneys appropriated by subsection (a) on a per pupil basis for pupils receiving bilingual services and at-risk services approved by the state board.
- (c) The state board of education may prescribe policies and may adopt regulations relating to this section.
- (d) The legislative educational planning committee shall review and study implementation of this section. Such study shall include the cost of providing at-risk and bilingual services, the adequacy of funding therefor and recommendations, if any, for changes. The committee shall provide a copy of its report to the governor and the legislative coordinating council on or before January 10, 2005.

House Education Committee Date: 2/24/64
Attachment # 3