

SESSION OF 2008

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 531**

As Amended by House Committee of the Whole

**Brief\***

SB 531 addresses school finance, establishing a Base State Aid Per Pupil (BSAPP) rate of \$4,492 for the 2009-2010 school year and beyond. Specifically, the bill would:

- Increase BSAPP by \$59 (from \$4,433 to \$4,492) for the 2009-2010 school year and beyond;
- Appropriate \$37.2 million from the State General Fund in general state aid in FY 2010;
- Create the Keeping Education Promises Trust Fund with a \$0 expenditure limit in FY 2009;
- Transfer \$37.2 million from the State General Fund to the Keeping Education Promises Trust Fund in FY 2009; and
- Transfer the \$37.2 million back from the Keeping Education Promises Trust Fund to the State General Fund in FY 2010.

The bill would entitle each school district providing special education and related services to pupils who receive Medicaid to receive Medicaid Replacement State Aid, subject to annual appropriation. The State Board of Education would compute Medicaid Replacement State Aid for each district by dividing the appropriation by the number of pupils in the state receiving Medicaid special education and related services and multiplying the quotient by the full-time equivalent enrollment of exceptional

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

children receiving Medicaid-provided special education and related services in each school district. The product would be the amount of Medicaid Replacement State Aid the district would be entitled to receive.

The bill would change current school district consolidation law. This bill would provide a school district desiring to consolidate with another district with fewer than 150 pupils consolidating before July 1, 2010, a guaranteed combined general fund budget for the year in which the consolidation takes place plus two school years. If a district has more than 150 pupils but fewer than 200 pupils, the combined general fund budgets would be guaranteed for the current year plus three years. For a district with more than 200 pupils, the combined general fund budgets would be guaranteed for the current year plus four years. In all three scenarios, a consolidated district would receive either the guaranteed general fund budget or the actual computed amount under current law, whichever is higher. The bill makes parallel changes to another provision in law relating to the disorganization of a district and the attachment of the territory of the disorganized district to another school district. Any school district with an enrollment of less than 150 pupils desiring to consolidate after July 1, 2010, would only receive the combined general fund budget for the current year plus one year.

The bill would allow boards of education desiring to consolidate school districts to enter into an agreement requiring a majority of the qualified electors of each school district proposed to be consolidated vote in favor of the consolidation.

Finally, the bill would allow a child with dyslexia to be withdrawn from school during the school day to attend alternative educational programs if a written statement by parents or persons acting as parents is filed with school authorities.

## **Background**

Senator Derek Schmidt submitted written testimony in support of the bill. Representatives of the Kansas Association of School Boards and the Kansas National Education Association testified on the bill, expressing support for additional funding, but expressing concern that the amount of the funding was not sufficient.

2006 SB 549 established a three-year school finance plan, which runs through FY 2009. This bill essentially would add a fourth year, putting the entire amount into Base State Aid Per Pupil.

The House Education Committee amended the bill by adding the original SB 620 which would create Medicaid Replacement State Aid and the contents of HB 2734 which would change current school consolidation law. SB 531, as amended, would guarantee combined general fund budgets in varying lengths to various-sized school districts desiring to consolidate. Finally, the House Education Committee amended the bill by adding an option to school consolidation agreements requiring a dual majority of qualified electors voting in favor of consolidation.

The House Committee of the Whole added an amendment allowing children with dyslexia to be withdrawn from school for alternative education programs.

The fiscal note indicates that, although funding of \$37.2 million is appropriated for general state aid, no appropriations are made for other expenditures related to a base aid increase. There are no provisions for supplemental general state aid (estimated at \$3.7 million), KPERs-School, or special education.

The Department of Education indicated there would be no fiscal impact related to HB 2734 related to school consolidation. There was no fiscal note for the amended version of SB 620 creating the Medicaid Replacement State Aid.