

SESSION OF 2010

**SUPPLEMENTAL NOTE ON HOUSE
SUBSTITUTE FOR SENATE BILL NO. 74**

As Amended by House Committee of the Whole

Brief*

House Sub. for SB 74, as amended, would authorize each school district to expend moneys attributable to state appropriations, fees, and transfers from certain school district funds for general education purposes for the 2010-2011 school year. The bill would apply to the unencumbered balances of the following funds:

- Bond and Interest;
- Parent Education Program Fund;
- At-Risk Education Fund;
- Virtual School Fund;
- Adult Education Fund;
- Adult Supplementary Education Fund;
- Preschool-Aged At-Risk Education Fund;
- Special Education Fund;
- Vocational Education Fund;
- Driver Training Fund;
- Food Service Fund;
- Tuition Reimbursement Fund;
- Summer Program Fund;
- Extraordinary School Program Fund;
- Special Liability Expense Fund;
- Special Reserve Fund;
- Textbook and Student Materials Revolving Fund;
- Capital Outlay Fund;
- Bilingual Education Fund; and
- Professional Development Fund.

*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>

According to the bill, school districts also are allowed to transfer any unencumbered funds from the individual funds listed to the general fund for any year in which the base state aid per pupil is not, at least, \$4,492 due to the following:

- Insufficient appropriation in general state aid;
- Rescission or reduction of the general state aid appropriation;
- Proration of the amount approved for general state aid; or
- Imposition of an allotment.

Capital outlay funds which are attributable to transfers of money from the general fund of a school district in the school year 2008-2009 may be transferred to the contingency reserve fund of the school district during the 2009-2010 school year, and those funds which are attributable to transfers during the 2008-2009 school year or school year 2009-2010 may be expended for general education purposes during the 2009-2010 and 2010-2011 school year.

The State Board of Education would be required to adopt guidelines to assist school districts in the implementation of the act and prevent the expenditure of any tax moneys in violation of the *Kansas Constitution*. The bill does not apply to federal funds or locally-imposed property tax levies.

In addition, the bill would limit the aggregate amount of unencumbered funds that may be expended by school district in the 2010-2011 school year to an amount determined by the State Board of Education in the following manner:

- Determine the adjusted enrollment of the district;
- Subtract the amount of base state aid per pupil from \$4,146; and multiply the difference obtained by the adjusted enrollment of district.

The bill would amend K.S.A. 74-4939a to provide that the money paid to school districts for the employers' contribution to KPERS be deposited in the general fund of the district and transferred to the special retirement contributions fund of the school district. The bill also would create the KPERS weighting in the School Finance Act but would limit the weighting to the 2010-2011 school year. It further would require that for the 2011-2012 school year and each year after, the KPERS weighting would apply if the issue is submitted to a vote per K.S.A. 10-120 and subsequently approved by a majority of electors in the school district. The bill would amend K.S.A. 72-6407 to include KPERS weighting in the definition of adjusted enrollment and also would define KPERS weighting. In addition, K.S.A. 72-6433d would be amended to include money received for the employers' contribution to KPERS in the computation of the local option budget of a school district.

The bill would amend K.S.A. 72-6426 and allow school districts to increase the cap on the amount of money maintained in the district's contingency reserve fund from 10.0 to 20.0 percent of the general fund budget for the school year. The bill would eliminate the 6.0 percent cap for the 2012-2013 school year.

The bill also would include a provision that state aid payments to school districts occur on the date in which the payments are scheduled for the first eleven months of FY 2011.

The bill also would repeal K.S.A. 72-6422 which established the Area Vocational School Fund. All area vocational schools were required to become a technical college or merge with a post secondary institution.

According to the Department of Education, the disbursement of KPERS through the school district general 3-74 fund would require approximately an additional \$24 million, all from the State General Fund.

Background

HB 2748 was introduced by the House Appropriations Committee and authorized each school district to expend moneys attributable to state appropriations, fees, and transfers from certain school district funds for general education purposes for the 2010-2011 school year. The bill had a hearing in the House Education Budget Committee. Dave Trabert, Kansas Policy Institute, testified as a proponent of the bill. Neutral testimony was provided by Mark Tallman, Kansas Association of School Boards, Diane Gjerstad, Wichita Public Schools, and Dr. Gary George, Olathe Public Schools. The House Education Budget Committee deleted the contents of SB 74 and inserted the contents of HB 2478. In addition, the Committee amended the original bill to limit the aggregate amount of unencumbered funds that may be expended by school district in the 2010-2011 school year to an amount determined by the state board of education and amended K.S.A. 74-4939a, K.S.A. 72-6407 and K.S.A. 72-6433d.

The House Committee of the Whole amended the bill to allow school districts to transfer any unencumbered funds from the individual funds listed to the general fund for any year in which the base state aid per pupil is not, at least, \$4,492 under certain circumstances. The Committee also amended the bill to increase the base state aid per pupil amount used to calculate the aggregate amount of money that may be expended from the unencumbered balance of the district for the 2010-2011 school year. The KPERS weighting was limited to the 2010-2011 school year and requires that for the 2011-2012 school year and each year after, the weighting would only apply if the issue is submitted to a vote and subsequently approved. allows school districts to increase the cap on the amount of money maintained in the district's contingency reserve fund from 10.0 to 20.0 percent of the general fund budget for the school year and eliminates the 6.0 percent cap for the 2012-2013 school year. The bill also includes a provision that state aid payments to school districts occur on the date in which the payments are scheduled for the first eleven months of FY 2011.