

HOUSE BILL No. 2738

By Committee on K-12 Education Budget

Requested by Representative Goetz

2-7

1 AN ACT concerning education; relating to special education state aid;
2 revising the special education state aid statewide excess costs
3 calculation to count additional funding; requiring the state board to
4 determine excess costs for school districts; requiring the state board to
5 establish a special education state aid equalization distribution schedule
6 and to distribute certain amounts of special education services aid
7 pursuant to such distribution schedule; requiring each school district to
8 transfer the amount attributable to the special education weighting from
9 the supplemental general fund to the special education fund; amending
10 K.S.A. 72-3422 and 72-5143 and repealing the existing sections.

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 New Section 1. (a) Each year, prior to making any special education
14 state aid distributions to school districts pursuant to K.S.A. 72-3422, and
15 amendments thereto, the state board of education shall determine each
16 school district's excess cost as follows:

17 (1) Determine the school district's weighted full-time equivalent
18 student enrollment excluding the special education weighted full-time
19 equivalent as provided on the legal maximum general fund calculation
20 data computed by the state department of education;

21 (2) multiply the amount determined in paragraph (1) by the base aid
22 for student excellence established pursuant to K.S.A. 72-5132, and
23 amendments thereto;

24 (3) divide the amount obtained in paragraph (2) by the total number
25 of unweighted full-time equivalent students enrolled in the school district
26 on September 20;

27 (4) determine the total full-time equivalent enrollment of exceptional
28 children receiving special education and related services provided by all
29 school districts;

30 (5) multiply the amount of the quotient obtained in paragraph (3) by
31 the full-time equivalent enrollment determined in paragraph (4);

32 (6) multiply the amount of the product obtained in paragraph (5) by
33 the school district's local option budget authorized percent;

34 (7) determine the amount of federal funds received by the school
35 district for the provision of special education and related services;

1 (8) determine the amount of revenue received by the school district
2 for medicaid reimbursements and rendered under contracts with the state
3 institutions for the provision of special education and related services by
4 the state institution;

5 (9) add the amounts determined under paragraphs (5) through (8);

6 (10) determine the total amount of expenditures of the school district
7 for the provision of special education and related services;

8 (11) subtract the amount of the sum obtained under paragraph (9)
9 from the amount determined under paragraph (10);

10 (12) divide the amount determined under paragraph (11) by the sum
11 of one plus the statewide average local option budget authorized percent;
12 and

13 (13) subtract the amount attributable to the special education
14 weighting that is provided to the school district as supplemental state aid
15 pursuant to K.S.A. 72-5145, and amendments thereto, from the quotient
16 determined pursuant to paragraph (12). The amount determined under this
17 paragraph shall be the school district's excess cost.

18 (b) To determine excess costs pursuant to subsection (a) for any
19 school district that has paid for the provision of special education and
20 related services under an interlocal agreement or as a member of a
21 cooperative, the state board of education shall assign the costs for the
22 provision of special education and related services to each participating
23 school district in an amount that bears the same relation as the amount paid
24 by the school district in the current school year for the provision of special
25 education and related services bears to the aggregate of all amounts paid
26 by all school districts that are subject to such interlocal agreement or that
27 are participating in such cooperative membership agreement.

28 (c) Each year, the state department of education shall:

29 (1) Report to each school district the school district's excess cost
30 determined pursuant to subsection (a);

31 (2) publish the excess cost determinations made for each school
32 district pursuant to subsection (a) on the state department of education's
33 website; and

34 (3) on or before January 31 of each year, prepare and submit a report
35 to the house standing committee on K-12 education budget and the senate
36 standing committee on education, or any successor committees, that
37 provides a computation of school district excess costs as calculated
38 pursuant to subsection (a) and the special education services aid
39 equalization distribution schedule established by the state board of
40 education for distributions of special education state aid pursuant to K.S.A.
41 72-3422(e), and amendments thereto.

42 Sec. 2. K.S.A. 72-3422 is hereby amended to read as follows: 72-
43 3422. (a) Each year, the state board of education shall determine the

1 amount of state aid for the provision of special education and related
 2 services each school district shall receive for the ensuing school year. The
 3 amount of such state aid shall be computed by the state board as provided
 4 in this section *and shall include all forms of state aid that are related to*
 5 *the provision of special education, including, but not limited to:*

6 (1) *The base aid for student excellence and weightings that are*
 7 *determined for all students under the Kansas school equity and*
 8 *enhancement act and the local option budget moneys that are generated*
 9 *by such state aid for general education of special education students;*

10 (2) *state aid and grants for special education and the local option*
 11 *budget moneys that are generated by such funding.*

12 (b) (1) *The state board shall determine the total amount of special*
 13 *education state aid to be provided to school districts as follows:*

14 ~~(1)(A)~~ Determine the total amount of general fund and local option
 15 ~~budgets of all school districts weighted full-time equivalent student~~
 16 ~~enrollment excluding the special education weighted full-time equivalent~~
 17 ~~as provided on the legal maximum general fund calculation data~~
 18 ~~computed by the state department of education;~~

19 ~~(2)(B)~~ ~~subtract from the amount determined in subsection (a)(1) the~~
 20 ~~total amount attributable to assignment of transportation weighting,~~
 21 ~~bilingual weighting, career technical education weighting, special~~
 22 ~~education weighting and at-risk student weighting to the enrollment of all~~
 23 ~~school districts multiply the amount determined in paragraph (1)(A) by the~~
 24 ~~base aid for student excellence established pursuant to K.S.A. 72-5132,~~
 25 ~~and amendments thereto;~~

26 ~~(3)(C)~~ divide the remainder amount obtained in ~~subsection (a)(2)~~
 27 ~~paragraph (1)(B)~~ by the total number of *unweighted* full-time equivalent
 28 ~~pupils~~ students enrolled in all school districts on September 20;

29 ~~(4)(D)~~ determine the total full-time equivalent enrollment of
 30 exceptional children receiving special education and related services
 31 provided by all school districts;

32 ~~(5)(E)~~ multiply the amount of the quotient obtained in ~~subsection (a)~~
 33 ~~(3) paragraph (1)(C)~~ by the full-time equivalent enrollment determined in
 34 ~~subsection (a)(4) paragraph (1)(D);~~

35 ~~(6)(F)~~ multiply the amount of the product obtained in paragraph (1)
 36 (E) by the statewide average local option budget authorized percent;

37 (G) determine the amount of federal funds received by all school
 38 districts for the provision of special education and related services;

39 ~~(7)(H)~~ determine the amount of revenue received by all school
 40 districts *for medicaid reimbursements and* rendered under contracts with
 41 the state institutions for the provisions of special education and related
 42 services by the state institution;

43 ~~(8)(I)~~ add the amounts determined under ~~subsections (a)(6) and (a)(7)~~

1 to the amount of the product obtained under subsection (a)(5) paragraphs
2 (1)(E) through (1)(H);

3 ~~(9)(J)~~ determine the total amount of expenditures of all school
4 districts for the provision of special education and related services;

5 ~~(10)(K)~~ subtract the amount of the sum obtained under subsection (a)
6 ~~(8)~~ paragraph (1)(I) from the amount determined under subsection (a)(9)
7 paragraph (1)(J); and

8 ~~(11)(L)~~ divide the amount determined under paragraph (1)(K) by the
9 sum of one plus the statewide average local option budget authorized
10 percent;

11 (M) subtract the amount attributable to the special education
12 weighting that is provided to school districts as supplemental state aid
13 pursuant to K.S.A. 72-5145, and amendments thereto, from the quotient
14 determined pursuant to paragraph (1)(L); and

15 (N) multiply the remainder obtained under ~~subsection (a)(10)~~
16 paragraph (1)(M) by 92%.

17 (2) Subject to appropriation acts of the legislature, the computed
18 amount is the total amount of state aid for the provision of special
19 education and related services ~~and a school district is~~ districts are entitled
20 to receive for the ensuing school year.

21 ~~(b)(c)~~ Except as provided in subsection (e), each school district shall
22 receive:

23 (1) Reimbursement for actual travel allowances paid to special
24 teachers at not to exceed the rate specified under K.S.A. 75-3203, and
25 amendments thereto, for each mile actually traveled during the school year
26 in connection with duties in providing special education or related services
27 for exceptional children. Such reimbursement shall be computed by the
28 state board by ascertaining the actual travel allowances paid to special
29 teachers by the school district for the school year and shall be in an
30 amount equal to 80% of such actual travel allowances;

31 (2) reimbursement in an amount equal to 80% of the actual travel
32 expenses incurred for providing transportation for exceptional children to
33 special education or related services;

34 (3) reimbursement in an amount equal to 80% of the actual expenses
35 incurred for the maintenance of an exceptional child at some place other
36 than the residence of such child for the purpose of providing special
37 education or related services. Such reimbursement shall not exceed \$600
38 per exceptional child per school year; and

39 (4) (A) except for those school districts that receive reimbursement
40 under subsection ~~(e)~~ (c)(4)(D) or ~~(4)(c)(4)(E)~~, after subtracting the
41 amounts of reimbursement under subsections ~~(a)(1)(c)(1)~~, ~~(a)(2)(c)(2)~~ and
42 ~~(a)(3)(c)(3)~~ from the total amount appropriated for special education and
43 related services under this act, an amount which bears the same proportion

1 to the remaining amount appropriated as the number of full-time
2 equivalent special teachers who are qualified to provide special education
3 or related services to exceptional children ~~and~~ that are employed by the
4 school district for approved special education or related services bears to
5 the total number of such qualified full-time equivalent special teachers
6 employed by all school districts for approved special education or related
7 services.

8 (B) Each special teacher who is qualified to assist in the provision of
9 special education or related services to exceptional children shall be
10 counted as $\frac{2}{5}$ full-time equivalent special teacher who is qualified to
11 provide special education or related services to exceptional children.

12 (C) For purposes of this ~~subsection (b)(4) paragraph~~, a special
13 teacher, qualified to assist in the provision of special education and related
14 services to exceptional children, who assists in providing special education
15 and related services to exceptional children at either the state school for
16 the blind or the state school for the deaf and whose services are paid for by
17 a school district pursuant to K.S.A. 76-1006 or 76-1102, and amendments
18 thereto, shall be considered a special teacher of such school district.

19 ~~(e)(D)~~ Each school district ~~which~~ that has paid amounts for the
20 provision of special education and related services under an interlocal
21 agreement shall receive reimbursement under ~~subsection (b)(4) this~~
22 *paragraph*. The amount of such reimbursement for the school district shall
23 be the amount ~~which~~ that bears the same relation to the aggregate amount
24 available for reimbursement for the provision of special education and
25 related services under the interlocal agreement, as the amount paid by such
26 school district in the current school year for provision of such special
27 education and related services bears to the aggregate of all amounts paid
28 by all school districts in the current school year who have entered into
29 such interlocal agreement for provision of such special education and
30 related services.

31 ~~(d)(E)~~ Each contracting school district ~~which~~ that has paid amounts
32 for the provision of special education and related services as a member of
33 a cooperative shall receive reimbursement under ~~subsection (b)(4) this~~
34 *paragraph*. The amount of such reimbursement for the school district shall
35 be the amount ~~which~~ that bears the same relation to the aggregate amount
36 available for reimbursement for the provision of special education and
37 related services by the cooperative, as the amount paid by such school
38 district in the current school year for provision of such special education
39 and related services bears to the aggregate of all amounts paid by all
40 contracting school districts in the current school year by such cooperative
41 for provision of such special education and related services.

42 *(d) For fiscal year 2025, and each fiscal year thereafter, the*
43 *legislature shall appropriate from the state general fund in the special*

1 education services aid account of the state department of education an
2 amount that is equal to or greater than \$528,018,516, the amount
3 appropriated for fiscal year 2024 by section 2 of chapter 98 of the 2023
4 Session Laws of Kansas from the state general fund to the special
5 education services aid account of the state department of education.

6 (e) (1) In fiscal year 2025, and each fiscal year thereafter, the state
7 department of education shall distribute from the special education
8 services aid account of the state general fund an amount equal to
9 \$528,018,516, to school districts pursuant to the statutory distribution
10 schedule established pursuant to subsection (c).

11 (2) For fiscal year 2025, and each fiscal year thereafter, the state
12 board of education shall establish a special education services aid
13 equalization distribution schedule that prioritizes equalizing special
14 education services aid distributions to school districts. When establishing
15 or revising the special education services aid equalization distribution
16 schedule, the state board of education shall give consideration to the
17 discrepancies between each school district's excess cost as determined
18 pursuant to section 1, and amendments thereto. The purpose of such
19 special education services aid equalization distribution schedule shall be
20 to provide for a more equitable distribution of special education state aid
21 among school districts based on each school district's excess costs.

22 (3) Notwithstanding the provisions of subsection (c), for fiscal year
23 2025, and each fiscal year thereafter, the state department of education
24 shall:

25 (A) Determine the total amount appropriated for such fiscal year
26 from the state general fund in the special education services aid account
27 of the state department of education;

28 (B) subtract \$528,018,516 from the amount determined pursuant to
29 paragraph (3)(A); and

30 (C) distribute the amount of the difference determined under
31 paragraph (3)(B) to school districts pursuant to the special education
32 services aid equalization distribution schedule established by the state
33 board of education pursuant to paragraph (2).

34 ~~(e)~~(f) No time spent by a special teacher in connection with duties
35 performed under a contract entered into by the Kansas juvenile
36 correctional complex, the Larned juvenile correctional facility or the
37 Topeka juvenile correctional facility and a school district for the provision
38 of special education services by such state institution shall be counted in
39 making computations under this section.

40 ~~(f)~~(g) (1) There is hereby established in every school district a fund
41 which shall be called the special education fund, which fund that shall
42 consist of all moneys deposited therein or transferred thereto according to
43 law. Notwithstanding any other provision of law, all moneys received by

1 the school district from whatever source for special education shall be
 2 credited to the special education fund established by this section, except
 3 that: ~~(1)~~ (A) Amounts of payments received by a school district under
 4 K.S.A. 72-3423, and amendments thereto, and amounts of grants, if any,
 5 received by a school district under K.S.A. 72-3425, and amendments
 6 thereto, shall be deposited in the general fund of the district and transferred
 7 to the special education fund; and ~~(2)~~ (B) moneys received by a school
 8 district pursuant to lawful agreements made under K.S.A. 72-3412, and
 9 amendments thereto, shall be credited to the special education fund
 10 established under the agreements.

11 ~~(g)~~(2) The expenses of a school district directly attributable to special
 12 education shall be paid from the special education fund and from special
 13 funds established under K.S.A. 72-3412, and amendments thereto.

14 ~~(h)~~(3) Obligations of a school district pursuant to lawful agreements
 15 made under K.S.A. 72-3412, and amendments thereto, shall be paid from
 16 the special education fund established by this section.

17 Sec. 3. K.S.A. 72-5143 is hereby amended to read as follows: 72-
 18 5143. (a) In each school year, the board of education of a school district
 19 shall adopt, by resolution, a local option budget equal to 15% of the school
 20 district's total foundation aid.

21 (b) If the board of education of a school district desires local option
 22 budget authority above the amount required under subsection (a), the
 23 board may adopt, by resolution, a local option budget in an amount that
 24 does not exceed the statewide average for the preceding school year as
 25 determined by the state board pursuant to subsection (j). The adoption of a
 26 resolution pursuant to this section shall require a majority vote of the
 27 members of the board. Such resolution shall be effective upon adoption
 28 and shall require no other procedure, authorization or approval.

29 (c) If the board of a school district desires local option budget
 30 authority above the amount authorized under subsection (b), the board may
 31 adopt, by resolution, such budget in an amount not to exceed the state
 32 prescribed percentage. The adoption of a resolution pursuant to this
 33 subsection shall require a majority vote of the members of the board. The
 34 resolution shall be published at least once in a newspaper having general
 35 circulation in the school district. The resolution shall be published in
 36 substantial compliance with the following form:

37 Unified School District No. _____,
 38 _____ County, Kansas.

39 RESOLUTION

40 Be It Resolved that:

41 The board of education of the above-named school district shall be
 42 authorized to adopt a local option budget in each school year in an amount
 43 not to exceed ____% of the amount of total foundation aid. The local

1 option budget authorized by this resolution may be adopted, unless a
 2 petition in opposition to the same, signed by not less than 10% of the
 3 qualified electors of the school district, is filed with the county election
 4 officer of the home county of the school district within 40 days after
 5 publication of this resolution. If a petition is filed, the county election
 6 officer shall submit the question of whether adoption of the local option
 7 budget shall be authorized to the electors of the school district at an
 8 election called for the purpose or at the next general election, as is
 9 specified by the board of education of the school district.

10 CERTIFICATE

11 This is to certify that the above resolution was duly adopted by the
 12 board of education of unified school district No. _____, _____ County,
 13 Kansas, on the _____ day of _____, _____.

14 _____
 15 Clerk of the board of education.

16 All of the blanks in the resolution shall be filled appropriately. If a
 17 sufficient petition is not filed, the board may adopt a local option budget.
 18 If a sufficient petition is filed, the board may notify the county election
 19 officer of the date of an election to be held to submit the question of
 20 whether adoption of a local option budget shall be authorized. Any such
 21 election shall be noticed, called and held in the manner provided by K.S.A.
 22 10-120, and amendments thereto. If the board fails to notify the county
 23 election officer within 30 days after a sufficient petition is filed, the
 24 resolution shall be deemed abandoned and no like resolution shall be
 25 adopted by the board within the nine months following publication of the
 26 resolution.

27 (d) Unless specifically stated otherwise in the resolution, the authority
 28 to adopt a local option budget shall be continuous and permanent. The
 29 board of any school district that is authorized to adopt a local option
 30 budget may adopt a budget in an amount less than the amount authorized,
 31 provided the board adopts a local option budget in an amount equal to or
 32 greater than the amount required under subsection (a).

33 (e) The board of any school district may initiate procedures to renew
 34 or increase the authority to adopt a local option budget at any time during
 35 a school year after the tax levied pursuant to K.S.A. 72-5147, and
 36 amendments thereto, is certified to the county clerk under any existing
 37 authorization.

38 (f) (1) Except as provided in paragraph (2), the board of any school
 39 district authorized to adopt a local option budget prior to July 1, 2017,
 40 under a resolution that authorized the adoption of such budget in
 41 accordance with the provisions of K.S.A. 72-6471, prior to July 1, 2017,
 42 may continue to operate under such resolution for the period of time
 43 specified in the resolution if such resolution adopted a local option budget

1 equal to or greater than the amount required in subsection (a), or may
2 abandon the resolution and operate under the provisions of this section.
3 Any such school district shall operate under the provisions of this section
4 after the period of time specified in any previously adopted resolution has
5 expired.

6 (2) Any resolution adopted prior to July 1, 2017, pursuant to K.S.A.
7 72-6433(e)(2), prior to its repeal, that authorized the adoption of a local
8 option budget and that was not subsequently submitted to and approved by
9 a majority of the qualified electors of the school district voting at an
10 election called and held thereon shall expire on June 30, 2018, and shall
11 have no force and effect during school year 2018-2019 or any subsequent
12 school year.

13 (g) Any resolution adopted pursuant to this section may revoke or
14 repeal any resolution previously adopted by the board. If the resolution
15 does not revoke or repeal previously adopted resolutions, all resolutions
16 that are in effect shall expire on the same date. The maximum amount of
17 the local option budget of a school district under all resolutions in effect
18 shall not exceed the state prescribed percentage in any school year.

19 (h) For school year 2019-2020 and each school year thereafter, the
20 board of any school district that desires to increase its local option budget
21 authority for the immediately succeeding school year shall submit written
22 notice of such intent to the state board by April 1 of the current school
23 year. Such notice shall include the local option budget authority, expressed
24 as a percentage of the school district's total foundation aid, to be adopted
25 for the immediately succeeding school year. The board of a school district
26 shall not adopt a local option budget in excess of the authority stated in a
27 notice submitted pursuant to this subsection.

28 (i) (1) There is hereby established in each school district that adopts a
29 local option budget a supplemental general fund, which shall consist of all
30 amounts deposited therein or credited thereto according to law.

31 (2) (A) Of the moneys deposited in or otherwise credited to the
32 supplemental general fund of a school district pursuant to K.S.A. 72-5147,
33 and amendments thereto, an amount that is proportional to that amount of
34 such school district's total foundation aid attributable to the at-risk student
35 weighting as compared to such district's total foundation aid shall be
36 transferred to the at-risk education fund of such school district and shall be
37 expended in accordance with K.S.A. 72-5153, and amendments thereto.

38 (B) Of the moneys deposited in or otherwise credited to the
39 supplemental general fund of a school district pursuant to K.S.A. 72-5147,
40 and amendments thereto, an amount that is proportional to that amount of
41 such school district's total foundation aid attributable to the bilingual
42 weighting as compared to such district's total foundation aid shall be
43 transferred to the bilingual education fund of such school district and shall

1 be expended in accordance with K.S.A. 72-3613, and amendments thereto.
2 *(C) Of the moneys deposited in or otherwise credited to the*
3 *supplemental general fund of a school district pursuant to K.S.A. 72-5147,*
4 *and amendments thereto, an amount that is proportional to that amount of*
5 *such school district's total foundation aid attributable to the special*
6 *education weighting as compared to such school district's total foundation*
7 *aid shall be transferred to the special education fund of such school*
8 *district and expended in accordance with K.S.A. 72-3422, and*
9 *amendments thereto.*

10 (3) Subject to the limitations imposed under paragraph (4), amounts
11 in the supplemental general fund may be expended for any purpose for
12 which expenditures from the general fund are authorized or may be
13 transferred to any categorical fund of the school district. Amounts in the
14 supplemental general fund attributable to any percentage over 25% of total
15 foundation aid determined for the current school year may be transferred
16 to the capital improvements fund of the school district and the capital
17 outlay fund of the school district if such transfers are specified in the
18 resolution authorizing the adoption of a local option budget in excess of
19 25%.

20 (4) Amounts in the supplemental general fund may not be expended
21 for the purpose of making payments under any lease-purchase agreement
22 involving the acquisition of land or buildings that is entered into pursuant
23 to the provisions of K.S.A. 72-1149, and amendments thereto.

24 (5) (A) Except as provided in subparagraph (B), any unexpended
25 moneys remaining in the supplemental general fund of a school district at
26 the conclusion of any school year in which a local option budget is
27 adopted shall be maintained in such fund.

28 (B) If the school district received supplemental state aid in the school
29 year, the state board shall determine the ratio of the amount of
30 supplemental general state aid received to the amount of the local option
31 budget of the school district for the school year and multiply the total
32 amount of the unexpended moneys remaining by such ratio. An amount
33 equal to the amount of the product shall be transferred to the general fund
34 of the school district or remitted to the state treasurer in accordance with
35 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
36 of any such remittance, the state treasurer shall deposit the same in the
37 state treasury to the credit of the state school district finance fund.

38 (j) Each year, the state board shall determine the statewide average
39 percentage of local option budgets legally adopted by school districts for
40 the preceding school year.

41 (k) The provisions of this section shall be subject to the provisions of
42 K.S.A. 72-5144, and amendments thereto.

43 (l) As used in this section:

1 (1) "Authorized to adopt a local option budget" means that a school
2 district has adopted a resolution pursuant to subsection (c).

3 (2) "State prescribed percentage" means 33% of the total foundation
4 aid of the school district in the current school year.

5 (3) "Total foundation aid" means the same as ~~such term~~ is defined in
6 K.S.A. 72-5132, and amendments thereto.

7 Sec. 4. K.S.A. 72-3422 and 72-5143 are hereby repealed.

8 Sec. 5. This act shall take effect and be in force from and after its
9 publication in the statute book.