

SESSION OF 2024

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 386**

As Amended by Senate Committee on  
Education

**Brief\***

SB 386, as amended, would amend certain enrollment determination criteria in the Kansas School Equity and Enhancement Act (KSEEA) to require school district enrollment be determined using the current or preceding school year.

***Enrollment Determination for State Aid***

Under current requirements in KSEEA, school districts and the State Department of Education use the student enrollment count from the preceding year to determine state aid entitlements for the current school year. The law further allows any school district that experienced a decrease in enrollment between the second-preceding school year and the preceding school year would be permitted to use the second-preceding year enrollment count.

The law also provides enrollment determination provisions specific to school districts that receive federal impact aid for the enrollment of military students that experience a decrease in enrollment between the second-preceding school year and the preceding school year. For those school districts, they are permitted to determine enrollment using either the second-preceding school year enrollment count or the arithmetic mean of the preceding, second-year preceding, and third-year preceding school year enrollment counts.

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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>

### *Definition of Enrollment*

The bill would amend the definition of “enrollment” under the KSEEA to require KSDE and school districts to use the greater of the preceding-year enrollment for kindergarten and grades one through 12 on September 20, as well as current-year preschool-aged at-risk students or the current-year enrollment count for these same student groups.

**Impact aid.** The bill would also amend the enrollment determination requirements specific to those school districts that receive federal impact aid. Under the bill, such districts could determine enrollment using the current-year enrollment count; the preceding-year enrollment count; or the arithmetic mean of the preceding, second-preceding, and third-preceding year enrollment counts.

[*Note:* 2022 HB 2567 amended the KSEEA calculation prescribed for local foundation aid by removing federal impact aid from the formula.]

### **Background**

The bill was introduced by the Senate Committee on Education at the request of Katie Whisman Consulting, LLC. [*Note:* A companion bill, HB 2485, has been introduced in the House.]

### ***Senate Committee on Education***

In the Senate Committee hearing on January 30, 2024, the Superintendent of USD 335 (Jackson Heights Schools) provided **proponent** testimony on the bill, as introduced, outlining the impacts on USD 335 created by the closure of a nearby district’s school building in February 2023. USD 335 currently has 110 students who reside in USD 113 attending its schools; 90 of those students were previously attending the closed school. Under the existing enrollment count

calculation, USD 335 carries the cost of the increased enrollment without corresponding funding (e.g., transportation services and supports and teacher and support staff).

Written-only proponent testimony was submitted by representatives of USD 115 (Nemaha Central Schools) and USD 233 (Olathe Public Schools). These proponents addressed allowing more timely counts to provide services and the need to accommodate the educational needs of communities impacted by school building closures.

Neutral testimony was provided by a representative of the Kansas Association of School Boards and a representative of United School Administrators of Kansas and Kansas School Superintendents' Association. The conferees supported the current-year enrollment option for growing districts and asked for consideration to allow the two-preceding year "look back" for districts experiencing the impacts of enrollment declines. Both conferees requested the removal of enrollment count provisions specific to districts with attendance center closures in the preceding year. Neutral written-only testimony submitted by USD 445 (Coffeyville Public Schools) requested consideration for phased-in implementation, such as allowing school districts three enrollment count options in FY 2025 and two options (current or preceding year) in FY 2026.

**Opponent** testimony was provided by the Superintendent and a board member of USD 113 (Prairie Hills) and the Superintendent of USD 453 (Leavenworth). The USD 113 representatives addressed the closure of a district attendance center in the 2022-2023 school year and the flexibility the current enrollment funding calculation provided for the district. The use of current year-only funding would have created additional challenges, including a likely reduction in force (staffing). The USD 453 conferee noted districts are making hiring decisions this spring and immediate implementation of modifications to enrollment count determination for funding could impact those decisions and the ability for a district to correctly plan for its budget

using revenues calculated with the changes proposed in the bill.

Written-only opponent testimony was submitted by representatives of USD 259 (Wichita Public Schools) and USD 396 (Douglass Public Schools). The testimony noted the current “look back” enrollment model allows for better budget planning for the state and district; USD 259 indicates it has negotiated a two-year agreement with its teachers and support staff based on the current school finance formula (enrollment count determination). Testimony from USD 396 noted the inability to stabilize enrollment over multiple years would be detrimental to rural districts and those experiencing declining enrollment.

The Senate Committee amended the bill to remove a provision that would have required school districts that closed any school building that was an attendance center in the preceding school year to use only its current-year enrollment count.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the State Department of Education indicates school enrollment cannot be estimated by school district for the 2024-2025 school year; however, it has estimated the cost of the bill using enrollment data from the current school year with the school finance cost projections for the 2024-2025 school year. With enactment of the bill, the Department estimates that state aid to school districts would decrease by \$1,743,126, all from the State General Fund (SGF). Of this total, a reduction of \$1,530,978 would be for State Foundation Aid and a reduction of \$212,148 would be for Local Option Budget (LOB) State Aid.

[*Note:* The Senate Committee amendment removed the enrollment count provision pertaining to school building

closures. Some estimates used in this fiscal note would no longer be applicable.]

**State Foundation Aid calculation.** The Department estimates that 78 school districts would experience an increased general fund expenditure authority of \$11,188,516. In addition, by eliminating the second-preceding year enrollment count along with the policy of requiring school districts that have closed a school building that was an attendance center in the preceding year, the Department estimates that 124 school districts would lose \$12,719,494 in general fund expenditure authority. The net effect on State Foundation to school districts would be reduced by \$1,530,978 ( $\$11,188,516 - \$12,719,494 = -\$1,530,978$ ). The Department further estimates that 84 school districts would see no change in general fund expenditure authority.

**LOB State Aid calculation.** The Department calculates school district authorized LOB expenditures in this manner: multiply  $-\$1,530,978 \times 31.0$  percent (average authorized LOB percentage) for a reduction of \$474,603 in overall school district LOB authority. To calculate the change in LOB State Aid entitlement on the reduction school district LOB expenditures, the Department notes that LOB State Aid averages 44.7 percent for the current school year; as a result, the reduction in state aid for the LOB would total \$212,148 ( $-\$474,603 \times 44.7$  percent =  $-\$212,148$ ).

**School building closure consideration.** The Department notes that its estimates include consideration for school districts that closed a school building in the 2022-2023 school year, including Central Plains, Prairie Hills, Wabaunsee, Lawrence, Chase-Raymond, Newton, Kiowa County, and Hutchinson. The Department indicates it cannot estimate a fiscal effect for FY 2026, as it does not know which school districts may close a school building in FY 2025. However, the Division of the Budget notes that a similar overall fiscal effect would likely be incurred for FY 2026. [Note: The Senate Committee amendment deleted the

enrollment count provision pertaining to school building closures.]

**Other comment.** The Kansas Association of School Boards indicates that the organization does not have adequate information to estimate a fiscal effect for school districts.

Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Education; Kansas School Equity and Enhancement Act; enrollment count determination; current year; preceding year