**KASEA Legislative Update**

**May 20, 2017**

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**Overtime in the 2017 Session**

This Monday marks the 98th day of the 2017 legislative session, into what most of us would call “overtime.” From the beginning, legislative leaders allowed that this session might take closer to 100 days given the weighty issues before them, but it’s clear that day will be in their rearview mirror before the session wraps up.

The real sticking point is assembling a comprehensive tax package that can pass both legislative chambers, without being vetoed by the governor. The House has shown willingness to pass healthier revenue bills, including one vetoed by the governor earlier in the session. The House voted to override the veto, but the Senate failed to do so by three votes.

While one of those three votes has shown recent willingness to go further, it’s difficult to see others budging in the case of a governor’s veto. As a practical matter, two critical leaders – Senator Caryn Tyson, Senate Assessment and Taxation chair, and Senate President Susan Wagle – are eying potential Congressional runs in 2018 and likely don’t want to be attached to any tax increase votes.

Democrats are also slowing down progress on a tax package vote, insisting on passage of a school finance bill before a tax bill. Their rationale is that running a tax package first may artificially hold down the amount invested in school finance for the coming years. They have stated a school finance package should be passed first, so legislators have a clear idea of the revenues needing to be raised.

School finance discussions are progressing. On Monday, the House K-12 Education Budget Committee passed HB 2410 out of committee *without a recommendation to pass favorably or unfavorably.* It’s unusual for a bill not to receive a committee recommendation, but this committee was evenly split on most items in the bill – which left nearly every committee member unhappy with the final product. It is now awaiting debate in the House.

Meanwhile, the Senate Special Committee on Education Finance, chaired by Senator Jim Denning (R-Overland Park), introduced SB 251 and held public hearings on the bill Thursday and Friday. The Senate had initially planned to wait for HB 2410 to pass to their chamber, but when it became clear there was little potential for House action on that bill, the Senate committee decided to move forward on their own.

The Senate committee plans to meet Monday and Tuesday – 1:30 pm each day in room 548-S – to amend and work the bill, with the idea of Senate debate coming perhaps as soon as Thursday. More on SB 251 is detailed below.

**Base Aid Per Student**

House:$4,006 for School Year (SY) 17-18 and $4,128 for SY 18-19. Adjusted by the Consumer Price Index (CPI)-Midwest for SY 19-20 and each year thereafter.

Senate: $4,006 for SY 17-18 and $4,080 for SY 18-19\*

Beginning in SY 19-20, increases will be based on a three-year rolling average of the CPI. The BASE is estimated to be $4,141 in SY 19-20; $4,203 in SY 20-21; and $4,266 in SY 21-22.

*\*The Senate determined its “reasonably calculated” base using a model that factored the following measures: 1) the percent of students at grade level on state math and English language arts assessments, 2) the percent of students at college and career ready level on state math and English language arts assessments, 3) the average composite ACT score, and 4) the 4-year graduation rate.*

**CPI-U Midwest Index**

House: Includes the CPI-U Midwest index to increase foundation aid, beginning in 2020.

Senate: Same as the House *except* the Senate uses a three-year rolling average.

**All-Day Kindergarten**

House: Funds all-day kindergarten (1.0 FTE, instead of previous 0.5 FTE).

Senate: Same as the House.

**At-Risk Weighting**

House: At-risk weighting set at .484. Sets a minimum of 10% at-risk population for all districts, but sets that weighing at .456.

Senate: At-Risk weighting set at .456 for all districts. Includes 10% minimum, which was set as a compromise for districts with a lower free lunch count, which is the proxy used to determine at-risk funding, but have a higher population of at-risk students.

**Four-Year-Old At-Risk Calculation**

House: Uses current year numbers, rather than the previous year or second previous year enrollment used to determine all other enrollment funding.

Senate: Same as the House.

**Bilingual Weighting**

House: The bilingual weighting would be determined by using the greater of the following two calculations: (1) the contact hours of students in bilingual programs multiplied by 0.361; or (2) the number of students (by headcount) in bilingual programs multiplied by 0.185.

Senate: Same as the House, except this would sunset on July 1, 2020.

**Virtual Education**

House: Requires a Legislative Post Audit study of statewide virtual education programs in other states. The amendment also removed an earlier change that would have removed non-district resident students from the AVPP determination for LOB.

Senate: Calculates virtual school state aid in the same manner as current law and sunsets this provision on July 1, 2020.

**20-Mill Statewide Levy**

House: Reauthorizes the statewide 20-mill school finance levy for school years

2017-2018 and 2018-2019. The first $20,000 of assessed valuation of residential properties

would continue to be exempt from this levy.

Senate: Same as House *except* the Senate prohibits the abatement of the 20-mills for local economic development projects.

**Cost of Living Adjustment (COLA) Weighting**

House: Repeals the COLA and replaces it with a “Local Excellence Budget,” which is capped at 5% and equalized similarly to the formula used for Capital Outlay Aid. Funding authorization is based on an inverse relationship with free lunch enrollment – i.e., the lower the free lunch enrollment in a district, the more LEB may be accessed up to the 5% cap. KSDE estimates about 165 districts could qualify for this. The LEB is to be used “solely for the provision of educational opportunities that *exceed* the curriculum standards established by the State Board.”

Senate: Maintains the COLA, which is capped at 5% and is based on residential property values in a district and funded fully by a local property tax, with no state equalization aid. The COLA was established to recognize employment wage cost differentials across the state.

**Capital Outlay Levy**

House: Continues the cap on the Capital Outlay levy of 8 mills, but expands the allowable use of that fund to include utilities.

Senate: Raises the Capital Outlay cap to 10 mills and expands allowable expenditures to include utilities, property/casualty insurance, and costs associated with maintaining infrastructure and technology.

**Transportation Aid**

House position: Places a five-year sunset on the grandfather provision that allows districts to use the former formula for transportation aid if higher than the calculation in HB 2410.

Senate: Same as the House *except* the Senate sunsets this provision on July 1, 2020.

**ABA Therapy for Autism Mandate**

House: Districts would be required to provide ABA (Applied Behavioral Analysis) therapy – a very specific and intensive therapy – to students diagnosed on the autism spectrum “if ordered by a licensed physician, psychologist or specialist clinical social worker.” A later amendment delays the mandate for one year to allow hearings and further vetting by next year’s legislature to study the merits of such a mandate.

Senate: Does not include this provision.

**Professional Development and Mentoring**

House: Adds $1.7 million for profession development and $800,000 for mentor teacher state aid in each of the next two years (FY 2018 & FY 2019)

Senate: Same as the House.

**Private School Tuition Tax Scholarship**

House: Requires that 50% of students receiving the scholarship be “direct certified” for free lunch, based on income and participation in certain social service programs. The remaining 50% would qualify by free lunch eligibility. Private schools must be accredited by the State Board if they do not go through high school and private high schools must meet the same performance standards as determined by the State Board for public schools.

Senate: Same as the House.

**School Finance Reporting**

House: KSDE is required to provide annual, per district reports on school funding that include: enrollment; general and supplemental general fund amounts; capital outlay funds; bond and interest funds; base aid and weightings; retirement contributions; all other funds; and state assessment outcomes in reading and math.

Senate: Same as the House.

**Senator addresses special education funding formula**

On Friday, Senator Bruce Givens (R-Pratt) delivered testimony on the special education funding formula and excess costs. He noted that even with the proposed $12 million increase in special education funding included in both the House and Senate plans, the state contribution would be well below 92 percent of excess costs.

Sen. Givens also talked about the distribution formula for special education. He acknowledged that any change to the *existing* formula would produce winners and losers, so he proposed any *new* funding should be distributed using a different methodology. He is currently working with revisors to draft language that would distribute funds based on district enrollment. While he didn’t have specific language available during the hearing, he did share a printout that was prepared by KSDE on the amount of funding each district would receive. To view that *draft* run, click [here](https://www.dropbox.com/s/t9uhtcmwpzwfosx/5.19%20Senator%20Givens%20attachment%20SF17-177%20%28002%29.pdf?dl=0).

**KPERS Working After Retirement (WAR)**

On Tuesday, House and Senate conferees reached agreement on provisions to be included in the conference committee report on SB 21. Discussion this session has been largely focused on simplifying exception guidelines, as they have grown increasingly complex and confusing, and removing barriers for school districts to hire qualified personnel.

Effective January 1, 2018, there will be a single working after retirement rule that would apply to all licensed/non-licensed school personnel. Key provisions of the agreement include:

* There is no earnings limitation.
* For *covered positions*, employer would pay the statutory contribution rate on the first $25,000 in earnings in the calendar year and 30% thereafter.
* For *non-covered positions* (those working less than 630 hours in the calendar year), employers do not contribute to KPERS.
* Employees aged *62 and older* must wait 60 days before returning to work.
* Employees *retiring before 62* must wait 180 days before returning to work.
* Prearrangement are prohibited.

Both chambers will likely vote on the agreement early this week. To read a detailed summary prepared by KPERS, click [here](https://www.dropbox.com/s/xg9f1g4qkmwac10/KPERS%20Working%20After%20Retirement%20Member%20Type%20Rubric%20-%20Based%20on%20Conference%20Committee%20Agreement%20-%20May%2016%2C%202017.pdf?dl=0).