

Selected Senate & House

EDUCATION SUMMARIES

Enrolled bills passed into law during the



2015 Legislative Session

Published June, 2015

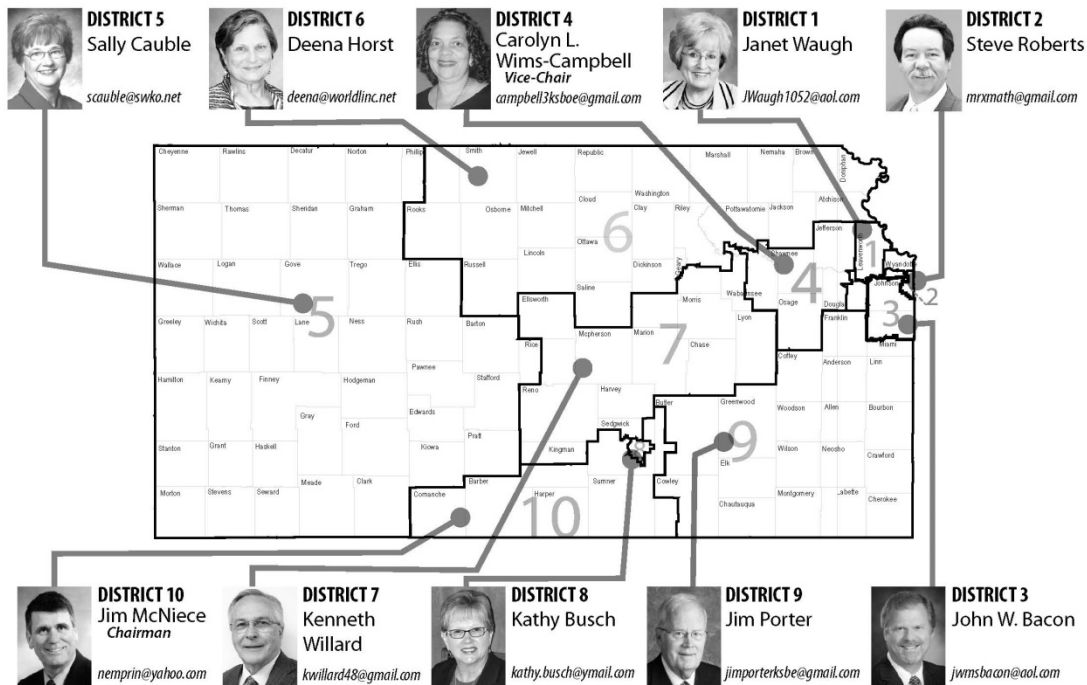


Compiled by the School Finance Section of the
Division of Fiscal and Administrative Services
Kansas State Department of Education
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The mission of the Kansas State Board of Education is to prepare Kansas students for lifelong success through rigorous, quality academic instruction, career training and character development according to each student's gifts and talents. To accomplish this mission the State Board has identified five goals. They are as follows:

- Provide a flexible delivery system to meet our students' changing needs.
- Provide an effective educator in every classroom.
- Ensure effective, visionary leaders in every school.
- Promote and encourage best practices for early childhood programs.
- Develop active communication and partnerships with families, communities, business stakeholders, constituents and policy makers.

Adopted Mar. 2013



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JANUARY 2015

This booklet, **Selected Senate & House Education Summaries – 2015 Legislative Session**, is published annually to provide enrolled copies and summaries of selected education bills passed by the Kansas Legislature relating generally to Unified School Districts, Interlocal operatives, and private schools.

The summaries of the bills were prepared by the Kansas Legislative Research Department in cooperation with the Kansas Department of Education. Bills are summarized using the conference committee report briefs which are prepared by the Legislative Research Department. Conference committee report briefs may be accessed on the Kansas Legislature website: <http://www.kslegislature.org/klrd>

The bills chosen include important legislative information related to education and may be found and printed from the links below:

Senate: http://www.kslegislature.org/li/b2015_16/measures/bills/senate/

House: http://www.kslegislature.org/li/b2015_16/measures/bills/house/

To select a specific bill, type the bill number in the “Filter” search box on the right of the page, or scroll through the list of bills and resolutions in the center of the web page.

Dale M. Dennis, Deputy Commissioner
Division of Fiscal & Administrative Services

Program	FY 2015 Approved	FY 2016 Approved	FY 2017 Approved
General State Aid - SGF	1,886,700,212	0	0
Mineral Production Fund	0	0	0
General State Aid - All Day K	0	0	0
State Highway Fund	96,600,000	0	0
General State Aid	1,983,300,212	0	0
Block Grants to USDs - SGF	0	2,731,944,802	2,679,035,652
State Highway Fund	0	96,600,000	96,600,000
Mineral Production Fund	0	0	28,427,000
Supplemental General State Aid	452,257,384	0	0
School District Finance Fund	46,849,473	45,673,934	45,673,934
SDDFF - School Mill Levy	579,232,000	582,775,000	622,634,000
School District Finance Fund	626,081,473	628,448,934	668,307,934
Capital Improvement Fund	147,000,000	162,500,000	176,000,000
Capital Outlay State Aid	29,258,900	0	0
Juvenile Detention Facilities	4,971,500	4,971,500	4,971,500
School District Extraordinary Need Fund	0	12,292,000	17,521,425
School District Extraordinary Need Fund	779,567	0	0
Special Education Services-SGF	418,360,566	424,902,949	423,980,455
Special Education Services-SHF	10,000,000	10,000,000	10,000,000
Special Education Services	428,360,566	434,902,949	433,980,455
Mentor Teacher Program	0	0	0
Professional Development	0	0	0
School Food Service Match	2,510,486	2,510,486	2,510,486
Educable Deaf/Blind	110,000	110,000	110,000
Ag in the Classroom	0	0	0
Discretionary Grants			
After-School Enhancement Prgms.	187,500	187,500	187,500
After-School Prgms. Middle School Students	125,000	125,000	125,000
Environmental Education	0	0	0
Communities in Schools	250,000	0	0
Kansas Teacher of the Year	9,957	9,957	9,957
Discretionary Grants - Total	572,457	322,457	322,457
Parent Education	7,237,635	7,237,635	7,237,635
Pre-K Pilot	4,799,812	4,799,812	4,799,812
KPERS-SGF	318,282,402	11,838,054	12,628,263
KPERS-ELARF	39,490,000	36,158,948	35,430,948
KPERS	357,772,402	47,997,002	48,059,211
National Board Certification	327,500	327,500	327,500
State Assessment Fund (Transfer from State Safety)	1,100,000	0	0
School Safety Hotline	10,000	10,000	10,000
State Safety Fund (State Aid - Driver's Ed)	1,100,000	700,000	1,450,000
Kansas Safe and Prepared Schools	0	0	0
Agency Moving/Increased Rent	0	0	0
Tech Ed Transportation	0	0	0
Tech Ed Transportation - SHF	650,000	650,000	650,000
Tech Ed Promotion	0	0	0
Fort Riley State Match	0	409,541	0
Kansas Reading Success	0	2,100,000	0
Information Tech Education Opportunities	0	500,000	500,000
Total	4,048,199,894	4,139,334,618	4,170,821,067
Funding Sources			
State General Fund	3,113,361,407	3,190,139,289	3,141,917,738
Children's Initiatives Fund	12,037,447	14,137,447	12,037,447
School District Finance Fund	626,081,473	628,448,934	668,307,934
State Highway Fund	107,250,000	107,250,000	107,250,000
State Assessment Fund	1,100,000	0	0
Mineral Production Fund	0	0	28,427,000
ELARF	39,490,000	36,158,948	35,430,948
Capital Improvements	147,000,000	162,500,000	176,000,000
Extraordinary Need Fund (Spec. Rev. 2015)	779,567	0	0
State Safety Fund	1,100,000	700,000	1,450,000
Total	4,048,199,894	4,139,334,618	4,170,821,067

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Page	Bill number – Description
6-8	<p>House Substitute for Senate Bill 7 Appropriations for K-12 education for fiscal years (FYs) 2015, 2016, and 2017. The bill also repeals the existing school finance formula—the School District Finance and Quality Performance Act—and creates the Classroom Learning Assuring Student Success Act.</p>
8-11	<p>Senate Bill 112 Appropriation bill, but it includes \$2.1 million for KSDE for the Kansas Reading Success Program for FY2016 to do a request for proposals. Added language requiring monthly fund balances from school districts to be submitted via the Department of Education to the Director of Legislative Research for FY2016.</p>
12-14	<p>Senate Substitute for House Bill 2095 Revisions to the state’s retirement system (KPERs), pertaining to working-after retirement provisions, and it would authorize the creation of a deferred retirement pilot program for the Kansas Highway Patrol (KHP).</p>
15-19	<p>House Bill 2104 Elections; municipal election dates changed; filling vacancies of nominees; presidential primary Beginning in 2017, the election dates for the specified units of local government will mirror the election dates for the elections held in even-numbered years. The elections, to be administered by the county election officers, will be consolidated into one ballot, which will be prescribed by the Secretary of State through rules and regulations. Those entities currently with district method elective offices (<i>i.e.</i>, cities and school districts) will retain that authority.</p>
19-21	<p>Senate Sub. for House Bill 2109, as amended by House Sub. for SB 270 Makes a number of changes in law regarding individual income tax, sales and compensating use tax provisions, motor vehicle registration and taxes, fire district taxation, and taxes on cigarettes; and would enact a tax amnesty for a number of tax sources. It also would enact additional tax-related provisions.</p>
22-23	<p>Senate Bill 270 Senate Bill 270 provides for a sales and compensating use tax rate of 6.5%; adjusting income tax rate reduction procedure and providing low income tax exclusion and income tax credit on food purchases; exceptions to approval of city or county resolutions by election.</p>
24	<p>Senate Substitute for House Bill 2135 Executive Branch Authority to Lapse or Transfer Certain FY 2016 Appropriations; Authorizes the Director of the Budget, if the Director determines the unencumbered ending balance of the State General Fund (SGF) for FY 2016 will be less than \$100 million, to lapse appropriations or transfer funding from special revenue funds to the SGF, up to a total of \$100 million, for FY 2016. This authority does not apply to appropriations for employer contributions to the Kansas Public Employees Retirement System; the Department of Education, except the operating expenditures account of the SGF; or demand transfers to the school district capital improvements fund.</p>
24-27	<p>Senate Sub. for HB 2170 Senate Sub. for Sub. for HB 2170 creates the Freedom from Unsafe Restraint and Seclusion Act (Act), regarding the use of seclusion and restraint of students in the school setting.</p>
28-29	<p>Senate Substitute for House Bill 2353 Senate Substitute for House Bill 2353 – Non-resident students, Prohibits state aid for out-of-state virtual students, drop in Assessed Valuation, Bond Obligations, Impact Aid, Negotiations (PNA), related appropriations.</p>



House Sub. for SB 7 makes appropriations for K-12 education for fiscal years (FYs) 2015, 2016, and 2017. The bill also repeals the existing school finance formula—the School District Finance and Quality Performance Act—and creates the Classroom Learning Assuring Student Success Act.

Appropriations

Highlights of the appropriations portion of the bill follow.

For FY 2015 (school year 2014-15), the bill adds \$27,346,783 in General State Aid, \$1,803,566 in Supplemental General State Aid (Local Option Budget [LOB] State Aid), and an amount not to exceed \$2,202,500 for the Capital Outlay State Aid demand transfer, all from the State General Fund (SGF). In addition, the bill transfers \$4.0 million from the SGF to a newly created special revenue fund called the School District Extraordinary Need Fund.

For FY 2016 (school year 2015-16), the bill appropriates \$2,751,326,659 from the SGF as a block grant to school districts. (Components of the block grant are described below.) A demand transfer from the SGF to the School District Extraordinary Need Fund will be made in an amount not to exceed \$12,292,000. An SGF appropriation of \$500,000 will be made to the Information Technology Education Opportunities Account (extension of a program to pay for credentialing high school students in information technology fields, funded previously in the Board of Regents' budget).

For FY 2017 (school year 2016-17), the bill appropriates \$2,757,446,624 from the SGF as a block grant to school districts. A demand transfer from the SGF to the School District Extraordinary Need Fund will be made in an amount not to exceed \$17,521,425. An SGF appropriation of \$500,000 will be made to the Information Technology Education Opportunities Account.

The operating budget for the Department of Education also is included in the bill.

Components of the Block Grant for FYs 2016 and 2017

The block grant includes:

- General State Aid school districts are entitled to receive for school year 2014-15, as adjusted by virtual school aid calculations (described below) and a 0.4 percent reduction for an Extraordinary Need Fund;
- Supplemental general state aid and capital outlay state aid as adjusted in 2014-15 (adjustment described below);
- Virtual state aid as recalculated for FYs 2016 and 2017 (described below);
- Amounts attributable to the tax proceeds collected by school districts for the ancillary school facilities tax levy, the cost of living tax levy, and the declining enrollment tax levy; and
- KPERS employer obligations, as certified by KPERS.

General state aid for school year 2014-15 is adjusted to account for consolidated school districts. Adjustments also are made in all school years to ensure districts eligible for the new facilities weighting will receive that weighting as outlined in current law.

General state aid will be disbursed to districts in the same manner as in current law.

Special education funding is not included in the block grant, but is a separate appropriation in the bill.

Extraordinary Need Fund

For FYs 2016 and 2017, 0.4 percent of general state aid will be transferred to the Extraordinary Need Fund. Any unencumbered funds remaining in this Fund at the end of the fiscal year will be transferred back to the SGF. Districts can apply to the State Finance Council for payments from this Fund. In reviewing a district's application for payment from the Fund, the Finance Council will consider:

- Any extraordinary increase in enrollment;
- Any extraordinary decrease in the district's assessed valuation; and
- Any other unforeseen acts or circumstances substantially impacting a district's general fund.

Recalculation of Supplemental General State Aid (LOB State Aid)

LOB State Aid is recalculated based on quintiles below the 81.2 percentile of school districts' assessed valuation per pupil (AVPP) in school year 2014-15 and capped at that amount for subsequent school years with gradations as follows based on AVPP, beginning with the districts with the lowest AVPP. (Each quintile equals about 46 school districts.)

- Lowest quintile – 97 percent of LOB State Aid;
- Second lowest quintile – 95 percent of LOB State Aid;
- Middle quintile – 92 percent of LOB State Aid;
- Second highest quintile – 82 percent of LOB State Aid; and
- Highest quintile – 72 percent of LOB State Aid.

Districts continue to be authorized to adopt a LOB and levy a property tax in an amount not to exceed the LOB of the district in school year 2014-15, unless the district approves a higher amount for school year 2015-16, prior to July 1, 2015.

Recalculation of Capital Outlay State Aid

The state aid percentage begins at 75 percent for the district with the lowest AVPP and decreases by 1 percent for each \$1,000 incremental increase in AVPP.

Bond and Interest State Aid

The bill amends the calculation of state aid for general obligation bonds approved for issuance at an election held on or after July 1, 2015, using the same formula as the amended Capital Outlay State Aid formula.

Virtual State Aid

In school year 2014-15, there is no change in the calculation of Virtual State Aid.

In school year 2015-16, funding for full-time equivalent students will be calculated at \$5,000 per student; part-time students, \$4,045 per student; and students 19 and older, \$933 per 1-hour credit course successfully completed in the school year.

In school year 2016-17, funding for full-time equivalent students will be calculated at \$5,600 per student; part-time students, \$1,700 per student; and students 19 and older, \$933 per 1-hour credit course successfully completed in the school year.

Special Levies

Districts are authorized to impose special local tax levies (for ancillary facilities, cost of living, and declining enrollment), if the district levied such tax in school year 2014-15 or if the district is qualified to levy such tax under current law.

Fund Flexibility

Districts have fund flexibility at the district level; that is, funds can be transferred to the general fund of the district with no cap on the amount of the transfer. Excluded from this flexibility are three funds: bond and interest, special education, and the special retirement contributions fund.

Other Provisions

The bill uses the assessed valuation per pupil for school year 2015-2016 (instead of the current school year) for the purpose of determining Supplemental General State Aid (LOB State Aid) for any district if the district has a total assessed valuation for school year 2015-2016 less than the assessed valuation in the current school year; the difference in assessed valuation between the current school year and 2015-2016 is greater than 25 percent; and having such reduction be the direct result of the classification of tangible personal property by 2014 legislation changing the tax classification of commercial and industrial machinery used directly in the manufacture of cement, lime, or similar products. (KSA 2014 Supp. 79-507)

Effective Dates

The bill takes effect upon publication in the *Kansas Register* with the exceptions noted above. Establishment of the Extraordinary Need Fund, amendments to the LOB equalization formula, capital outlay state aid, approval for LOB authority, and fund flexibility provisions are effective for school year 2014-15.

The provisions of the bill will expire on June 30, 2017.

###

House Substitute for Senate Bill 112

Education Block Grant

State Budget; House Sub. for SB 112, House Sub. for SB 4, House Sub. for SB 7, and HB 2005 includes funding for claims against the state; Fiscal Year (FY) 2015, FY 2016 and FY 2017 expenditures for most state agencies; and FY 2016 and FY 2017 capital improvements for selected state agencies.

House Sub. for SB 7, the Education Budget Block Grant bill, reduced State General Fund expenditures by \$19.6 million in FY 2015. The bill increased expenditures from the Governor's recommendation by \$106.8 million, including \$61.1 million from the State General Fund, in FY 2016 and increased expenditures by \$129.1 million, including \$83.4 million from the State General Fund, in FY 2017. (A full summary of House Sub. for SB 4 and House Sub. for SB 7 is published in the *Preliminary Summary of Legislation*.)

HB 2005, the Judicial Branch Budget bill, increased expenditures from the Governor's recommendation by \$6.1 million, all from the State General Fund, for FY 2016 and \$10.8 million, all from the State General Fund, for FY 2017. (This bill is summarized later in this section.)

FY 2015

The approved FY 2015 budget totals \$15.5 billion, including \$6.3 billion from the State General Fund. The approved budget is a reduction of \$18.4 million, or 0.1 percent, from all funding sources, including \$15.3 million, or less than 0.1 percent, from the State General Fund, below the Governor's recommended expenditures. FTE positions decrease 4.0 full-time equivalent (FTE) positions below the Governor's recommendation, primarily due to the deletion of 8.0 vacant positions in the Office of State Fire Marshal and 1.0 position in the Department of Corrections, partially offset by the addition of 5.0 FTE positions in the Kansas Racing and Gaming Commission for gaming machine examinations. The approved budget deletes \$19.6 million, all from the State General Fund, for new K-12 Education block grants and \$500,000, all from the State General Fund, from the Department of Corrections for juvenile out-of-home placements. The reduction is partially offset by increases of \$3.7 million, all from the State General Fund, to the Department of Education for capital outlay state aid and supplemental state aid payments and \$750,000, all from the State General Fund, to the Board of Regents to partially restore the allotment to the technical education program. The FY 2015 approved budget provides for a State General Fund balance of \$73.4 million, or 1.2 percent, of State General Fund expenditures.

FY 2016

The approved FY 2016 totals \$15.4 billion, including \$6.4 billion from the State General Fund. The approved budget is an increase of \$118.7 million, or 0.7 percent from all funding sources, above the Governor's recommendation, partially offset by a State General Fund decrease of \$9.9 million, or less than 0.1 percent. FTE positions were decreased by 31.0 FTE positions below the Governor's recommendation. In addition, the approved budget reduces State General Fund receipts by \$22.2 million for FY 2016. The approved budget provides for a State General Fund balance of negative \$348.2 million, or 5.5 percent, of state expenditures. Projected additional revenue provides for a State General Fund balance of \$86.3 million, or 1.4 percent, of State General Fund expenditures.

The approved adjustments to the Governor's FY 2016 recommendations include these:

- Adjusted for the new spring estimate for all human services caseloads, which was included as part of the Governor's Budget Amendment (GBA) of April 23, is an **all funds decrease of \$58.6 million and an increase of \$3.8 million from the State General Fund**, as compared to the Governor's recommended budget. The estimate for the Temporary Assistance to Needy Families program is a decrease of \$703,000 all from federal funds. The number of families receiving services is expected to decrease at a faster rate than Overview of House Sub. for SB 112 - Mega/Omnibus Appropriations Bill 1 reported had been anticipated in the fall estimate. Expenditures for foster care are increased by \$3.8 million from all funding sources, including \$16.7 million from the State General Fund. The increase in all funds is attributable to an increase in the cost of the contract, while the number of children anticipated to be in the foster care system is unchanged from the fall estimate. The current estimate for FY 2016 includes the addition of \$12.0 million, all from the State General Fund, to provide for adequate cash flow for the program. The estimate for **Department of Corrections/Juvenile Services** out-of-home placements is decreased by \$1.3 million, including \$400,000 from the State General Fund, based on fewer children in the program;
- Added \$106.8 million, including \$61.1 million from the State General Fund, for new K-12 Education block grants (**House Sub. for SB 7**);
- Added \$26.0 million, all from the State General Fund, to reflect the difference between the Governor's original estimate of savings for bonding \$1.5 billion in Kansas Public Employees Retirement System (KPERs) unfunded liability with SB 228, as passed, which bonds \$1.0 billion. The bill, as passed, reduces State General Fund expenditures by \$13.6 million in FY 2016;
- Added \$18.7 million, all from the State General Fund, to reject GBA No. 1, Item 7 for the Health Care Access Improvement Fund for the increase in the health care provider assessment from 1.83 percent to 2.55 percent for FY 2016;

- Added \$17.5 million, all from the State General Fund, to ensure the block grant general state aid to school districts remains as estimated in Senate Sub. for HB 7 for FY 2016;
- Added \$6.1 million, all from the State General Fund, for the **Judiciary** budget (**HB 2005**);
- Added \$3.0 million, all from the State General Fund, for the **Legislature** to procure professional consulting services to assist in a review and evaluation of state government, examining agency core functions, procedures, and efficiencies for FY 2016
- Added \$750,000, all from the State General Fund, for the Incentive for Technical Education for FY 2016;
- Added \$770,000, all from the State General Fund, for a new forensic program at **Washburn University** for FY 2016;
- Added \$500,000, all from the State General Fund, for operational expenditures at **Osawatomie State Hospital** for FY 2016;
- Deleted \$11.3 million, all from the State General Fund, to suspend employer contributions to the KPERS Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016;
- Deleted \$62.0 million, including \$133.4 million from the State General Fund, and added \$44.3 million for the Medical Assistance Fund to adjust funding to implement the health maintenance organization (HMO) privilege fee changes at 3.31 percent and reduced State General Fund revenue for the proposed managed care organization (MCO) privilege fee by \$29.2 million; and
- Deleted \$1.2 million, all from the State General Fund, for estimated savings in the **Department of Corrections** for implementation of HB 2051, which increases the amount of program credit any offender can earn from 60 days to 90 days for FY 2016.

FY 2017

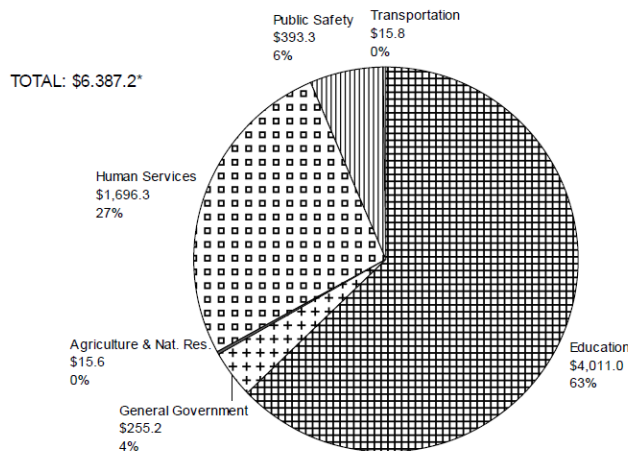
The approved FY 2017 totals \$15.8 billion, including \$6.4 billion from the State General Fund. The approved budget is an increase of \$150.5 million, or 0.9 percent, from all funding sources, including a State General Fund increase of \$22.3 million, or 0.1 percent, above the Governor's recommendation. FTE positions were decreased by 31.0 FTE positions below the Governor's recommendation. The approved budget provides for a State General Fund balance of negative \$290.5 million, or 4.5 percent, of state expenditures. Projected additional revenue provides for a State General Fund balance of \$200.9 million, or 3.1 percent, of State General Fund expenditures.

The approved adjustments to the Governor's FY 2017 recommendations include these:

- Adjusted for the new spring estimate for all human services caseloads, which was included as part of the GBA of April 23, an **all funds decrease of \$71.0 million from all funding sources and \$6.4 million from the State General Fund**, as compared to the Governor's recommended budget. The estimate for the Temporary Assistance to Needy Families program is a decrease of \$503,000 all from federal funds. The number of families receiving services is expected to decrease at a faster rate than had been anticipated in the fall estimate. Expenditures for foster care are increased by \$7.1 million from all funding sources and \$7.5 million from the State General Fund. The increase in all funds is attributable to an increase in the cost of the contract and a slight increase in the number of children anticipated to be in the foster care system. The estimate for the **Department of Corrections/Juvenile Services** out-of-home placements is increased by \$224,000, including \$154,000 from the State General Fund, to reflect a slightly higher cost per child;
- Added \$129.1 million, including \$83.4 million from the State General Fund, for new K-12 Education block grants (**House Sub. for SB 7**);

- Added \$57.3 million, all from the State General Fund, to reflect the difference between the Governor’s original estimate of savings for bonding \$1.5 billion in KPERS unfunded liability and SB 228 as passed, which bonds \$1.0 billion in liability. The bill as passed reduces State General Fund expenditures by \$35.6 million in FY 2017;
- Added \$18.7 million, all from the State General Fund, to reject GBA No. 1, Item 7 for the Health Care Access Improvement Fund for the increase in the health care provider assessment from 1.83 percent to 2.55 percent for FY 2017;
- Added \$10.8 million, all from the State General Fund, for the **Judiciary** budget (**HB 2005**);
- Added \$750,000, all from the State General Fund, for the Incentive for Technical Education for FY 2017;
- Added \$770,000, all from the State General Fund, for a new forensic program at **Washburn University** for FY 2017;
- Added \$500,000, all from the State General Fund, for operational expenditures at **Osawatomie State Hospital** for FY 2017;
- Deleted \$59.2 million, including \$136.6 million from the State General Fund, and added \$51.5 million from the Medical Assistance Fee Fund, adjusted funding to implement the HMO privilege fee changes at 3.31 percent, and reduced State General Fund revenue for the proposed MCO privilege fee by \$30.5 million;
- Deleted \$13.6 million, including \$11.5 million from the State General Fund, to suspend employer contributions to the KPERS Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2017;
- Deleted \$2.5 million, all from the State General Fund, in the **Department of Corrections** budget for estimated savings for implementation of HB 2051 for FY 2017; and
- Added language limiting Regents institutions tuition increase at the revised 2016 school year rate adding the Consumer Price Index plus 2.0 percent for FY 2017.

**FY 2016 Approved State General Fund Budget
by Function of Government
(Dollars in Millions)**



* NOTE: Total state expenditures do not include \$15.0 million in statewide information technology savings.

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Senate Sub. for House Bill 2095 Working After Retirement; DROP Plan

Senate Sub. for HB 2095 makes revisions to the state's retirement system, pertaining to working-after-retirement provisions, and it authorizes the creation of a deferred retirement pilot program for the Kansas Highway Patrol (KHP).

Working After Retirement

The bill extends the working-after-retirement provisions of the Kansas Public Employees Retirement System (KPERs) for one year, from June 30, 2015, to June 30, 2016. Starting on July 1, 2016, and ending on July 1, 2021, a retiree may receive up to \$25,000 in compensation annually from a contributing KPERs employer, regardless of whether the retiree is returning to work for the same or a different employer, before the retiree must either terminate employment or forgo monthly KPERs benefits until the end of the calendar year. Under previous law, most retirees who returned to work for the same participating employer received up to \$20,000 in compensation before either terminating employment or forgoing monthly KPERs benefits until the end of the calendar year. The Joint Committee on Pensions, Investments and Benefits (Joint Committee) must periodically study the compensation limit, taking into account the effect of inflation and retirement data.

The compensation limit does not apply to the following retirees:

- Professional or practical licensed nurses who are employed at a state institution, including the Kansas Soldiers' Home or the Kansas Veterans' Home;
- Certain licensed school district employees (described in more detail below);
- Certified law enforcement officers who are employed by the Law Enforcement Training Center;
- Members of the Kansas Police and Firemen's Retirement System (KP&F) or the Retirement System for Judges;
- Substitute teachers or legislative officers, employees, or appointees;
- Elected city or county officers; and
- Individuals who are employed by or have accepted employment with a participating employer prior to May 1, 2015.

A participating employer that hires a retiree must pay to the Retirement System the employer contribution rate. However, employers of licensed nurses or certified law enforcement officers, as described above, also must pay the statutorily prescribed employee contribution rate, which is based on the retiree's compensation during the period of employment. Retirees may not receive additional credit for service while employed under the provisions of the bill. For retirees who are employed prior to May 1, 2015, any break in continuous employment or a move to a different position during the period July 1, 2016, to July 1, 2021, is deemed new employment and subjects the retiree to the provisions of the bill.

A participating employer is permitted to appeal to the Joint Committee for a one-year hardship exemption for an unexpected vacant position with no active KPERs member to fill the vacancy. The bill authorizes the Joint Committee to grant extensions. The Joint Committee also may examine an employer's recruitment documentation.

Certain Licensed School District Employees Also Exempt

A school district may hire a retiree to fill a special teacher position or any of the top five hard-to-fill positions, which the State Board of Education determines. Re-employed retirees may receive full retirement benefits for up to 3 school years or 36 months, whichever would be less. During this period the school district pays to KPERS the actuarially determined employer contribution plus 8.0 percent. School districts must maintain documentation describing recruiting efforts to employ non-retirees in hard-to-fill positions.

A school district may appeal to the Joint Committee for a one-year extension of the exemption, which the Joint Committee is authorized to grant. The Joint Committee also may examine a school district's recruitment documentation. If a school district was found to have made insufficient efforts to hire non-retirees or if evidence was found of pre-arrangement between the school district and the retiree, the Joint Committee may revoke the exemption.

Pilot DROP Plan for Kansas Highway Patrol

The bill enacts the Kansas Deferred Retirement Option Program (DROP) within the KP&F for members of the KHP. Upon attaining normal retirement age, troopers, examiners, or officers of the KHP have the option of participating in the DROP plan for a minimum of three years and no more than five years. This is a one-time, irrevocable election. Participation in the DROP plan does not guarantee continued employment.

After electing to participate, a member's monthly retirement benefit, as determined by continuing law, is deposited into the member's DROP account for the duration of the DROP period. The DROP account accrues interest on an annual basis, ranging from 0 percent to 3.0 percent, subject to certain investment rate of return requirements. During the member's DROP period, the member remains in active service. Employer and employee contributions continue to be made to KP&F, but the member does not earn any additional service credit after the effective date of the DROP election. If a member fails to subsequently participate in the DROP plan for a minimum of three years, all of the member's interest credits are forfeited. However, a disabled member does not forfeit interest earned. At the end of the DROP period, a member is entitled to a distribution from the DROP account, which either may be rolled over into an eligible retirement plan or taken out as a lump-sum distribution.

The DROP Plan takes effect on January 1, 2016, and sunsets on January 1, 2020.

###

Sen. Sub. for House Bill 2095 will change working-after-retirement rules for both employers and members starting July 1, 2015.

On the next page, KPERS has created a flowchart comparing the changes for all KPERS retirees and grandfathered retirees based on the changes in the law.

KPERS also provided guidance called **Working after Retirement** (4 pages) for school districts. This handout is included in the budget workshop packet, and will also be posted on the School Finance homepage (online budget packet).

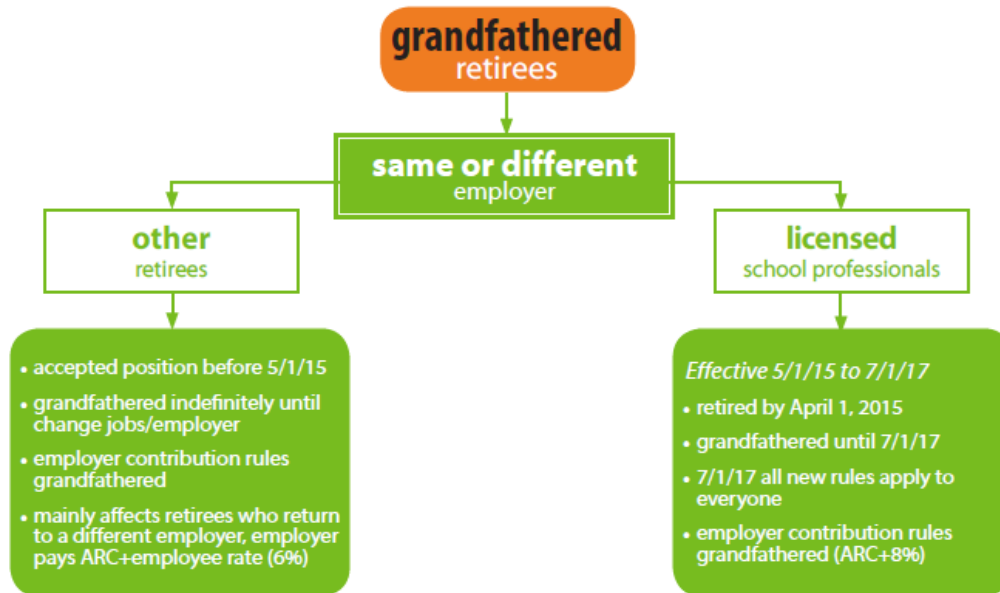
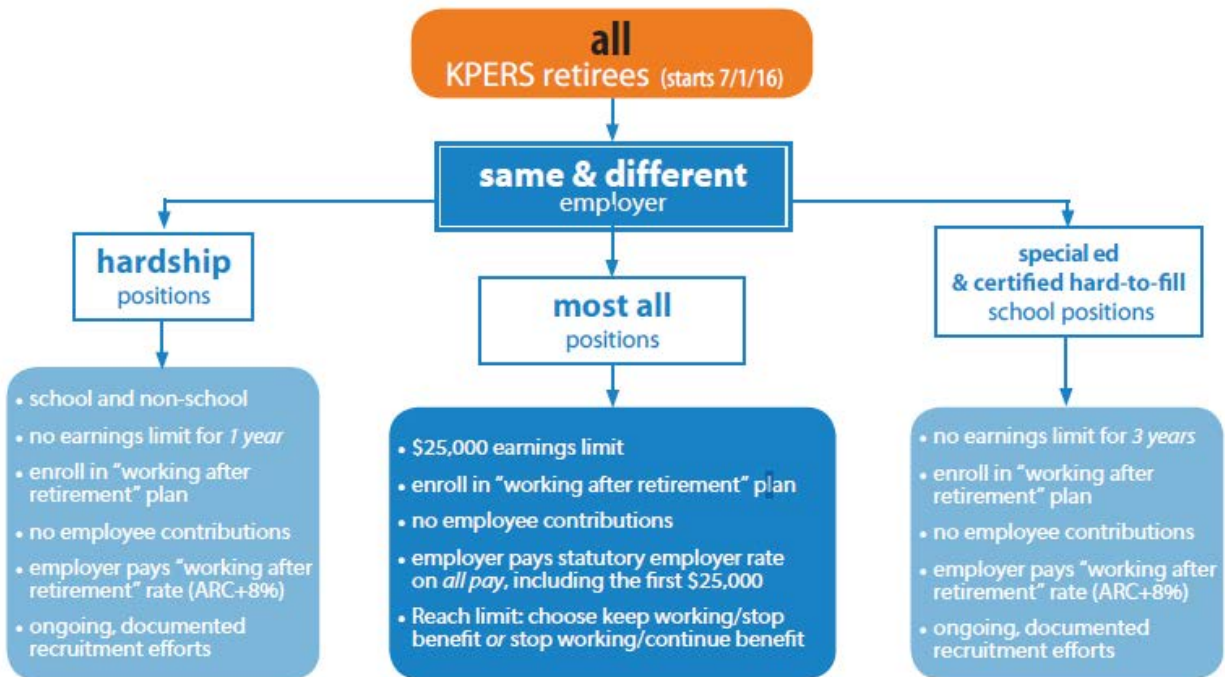
If you have questions, contact a representative at KPERS or visit their website:

Toll Free: 1-888-275-5737 - In Topeka: 785-296-6166

KPERS Website: www.kpers.org/employers email: employers@kpers.org

Working After Retirement Flowchart

Based on New Legislation in 2015



Good to Know

1. Licensed school professionals retiring after 4/1/15 are not grandfathered. No exemptions available until new rules begin 7/1/16.*
2. No earnings limit for state hospital nurses, local elected officials, legislative staff and emergency substitute teachers.
3. No earnings limit for law enforcement officers employed by the Law Enforcement Training Center.
4. ARC means actuarially required contribution.
5. With new rules, employers can appeal for a one-year exemption extension.
6. Does not affect KP&F and Judges.

Filling Party Candidacy and Certain City Vacancies; Repealing Presidential Primary Statute; Moving Election Dates;

HB 2104 makes changes and additions to election law. The bill addresses the reasons for and filling of party candidacy vacancies for any national, state, county, or township office; repeals the presidential primary law and replaces it with a new requirement on political parties; and moves election dates for certain offices and makes related changes.

Filling Party Candidacy Vacancies

The bill deletes language allowing a candidate to withdraw his or her candidacy after the primary election due to being incapable of fulfilling the duties of office, replaces it with the ability to withdraw a nominee's name for medical reasons or because the nominee does not live in Kansas, revises law addressing removal of the name of a nominee who has died, and more clearly states the meaning of the word "shall" in the statutes dealing with the requirement that a party fill a vacancy on the ballot for several offices. The bill makes deadline and other related changes as well.

Reasons Allowed for Vacancies (Section 2)

The bill replaces the reason of incapability to fulfill office duties by doing the following:

- Deleting current law requiring the Secretary of State, for national and state offices, or the county election officer, for county and township offices, to remove from the ballot the name of any nominee who declares he or she is incapable of fulfilling duties of office if elected, and then withdraws; and
- Replacing the deleted portion with language stating a person who has been nominated may be withdrawn from nomination under the following circumstances:
 - The nominee must certify to the Secretary of State a notice he or she is withdrawing because of a severe medical hardship to self or immediate family, with certification of medical hardship signed by a doctor; or
 - The nominee must certify to the Secretary of State a notice he or she does not reside in the state of Kansas.

The bill revises the provision in law addressing removal of the name of a nominee who has died, by doing the following:

- Eliminating the requirement that a request to remove the name from the ballot come from the chairperson of the county party committee before a replacement can be named, instead leaving the fact of the death as the notification;
- Requiring the Secretary of State (for national and state offices) or the county election officer (for county or township offices) notify the chairperson or vice chairperson of the appropriate party committee within 48 hours of receiving the notification of death;
- Making the name removal a requirement, instead of an option; and
- Adjusting related deadlines as necessary.

“Shall” Means “Shall” (Sections 3, 4, and 5)

The bill requires, with respect to the sections of law addressing filling a party candidacy vacancy in a district office, on the State Board of Education, and in all other congressional district, county, or state offices: (a) the certificate executed under oath by the convention chairperson or vice-chairperson also state the person elected agrees to accept the nomination; and (b) the person elected execute a notarized statement stating he or she agrees to accept the nomination. The bill requires such certification be transmitted within 21 days of receipt of notice the vacancy has occurred or will occur for a district vacancy and within 14 days for other vacancies addressed by the bill.

In all three of these sections, with respect to the use of the word “shall,” the bill states: “[...]the word ‘shall’ imposes a mandatory duty and no court may construe that word in any other way.”

Deadline and Related Changes

The bill makes the following deadline changes:

- For the office of district attorney, changes the date of filing for candidacy from June 10 to the date specified in KSA 2014 Supp. 25-205(a), which is June 1 with alternate provisions if that date falls on a weekend or holiday (Section 1); and
- Regarding the deadline by which a district convention must fill a vacancy:
 - For a district office, reduces from 21 to 14 the number of days after receipt of the notice of vacancy to call or convene a convention; and reduces from 14 to 6 the number of days, after adjournment of a convention in which a quorum was not present, by which a new convention must be held (Section 3); and
 - For the State Board of Education, reduces from 21 to 10 the number of days after receipt of the notice of vacancy to call or convene a convention and from 14 to 3 the number of days, after adjournment of a convention in which a quorum was not present, by which a new convention must be held (Section 4).

Presidential Preference Primary

The bill repeals the statute calling for a presidential preference primary election and replaces it with new law requiring each recognized political party to select a presidential nominee in accordance with party procedures, also required to be developed by the bill, for every presidential election beginning with the 2016 election. (Section 6)

Moving Election Dates

The bill moves all elections for office holders of local governments currently held in the spring of odd-numbered years to the fall of odd-numbered years, with one exception (described below). In general, the elections remain nonpartisan, although a city may choose to make its elections partisan. Sections to be added to the law, Sections 7, 8, and 13 through 16, are cited as the Help Kansas Vote Act.

Beginning in 2017, the election dates for the specified units of local government will mirror the election dates for the elections held in even-numbered years. That is, the primary election will be held on the first Tuesday in August, and the general election will be held on the Tuesday

following the first Monday in November. The elections, to be administered by the county election officers, will be consolidated into one ballot, which will be prescribed by the Secretary of State through rules and regulations. Those entities currently with district method elective offices (*i.e.*, cities and school districts) will retain that authority.

Local units of government affected are included in the definition of municipalities as the following (Section 7):

- Cities;
- The consolidated city-county governments of Wyandotte County and Kansas City, Kansas, and Greeley County;
- School districts;
- The Kansas City Board of Public Utilities;
- Community colleges;
- Drainage districts;
- Extension districts formed pursuant to KSA 2-623 *et seq.*;
- Irrigation districts;
- Improvement districts formed pursuant to KSA 19-2753 *et seq.*;

Water districts formed pursuant to KSA 19-3501 *et seq.* (Water One); and Hospital districts formed pursuant to KSA 2014 Supp. 80-2501 *et seq.* Not included is any special district where governing body member elections are conducted at a meeting of the special district. (Section 7)

Provisions Specific to Cities

The bill makes these changes specific to cities:

- The one exception to elections being in odd-numbered years is the option the bill provides cities to also have elections in even-numbered years, for the purpose of staggering terms or having three-year terms of office (Section 7);
- All existing ordinances and charter ordinances, except those relating to the timing of primary and general elections, remain in effect until amended or repealed by the city (Section 8);
- Provisions are added to clarify the forms of government any city could adopt and how frequently a city could change its form of government (Sections 9-12);
- Numerous statutes are changed and some new sections added to make city election law uniform and not differ by class of city. (Numerous sections contain stricken language for this purpose; additionally, Section 74 will repeal 58 statutes not replaced—all of Chapter 12, Article 10, as well as KSA 19-2762 and 71-1417);
- A city governing body is authorized to determine whether that city's elections will be nonpartisan or partisan (Section 54); and
- A vacancy on the governing body of any city or consolidated city and county must be filled by special election when the following conditions exist:
 - The municipality does not have its own procedure for filling vacancies and has not filled any such vacancies within 60 days; and

- The governing body has not made an appointment to fill the vacancy within 60 days of the vacancy. (Sections 71-73)

Provision Specific to School Districts

All unified school districts must make available, upon request of the county election officer, suitable school buildings for polling places. The county election officer must notify the school district superintendent on or before January 1. (Section 13)

Voter Education, Official Municipal Ballot, Declaration of Intent, Ballot Length

Voter Education

The Secretary of State must develop a public information program to inform the public of the changes related to moving elections from spring to fall, including an explanation of which offices' elections are involved. The information program must use advertisements and public service announcements, in addition to posting information on the official websites of the Secretary of State and county election officers. The bill requires the Secretary of State and county election officers to develop dedicated websites to provide voter education and sample ballots. (Section 14)

Official Ballot, Declaration of Intent, and Election Procedures

The bill requires the Secretary of State to prescribe the official ballot style and form for municipal offices and the declaration of intent to become a candidate. Candidates must file the declarations with the county election officer no later than noon, June 1, in even- and odd-numbered years, with an exception provided if that date falls on a weekend or a holiday. For entities where a primary election is not authorized or otherwise required, the declaration of intent must be filed no later than noon on September 1, with a similar exception provided. The Secretary of State also must establish primary and general election procedures for municipalities, and adopt rules and regulations to implement this section on or before July 1, 2016. County election officers, in consultation with the Secretary, must develop ways to reduce ballot length and expedite the voting process. (Section 15)

The county election officers must arrange and print the official primary election ballot for municipal elections in odd-numbered years. (Section 31)

The Secretary of State must establish (for various elections) the arrangement of names and offices on ballots, develop ballots, and establish ballot styles, all in accordance with rules and regulations adopted by July 1, 2016. (Sections 32-36)

Other Changes

The bill specifies expiration dates for the terms of members of governing bodies and other elected officials of all municipalities. Under the bill, those that would have expired at any time in 2017 will expire on the second Monday in January of 2018. (Section 7)

The bill deletes or replaces several provisions in existing law to comport with the bill's intent of consolidating all spring elections for officials to the fall. This includes changes in primary and general election filing deadlines and procedures, terms of office, ballot creation and canvassing, periods of time when school and community college districts could change their methods of election, and notices of elections.

The bill increases each voter's time limit in the voting booth from five minutes to ten minutes, when other voters are waiting. (Section 61)

The bill increases candidate filing fees from \$5 or \$10 to \$20 and specifies a \$20 filing fee for any municipal office included in the bill. (Sections 7, 25, 29, 46, 67, and 70)

The bill requires the county election officer to notify each person on the permanent advance voting list who has failed to vote in four (increased from two) general elections that the person must renew the application for permanent advance voting status or be removed from the permanent advance voting list; the general elections include those held in odd-numbered years. (Section 38)

The bill changes the number of 16- or 17-year-olds who are allowed to serve on each election board, from 1 to 1/3 of those appointed to the election board. It also requires each 16- or 17-year-old so appointed to have a letter of recommendation from a school teacher, counselor, or administrator. (Section 60)

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Senate Sub. for HB 2109, as amended by House Sub. for SB 270 Revenue Enhancements and Other Provisions

Senate Sub. for HB 2109, as amended by House Sub. for SB 270, makes a number of changes in individual income, sales, and cigarette tax laws; amends motor vehicle registration and tax provisions; imposes certain restrictions on cities and counties with respect to future property tax increases; and enacts a special amnesty for a number of tax sources. The bills also enact a number of other minor tax-related provisions.

Individual Income Tax Provisions

Guaranteed Payments

The bill revises, effective for tax year 2015, an income tax subtraction modification for certain pass-through non-wage business income to require that guaranteed payments from businesses are counted as income in determining Kansas adjusted gross income.

Income Tax Rates

Individual income tax rate reductions scheduled for future years are decelerated. The tax year 2015 rates of 2.7 percent for the bottom tax bracket and 4.6 percent for the top tax bracket will now remain in effect through tax year 2017. The rates are set at 2.6 percent and 4.6 percent for tax year 2018. A special formula that could provide additional income tax rate relief as early as tax year 2021 is amended to relax the current trigger (2 percent growth in most State General Fund [SGF] tax receipts) to 2.5 percent plus a further adjustment to account for growth in certain Kansas Public Employee Retirement System expenditures.

Itemized Deductions

A number of changes are enacted for Kansas itemized deductions retroactive to January 1 (the start of tax year 2015). With the exception of charitable contributions, mortgage interest, and property taxes paid, all Kansas itemized deductions are repealed. The current changes in the percentage that may be deducted (“haircuts”) being phased in for mortgage interest and property taxes paid relative to the amount that otherwise is allowed for federal income tax purposes is accelerated such that the final 50 percent haircut currently scheduled for tax year 2017 is effective immediately for tax year 2015. (Charitable contributions remain fully deductible for Kansas taxpayers able to itemize at the state level, as under current law.)

Low-Income Exclusion

A special low-income exclusion provision will become applicable in tax year 2016 that generally eliminates all positive income tax liability for single filers with taxable income of \$5,000 or less, and for married taxpayers filing jointly with taxable income of \$12,500 or less.

Individual Development Account Tax Credit

The bill restores, effective for tax year 2015, a tax credit that previously had been available for certain individual development account (IDA) contributions. That credit had been discontinued beginning in tax year 2013, pursuant to repeal in 2012 legislation.

ROZ Program

The Rural Opportunity Zone (ROZ) program, which provides an income tax exemption and the repayment of certain student loans for certain individuals who establish residency in selected counties, is extended for five additional years. The program had been scheduled to sunset in tax year 2017 but now will not sunset until tax year 2022.

Christmas Tree Net Gain

The bill creates a special subtraction modification from federal adjusted gross income in calculating Kansas adjusted gross income for the net gain from the sale of Christmas trees.

Social Security Number Requirement

The legislation requires an individual claiming a tax credit to have a valid Social Security number for the entire taxable year for which the tax credit is claimed. An exception to this requirement is provided for military spouses in the case of married taxpayers filing jointly.

Sales and Use Tax Provisions

The statewide sales tax and use tax rate is increased from 6.15 percent to 6.50 percent on July 1, 2015.

Cigarette Tax Provisions

The bill increases the cigarette tax by \$0.50 per pack (from \$0.79 to \$1.29 per pack) on July 1, 2015. An inventory tax equivalent to the rate increase is applicable for all cigarettes on hand as of July 1 and is due and payable by October 31.

“E-Cigs” Tax Implemented in 2016

The bill creates a new tax, effective July 1, 2016, on the privilege of selling or dealing electronic cigarettes at a rate of \$0.20 per milliliter of consumable material and a proportionate tax on all fractional parts thereof.

Amnesty Provisions

The bill authorizes a tax amnesty for penalties and interest relative to certain delinquent taxes provided such taxes are paid in full from September 1, 2015, to October 15, 2015. The *Kansas Legislative Research Department 2015 Summary of Legislation* amnesty applies to privilege, income, estate, cigarette, tobacco products, liquor enforcement, liquor drink, severance, state sales, state use, local sales, and local use taxes. The amnesty is limited to penalties and interest applied to liabilities associated with tax periods ending on or before December 31, 2013.

The amnesty does not apply to any matter for which, on or after September 1, 2015, taxpayers have received notices of assessment or for which an audit had previously been initiated. Any fraud or intentional misrepresentation in connection with an amnesty application voids the application and waiver of any penalties and interest.

Motor Vehicle Registration and Tax Provisions

The bill requires the Department of Revenue to mail a copy of motor vehicle registration applications to owners, including all information required to register and pay by return mail. Counties are authorized to conduct mailings these requirements on their own as an alternative to the state procedure.

Property Tax Lid Provisions

Beginning in 2018, cities and counties are prohibited from adopting, absent mandatory elections, portions of their budgets funded with revenues from certain property tax increases. Generally, cities and counties in 2018 will be authorized to increase property taxes at the rate of inflation plus for a number of other exempt purposes (including costs associated with new infrastructure, certain property taxes levied for bonds and interest, certain road construction costs, special assessments, costs associated with federal or state mandates, and payment of judgments) prior to the triggering of the election mandate.

Other Provisions

Fire Districts

The bill further clarifies the property tax authority of fire districts with respect to their ability to levy more than certain specific limits that had been previously established.

Tax Credit For Low Income Students Scholarship Program Revisions

The Tax Credit for Low Income Students Scholarship Program Act is amended to allow scholarships to be distributed directly to the participating schools, limit the amount of money that may be distributed to \$8,000 per school year per child, remove a requirement that participating students waive special education services, and allow schools providing education to either elementary or secondary students to participate.

Land Bank Special Assessment Reamortization

The bill allows the governing body of any municipality that levies special assessments on property acquired by a land bank to enter into an agreement with the land bank to defer or reamortize all or part of the special assessments.

Relative to prior law, the bill is expected to have the following impact on SGF receipts:

	(\$ in millions)		
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Tax on Guaranteed Payments	\$ 23.700	\$ 19.200	\$ 20.100
Sales and Use Tax Changes	164.200	186.700	193.700
Itemized Deduction Changes	97.000	78.600	78.700
Tax Amnesty	30.000	0.000	0.000
Social Security Number Requirement	3.000	3.000	3.000
50-cent cigarette tax increase with e-cigarette tax	40.390	38.400	38.000
IDA Credit Reinstatement	(0.300)	(0.300)	(0.300)
Low Income Exclusion	0.000	(19.400)	(19.900)
ROZ Sunset Extension	0.000	0.000	(0.560)
Individual Income Tax Rate Changes	26.400	98.600	232.500
TOTAL	<u>\$ 384.390</u>	<u>\$ 404.800</u>	<u>\$ 545.240</u>

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FIFTH CONFERENCE COMMITTEE REPORT BRIEF

House Sub. for Senate Bill 270

As Agreed to June 11, 2015

Brief*

House Sub. for SB 270 would make a number of changes in yet-to-be-enacted law in anticipation of enactment of the latest conference committee report on Senate Sub. for HB 2109. (House Sub. for SB 270 would become effective only if Senate Sub. for HB 2109 also were to be enacted.)

Individual Income Tax Provisions

Low Income Tax Exclusion Provision

A special low-income exclusion provision would become applicable in tax year 2016 that generally would eliminate all positive income tax liability for single filers with taxable income of \$5,000 or less; and for married taxpayers filing jointly with taxable income of \$12,500 or less.

Rate Reduction Formula Modifications

A provision that could provide future formulaic income tax rate relief under certain circumstances, based on the extent to which revenue from a specified group of State General Fund (SGF) tax sources has increased over the previous fiscal year, would be revised by House Sub. for SB 270 to allow for 2.5 percent growth rather than the 3.0 percent growth in SGF receipts as provided by Senate Sub. for HB 2109, as well as allowing for further adjustments based upon growth in the Kansas Public Employees Retirement System spending only. (Senate Sub. for HB 2109 would have allowed for Medicaid growth, as well.) Additionally, current law requires any rate adjustments be rounded down to the nearest 0.1 percent. The revised formula would require rate adjustments be rounded down to the nearest 0.01 percent.

The provision would begin taking effect in tax year 2019, as was previously was provided for in Senate Sub. for HB 2109.

Sales Tax Provisions

Sales Tax Rate

House Sub. for SB 270 would set the sales tax rate for all transactions at 6.50 percent on July 1, 2015. Current law is 6.15 percent, which Senate Sub. for HB 2109 had proposed to increase to the rate of 6.55 percent before allowing a future reduction in the rate on food.

Food Sales Tax Rebate Restored

Senate Sub. for HB 2109 proposes the retroactive repeal (to the start of tax year 2015) of the income tax credit allowed for certain individuals to offset the amount of sales tax paid on food. House Sub. for SB 270 would instead repeal that provision of Senate Sub. for HB 2109, effectively restoring the program.

Sales Tax Exemptions and Joint Committee on Tax Exemptions and Income Tax Credits

All sales tax exemptions which are proposed to be sunset under Senate Sub. for HB 2109 would be retained by House Sub. for SB 270. The Joint Committee on Tax Exemptions and Income Tax Credits (Joint Committee) created by Senate Sub. for HB 2109 also would be repealed by House Sub. for SB 270.

Property Tax Provisions

A provision in Senate Sub. for HB 2109 would, beginning in 2018, prohibit cities and counties from adopting, absent mandatory elections, portions of their budgets funded with revenues from certain property tax increases. (That restriction would be relaxed in House Sub. for SB 270.) Beyond those increases allowed at the level of the rate of inflation plus other exemptions provided in Senate Sub. for HB 2109, House Sub. for SB 270 would add a number of other purposes for which property taxes could be increased before the mandatory election requirement would be triggered, including costs associated with new infrastructure; certain property taxes levied for bonds and interest; certain road construction costs; special assessments; costs associated with federal or state mandates; and payment of judgments.

Conference Committee Action

The fifth Conference Committee on June 11, agreed to revise certain provisions contained in Senate Sub. for HB 2109 by including a low income tax provision, modifying the rate reduction formula, decreasing the sales tax rate, taxing food at the same rate, restoring the Food Sales Tax Rebate Program, striking the sunset on sales tax exemptions, repealing the creation of the Joint Committee, and providing exceptions to mandatory property tax elections.

Background

The original bill would have made several changes to the Tax Credit for Low Income Students Scholarship Program Act. The House Taxation Committee, on May 13, struck the bill's original provisions; recommended a substitute bill be created; inserted various new provisions, including the tax amnesty provisions; and advanced the new substitute bill for further consideration without recommendation. The House Committee of the Whole, on May 15, adopted a minor technical amendment. On May 29, the House amended the bill on final action to remove the contents of the substitute bill, other than the amnesty provisions, and add provisions regarding a tax credit for individual development account contributions, the Rural Opportunity Zone tax exemptions, local sales tax authority, and fire district levy authority (provisions now included in Senate Sub. for HB 2109).

Based on the latest information available from the Department of Revenue, the net combined effect of the Conference Committee Report for House Sub. for SB 270, as it would amend House Sub. for SB 2109, would have the following impact on SGF receipts:

	(\$ in millions)		
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Tax on Guaranteed Payments	\$ 23.700	\$ 19.200	\$ 20.100
Sales and Use Tax Changes	164.200	186.700	193.700
Itemized Deduction Changes	97.000	78.600	78.700
Tax Amnesty	30.000	0.000	0.000
Social Security Number Requirement	3.000	3.000	3.000
50-cent cigarette tax increase with e-cigarette tax	40.390	38.400	38.000
IDA Credit Reinstatement	(0.300)	(0.300)	(0.300)
Low Income Exclusion	0.000	(19.400)	(19.900)
ROZ Sunset Extension	0.000	0.000	(0.560)
Individual Income Tax Rate Changes	26.400	98.600	232.500
TOTAL	<u>\$ 384.390</u>	<u>\$ 404.800</u>	<u>\$ 545.240</u>

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Senate Sub. for House Bill 2135

Executive Branch Authority to Lapse or Transfer Certain FY 2016 Appropriations;

Senate Sub. for HB 2135 authorizes the Director of the Budget, if the Director determines the unencumbered ending balance of the State General Fund (SGF) for FY 2016 will be less than \$100 million, to lapse appropriations or transfer funding from special revenue funds to the SGF, up to a total of \$100 million, for FY 2016. This authority does not apply to appropriations for the Judicial Branch; Legislative Branch agencies; debt service; employer contributions to the Kansas Public Employees Retirement System; the Department of Education, except the operating expenditures account of the SGF; or demand transfers to the school district capital improvements fund.

The bill takes effect upon publication in the *Kansas Register*.

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Senate Sub. for Sub. for House Bill 2170

Creation of Freedom from Unsafe Restraint and Seclusion Act;

Senate Sub. for Sub. for HB 2170 creates the Freedom from Unsafe Restraint and Seclusion Act (Act), regarding the use of seclusion and restraint of students in the school setting. The bill defines key terms; addresses the use of emergency safety intervention (ESI); requires notification and documentation of the use of ESI; provides a process for a parent to file complaints through the local dispute resolution process and the State Board of Education (Board) complaint process; requires the Kansas Department of Education (Department) to collect data on the use of ESI; requires the Board to adopt rules and regulations necessary to implement the Act; and establishes the ESI Task Force.

Definitions

The bill defines key terms, including:

- “Emergency safety intervention” means the use of seclusion or physical restraint;
- “Physical restraint” means bodily force used to substantially limit a student’s movement, but does not include consensual, solicited, or unintentional contact or contact to provide comfort, assistance, or instruction;
- “School” means any learning environment, including any nonprofit institutional day or residential school and any accredited nonpublic school that receives public funding or is under the regulatory authority of the Department; and
- “Seclusion” means the student was:
 - Placed in an enclosed area by school personnel;
 - Purposefully isolated from adults and peers; and
 - Prevented from leaving, or the student reasonably believes he or she will be prevented from leaving, the enclosed area.

Use of ESI

The bill allows for the use of ESI only if a student presents a reasonable and immediate danger of physical harm to self or others with the present ability to effect such physical harm. ESI used for discipline, punishment, or the convenience of a school employee does not meet the standard of immediate danger of physical harm, however. Further, the bill specifies the school employee witnessing the student's behavior must determine whether less restrictive alternatives to ESI, such as positive behavior interventions support, are inappropriate or ineffective prior to the use of ESI. The use of ESI must cease as soon as the immediate danger of physical harm ceases to exist. Violent action that is destructive of property may necessitate the use of ESI.

Use of Seclusion

The bill prohibits the use of seclusion if the student is known to have a medical condition that may put the student in mental or physical danger as a result of seclusion. Such medical condition must be indicated by the student's licensed health care provider in a written statement, with a copy provided to the school and placed in the student's file.

The bill requires school personnel be able to see and hear the student in seclusion at all times. Seclusion rooms equipped with a locking door must have a lock that automatically disengages when the school employee viewing the student walks away from the seclusion room, or in cases of emergency, such as fire or severe weather. A seclusion room must be a safe place with proportional and similar characteristics as other rooms frequented by students, free of any condition that may endanger the student, and well-ventilated and sufficiently lit.

Documented Use of ESI

When a student is subjected to ESI, the bill requires the school to notify the parent, or if a parent cannot be notified, an emergency contact person for such student the same day ESI is used. Further, the bill requires documentation of ESI used be completed and provided to the parent no later than the school day following the day on which ESI is used. After the first incident in which ESI is used during the school year, the parent also is to be given:

- A copy of the standards for the use of restraint and seclusion;
- A flier regarding parent's rights;
- Information on the parent's right to file a complaint through the local dispute resolution process and the complaint process of the Board; and
- Information to help navigate the complaint process, including contact information for the parent training and information center and protection and advocacy system.

On the first occurrence of an incident involving the use of ESI, the bill requires the information be provided in printed form. After each subsequent incident that occurs during the school year, the full website address containing the information is to be provided.

Parental Appeal Rights

If a parent believes ESI was used in violation of the Act, rules and regulations adopted pursuant to the Act, or policies of the school district, a parent may file a complaint through the local dispute resolution process within 30 days of being informed of the use of ESI. Within 30 days of the final decision from the local dispute resolution process, parents may file a complaint under the Board complaint process.

Data Reporting on Use of ESI

The bill requires the Department to compile reports from schools on the use of ESI and provide the results based on aggregate data on the Department website and to the Governor and the Committees on Education in each chamber by January 20, 2016, and annually thereafter. The reported results must include, at a minimum:

- The number of incidents in which ESI was used on students who have an individual education plan (IEP);
- The number of incidents in which ESI was used on students who have a section 504 plan;
- The number of incidents in which ESI was used on students who do not have an IEP or a section 504 plan;
- The total number of incidents in which ESI was used on students;
- The total number of students with behavior intervention plans subjected to ESI;
- The number of students physically restrained;
- The number of students placed in seclusion;
- The maximum and median number of minutes a student was placed in seclusion;
- The maximum number of incidents in which ESI was used on a student;
- All of the information reported above aggregated by age and ethnicity of the students on a statewide basis;
- To the extent possible, the information reported by the school on the number of incidents in which ESI was used on students with an IEP, a section 504 plan, or neither; and
- Such other information as the Department deems necessary to report.

Third Use of ESI

If there is a third incident involving the use of ESI within a school year on a student who has an IEP or a section 504 plan, the bill requires such student's IEP team or section 504 plan team to meet within ten days of the incident to discuss the incident and consider the need to conduct a functional behavioral analysis, develop a behavior intervention plan, or amend either if already in existence, unless the team has agreed on a different process.

If there is a third incident using ESI on a student without an IEP or section 504 plan, the bill requires a meeting to be conducted within ten days of the incident to discuss the incident and consider the appropriateness of a referral for an evaluation under the Special Education for Exceptional Children Act; the need for a functional behavioral analysis; or the need for a behavior intervention plan. The meeting is to involve the parent, an administrator for the school the student attends, one of the student's teachers, a school employee involved in the incident, and such other employees designated by the administrator as appropriate for the meeting. The student also is to be invited to the meeting. If the parent of the student is unable to attend within the ten-day limit, the time for calling the meeting is to be extended.

The bill specifies this section is not to be construed to limit similar actions prior to the occurrence of a third incident.

Rules and Regulations Authority

The bill requires the Board to adopt rules and regulations necessary to implement the provisions of the Act on or before March 1, 2016. The rules and regulations must include, but not be limited to, the standards for the use and reporting of ESI.

Creation of the ESI Task Force

The bill establishes the ESI Task Force (Task Force), which is charged with studying and reviewing the use of ESI and preparing a report on its findings and recommendations concerning the use of ESI. The report is to be submitted to the Governor and the Legislature on or before January 20, 2016. The 17-member task force is to be appointed as follows:

- Two members appointed by the Board, one of which must be a Board member and the other, a Department attorney;
- Two members appointed by the Disability Rights Center of Kansas;
- Two members appointed by Families Together, Inc., one of which must be a parent of a child with a disability;
- Two members appointed by Keys for Networking, Inc., one of which must be a parent of a child with a disability;
- Two members appointed by the Special Education Advisory Council;
- Two members appointed by the Kansas Association of Special Education Administrators (KASEA);
- Two members appointed by the executive director of the Kansas Council on Developmental Disabilities, one of which must be a parent of a child with a disability;
- Two members appointed by the Kansas Association of School Boards (KASB), one of which must be a KASB attorney; and
- One member appointed by the Center for Child Health and Development of the University of Kansas Medical Center, who must be a person licensed to practice medicine and surgery in Kansas and is a practicing physician with experience treating children with disabilities, but who is not a staff member of the Center for Child Health and Development of the University of Kansas Medical Center.

The appointed Board member is to call an organizational meeting on or before August 1, 2015. At such meeting, the members are to elect a chairperson and vice-chairperson from the membership of the Task Force and consider dates for future meetings, the agenda for such meetings, and the need for electing a facilitator to assist in discussions among the members of the Task Force. The Task Force may meet at any time and place within Kansas on the call of the Chairperson. All Task Force action is to be by motion adopted by a majority of those members present when there is a quorum, which is eight members. If approved by the Legislative Coordinating Council, members are to be paid for expenses, mileage, and subsistence.

Sunset

The provisions of the bill expire on June 30, 2018.

Effective Date

The bill takes effect upon publication in the *Kansas Register*.

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Senate Sub. for House Bill 2353

Education—Non-resident Students, Valuation, Negotiations, Related Appropriations

Senate Sub. for HB 2353 makes several changes to the Classroom Learning Assuring Student Success Act (House Sub. for SB 7; law effective on April 2, 2015); revises the Professional Negotiations Act (PNA); and allows the Board of Regents to adopt policies to authorize the universities to provide leave time to university support staff. In addition, the bill makes appropriations related to some of these changes. The bill includes these provisions:

- Allows any student who is not a resident of a school district and is attending the district in the 2014-15 school year to attend school in that district in the 2015-16 and 2016-17 school years. If transportation for the student is provided in the 2014-15 school year, there is no change in the student's residence, and no requirement to furnish transportation to any additional residence, transportation will be provided in the subsequent years as well. Behavioral policies of a school district apply to non-resident students, the same as resident students. (This provision applies to the non-resident student and any member of that student's family, regardless of whether that family member had attended the non-resident school district in school year 2014-15);
- Prohibits all out-of-state virtual students from being eligible for state aid;
- Clarifies the school finance computation of assessed valuation for any school district experiencing a significant drop in total assessed valuation between school years 2014-15 and 2015-16 (House Sub. for SB 7 allows districts to use the assessed valuation of the district for school year 2015-16 for purposes of determining the amounts of supplemental general state aid and capital outlay state aid for school year 2014-15);
 - An appropriation of \$1.5 million for each Fiscal Year (FY) 2016 and 2017 is added related to this change;
- Clarifies references to contractual bond obligations so that the statute refers to the date the obligations were approved by election, rather than when such obligations were incurred;
- Adds an amount of general state aid in school years 2015-16 and 2016-17 equal to the difference between federal impact aid received in school year 2014-15 and the amount of that aid received in 2015-16, if the latter year is less;
 - An appropriation of \$3.0 million for each FY 2016 and 2017 is added related to this change;
- Provides for an increase in the demand transfer for capital outlay state aid from the State General Fund in an amount of \$1.8 million, which prevents school districts from being required to pay back funding received under the formula repealed by House Sub. for SB 7;
- Revises the PNA to provide that, upon entering negotiations, the parties must negotiate compensation of professional employees and hours and amounts of work. Compensation is defined as salary and wages, supplemental contract salaries, and overtime pay. Further, each party can select up to three additional terms and conditions of professional service from among those listed in the PNA's definition of "terms and conditions of professional service." All other items

included in the definition are permissive topics for negotiation if the parties mutually agreed to discuss them. These provisions do not apply to the negotiations of a first-time agreement between a board of education and professional employees' organization. Individuals selected to conduct negotiations by the board of education and the professional employees' organization are required to complete training on conducting negotiations each year. Finally, the deadline for filing notice to negotiate on new items or to amend an existing contract is changed from February 1 to March 31 and the "statutory declaration of impasse date" from June 1 to July 31; and

- Allows the Board of Regents to adopt rules and regulations to authorize the universities to provide leave time to university support staff.

The bill becomes effective upon publication in the *Kansas Register*, except for provisions related to non-resident and virtual students and general obligation bonds. These provisions become effective July 1, 2015.

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