



**KANSAS ASSOCIATION  
OF SCHOOL BOARDS**

Serving Educational Leaders, Inspiring Student Success

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Testimony on  
**HB 2410 — Creating the Kansas school equity and enhancement act**  
before the  
**House Committee on K-12 Education Budget**  
by  
**Mark Tallman, Associate Executive Director for Advocacy**  
**March 23, 2017**

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **HB 2410** on behalf of the Kansas Association of School Boards. We appear as neutral on this bill. We want to recognize the committee's work so far in developing a new school finance proposal that addresses many of the structural requirements we believe a finance system requires.

However, we believe the level of additional revenue provided in this bill as introduced falls far short of what is required to help students succeed as required by the State Board of Education's Kansans Can vision, the position our members have adopted, and perhaps most importantly, the Rose capacities identified by the Kansas Supreme Court.

My testimony today has four parts.

First, we review what the Kansas Supreme Court said in the Gannon adequacy ruling.

Second, we review the evidence of what level of funding would be reasonably calculated to address that ruling.

Third, we discuss how increased funding would be used to improve educational outcomes.

Fourth, we compare the elements of the formula in this bill to KASB's policy positions and offer some suggestions for improvement.

Thank you for your consideration.

## Part I – What did the Kansas Supreme Court say in the *Gannon* decision?

From the *Gannon* decision, March 2, 2017 (Emphasis added)

“Under the facts of this case, the state’s public education financing system provided by the legislature for grades K-12, through its structure and implementation, is not reasonably calculated to have all Kansas public education students meet or exceed the standards set out in *Rose* v. Council for Better Educ., Inc., 790 S.W.2d 186 (Ky. 1989), and as presently codified in K.S.A. 2016 Supp. 72-1127.”

“We hold that CLASS does not meet the structure requirement contained in the *Gannon* I test. In effect, it is merely a fund created by freezing school districts' funding for 2 school years at a prior year's level. It also is only minimally responsive to financially important changing conditions such as increased enrollment.”

“We further hold that CLASS does not meet the implementation requirement of the *Gannon* I test for constitutional adequacy. Plaintiffs have shown through the evidence from trial—and through updated results on standardized testing since then—that not only is the State failing to provide approximately one-fourth of all its public school K-12 students with the basic skills of both reading and math, but that it is also leaving behind significant groups of harder-to-educate students. See, e.g., U.S.D. No. 229 v. State, 256 8 Kan. 232, 244, 885 P.2d 1170 (1994) (some student populations to whom higher costs are associated). As of the 2015-2016 school year, some examples include:

- Approximately 15,000 of our state's African American students, or nearly one-half of their total student population, are not proficient in reading and math—subjects at the heart of an adequate education.
- Approximately 33,000 Hispanic students, or more than one-third of their student population, are not proficient in reading and math. When combined with the 15,000 underperforming African American students, the sum equates to approximately all the K-12 public school students in every school district in every county with an eastern boundary beginning west of Salina—more than one-half of the state's geographic area.
- More than one-third of our state's students who receive free and reduced lunches are not proficient in reading and math.

“Plaintiffs have also proven by substantial competent evidence that the student performance reflected in this data is related to funding levels.”

“Once a new financing system is enacted, the State will have to satisfactorily demonstrate to this court by June 30, 2017, that its proposed remedy is reasonably calculated to address the constitutional violations identified, as well as comports with previously identified constitutional mandates such as equity.”

“For those purposes, the State will bear the burden of establishing such compliance and explaining its rationales for the choices made to achieve it. See *Gannon* II, 303 Kan. at 709 (party asserting compliance with court decision ordering remedial action bears burden of establishing that compliance).”

**Question: What level of funding would be “reasonably calculated” to remedy the 25 percent of students not mastering basic skills, especially those groups of hard-to-educate students, maintain equity, and would allow *all* students to meet or exceed the *Rose* capacities?**

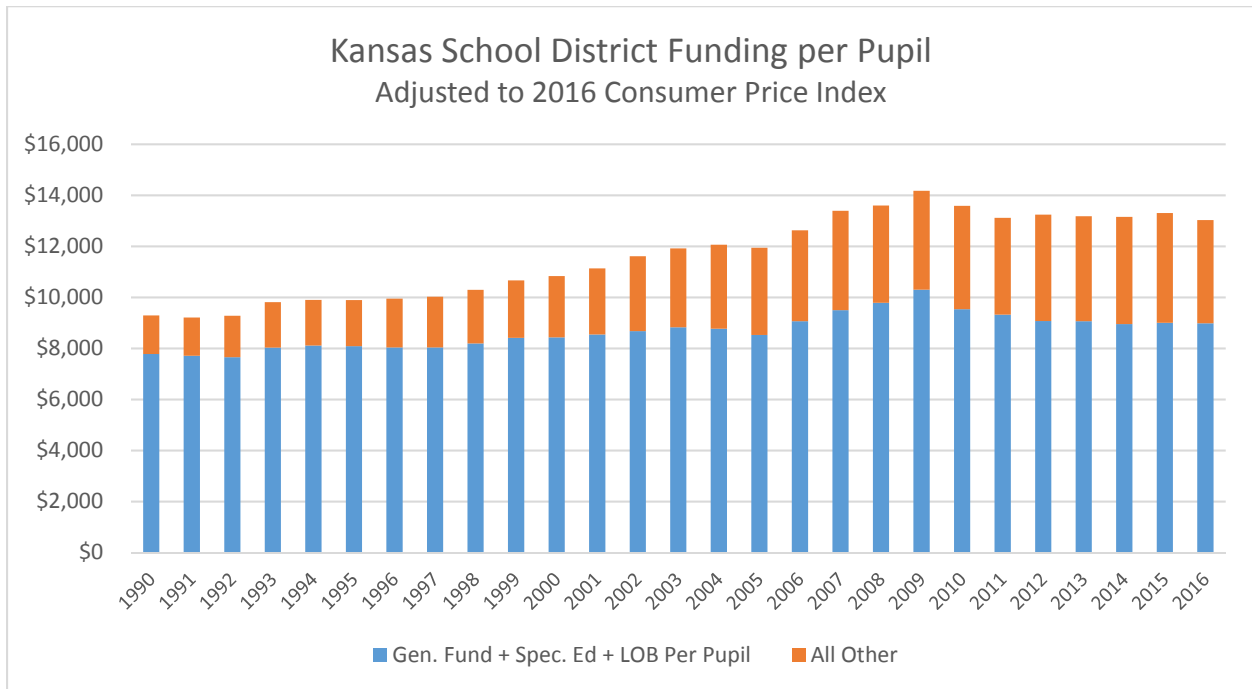
## Part 2- Evidence of what would be “reasonably calculated” to achieve adequacy

### First, how does this bill compare to previous levels of school funding found to be constitutionally adequate, adjusted to inflation?

Total school district funding in 2016 was about \$525 million below 2009 levels when adjusted for inflation, and general operating funds (general fund, local option budget and LOB) are over \$600 million below. HB 2410 provides \$75 million in state aid next year. It would take more than double that amount just to keep up with the estimated inflation rate in 2017 and 2018.

In response to the *Montoy* school finance decision by the Kansas Supreme Court, the Kansas Legislature commissioned a comprehensive cost study by the Legislative Post Audit Division, and adopted a three-year plan to implement that study. The Kansas Supreme Court accepted that plan, which was supposed to be fully implemented in 2009.

With the beginning of the Great Recession, the three-year plan was not fully implemented in 2009, and total school funding was reduced by 2010. Total expenditures per pupil (based on full-time equivalent enrollment) have never again reached 2009 levels when adjusted for inflation.



Between 2009 and 2016, the consumer price index increased from 214.5 to 240.0, or 11.9 percent. To keep up with inflation only, total funding per (FTE) pupil spending would have had to increase from \$12,660 to \$14,167, or \$1,142 more than the 2016 actual of \$13,025.

Using only school district general fund budgets, local option budgets and special education state aid, (excluding bond and interest costs, capital outlay, KPERS, federal aid, food service and other local revenues), the 2009 figure of \$9,193 would have increased to \$10,287, or \$1,303 more than the actual 2016 actual of \$8,985.

Using the 2016 actual FTE enrollment of 462,595, it would require \$528.3 million to provide total funding at 2009 levels adjusted for inflation, or \$602.8 million to provide general fund, local option budget and special education aid at the 2009 level, adjusted for inflation.

A new law would not take effect until the 2018 school year. The consumer price index is expected to increase 1.9 percent in 2017 and 2018, which would require a total funding of \$14,710 and general fund, LOB and special education funding of \$10,682, or increased funding of \$779.5 million or \$785.0 million.

Note that these levels would not account for changes in the student population, such as increased poverty, or additional expectations on schools, such as higher “college ready” expectations. This approach also does not increase the previous base state aid under the pre-block grant formula, which may result in a larger amount because of the impact of weightings

**Second, how does this bill compare to previous rates of funding that improved educational outcomes?**

*Since 1990, school funding increased an average of approximately two percent more than inflation, over which time Kansas educational outcomes improved significantly. It would require an additional \$235 million in total funding or \$162 million in general fund, LOB and special education to provide this rate of increase over the next two years.*

As the chart above demonstrates, prior to 2010, per pupil Kansas K-12 funding consistently increased more than inflation. Between 1990 and 2009, total expenditures per pupil increased an average of 2.33 percent *more* than the change in the consumer price index, and general fund, local option budget and special education aid increased 1.55 percent over inflation.

There is clear evidence that Kansas educational outcomes increased as funding in “real” (after inflation) dollars increased. The tables below show the increase in Kansas educational attainment for adults over 24 since 1990 and aged 18-24 since 2000, which is consistent with Kansas constitution’s requirement to “provide for intellectual, education, vocational and scientific improvement through a system of public schools (and other institutions).”

**Changes in Kansas Adult (over 24) Educational Attainment, 1990 to 2014**

Kansas Education Levels and Earnings	1 1990 Percent at Education Levels	2 2014 Population By 1990 Ed Level	3 2014 Average Kansas Earnings by Education Level	4 Hypothetical 2014 Earnings at 1990 Education Levels	5 2014 Percent at Education Levels	6 Actual Number at Education Level 2014	7 2014 Earnings at Actual Education Levels
Population 25 years and over		1,881,521	\$35,743			1,881,521	
No High School Diploma	18.7%	351,844	\$23,067	\$8,115,995,398	9.7%	182,508	\$4,209,901,356
High school graduate only (includes equivalency)	32.5%	611,494	\$28,063	\$17,160,365,242	26.5%	498,603	\$13,992,297,813
Some college, or Associate's Degree	27.3%	513,655	\$32,063	\$16,469,327,736	32.2%	605,850	\$19,425,360,919
Bachelor's degree	14.4%	270,939	\$46,785	\$12,675,882,238	20.3%	381,949	\$17,869,472,877
Graduate or professional degree	7.0%	131,706	\$54,289	\$7,150,212,550	11.3%	212,612	\$11,542,485,973
<i>Total Wage Earnings:</i>				<u>\$61,571,783,163</u>			<u>\$67,039,518,938</u>
<b>Increase in Earning Due to Higher Education Levels</b>							<b>\$5,467,735,775</b>

## Changes in Kansas Young Adult (18-24) Educational Attainment, 2000-2014

Kansas Education Levels	2000		2005		2010		2014		14 Year Percent Change
	Percent	Number	Percent	Number	Percent	Number	Percent	Number	
Population 18 to 24 years		275,991		265,344		291,662		300,013	8.7%
Less than high school graduate	21.7%	59,890	15.8%	41,924	14.6%	42,583	12.7%	38,102	-36.4%
High school graduate only (includes equivalency)	26.8%	73,966	32.4%	85,971	27.5%	80,207	27.2%	81,604	10.3%
High school graduate or higher	78.3%	216,119	84.3%	223,685	85.4%	249,079	87.3%	261,911	21.2%
Some college or associate's degree	43.9%	121,210	42.2%	111,975	49.2%	143,498	49.8%	149,406	23.3%
Bachelor's degree or higher	7.6%	20,943	9.7%	25,738	8.7%	25,375	10.3%	30,901	47.5%

This record of improvement indicates that future increases will need to be greater than the consumer price index to continue to make significant improvement in student success. For example, with inflation estimated at 1.9 percent for 2017 and 2018 by the Kansas Consensus Revenue Estimating group, an increase of inflation plus two percent would require an increase of \$508 per pupil in total funding (times 462,595 FTE enrollment equals \$235 million) and \$350 in general fund, LOB and special education aid (times 462,595 FTE enrollment equals \$161.9 million) per year without funding for any previous loss compared to inflation.

### **Third, how does this bill compare with the state's historic percentage of state personal income invested in education?**

*If the same average percentage of Kansas personal income invested in education between 1975 and 2010 was provided, districts would receive an additional \$586 million in 2017 and another \$258 million in 2019.*

From 1975 to 2010, total school district funding in Kansas averaged 4.54 percent of state personal income. Based on the Kansas Consensus Revenue Estimate of state income growth, Kansas personal income will be \$145.5 billion in 2017 and \$151.2 billion in 2018. Providing total K-12 funding of 4.45 percent would equal \$6.606 billion for 2017 and \$6.865 for 2018, compared to \$6.021 in 2016; or an increase of \$586 million for 2017 and a further \$258 million for 2018.

Likewise, from 1975 to 2010, funding for district general fund, LOB and special education averaged 3.58 percent of personal income, which would result in \$5.209 billion for 2017 and \$5.413 billion in FY 2018, compared to \$4.156 billion actual in 2016, requiring an increase of over \$1 billion in 2017 and an additional \$250 million for FY 2018.

### **Fourth, how does this bill compare to funding in states that do better in meeting the Rose capacities on common measures?**

*After adjusting for regional cost differences, states that perform better than Kansas on 15 educational measures spent \$2,855 more per pupil than Kansas in 2014, equal to over \$1.3 billion more. The Midwestern states that outrank Kansas spend 1,407 more per pupil than Kansas, equal to \$650.9 million more than Kansas. If Kansas funding had increased at the same rate as higher achieving states since 2008, total funding would be \$1,385, or \$640.7 million, higher.*

The Kansas Supreme Court focused its “outcomes” measures on reading and math tests, including the National Assessment of Education Progress; graduation rates; college preparation tests such as the ACT; and recognized the increasing need for college preparation, as ways to measure the “Rose capacities.”

KASB’s 2016 “State Education Report Card” identified 15 measures of state education performance, including all of the indicators above, and where available, separate measures of low income students and other sub-groups. The following table shows the nine states that ranked above Kansas on a weighted average of the 15 indicators, plus two states that ranked above Kansas on an unweighted basis (Kansas ranks 10<sup>th</sup> either weighted or unweighted).

Overall Outcome Ranks and Aspiration States										
	Rank of Average Ranks (Unweighted)		Actual Dollars		Adjusted (RPP)		Funding 2008-14			
	Rank of Average Ranks (Unweighted)	Rank of Average Ranks (Weighted)	Total Revenue Per Pupil	Total Revenue per Pupil Rank	Total Revenue Per Pupil	Total Revenue per Pupil Rank	Average Funding Per Pupil	Rank of Average Funding	Percent Change in Funding	Rank in Funding Change
New Hampshire	1	1	\$15,919	11	\$15,132	13	\$14,654	12	19.2	5
Massachusetts	2	2	\$17,896	7	\$16,710	9	\$16,618	7	15.6	10
New Jersey	4	3	\$20,531	3	\$17,931	6	\$19,287	2	11.2	19
Iowa	6	4	\$12,346	24	\$13,673	21	\$11,716	26	13.0	12
Nebraska	5	5	\$12,773	20	\$14,099	17	\$12,263	21	12.4	16
Vermont	3	6	\$19,009	6	\$18,783	4	\$17,579	6	16.9	8
Illinois	14	7	\$14,756	14	\$14,654	15	\$13,459	15	25.5	2
North Dakota	9	8	\$14,817	13	\$16,193	10	\$12,986	18	32.4	1
Connecticut	14	9	\$20,577	2	\$18,912	3	\$18,374	4	24.0	3
Minnesota	7	12	\$13,693	18	\$14,030	19	\$13,044	17	12.0	17
Indiana	8	19	\$12,064	26	\$13,199	24	\$12,016	24	12.7	15
<b>Kansas</b>	<b>10</b>	<b>10</b>	<b>\$11,702</b>	<b>29</b>	<b>\$12,901</b>	<b>25</b>	<b>\$11,619</b>	<b>27</b>	<b>1.7</b>	<b>38</b>
Average, All Aspiration			\$15,853		\$15,756		\$14,727		17.7	9.8
Average, Midwest			\$13,408		\$14,308		\$12,581		18.0	10.5

Based on 2014 data, the most recent official national results available, the 11 states outperforming Kansas on either the weighted or unweighted average of student outcomes all provided more total funding per pupil than Kansas. KASB then adjusted these amounts using the U.S. Bureau of Economic Analysis “Regional Price Parity” adjustment, which takes into account differences in cost of living among states. Once again, each of these states provided more total fund per pupil after regional cost adjustments are made.

Using the RPP adjustment, all eleven “aspiration” states that outperform Kansas spent an average of \$15,756, compared to an adjusted \$12,901, a difference of \$2,855 per pupil. To reach this level would require increasing Kansas total funding by \$1.32 billion.

Compared only to other Midwestern states, Iowa, Nebraska, Illinois, North Dakota, Minnesota and Indiana spent an adjusted average of \$14,308, or \$1,407 more per pupil than Kansas. To reach the average of higher-achieving Midwestern states would require \$650.9 million.

National data also shows that the aspiration states increased per pupil funding by an average of nearly 18 percent between 2008 and 2014, compared to 1.7 percent in Kansas. If Kansas had increased total funding of \$12,188 in 2008 by 18 percent through 2014, the per pupil amount would have been \$14,345, compared to an actual \$12,960. The difference of \$1,385 would require \$640.7 million.

Note that these amounts do not account for any further differences in funding since 2014. We do not know how funding in other states has changed since that time, but we do know that state funding under the block grant system has been essentially frozen in 2016 and 2017.

**Fifth, how does this bill compare to the State Board of Education’s funding request?**

*The State Board of Education, which seeking to implement the Kansans Can vision of preparing each student for success consistent with the Rose Capacities, has proposed a total increase of \$893.5 million. Most of this money would increase the previous base state aid per pupil. It would also fund special education aid at the statutory level, and fund teacher mentoring and professional development. The Board’s specific recommendations are provided below.*

Program	FY 2018 Additional Amount Requested	FY 2019 Additional Amount Requested
Base State Aid Per Pupil	\$4,604—519,425,945	\$5,090—306,502,455
Supplemental General Fund (LOB)	3,509,252	10,000,000
Capital Outlay	2,000,000	2,000,000
Special Education	31,194,055	9,303,490
All-Day Kindergarten	No Change	No Change
Parents as Teachers (CIF)	460,000	No Change
Mentor Teacher	3,000,000	No Change
Professional Development	4,250,000	No Change
Transportation	No Change	No Change
School Lunch	No Change	No Change
Agriculture in Classroom	35,000	No Change
Communities in School	35,000	No Change
KACEE	35,000	No Change
National Board Certification	47,500	No Change
Pre-K Pilot (Tobacco)	900,000	No Change
Tech Ed Transportation	800,000	No Change
Discretionary Grants	No Change	No Change
<b>TOTAL</b>	<b>\$ 565,691,752</b>	<b>\$ 327,805,945</b>

**Part 3 - How increased funding would be used to improve educational outcomes.**

*The dramatic change in Kansas education funding has had predictable results. Because funding has fallen far behind inflation, salaries for teachers and other employees – by far the largest part of district expenditures, fell behind inflation. Because some costs kept increasing, districts reduced staff positions to make cuts. Finally, districts were unable to expand programs to help more students succeed.*

The following are examples of how additional funding would be used to maintain success for the 75 percent of students the Supreme Court found achieving at an acceptable level; improve success for the 25 percent of students not meeting standards, and improve postsecondary success for all students

Inflationary adjustment for teacher salaries 2009 to 2016	
Average teacher salary in 2009: \$52,712 times inflation increase of 11.9% equals \$58,985 minus 2016 actual of \$55,454 (\$3,531) x 35,882 teachers	\$127 million
Comparable increase for all other district staff members	\$127 million
Restore certified (mostly teacher) positions reduced since 2009; 1,000 times average teacher salary of \$55,454	\$55.6 million
Restore non-certified positions reduced since 2009; 1,000 FTE positions times estimated salary of \$35,000	\$35.0 million
Double pre-K teachers to double preschool enrollment; 580 positions times average teacher salary of \$55,454	\$32.2 million
Increase school counselor and social worker positions (currently approximately 1,500) by 50 percent; 750 positions times average teacher salary of \$55,454	\$41.6 million.
Provide intensive services to students below grade level in reading or math (such as Reading Roadmap) at average cost of \$1,000 per student to all students below grade level (25% x 462,595 = 115,649)	\$115.7 million
Provide intensive services to students below college ready at average cost of \$1,000 per student (38% x 462,595 = \$175.8)	\$175.8 million
Provide Jobs for America’s Graduates services (or similar) at average cost of \$1,230 for 40 percent of students grades 9-12 based on income or other risk (56,000)	<u>\$68.8 million</u>
<b>Total targeted programs:</b>	<b>\$778.7 million</b>

Other benefits of increased funding:

Increase school year for students, which has been reduced by approximately one week as districts negotiated fewer days under limited salary increases.

Reduce student fees, which have increased significantly in some districts for activities, early childhood and transportation.

Reduce property tax reliance, which has increased as districts used more local option budget funding with frozen base state aid.



**Part 4 – Comments on specific components**

A school finance system should have the following components:	Items from Committee Discussion, Mar. 13-15)	HB 2410 as introduced
<p><b>1. Accountability</b> The school finance formula must support the Kansas State Board of Education’s vision that an excellent school system must focus on helping each student succeed and setting accountable outcomes to measure that goal.</p>		
<p>a. The formula must allow districts to meet or exceed the Rose capacities identified by the Kansas Supreme Court and adopted by the Kansas Legislature. To do so, it should also assist districts in improving district outcomes under the State Board of Education’s Kansans Can vision: kindergarten readiness, higher graduation rates, more postsecondary participation, individual plans of study and social and emotional indicators.</p>	<p>Identify measures of student success based on Kansan Can outcomes, from KSDE; likely include National Student Clearinghouse Data. Would allow comparison of districts similar to current school report card data.</p> <p>Suggestion to develop system that allows comparison of performance in districts with similar characteristics.</p>	<p>The State Board is required to annually report to the Legislature on its school accreditation system.</p> <p><b>KASB supports</b></p>
<p>b. The formula must be monitored regularly to ensure the state is meeting its responsibility to provide adequate and equitable funding.</p>	<p>Need for regular review, perhaps similar to what the 2010 Commission created after the <i>Montoy</i> decision.</p> <p>Consider regular sunset of law so Legislature is forced to review?</p>	<p>Legislative Post Audit is directed to conduct a series of performance audits on various components of the act over the first nine years.</p> <p><b>KASB supports; consider additional oversight body.</b></p>
<p><b>2. Adequacy.</b> The school finance formula must provide each student an equal opportunity to be college and career ready and recognize the additional needs of students who require special services. Adequacy should include the following:</p>		
<p>a. A foundational amount per pupil, which should be significantly higher than previous base state aid per pupil to recognize the effect of</p>	<p>Support for base or foundation concept; issue is how to justify an amount. Past studies, adjusted for inflation? Study of successful schools?</p>	<p>Bill creates a base state aid for student excellence (BASE aid) of two parts: State Foundation Aid, similar to the previous base budget per pupil, plus local</p>

<p>inflation and mandatory costs that have been shifted to the local option budget.</p>		<p>foundation aid, similar to a portion of the previous local option budget.</p> <p>For 2017-18, state foundation aid is \$4,170, compared to previous \$3,852; however, all enrollment weightings are reduced by 3.504%. Increase in “base aid” is \$64 million, or 2.1% of 2017 block grants general fund plus special education state aid.</p> <p>For 2017-18, local foundation aid is \$1,150. With a new Local Enhancement Budget and new Local Activities Budget These three funds are estimated to provide a total of \$1.097 billion in “local” operating funds, compared to \$1.068 billion in legal LOB in 2017, an increase of \$30 million spending authority and \$10.9 million in state aid.</p> <p>The total increase in state “base” aid and “local” required and authorized funding would be an estimated \$94.4 million increase over a total of \$4.114 billion in general fund, LOB and special education in FY 17, or 2.3%.</p> <p><b>KASB believes funding is too low.</b></p>
<p>b. Foundational funding should include additional funding for the full cost of full time kindergarten students and expanded funding for preschool programs. It should also support additional staff if necessary to effectively implement individual career plans and meet the social and emotional needs of each student.</p>	<p>Support for funding full-time kindergarten student as full-students; free up at-risk funding currently used for ADK for targeted at-risk. Possible phase-in; do not make mandatory for districts.</p> <p>Need teacher mentoring and professional development to improve.</p> <p>Support for expanding early childhood funding. Options include four-year-old preschool slots; Parents as Teachers; other programs</p>	<p>Bill funds kindergarten students attending full-time as 0.8 in 2017-18, 0.9 in 2018-19 and full-time in 2020 and beyond. <b>KASB supports.</b></p> <p>Bill does not expand preschool funding. <b>KASB recommends adding funding for pre-K.</b></p> <p>Bill eliminates vocational weighting; expands authorized expenditures from the vocational education fund.</p>

	<p>not currently considered K-12.</p> <p>All pre-K programs should be evaluated to avoid duplication. Should PAT be means-tested?</p> <p>Stress community connection to provide mental health services.</p>	
<p>c. The foundational amount should be adjusted annually based on changes in the consumer price index. In addition, this increase should be supplemented if necessary based on employment costs and other costs imposed by the state requirements.</p>	<p>Include automatic inflation adjustment.</p>	<p>BASE aid will increase each year based on the Midwest Consumer Price Index.</p> <p><b>KASB supports.</b></p>
<p>d. In the transition to a new formula, no district should lose funding on a per pupil basis. Thereafter, if any district loses budget authority under the school finance system, the reduction should be phased in through some mechanism.</p>		<p>Bill contains declining enroll provision described below.</p>

<p><b>3. Equity.</b> A new school finance formula must provide adequate and equitable funding as required by the Kansas Constitution. Such a formula would provide equalization to allow similar funding based on similar local effort.</p>		
<p>a. The foundational amount should be adjusted to address differences in district student populations, programs or other factors based on evidence that demonstrates an impact on the cost of each student reaching educational outcomes as defined by the State Board. At a minimum, these should include:</p>		

<ul style="list-style-type: none"> <li>• Full funding of the costs of special education services required by federal and state law.</li> </ul>	<p>One concept: take special education out of “base” for LOB; use amount of state aid required to equalize that portion as additional aid.</p>	<p>No change in special education formula. <b>KASB supports.</b></p>
<ul style="list-style-type: none"> <li>• The impact of poverty and other student risk factors, including concentration of poverty.</li> </ul>	<p>Do not use census; consider a blend of free lunch and direct certification for free meals. Most members seem to lean to keeping free lunch only. Consider non-poverty factors.</p>	<p>No change in regular at-risk weighting; is based on number of free lunch students, multiplied by 0.456 (same as previous formula).</p> <p><b>KASB supports consideration of additional risk factors.</b></p> <p>High density at-risk weighting at full 0.105 limited to districts with 3,000 students and 60% free lunch. Districts with over 2,500 students and 50% free lunch receive weighted based on linear transition. Districts with less than 2,500 or less than 50% poverty do not qualify for high density, regardless of free lunch count.</p> <p><b>KASB recommends additional base funding to insure no district loses resources for at-risk programs; further study of rural poverty issues.</b></p>
<ul style="list-style-type: none"> <li>• The additional costs of teaching English as a Second Language.</li> </ul>	<p>Consider basing bilingual on blend of instructional hours and headcount of students receiving services.</p>	<p>Bill provides bilingual weighting at either contact hours of students in bilingual programs multiplied by 0.361 (compared to current 0.395) or headcount of students who qualify for bilingual services multiplied by 0.1, whichever is greater in FY 18.</p> <p><b>KASB has no position on method of bilingual weighting; no district should lose resources for bilingual programs.</b></p>
<ul style="list-style-type: none"> <li>• The additional costs of student transportation.</li> </ul>	<p>No change in basic formula; consider adjusting LPA “math” concern but keep funding in the formula.</p>	<p>Transportation weighting is similar to previous formula except LPA “math error” is corrected and assumed cost factor is increased from 2.0 to 2.2, resulting in net \$4.3 million loss in transportation aid.</p> <p><b>KASB opposes loss of transportation funding.</b></p>

<ul style="list-style-type: none"> <li>The additional costs of career and technical education programs.</li> </ul>	<p>Use same CTE weighting for one year; conduct updated study of differentiated costs for different programs.</p>	<p>Vocational weighting is not included in the act. Districts must deposit \$100 per FTE student into a career and postsecondary education fund for technical education courses, dual credit sources and distance learning technology.</p> <p><b>KASB supports additional base funding or targeted funding for CTE programs; recommends further study on funding for specialized high cost programs; encouraging regional efforts.</b></p>
<ul style="list-style-type: none"> <li>Additional costs based on density and district size.</li> </ul>	<p>No discussion.</p>	<p>Low enrollment weighting is continued similar to previous formula, but reduced by 3.504% and high enrollment weighting is eliminated, which funds part of the increase in base aid.</p>
<ul style="list-style-type: none"> <li>Other adjustments as necessary based on evidence of cost differences.</li> </ul>	<p>No objection expressed for continuing new facilities weighting (funded by state), ancillary weighting for rapid growth and extraordinary declining enrollment (funded by local property tax levies).</p> <p>Concern expressed about lack of rational basis for cost of living weighting, but desire to provide some adjustment for high cost areas.</p>	<p>The bill eliminates the previous new facilities weighting, which was funded by state aid, and keeps the ancillary school facilities weighting (funded by local property tax with approval of state board of tax appeals), which is renamed new school facilities weighting.</p> <p>Cost of living weighting is continued as it was under the previous formula, which is funded by a local mill by approved by the state board of tax appeals based on high housing costs in certain districts.</p> <p>Declining enrollment weighting is provided at 50% of the previous formula entitlement in FY 18, then eliminated.</p> <p>Virtual school state aid would remain the same as in current law: full-time students multiplied by \$5,000; part-time students by \$1,700 and adult students by \$709 per course.</p>

<p>b. Funding for the foundation level and adjustments should be fully funded by the state.</p>	<p>Proposal: make 20% of local option budget mandatory; equalize under current LOB aid formula; would result in lower costs for high wealth districts.</p>	<p>The bill provides that 80% of foundation aid is provided by the 20-mill statewide levy and general state aid. For the remaining 20%, each district is required to adopt a local foundation budget (LFB), and levy a property tax, which will be equalized to the 81.2 percentile of assessed valuation per pupil, the current equalization rate of the LOB which has been upheld by the court. In addition, an amount of the LFB in proportion to at-risk and bilingual education is required to be spent on the at-risk and bilingual programs.</p> <p><b>KASB believes the bill would be vastly simplified and more likely be found equitable if the \$1,150 LFB was simply added to the base and funded through statewide mill levy and general aid.</b></p>
<p>c. Capital costs should continue to be the responsibility of local districts through local bond issues and capital outlay levies, provided both receive state equalization aid that meets constitutional standards of equity.</p>	<p>No discussion of changes in equalization formulas.</p>	<p>Capital outlay and bond and interest state aid are continued under current law, except that for districts with less than 260 students, State Board of Education approval is required to be eligible for state aid to construct new facilities.</p> <p><b>KASB has not taken a position on State Board approval low enrollment districts.</b></p>
<p>d. An adequate foundation level should reduce the need for local funding, the cost of equalization and challenges of fluctuating local tax bases.</p>		

<p><b>4. Efficiency.</b> A new school finance formula must give local districts the responsibility to respond to unique community needs while encouraging efficiencies through</p>		
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<p>cooperation among districts. Efficiency should include:</p>		
<p>a. Locally elected boards should determine the most efficient way to spend resources to meet their specific student and community needs. The state should focus on results, not process.</p>	<p>Require districts spend at-risk weighting on at-risk students; require districts to spend portion of mandatory LOB on at-risk students.</p>	<p>Districts are required to spend at-risk and bilingual weighting funds only on those programs, and to spend a proportional amount of Local Foundation Budget funds on those areas.</p> <p><b>KASB believes if the goal is to direct additional funding to special needs students, additional funding should be provided.</b></p>
<p>b. Both school districts and the state would have greater predictability by using the previous year's enrollment or a three-year average for determining foundation aid, with the ability to appeal to the State Board of Education for funding for extraordinary costs.</p>	<p>Use prior year enrollment, possibly with two count dates.</p>	<p>For enrollment purposes, the increase/decrease in the 4th preceding year is counted once, the 3<sup>rd</sup> preceding year increase/decrease is counted twice, and the 2<sup>nd</sup> preceding year is counted 3 times. These changes are added and divided by six. This amount is added to the previous year's enrollment for funding the current year.</p> <p>Any school district with enrollment decline of more than 5% would base their budget on 95% of the preceding year's enrollment.</p> <p>Beginning in the 2018-19 school year, the Sept. 20 and Feb. 20 enrollments will be averaged for budget purposes.</p>
<p>c. Districts should be able to carry reasonable operating funds reserves for cash flow, enrollment changes, revenue shortfalls or delays and savings for large projects without incurring debt. If new limits on balances are imposed, districts should be given time to spend down to that level.</p>	<p>No discussion.</p>	<p>Not addressed.</p>
<p>d. The system should provide incentives for sharing high cost programs on a regional basis and for voluntary</p>	<p>No discussion.</p>	<p>The bill appears to restore previous incentive provisions allowing consolidating districts to</p>

district cooperation and consolidation.		retain their previous higher budget for a period of time.  <b>KASB supports.</b>
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<p><b>5. Excellence.</b> A new school finance formula must allow flexibility for districts to go beyond state requirements, foster innovation and promote improvement. Many communities want more freedom and flexibility to enhance their public schools</p>		
<p>a. Local boards of education should be able to authorize additional funding beyond the foundation level, provided such authority includes equalization that meets constitutional standards of equity.</p>		<p>School boards may adopt a local enhancement budget (LEB) of up to 5% of total foundation aid (state and local). No election required; equalized to the 81.2 percentile like the current LOB.</p> <p><b>KASB suggests additional funding would allow a greater range of local funding option; eliminate need for LAB.</b></p> <p>In addition, districts may adopt a local activities budget equal to 4% of FTE enrollment times the BASE amount (NOT including weightings). This requires an election except for districts which previously approved an LOB over 30% through election for FY 18 only. Beginning in FY 19, this must be approved by voters and may NOT be used for “providing the subjects or areas of instruction required by state law to be provided in accredited schools, including reasonable and necessary related instruction, administration, support staff, supplies, equipment and building costs.” It would be equalized by the same formula as capital outlay; a lower level of aid than current LOB aid.</p> <p><b>KASB opposes differential treatment of non-instruction activities.</b></p>



<p>b. The system should provide incentives for accomplishment of student outcomes or other policy goals, provided that foundational aid and equalization aid are fully funded and all districts have the ability to meet such outcomes.</p>	<p>Suggestion to provide state-funded bonuses for teachers in districts with highest relative achievement or large improvement.</p> <p>Create grant fund under State Board for innovative programs.</p>	<p>Not addressed.</p> <p>KASB would support grant fund for innovation.</p>
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<p><b>Public accountability for public funding.</b> KASB supports voluntary efforts to experiment with public school choice plans, such as charter and magnet schools, provided those plans are approved by the local school board. However, KASB opposes legislation that would use tuition tax credits, voucher systems or choice plans to aid private elementary or secondary schools which are not subject to the same legal requirements as public school districts.</p>	<p>Suggestion to provide some mechanism for students to access other schools, public or private.</p>	<p>Beginning in FY 19, the tax credit for low income private school scholarship would expand the eligibility of students from those attending public schools designed as priority or focus schools to students enrolled in districts that receive high density at-risk weighting. Non-public schools participating in the program would have to be State Board accredited and have a postsecondary effective rate that exceeds the trendline for all school districts and accredited non-public schools, or have a composite ACT score that exceeds the state average, or have been a participating school in the past.</p> <p>KASB opposes expansion of program. KASB supports requiring accreditation of new participating schools; should be phased-in for all schools; participation should be required to meet other public school requirements and enroll all eligible students; if purpose is to help students who are not successful, should be limited to such students.</p>
<p><b>Tuition for out-of-district students.</b> KASB opposes requiring districts to pay tuition for students to attend regular public schools outside of the district, charter school not approved by the district, or private schools (except for special education services).</p>		<p>Not addressed.</p>

<p><b>Non-residents.</b> KASB believes that the decision to enroll students who are not residents of a school district should be made by the board of education of that district. If non-resident students are enrolled, they should be counted for funding purposes as if they were residents of the district. These provisions should apply to students who are not residents of Kansas.</p>	<p>Chair indicates he will propose excluding non-resident students from count for state funding.</p>	<p>No addressed in the bill.</p>
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## Appendix 1 – Changes in per pupil funding 1990 to 2016, actual and adjusted for inflation

Fiscal Year	Full Time Equivalent Enrollment		Consumer Price Index		Total Expenditures Per Pupil			Adjusted General Fund Plus LOB Per Pupil			Adjusted for Consumer Price Index, 2016 Dollars	
	FTE Enrollment	Enrollment Change	Annual CPI	Annual Change	Amount	Annual Change	Change Over Inflation	Amount	Annual Change	Change Over Inflation	Total Expenditures Per Pupil	Gen. Fund + Spec. Ed + LOB Per Pupil
1990	409,656		100.7		\$5,053			\$4,230			\$9,278	\$7,768
1991	416,383	164%	106.2	4.21%	\$5,219	3.30%	-0.91%	\$4,370	3.29%	-0.92%	\$9,197	\$7,700
1992	424,737	2.01%	110.3	3.01%	\$5,416	3.77%	0.76%	\$4,470	2.30%	-0.71%	\$9,265	\$7,646
1993	431,321	1.55%	114.5	2.99%	\$5,902	8.98%	5.98%	\$4,828	8.01%	5.02%	\$9,803	\$8,019
1994	437,210	1.37%	118.2	2.56%	\$6,106	3.45%	0.89%	\$5,001	3.59%	1.03%	\$9,888	\$8,099
1995	440,684	0.79%	122.4	2.83%	\$6,275	2.77%	-0.06%	\$5,128	2.53%	-0.31%	\$9,882	\$8,075
1996	442,466	0.40%	126.9	2.95%	\$6,499	3.56%	0.61%	\$5,246	2.30%	-0.66%	\$9,941	\$8,024
1997	445,767	0.75%	130.5	2.29%	\$6,698	3.07%	0.77%	\$5,368	2.34%	0.04%	\$10,016	\$8,027
1998	448,609	0.64%	133.0	1.56%	\$6,985	4.29%	2.73%	\$5,557	3.52%	1.96%	\$10,285	\$8,102
1999	448,926	0.07%	136.6	2.21%	\$7,396	5.88%	3.67%	\$5,834	4.98%	2.77%	\$10,654	\$8,405
2000	448,610	-0.07%	142.2	3.36%	\$7,767	5.02%	1.66%	\$6,040	3.53%	0.17%	\$10,825	\$8,418
2001	446,970	-0.37%	147.1	2.85%	\$8,208	5.68%	2.83%	\$6,297	4.26%	1.41%	\$11,123	\$8,534
2002	445,377	-0.36%	149.9	1.58%	\$8,694	5.92%	4.34%	\$6,494	3.13%	1.55%	\$11,598	\$8,664
2003	444,541	-0.19%	154.0	2.28%	\$9,128	5.00%	2.72%	\$6,758	4.07%	1.79%	\$11,906	\$8,815
2004	443,302	-0.28%	158.9	2.66%	\$9,485	3.91%	1.25%	\$6,892	1.97%	-0.69%	\$12,051	\$8,756
2005	441,868	-0.32%	165.3	3.39%	\$9,707	2.34%	-1.05%	\$6,928	0.53%	-2.86%	\$11,929	\$8,513
2006	442,556	0.16%	170.6	3.23%	\$10,596	9.15%	5.93%	\$7,607	9.80%	6.58%	\$12,614	\$9,056
2007	444,875	0.52%	177.3	2.85%	\$11,558	9.08%	6.24%	\$8,192	7.69%	4.84%	\$13,379	\$9,482
2008	446,874	0.45%	185.3	3.84%	\$12,188	5.45%	1.61%	\$8,768	7.03%	3.19%	\$13,586	\$9,774
2009	447,615	0.17%	194.5	-0.35%	\$12,660	3.87%	4.23%	\$9,193	4.85%	5.20%	\$14,162	\$10,284
2010	453,324	1.28%	201.1	1.64%	\$12,330	-2.60%	-4.24%	\$8,652	-5.88%	-7.52%	\$13,571	\$9,523
2011	454,866	0.34%	208.9	3.16%	\$12,283	-0.38%	-3.54%	\$8,723	0.82%	-2.33%	\$13,105	\$9,307
2012	456,001	0.25%	218.6	2.07%	\$12,656	3.04%	0.97%	\$8,665	-0.67%	-2.74%	\$13,229	\$9,058
2013	457,897	0.42%	229.0	1.46%	\$12,781	0.99%	-0.47%	\$8,789	1.43%	-0.03%	\$13,168	\$9,055
2014	461,088	0.70%	236.7	1.61%	\$12,960	1.40%	-0.21%	\$8,816	0.30%	-1.31%	\$13,140	\$8,938
2015	463,266	0.47%	237.0	0.13%	\$13,124	1.27%	1.14%	\$8,880	0.73%	0.60%	\$13,290	\$8,992
2016	462,595	-0.14%	240.0	1.27%	\$13,025	-0.76%	-2.02%	\$8,985	1.16%	-0.09%	\$13,025	\$8,985

**Appendix 2 – Kansas Teacher Salary Data**

**Table I: State Average Classroom Teachers' Salary**

<i>School Year</i>	<i>Average Salary for Classroom Teachers</i>	<i>Average Extra Pay (Supplemental &amp; Summer School Salaries)</i>	<i>Average Fringe Benefits</i>	<i>TOTAL Average Salary (Including Salary + Supplemental &amp; Summer School Salaries + Fringe Benefits)</i>	<i>Total Salary Percentage Increase from prior year</i>
2002-2003	38,030	1,888	2,640	42,558	3.37
2003-2004	38,630	1,912	2,921	43,463	2.13
2004-2005	39,351	1,924	3,146	44,421	2.20
2005-2006	41,467	2,122	3,462	47,050	5.92
2006-2007	43,318	2,260	3,674	49,252	4.68
2007-2008	44,795	2,310	3,864	50,969	3.48
2008-2009	46,234	2,312	4,166	52,712	3.42
2009-2010	46,660	2,119	4,331	53,188	0.90
2010-2011	46,585	2,086	4,574	53,247	0.11
2011-2012	46,472	2,175	4,804	53,451	0.38
2012-2013	47,002	2,183	4,921	54,107	1.23
2013-2014	47,020	2,159	5,056	54,233	0.23
2014-2015	47,609	2,265	4,976	54,850	1.13
*2015-2016	47,863	2,228	5,363	55,454	1.10

**State Average Classroom Teachers' Salary**

*(including Supplemental and Summer School Salaries and Fringe Benefits)*

<i>School Year</i>	<i>Low</i>	<i>Median</i>	<i>High</i>	<i>FTE – Total Teachers</i>
2002-2003	26,551	39,639	51,551	36,085.1
2003-2004	26,909	40,722	53,736	35,440.6
2004-2005	27,059	41,678	53,955	35,596.7
2005-2006	33,195	43,485	56,210	36,741.0
2006-2007	33,809	44,987	58,864	38,143.5
2007-2008	34,544	46,710	60,586	38,764.7
2008-2009	32,993	48,257	63,666	39,232.8
2009-2010	34,636	48,756	66,701	38,510.3
2010-2011	34,067	48,984	66,483	38,027.0
2011-2012	34,420	49,040	65,443	37,570.0
2012-2013	33,669	49,512	65,639	37,818.6
2013-2014	27,317	50,161	65,052	38,248.2
2014-2015	34,509	50,669	66,899	38,261.8
*2015-2016	34,502	51,143	65,893	35,882.1

\*Contracted