



Status of School Finance Bills

May 25, 2017 – will be updated as more information is available

This document provides [KASB’s policy positions](#) on school funding (first column), the bill as approved by the House (second column), explanation of the Senate substitute bill as recommended by the Senate committee (third column), and KASB’s comments or concerns in the fourth column.

A school finance system should have the following components:	Sub HB 2410 as adopted by House May 25	Sen. Sub. For HB 2186, as amended May 24	KASB comments and concerns
<p>B. State School Finance</p> <p>1. Accountability 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>The State Board is required to annually report to the Legislature on its school accreditation system. The statute regarding school accreditation and academic standards is changed to more closely align with the Rose capacities.</p> <p>The State Department of Education shall provide annual reports on funding for each district; and state assessment data in reading and math for all students and subgroups of students.</p>	<p>Same as House Bill.</p> <p>Same except performance data not required; demographic data is required.</p>	<p>KASB strongly supports the implementation of the new accreditation system based on the Rose capacities and Kansas Can outcomes.</p> <p>Any new reporting system on school performance should show how the district compares to districts with comparable student demographics.</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>Legislative Post Audit is to conduct various performance audits on various components of the act over the first nine years. These include a study of the cost of providing educational opportunities for every student to meet performance standards in FY 2019, 2022 and 2025; similar to the 2006 LPA cost study, but more limited.</p>	<p>Generally, the same.</p>	

<p>2. Adequacy. 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 inflation and mandatory costs that have been shifted to the local option budget.</p>	<p>Sets foundation state aid per pupil at \$4,006 in 2017-18 and \$4,128 in 2018-19.</p>	<p>Sets foundation aid per pupil at \$4,006 in 2017-18 and \$4,080 in FY 2018-19.</p> <p>On or before July 1, 2020, the Legislature is to review the 2020 base and evaluate if it is reasonably calculated using a successful school model based on state tests, ACT scores and graduation compared to predicted performance for free lunch enrollment.</p>	<p>KASB believes the increase in foundational support should be substantially higher, based on inflation, growth in state personal income, comparison to higher achieving states and the State Board of Education recommendations.</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>Fully funds full-time students in full-time kindergarten in the first year (FY 2018).</p> <p>Adds \$2 million in funding for at-risk four-year-old pre-school in each year from FY 2018 and 2019.</p> <p>Adds \$1.7 million for professional development aid in FY 2018 and 2019.</p> <p>Adds \$800,000 for mentor teacher state aid in FY 2018 and 2019.</p>	<p>Same.</p>	<p>KASB strongly supports these provisions.</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>Foundation aid will increase each year based on the Midwest Consumer Price Index, beginning in 2020.</p>	<p>Foundation aid will be indexed using a three-year rolling average.</p>	<p>KASB supports this provision, but believes that total education funding will need to increase more than inflation to fund enhancements that will continue to improve educational outcomes.</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>See enrollment count.</p>	<p>See enrollment count.</p>	<p>It appears most districts do not lose money on a <i>per pupil</i> basis unless they are also losing consolidation incentive authority.</p>

<p>3. Equity. 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"> • Full funding of the costs of special education services required by federal and state law. 	<p>No change in special education formula. \$12 million is added FY 2018 and an additional \$12 million in FY 2019.</p>	<p>Same additional funding but distributed on the basis of regular FTE enrollment rather than through the special education formula.</p>	<p>Special education funding would remain below the 92% of excess cost target in state law.</p>
<ul style="list-style-type: none"> • The impact of poverty and other student risk factors, including concentration of poverty. 	<p>Provides regular at-risk weighting based on number of free lunch students, multiplied by 0.484, an increase from 0.456 in the previous formula.</p> <p>Districts with less than 10% of students on free meals receive at-risk funding as if 10% of students are eligible, must document to the State Board services provided to at-risk students. (Applies only to K-12 districts.)</p> <p>Provides for high density at-risk as previous formula; applies to districts with at least 35% students qualifying for free lunch, maximum aid at 50% or higher.</p>	<p>Return at-risk weighting to previous 0.456. Provision expires one year after LPA study.</p> <p>Same.</p> <p>Same, except districts receive the higher of applying this factor to the district as a whole or to individual school buildings.</p> <p>Districts must spend these funds on best practices approved by the State Board, or show improvement or lose funding the next year.</p> <p>High density weighting expires with regular at-risk weighting.</p>	<p>The House version provides greater funding to target at low performing students, and is based on actual cost study.</p>

<ul style="list-style-type: none"> The additional costs of teaching English as a Second Language. 	<p>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 0.185, using the greater.</p>	<p>Same except provision expires one year after LPA study.</p>	<p>Both approaches (contact hours and headcount) appear to have a rational basis; KASB would prefer no districts lose funding in serving a group of students often under-performing.</p>
<ul style="list-style-type: none"> The additional costs of student transportation. 	<p>Transportation weighting similar to previous formula except “math error” is changed and assumed cost factor is increased from 2.0 to 2.8. If that is lower than 2016-17, district may use the higher amount for five years.</p>	<p>Same except the transportation aid grandfather provision is for two years rather than five.</p>	
<ul style="list-style-type: none"> The additional costs of career and technical education programs. 	<p>Used the previous law’s Career Tech Ed/vocational weighting of 0.5 in FY 2018, expires July 1, 2018.</p> <p>Directs State Board to conduct a study of the cost of providing career education and make report to legislature January 2018.</p>	<p>Same.</p>	
<ul style="list-style-type: none"> Additional costs based on density and district size. 	<p>Restores low and high enrollment weighting from the previous formula.</p>	<p>Provides for a Legislative review of enrollment weighting, including but not limited to a sparsity factor.</p>	<p>KASB supports consideration of sparsity as a factor, but not the sole factor.</p>
<ul style="list-style-type: none"> Other adjustments as necessary based on evidence of cost differences. 	<p>Virtual school state aid continues 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>Continues new facilities weighting under previous formula for bond issues approved prior to July 1, 2015; phases out after those projects.</p> <p>Ancillary school facilities weighting is continued as was under the previous formula (funded by local property tax with approval of state board of tax appeals).</p> <p>The cost of living weighting is continued as under the previous formula (same funding as ancillary).</p> <p>Declining enrollment weighting is provided at 50% of the previous formula entitlement in FY 18, then eliminated.</p>	<p>Same.</p>	

<p>b. Funding for the foundation level and adjustments should be fully funded by the state.</p>	<p>The foundation level and weightings are fully funding by the statewide mill levy and general state aid except for certain local effort deductions from the previous formula.</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>Capital outlay and bond and interest state aid are continued under current law, except that for districts with less than 260 students, State Board approved is required to be eligible for state aid to construct new facilities.</p> <p>Authorized use of the capital outlay fund is expanded to include utilities.</p>	<p>Same; except that no state capital improvement aid would be provided for facilities that are used primarily for extra-curricular activities as determined by the State Board.</p> <p>Authorized use of capital outlay funding is further expanded to include property and casualty insurance.</p> <p>Local governments would not be allowed to abate capital outlay property taxes for economic development purposes.</p>	<p>KASB does not have a specific position about the expanded uses of capital outlay.</p> <p>Positives: This would provide needed additional funding and greater flexibility for districts, and is equalized.</p> <p>Negatives: even with equalization, there remain wide differences in what districts can raise for each mill of capital outlay.</p> <p>The Kansas Supreme Court accepted a lower level of equalization for capital outlay because it was for capital costs, not general operations. Expanding to utilities and other purposes moves more general operating costs into capital outlay. An option would be to increase equalization</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>4. Efficiency. A new school finance formula must give local districts the responsibility to respond to unique community needs while encouraging efficiencies through 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>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>Funding based on FTE enrollment on single count date, Sept. 20, of the prior year or second preceding year, whichever is higher.</p> <p>A special adjustment is made for military students enrolled between Sept. 20 and Feb. 20.</p> <p>The count of weighted students is based on current year enrollment.</p> <p>Adjustments are made for counting increased funding for at-risk preschool and full-time kindergarten.</p> <p>No three-year average.</p> <p>Maintains previous provisions for students in private school tax credit scholarship program or districts impacted by disasters.</p>	<p>Same.</p>	<p>.</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 change in current law.</p>	<p>Same.</p>	
<p>d. The system should provide incentives for sharing high cost programs on a regional basis and for voluntary district cooperation and consolidation.</p>	<p>Restores previous incentive provisions allowing consolidating districts to retain their previous higher budget for a period of time.</p>	<p>Same.</p>	

<p>5. Excellence. 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>			
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<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>Returns to structure of the previous Local Option Budget, up to 33% of base.</p> <p>Any percent of over 30% is subject to protest petition, not election.</p> <p>Uses artificial base of \$4,490 until actual base reaches that level.</p> <p>After 2017-18, uses a three-year average of assessed valuation per pupil for determining LOB/LFB and capital outlay state aid.</p>	<p>Same.</p> <p>Indexes the artificial base to the consumer price index.</p>	<p>KASB strongly supports movement from election to protest petition.</p> <p>Indexing the artificial base will help provide additional operating funds as costs rise, if equalized; however, a better method would to raise the foundational base higher and faster.</p>
<p>b. The system should provide incentives for accomplishment of student outcomes or other policy goals, provided foundational aid and equalization aid are fully funded and all districts have the ability to meet such outcomes.</p>	<p>Not addressed.</p>	<p>Same.</p>	

<p>E. Tuition Tax Credits, Voucher Systems and Choice Plans</p> <p>1. Public accountability for public funding. 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>Beginning in FY 19, students eligible to participate in the tax credit for low income private school scholarships program would be changed from those attending a Priority or Focus school under the old No Child Left Behind waiver to one of the lowest 100 schools based on academic performance as determined by the State Board.</p> <p>Under current law, participating students must be eligible for free meals under the national student lunch program. Under the bill, at least 50% of scholarships must be made to students who are direct certified under the national student lunch program, rather than being due to income alone.</p> <p>New non-public schools participating in the program must be State Board accredited if they do not offer secondary grades. Private high schools must 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. (Under current law, there are no accreditation or performance requirements for participating private school schools.)</p>	<p>Same, except begins in FY 18.</p> <p>Same.</p> <p>After three years, participating schools must be accredited by either the State Board or a national or regional accreditation agencies recognized by the State Board.</p>	<p>KASB opposes the private school tax credit program. It should be stressed that the lowest performing schools are most likely the schools with highest percentage of high need students. These are not “failing” schools; they are schools serving the hardest-to-educate students in the state.</p> <p>KASB believes the provision to require 50% of eligible low income student be “directly certified” for free meals helps insure the program will serve more truly disadvantaged students.</p> <p>However, there is no provision in the bill or current law requiring scholarships go to students who are actually under-performing. Many low-income students in public schools are at grade level or higher.</p> <p>KASB strongly supports the additional accountability provisions in the bill. We believe non-public schools receiving public funding should meet the same requirements expected of public schools.</p> <p>Accreditation is a positive step. We would support requiring this next year, and requiring current schools to move to state accredited status.</p>
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<p>C. Revenues Sources and Tax Policy</p> <p>1. State Tax Policy. The state should strive to achieve from the major revenue sources, sales, income and property taxes, a balanced and equitable mix of revenues that are suitable to support public services, including funding for quality education. Taxes should be broadly based to ensure all Kansans share fairly in the cost of public services.</p> <p>4. Property Tax Abatement. KASB supports legislation to limit the authority of the state, cities and counties to grant property tax abatements to existing property valuation. KASB also believes school district approval should be required before abatements of school district tax levies are granted to newly created valuation and that state approval should be required before the state-imposed minimum levy is abated.</p>	<p>The 20-mill statewide levy is reauthorized for the constitutional maximum of two years.</p>	<p>Same</p> <p>Both the 20-mill statewide levy and the capital outlay levy would be exempted from authority of local governments to abate taxes for future economic development projects.</p>	<p>KASB supports the 20-mill levy reauthorization. We support additional revenue to fund increased aid to public education, but have not endorsed specific types of revenue beyond “a balanced and equitable mix,” that is broadly-based.</p> <p>KASB has long-standing positions of concern over local tax abatements, but we have not considered this issue in depth in many years. We are neutral on this specific concept, and would support further study depending on the final outcome in the bill.</p>
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