

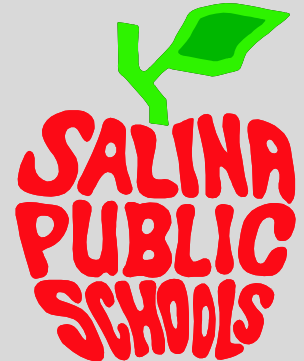
Kansas School Finance

Key Issues Facing Kansas Public Schools

Kansas League of Women Voters Council

April 23, 2016

**William Hall, Superintendent of Schools,
Salina USD 305**



Kansas

JOHN HANN

SHAWNEE

TORNADO 50

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Navigation bar with back, forward, and search buttons. Below the buttons are links for "File", "Edit", "View", "Favorite", and "Salina Public Schools".

The Wichita Eagle newspaper header. It includes the logo "S 64°", the text "Sign In | Subscribe", the main title "The Wichita Eagle" with a bird logo, and a navigation menu with "FULL MENU", "OBITUARIES", "SPORTS", "BUSINESS", and "CLASSIFIEDS". A search bar is also present.

Browser window controls including minimize, maximize, and close buttons. Below these are icons for home, star, and settings. A dropdown menu shows "Page", "Safety", and "Tools".



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EDUCATION

School year could end early for Wichita students

5:27 PM

deliver a road map to close the gap.

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Navigation bar with a search button and a link to "https://www.facebook.com/shi". Below the link are icons for Windows, Internet Explorer, and a folder.

System tray area showing a search bar with "75%", a clock displaying "9:50 PM 4/21/2016", and icons for network, volume, and power.

1, 2014, in

Key Topics For This Morning's Presentation

How are Kansas school districts funded?

What are the sources of school revenue?

An analysis of the issues facing school funding
..who to believe?

Current state of school funding in Kansas.

So what's on the horizon for school funding in Kansas?

What is the state's responsibility for funding public schools in Kansas?

Article 6, Section 6, Clause (b):

The legislature shall make suitable provision for finance of the educational interests of the state.

Article 6, Section 6, Clause (c):

No religious sect or sects shall control any part of the public educational funds.

Kansas League of Women Voters' Position on School Funding

Updated in 1993

"The 1993 State Convention adopted a program updating the position on State Finance with emphasis on the **tax mix, i.e. the income tax, the sales tax, and the property tax.**"

"STATEMENT OF POSITION: The LWVK supports **a broad-based state tax system** that has diverse sources of revenue and that is **equitable**, provides **adequate revenue**, and is **effectively and economically administered.**"

The State of Kansas should promote **equity in educational opportunity** for all through a school finance plan which **makes equivalent resources available to each pupil** regardless of the wealth of any particular school district.

Equalized expenditures per pupil should consist of revenues from each school district, based on district wealth, **with the balance funded from state sources.**

Key Terms

BSAPP (Base State Aid Per Pupil)

The amount paid by the state for each Full Time Equivalent (FTE) student enrolled and attending as of September 20th.

Assessed Valuation

The value of all taxable property, both residential and commercial, within the boundaries of the school district. This has a direct impact on the local mill levy.

Assessed Valuation Per Pupil

Exactly that. Assessed valuation divided by the number of students attending in the school district.

Key Terms

Equalization

Additional state aid provided to school districts to create equitable spending (to the extent possible) for all Kansas schools.

Spending Per Pupil

Sounds simple..but not so much.

Total expenditures divided by the total number of students enrolled.

Key issue: What funds should be included in these calculations?

Key Terms

Block Grant

Current system for funding public schools.

Expires June 30, 2017.

Effectively froze school funding for FY16 and FY17 at FY15 levels.

New school funding formula being written.

What Should a New School Funding Formula Look Like?

To begin with, it may be helpful to think of Kansas school funding in terms of seven “building blocks.”

First, the state provides a “base” or foundation for general operating costs, using a base budget per pupil amount multiplied by weighted enrollment, and funded by a uniform statewide 20 mill property tax levy and state aid.

Second, the state adds funding for a portion of special education costs.

Third, local school districts are allowed to enhance their operating budgets with a local option budget (LOB), financed mostly by local property taxes. However, LOB state aid is provided to over 80 percent of districts to help “equalize” property taxes.

Fourth, school districts receive federal funds for special education and other programs, and for school meals for low income students.

Fifth, the state provides aid to help make bond and interest payments for school construction projects in many districts. This aid has the same purpose as LOB state aid, to somewhat “equalize” the tax burden of constructing school buildings.

Sixth, the state pays the “employer’s contribution” toward the retirement benefits of school employees in the Kansas Public Employees Retirement System.

Seventh, districts may raise local revenues for building and construction costs; and charge fees for meals, textbooks, activities and other local purposes allowed by state law. The total of these seven areas equals total school district expenditures.

So, is there adequate funding for public education in Kansas?

It Depends.....



"Yes"



"No"

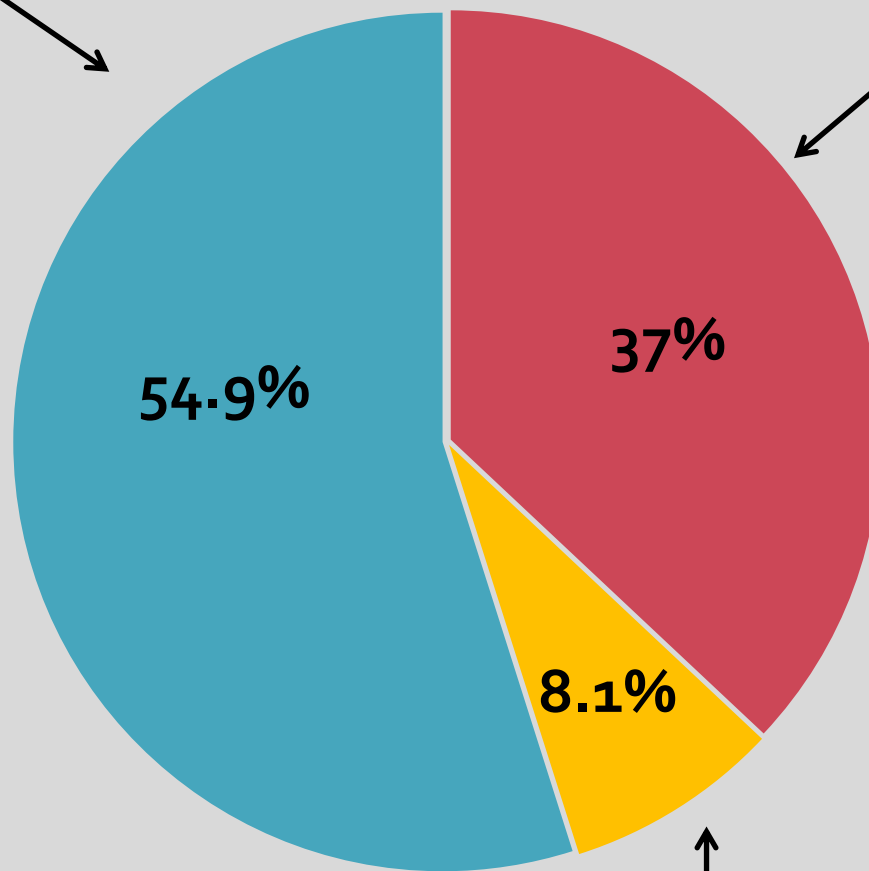
A constitutional clash of wills?

What are the sources of school revenue?

FY 14-15

Includes General and Supplemental State Aid, KPERS payments, Bond and Interest State Aid, Capital Outlay State Aid, Special Education State Aid)

Includes all other revenue from local sources to include local property taxes (General Fund, LOB, Capital Outlay Bond and Interest) and fees



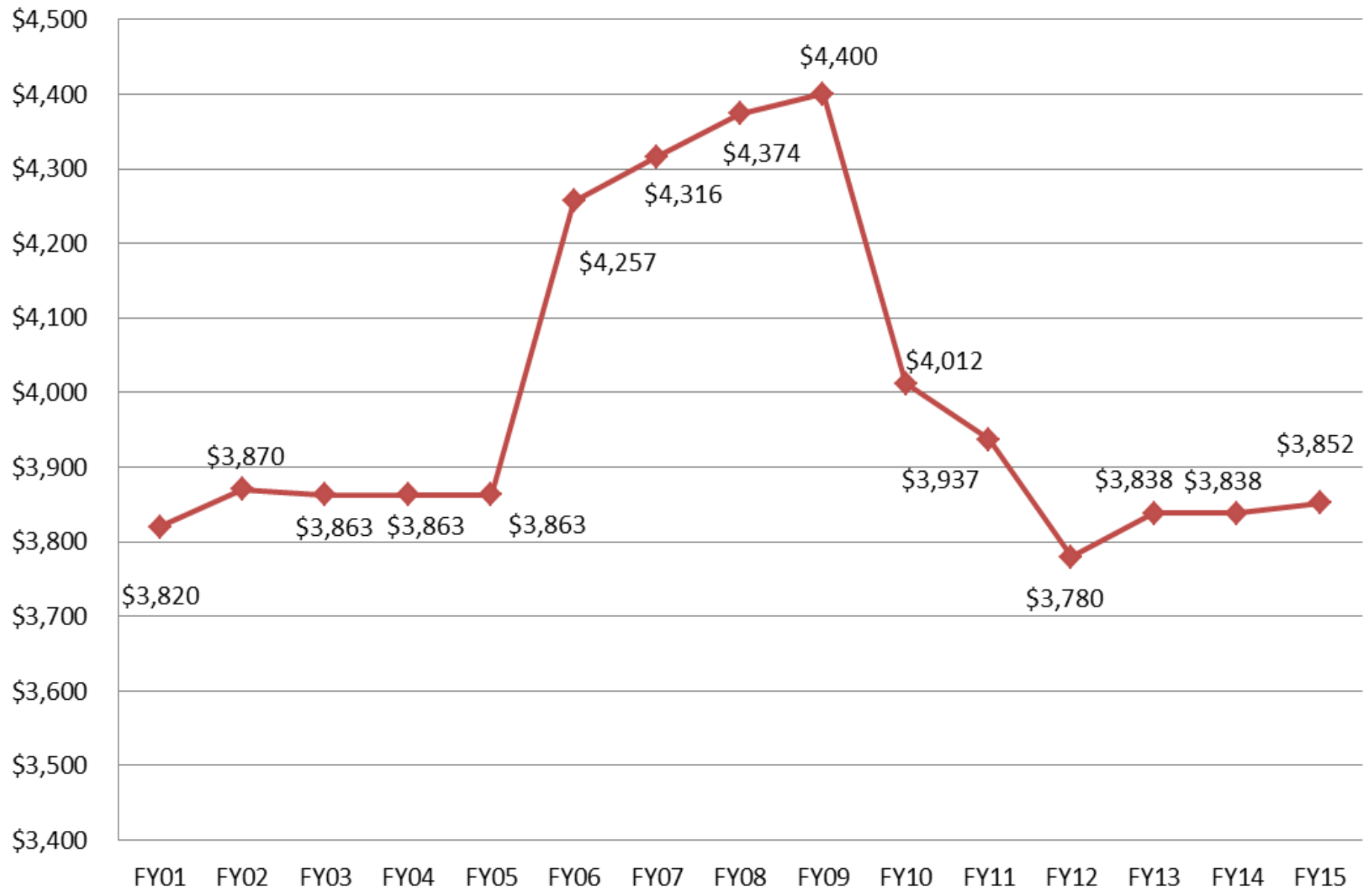
Local

National

State

Includes Title programs, National School Lunch Program, Headstart, etc.

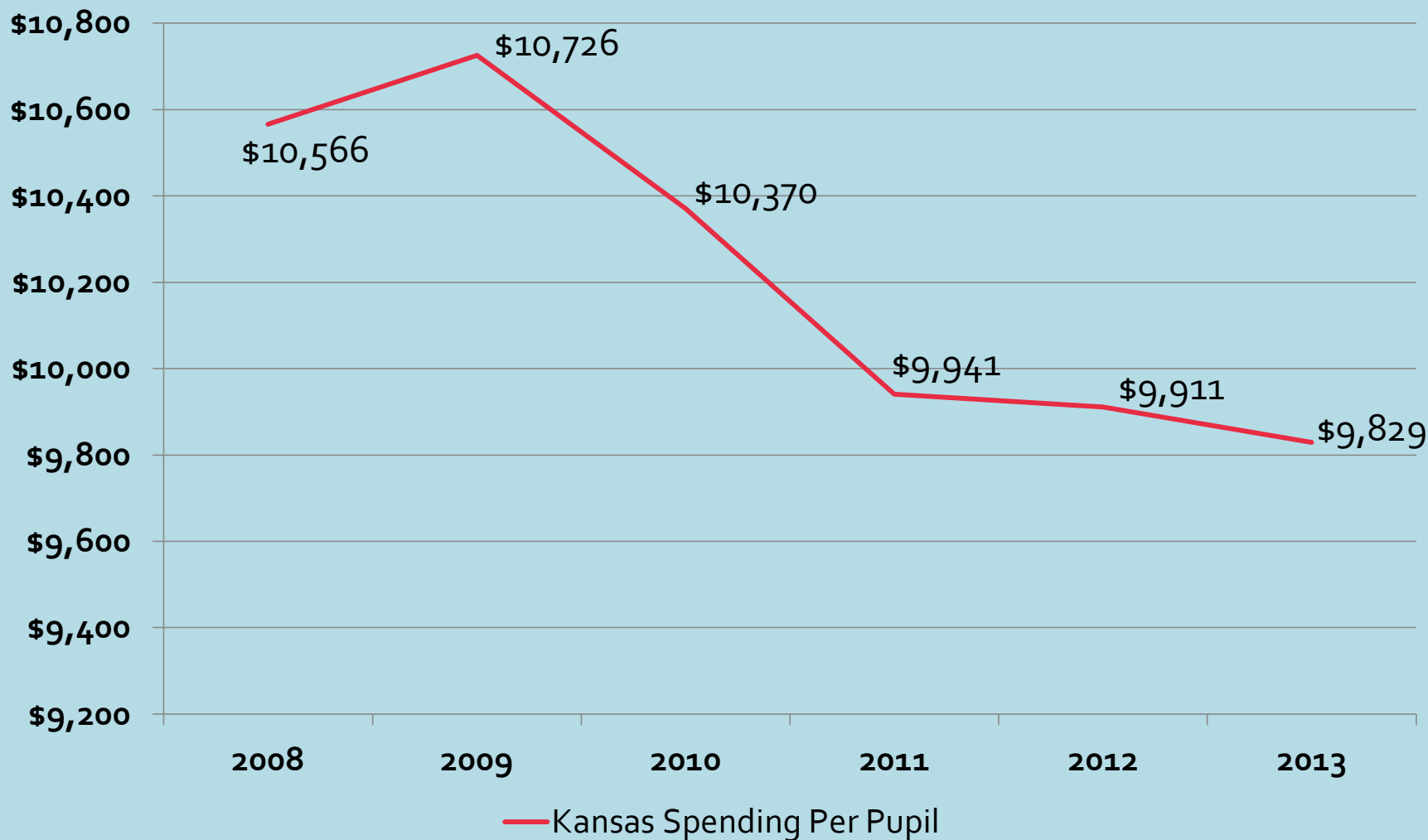
BSAPP HISTORY



Kansas Expenditures Per Pupil

(Governing States and Localities, June 2015)

Kansas Spending Per Pupil



Spending (Expenditures) Per Pupil

State of Kansas View

USD Name	FTE Enrollment 2014-15	Total Expenditures (All Funds)	Spending Per Pupil
Salina	7002.8	\$114,244,176	\$16,314

Includes:

- KPERs payments
- Bond and Interest State Aid
- Capital Outlay
- Special Education Cooperative
- Head Start Programs
- Adult Education
- Parents as Teachers

Spending (Expenditures) Per Pupil

School Districts' View

USD Name	FTE Enrollment 2014-15	Total Expenditures (All Funds)	Spending Per Pupil
Salina	7002.8	\$79,197,931	\$11,309

Excludes:

KPERs payments

Special Education Cooperative

Head Start Programs

Adult Education

Parents as Teachers

Recent Study by “Education Week”

National Average for Spending Per Pupil: \$11,841

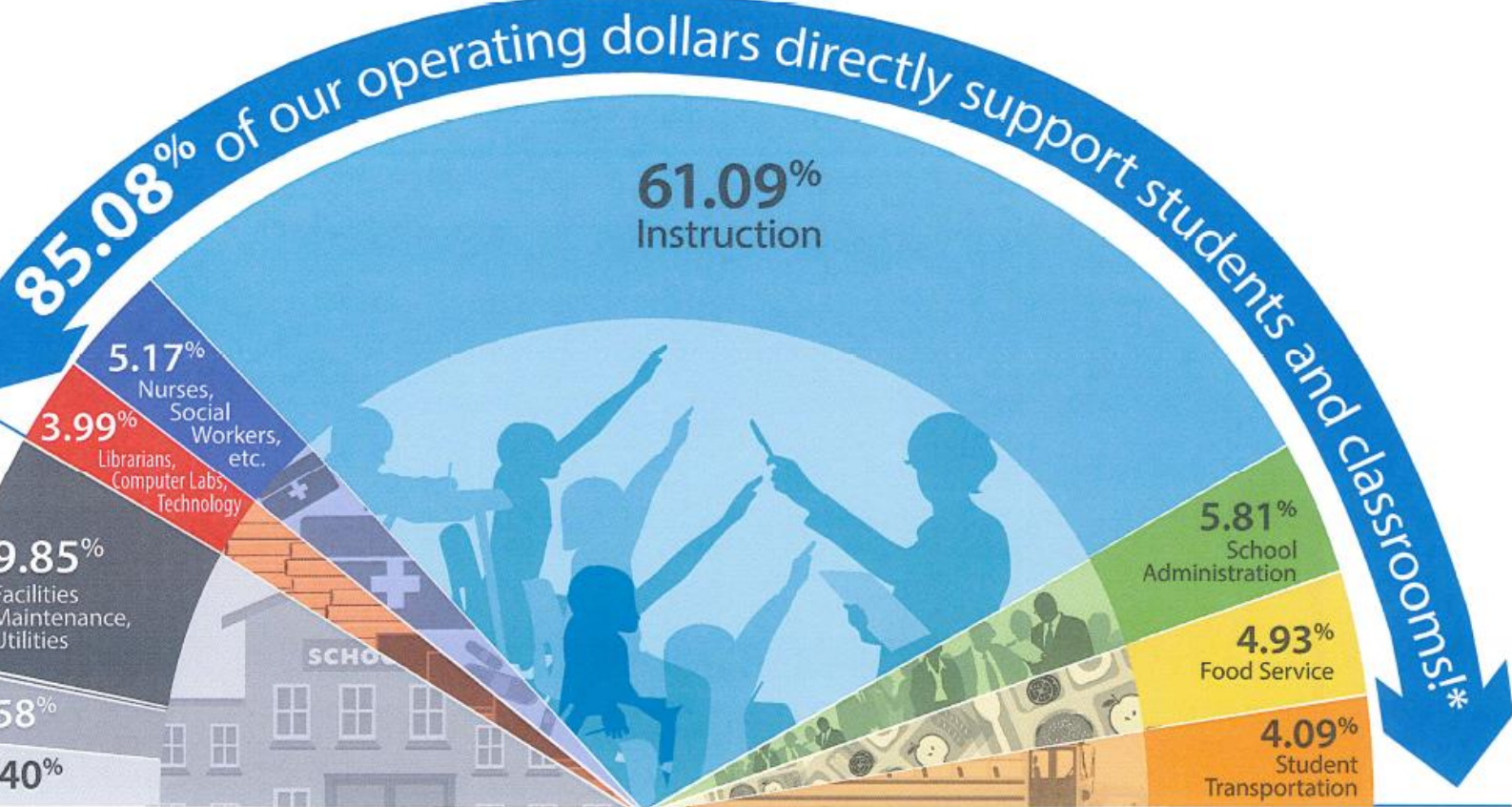
Kansas Spending Per Pupil: \$11,452

USD 305 Spending Per Pupil: \$11,185

**“Why America's Schools Have A Money Problem”
NPR.org**

Percent of State Budget Impact on Student Achievement

States exceeding Kansas on 14 key achievement measures (and Kansas)	2015 Percent of State Expenditures for K-12 (and U.S. rank)	2013 Percent of total K-12 Expenditures from State Funding (and U.S. Rank)	2013 Total funding per Pupil (and U.S. Rank)
Nebraska	14.7% (40th)	32.1% (49th)	\$12,514 (20th)
New Hampshire	20.7% (40th)	35.5% (50th)	\$15,320 (12th)
Indiana	20.0% (2nd)	62.6% (9th)	\$11,955 (25th)
Massachusetts	11.6% (48th)	40.2% (44th)	\$17,315 (7th)
New Jersey	24.9% (12th)	38.7% (47th)	\$20,191 (2nd)
Vermont	31.8% (1st)	76.2% (2nd)	\$18,130 (6th)
Iowa	16.3% (32nd)	51.7% (24th)	\$12,072 (23rd)
Kansas	29.6% (3rd)	56.4% (19th)	\$11,596 (27th)



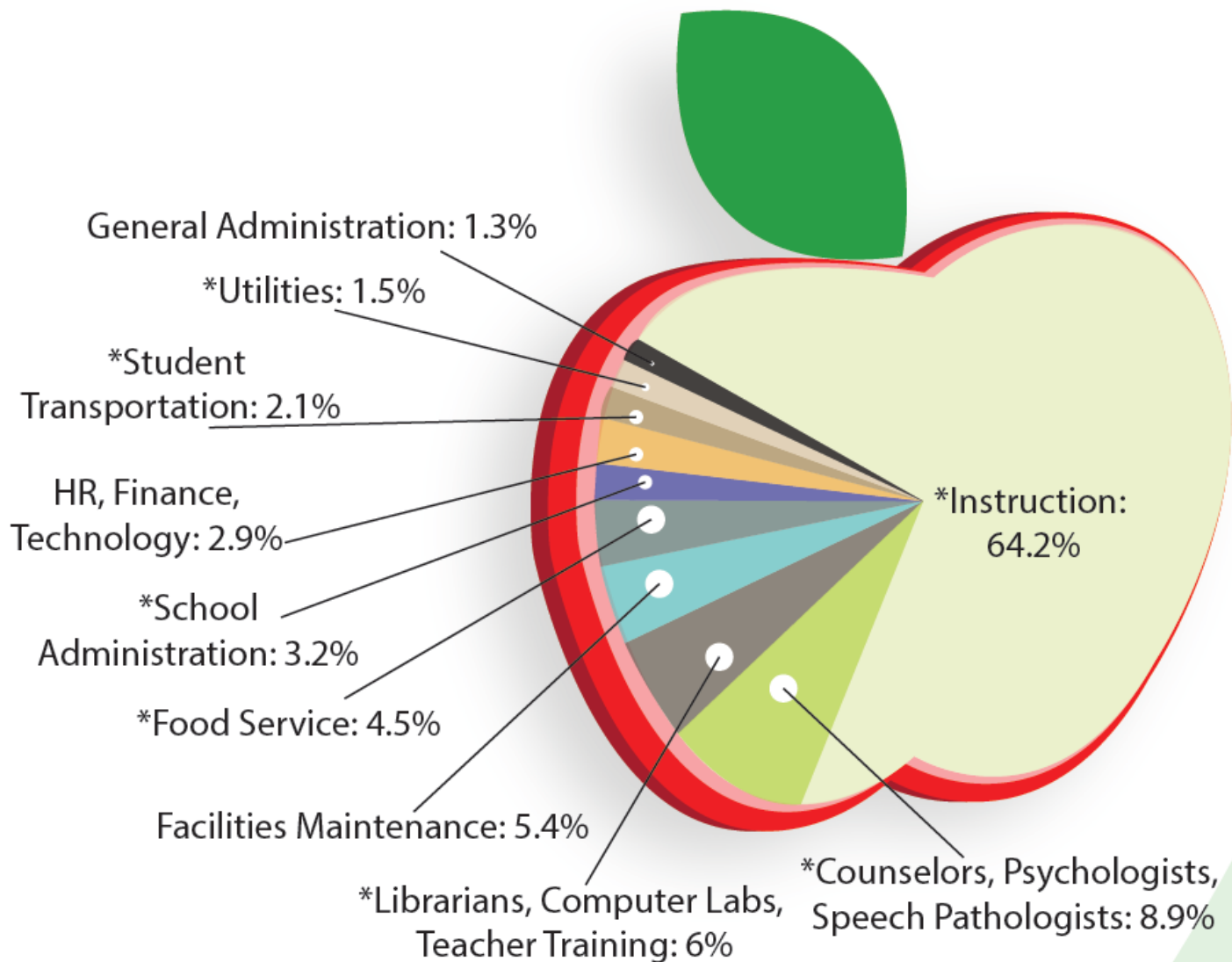
* Based on the 2014-2015 State-Wide Average



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January 2016



USD 305

2015 - 2016 Budget :

Resources Invested in Classrooms and Schools

90.4% of Our Operating Budget Directly Supports Students

(* Combined to total 90.4%)

History of School Funding Litigation in Kansas

Caldwell vs. State of Kansas (1972)

Led to school district equalization act

Mock vs. State of Kansas (1990)

**Led to school district performance and Quality
Performance Act**

Montoy vs. State of Kansas (1999-2005)

**Court orders more funding to schools
\$287 million increase in two years
Funding eliminated during recession**

Gannon vs. State of Kansas (2010-Present)

Separated "equity" from "adequacy"

Block grant challenged

**Court orders legislature to fix equity problem by July
1, 2016 or face shutdown of schools**

"Adequacy" hearings will be held spring, 2017

State General Fund

FY 2016

(July 1, 2015 to June 30, 2016)

(Dollars in Millions)

Beginning Balance	\$ 72
Tax Revenue	\$ 5,865
All Other Revenue	\$ 207
	<hr/>
Total Available	\$ 6,144
	<hr/>
Expenditures	\$ 6,281
	<hr/>
Ending Balance	\$ (137)

"All Other Revenue" includes interest income, and the net of 'transfers in' from other funds such as the highway fund and 'transfers out' to pay for items such as school capital improvement aid.

Adjusted to incorporate \$17 million budget cut to universities imposed by the Governor in March.

Impact of state revenue declines on school funding.

“General fund tax collections have failed to meet the mark every month but one in FY 2016. Each instance has triggered expressions of anguish, frustration, and despair, because every miss means something negative—more money transferred away from children, cuts to higher education, lost hope for public schools, or crumbling roads.”

Duane Goosen
Former Kansas State Budget Director

Consensus Revenue Estimate

Option One

Governor's Allotment Authority

- Transfer \$70.0 million from State Highway Fund to State General Fund in FY 2016 and \$115.0 million in FY 2017.
- Carry forward into FY 2017 the 3.0 percent reduction made to Universities in FY 2016, which would be \$17.7 million in reduced expenditures.

Legislative Approval Required

- Securitize future tobacco settlement payments in excess of \$42.0 million for approximately \$158.0 million in FY 2017.
- Children's programs currently financed through the Children's Initiatives Fund would continue to receive funding of \$42.0 million per year.

Consensus Revenue Estimate

Option Two

Governor's Allotment Authority

- Transfer \$70.0 million to the State General Fund in FY 2016 and \$115.0 million in FY 2017.
- Carry forward into FY 2017 the 3.0 percent reduction made to Universities in FY 2016, which would be \$17.7 million in reduced expenditures.
- Reduce expenditures or transfer \$25.0 million in targeted efficiency savings.

Legislative Approval Required

- Delay FY 2016 fourth quarter KPERS payment would be delayed, as provided for in 2016 House Substitute for SB 161, but repayment would not be made until FY 2018.

Consensus Revenue Estimate

Option Three

Governor's Allotment Authority

- Transfer \$70.0 million to the State General Fund in FY 2016 and \$115.0 million in FY 2017.

Legislative Approval Required

- In option three, 3 to 5 percent expenditure reductions would be made to most state agencies for FY 2017 and would total \$139.3 million.
- \$57,262,285 from Department of Education, excludes KPERs, bond and interest and capital outlay aid (apparently also excludes special education aid).
- Link to Governor's Budget Amendment:
http://budget.ks.gov/files/FY2017/GBA1_04-20-2016.pdf

Legislature's Response to Supreme Court's Order

HB 2655

No new money.

Redefined equalization...has created winners and losers.

Increase in Capital Outlay state aid.

Decrease in LOB state aid.

Hold harmless funding created so districts do not have less money

Many districts will have to increase LOB mill levy to make up loss in LOB funding

Hearings before Supreme Court on May 10, 2016

What About the New School Funding Formula?

HB 2741—Just introduced

Reinstates base aid (foundation) based on enrollment

>400 = \$8,490

1,000 – 1,999 = \$6,137

400-999 = \$7,269

<2000 = \$5,763

Reduces base school funding from 2014-15 levels by \$373 million.

Low income status determined by consensus based poverty rate rather than free and reduced lunches.

Statewide 35 mill levy property rate.

Local districts can raise additional funds locally with no limit. Not equalized and cannot be spent on instruction.

Extra curricular activities and food service paid for with local tax dollars ONLY.

Kansas Education Freedom Act – 70% of base aid diverted into individual accounts to attend non public schools.

In Summary....

***State budget situation is critical. Must close a \$290 million budget deficit in next two fiscal years.**

***More possible budget cuts to K-12 in the next 15 months.**

***For now, we operate under the block grant until June 30, 2017 (less any budget cuts).**

***Supreme Court decision is looming.**

So what can you do?

Encourage active involvement in the election process.

More candidates needed to run.

More engaged electorate.

Vote for retention of Supreme Court Justices

Continue to advocate for public education.



QUESTIONS?

Thank you!



Learning for All, Whatever It Takes!