

**Equity Issues with **LOB Equalization Aid** and  
New Formula for 2014-2015 (Current School Year)**

<p><b>SDFQPA - K.S.A. 72-6434 Old Formula</b></p> <p><b>How it Works:</b></p> <p>1. Rank all districts based on last year's Assessed Valuation Per Pupil.</p> <p>2. Each district below the 81.2 percentile of assessed valuation per pupil gets the amount state funding for their LOB budget that lowers their tax effort to equal the tax effort of the district at the 81.2 percentile of Assessed Valuation Per Pupil.</p>	<p><b>House Substitute for Senate Bill 7 Section 38 Recalculates current year equalization funding then locks into Block Grants</b></p> <p><b>How it Works:</b></p> <p>1. Rank all districts based on last year's Assessed Valuation Per Pupil (except selected districts can use their next year's AVPP).</p> <p>2. Divide all districts below the 81.2 percentile into five equal groups.</p> <p>3. Calculate the amount of each district's LOB budget that the state would fund if it funded the amount that would lower their tax effort to equal the tax effort of the district at the 81.2 percentile. Prorate that amount as follows:</p> <p style="padding-left: 40px;">A. Lowest quintile: Districts receive 97% of the amount that would equalize them to the district at the 81.2 percentile.</p> <p style="padding-left: 40px;">B. Second lowest quintile: Districts receive 95% of the amount that would equalize them to the district at the 81.2 percentile.</p> <p style="padding-left: 40px;">C. Third lowest quintile: Districts receive 92% of the amount that would equalize them to the district at the 81.2 percentile.</p> <p style="padding-left: 40px;">D. Second highest quintile: Districts receive 82% of the amount that would equalize them to the district at the 81.2 percentile.</p> <p style="padding-left: 40px;">E. Highest quintile: Districts receive 72% of the amount that would equalize them to the district at the 81.2 percentile.</p>
<p><b>Result:</b></p> <p>All districts receiving equalization aid can raise the same dollars per pupil with the same tax effort as the district at the 81.2 percentile of Assessed Valuation Per Pupil.</p>	<p><b>Result:</b></p> <p>No districts receiving equalization aid can raise the same dollars per pupil with the same tax effort as even the district at the 81.2 percentile. Each quintile is equalized to a different level of Assessed Valuation Per Pupil.</p>
<p><b>Issues:</b></p> <p>1. LOB is a percentage of each district's General Fund. The General Fund is not funded based on pupils but on weighted pupils. This still creates unequal tax effort since districts with more weightings have to raise more LOB dollars per pupil.</p> <p>2. All districts above the 81.2 percentile can still raise more dollars per pupil with less tax effort than the "equalized" districts.</p> <p>3. This is the Safe Harbor set by Kansas Supreme Court but does not meet the Equity Test because districts do not have "reasonably equal access to substantially similar educational opportunity through similar tax effort".</p>	<p><b>Issues:</b></p> <p>1. Same three issues as SDFQPA, but with additional proration downward.</p> <p>2. Districts already set their mill levies for the current year funding based on the expected equalization, and cannot go back and raise the mill levy to make up for the decreased equalization aid.</p> <p>3. This requires cuts to school programs due to the decreased equalization aid.</p> <p>4. Equalization aid is locked into all future block grant funding at this level and will not increase or decrease despite changes in Assessed Valuation Per Pupil or changes in the amount of local tax levied. Districts that raise or lower their mill levy will not receive any more or less equalization aid.</p> <p>5. This does not meet the Safe Harbor as set by the Kansas Supreme Court AND does not meet the Equity Test because districts do not have "reasonably equal access to substantially similar educational opportunity through similar tax effort".</p>