



G-1
School Finance

G-2
Career Technical
Education Initiative
(SB 155)

Sharon Wenger
Principal Fiscal Analyst
785-296-3181
Sharon.Wenger@klrd.ks.gov

Kansas Legislator Briefing Book 2015

Education

G-1 School Finance

School District Finance and Quality Performance Act; Bond and Interest State Aid Program

2014-2015 School Year

The School District Finance and Quality Performance Act provides the formula for computing General State Aid and Supplemental General State Aid for the 286 unified school districts in Kansas.

General State Aid

The Base State Aid Per Pupil (BSAPP) for the 2014-2015 school year is \$3,852. To determine a school district's state financial aid, base state aid per pupil is multiplied by various weightings described below.

- **At-Risk Pupil.** This weight is determined by multiplying the number of pupils of a district who qualify for free meals under the National School Lunch Program by a factor of 0.456.
- **Bilingual Education.** This weight is determined by multiplying the full-time equivalent enrollment in bilingual education programs approved by the State Board of Education by a factor of 0.395. Revenue generated by the weight must be spent either for bilingual or at-risk education.
- **Vocational Education.** This weight is determined by multiplying the full-time equivalent enrollment in vocational education programs approved by the State Board of Education by a factor of 0.5. Revenue generated by the weight must be spent for vocational education.
- **Transportation.** This weight helps compensate school districts for providing transportation to public school pupils who reside 2.5 miles or more by the usually traveled road from the school attended.

Pupils who receive services are determined on the basis of at-risk factors determined by the school district board of education and not by virtue of eligibility for free meals. The 2014 Legislature eliminated this weighting any student less than full-time in grades 1-12 or any student over age 19, unless such student has an Individualized Education Plan (IEP).

- **High Density At-Risk Weighting.** This weight is determined by multiplying the number of pupils of a district who qualify for free meals under the National School Lunch Program by the following factors:
 - Those districts that have free meal student percentages of 50.0 percent or more would use a 0.105 factor; or
 - Those districts that have a density of 212.1 students per square mile and a free lunch percentage of at least 35.1 percent and above would use 0.105 factor.
 - For those districts having between 35.0 percent to less than 50.0 percent at-risk pupils, the district will subtract 35.0 percent from the percentage of at-risk enrollment in the district and multiply that result by 0.7. The product of this calculation multiplied by the at-risk student enrollment is the high-density at-risk weighting.
 - **School Facilities.** This weight is assigned for costs associated with beginning operation of new school facilities. The enrollment in the new school is multiplied by a factor of 0.25 to produce the weight adjustment. This weight is available for two school years only—the year in which the facility operation is commenced and the following year. However, 2014 legislation limits use of the school facilities weighting to only those districts that have adopted a Local Option Budget (LOB) of at least 25 percent of the amount of state financial aid and for which the contractual bond obligations incurred by the district were approved by voters on or before July 1, 2014.
 - **Ancillary School Facilities.** The law permits a school district to appeal to the State Board of Tax Appeals for permission to levy an *ad valorem* tax for ancillary school facilities for two years and to continue to levy for up to six years. This tax is designed to defray costs associated with commencing operation of a new facility beyond the costs otherwise financed under the law.
 - **Special Education and Related Services.** The amount of special education services state aid a school district receives is divided by BSAPP to produce this weighting. This procedure does not increase the school district general fund state aid requirement; it only increases the computed size of this budget for the benefit of the Local Option Budget provision of the law. Special education funding remains a separate categorical aid program distributed on the basis of a statutory formula.
 - **Cost-of-Living Weighting.** The law permits a local school board to levy a local tax for the purpose of financing the cost-of-living weighting in a district which has higher than the average statewide cost-of-living based on housing cost.
 - **Declining Enrollment Weighting.** Any school district that has adopted a Local Option Budget in an amount that equals at least 31.0 percent of the state financial aid for the district and has declining enrollment from the prior year may seek approval from the State Board of Tax Appeals to make a levy for up to two years, capped at 5.0 percent of the district's general fund budget. The levy is equalized up to the 75th percentile. An amount equal to the levy approved by the State Board of Tax Appeals is converted to the ancillary school facilities weight. The weight is calculated each year by dividing the amount of the levy authority approved by the State Board of Tax Appeals by BSAPP.
 - **Decreasing Enrollment Provisions.** When a district's enrollment in the current school year has decreased from the preceding school year, the district may base its budget on the greater of unweighted full-time equivalent enrollment of the preceding year or the three-year average of unweighted full-time equivalent enrollment (current school year and two immediately preceding school years).
- In a school district for which the State Board of Education has determined

that the enrollment of the district in the preceding school year had decreased from the enrollment in the second preceding school year and that a disaster had contributed to the decrease, the enrollment of the district in the second school year following the disaster is determined on the basis of a four-year average of the current school year and the preceding three school years. However, if the enrollment decrease provisions of the general law (above) are more beneficial to the district than the four-year average, the general law will apply.

Virtual School Act

The 2008 Legislature passed the Virtual School Act. For each school year that a school district has a virtual school, the district is entitled to Virtual School State Aid, which is calculated by multiplying the number of full-time equivalent pupils enrolled in a virtual school times 105.0 percent of the unweighted Base State Aid Per Pupil.

In addition, virtual schools receive a non-proficient weighting of 25.0 percent multiplied by the full-time equivalent enrollment of non-proficient pupils in an approved at-risk program offered by the virtual school. Advanced placement course funding of 8.0 percent of the BSAPP is paid to virtual schools for each pupil enrolled in at least one advanced placement course if the pupil is enrolled in a resident school district that:

- Does not offer advanced placement courses;
- Contains more than 200 square miles; or
- Has an enrollment of at least 260 pupils.

In addition, a pupil with an Individualized Education Plan (IEP) and attending a virtual school is counted as the proportion of one pupil, to the nearest tenth that the pupil's attendance at the non-virtual school bears to full-time attendance. Any student enrolled in a virtual school is not counted in the enrollment calculation. The law requires school districts to provide adequate training to teachers who teach in virtual schools or virtual programs. The definition of a virtual school requires that

students make academic progress toward the next grade level and demonstrate competence in subject matter for each class in which a student is enrolled, and it requires age-appropriate students to complete state assessment tests. The 2014 Legislature excluded Virtual School State Aid in calculating the Local Option Budget.

Capital Outlay

A 2013 change in state law authorizes a school district to use capital outlay funds for school district property maintenance, various equipment for academic uses, computer software, and performance uniforms; however, prior to such authorization, the law requires the Director of the Division of the Budget and the Director of Legislative Research to jointly certify to the Secretary of State that capital outlay state aid is fully funded at 100.0 percent of the amount a district is entitled to receive. (Capital outlay state aid has not been funded since the 2008-09 school year.)

The Local Option Budget and Supplemental General State Aid

The law provides that in addition to General State Aid, a school district board may approve Local Option Budget spending as follows:

- For school year 2014-15, any school board that has adopted a Local Option Budget in excess of 30.0 percent of the district's state financial aid on or before June 30, 2014, can adopt a second resolution not to exceed 2.0 percent. This resolution will expire on June 30, 2015, when a mail ballot election will be required to exceed an LOB of 30.0 percent.

Statute provides an alternative formula for the calculation of the LOB of a school district. State law authorizes a school district to calculate its LOB using a base state aid per pupil (BSAPP) of \$4,490 for school years 2014-15 and 2015-16, after which the amount reverts to \$4,433, in any school year in which the BSAPP is less than that amount. The bill also authorizes a school district to calculate

its LOB using an amount equal to the amount appropriated for state aid for special education and related services in school year 2008-2009 or the current year's special education state aid, whichever amount is greater. This alternative provision expires on June 30, 2014.

School District Bond Principal and Interest Obligation State Aid Payments

Bond and interest state aid is based on an equalization principle which is designed to provide state aid in an amount inversely related to school district assessed valuation per pupil. One matching rate is applicable for the duration of bond and interest payments associated with bonds issued

prior to July 1, 1992. A different matching rate applies during the life of bonds issued on or after July 1, 1992.

For the school district having the median assessed valuation per pupil, the state aid ratio is 5.0 percent for contractual bond and interest obligations incurred prior to July 1, 1992, and 25.0 percent for contractual bond and interest obligations incurred on July 1, 1992, and thereafter.

This factor increases (or decreases) by 1 percentage point for each \$1,000 of assessed valuation per pupil of a district below (or above) the median.

Base State Aid Per Pupil History	
2005-06	\$4,257
2006-07	\$4,316
2007-08	\$4,374
2008-09	\$4,400 (originally \$4,433)
2009-10	\$4,280 (following adjournment of the 2009 Legislature)
2009-10	\$4,012 (after the Governor's November 2009 allotment)
2010-11	\$3,937
2011-12	\$3,780
2012-13	\$3,838
2013-14	\$3,838
2014-15	\$3,852 (approved by the 2014 Legislature)

For more information, please contact:

Sharon Wenger, Principal Fiscal Analyst
 Sharon.Wenger@klrd.ks.gov

Lauren Douglass, Principal Research Analyst
 Lauren.Douglass@klrd.ks.gov

Edward Penner, Research Analyst
 Edward.Penner@klrd.ks.gov

Kansas Legislative Research Department
 300 SW 10th Ave., Room 68-West, Statehouse
 Topeka, KS 66612
 Phone: (785) 296-3181
 Fax: (785) 296-3824