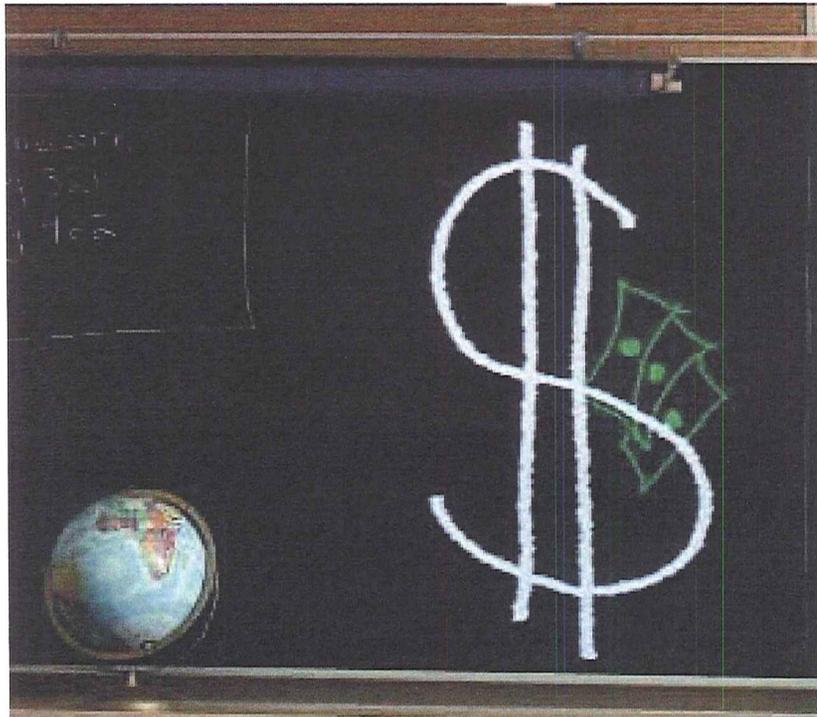


State School Finance System: History of the Issue, and How our Kansas formula works



PLAINTIFFS'
EX. 28

EXP-HAYS000016

The Basics:

History of school finance

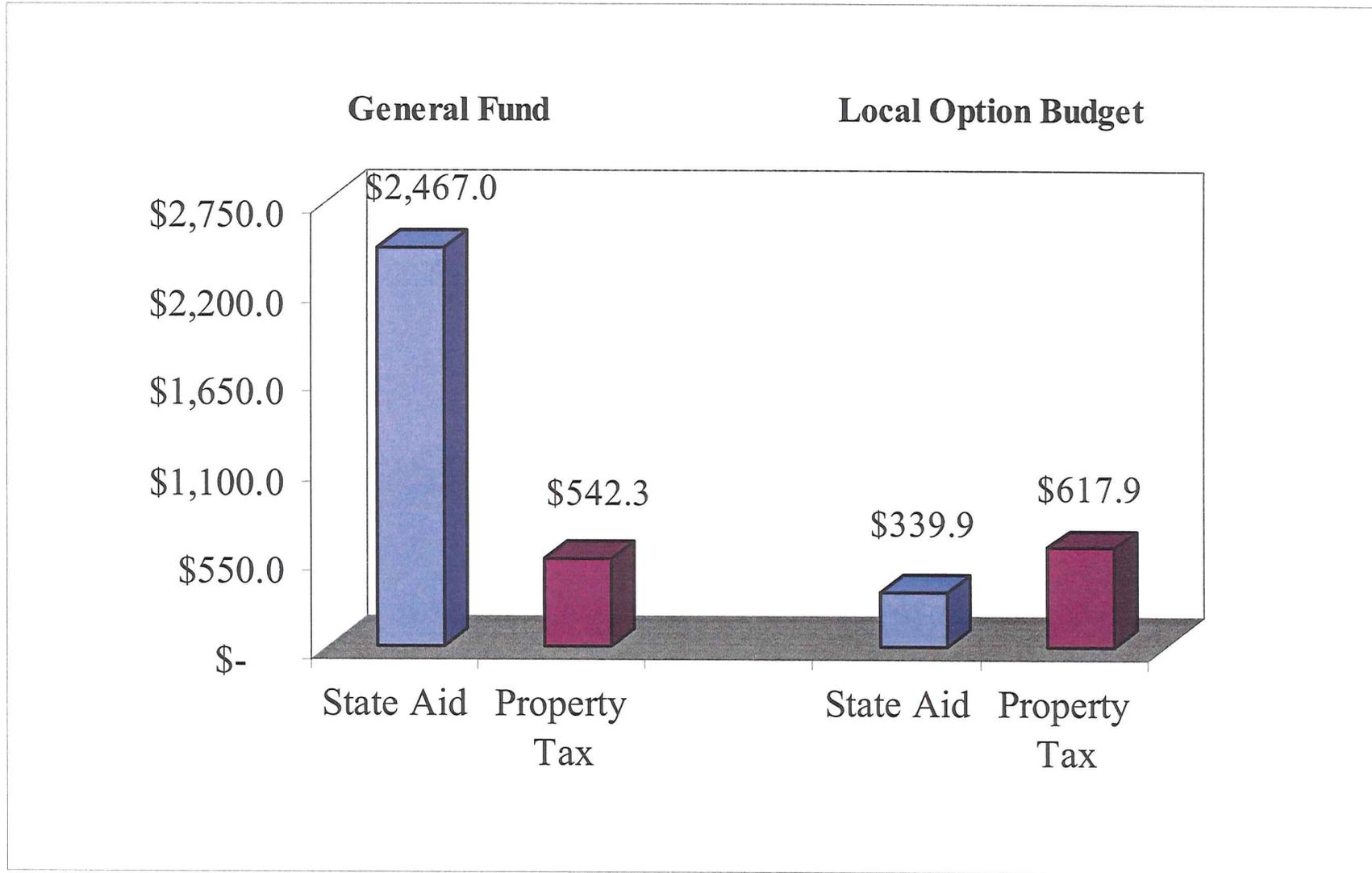
Kansas school finance formula

Finance database, how to use it

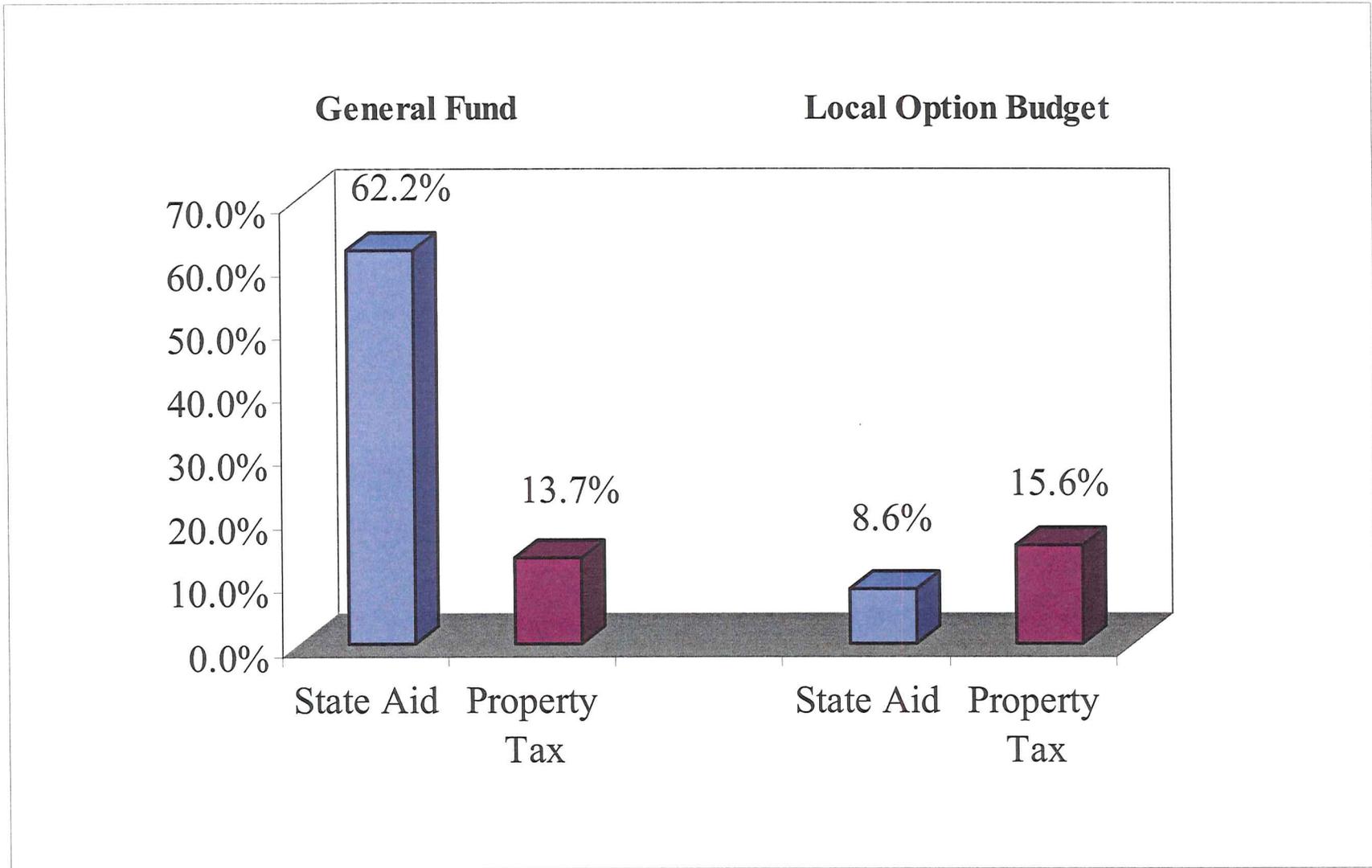
First Myth: Schools are Funded locally?

- The average guy on the street in your town thinks his property taxes fund his schools.....
- Fact: Since the system was changed in 1992, state income and sales taxes have funded about 70% of school budgets.

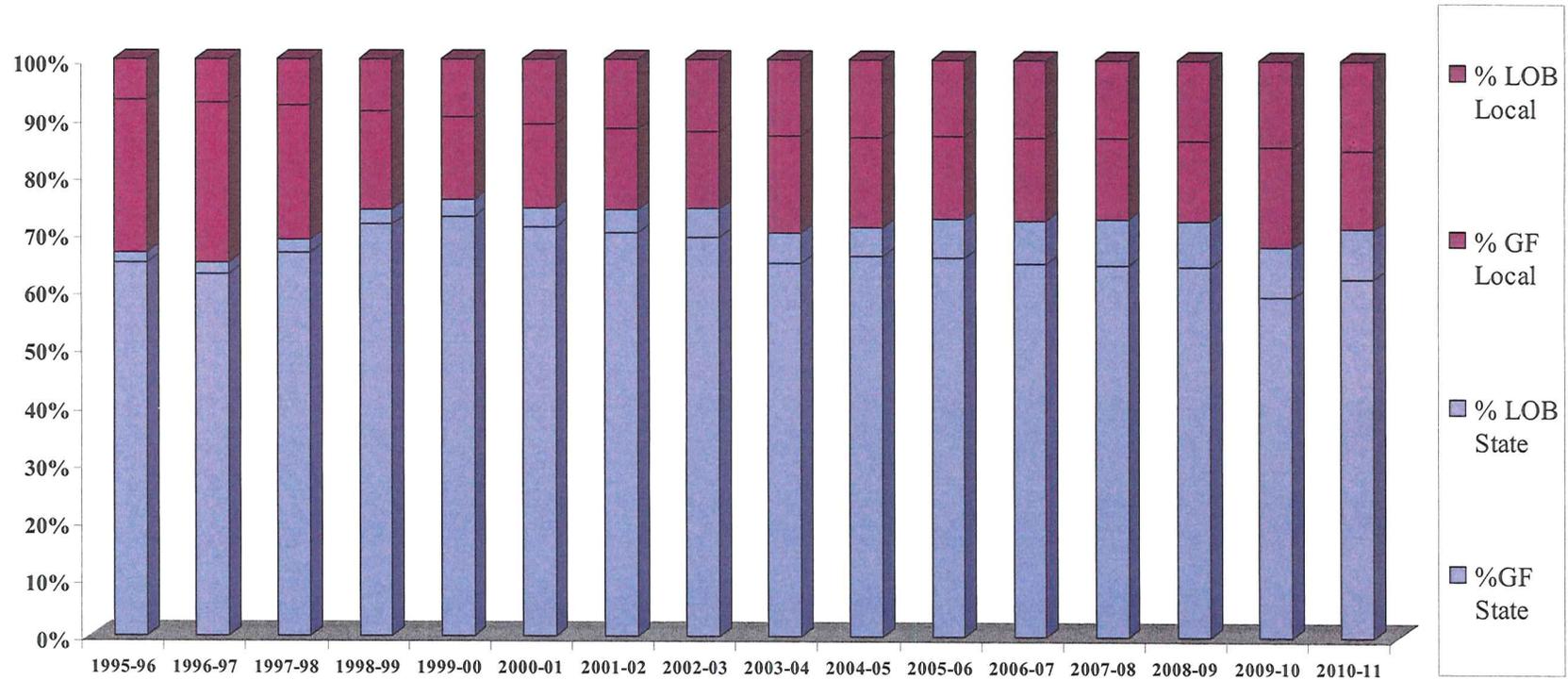
School Operating Budgets: 2010-11 (in thousands \$\$\$)



School Operating Budgets: 2010-11 (Source by % of total)



Since 1992, State Taxes Fund about 70% of School Budgets



So, How did we get here?

How did we end up with a system that counts the kids, multiplies that count by a set dollar figure, and then limits our spending to that total, except it doesn't?

History of School Finance

“Foundation” plans

Set Amount: Per Pupil? Per Teacher?

Usually determined annually, what the Legislature decided it could afford.

History of School Finance

Tax equity: Increase state aid

Real Estate Tax became VERY Uneven

State Taxes, esp. Income Tax, used to TRY to “equalize” real estate tax burden over the state

History of School Finance

Spending equity: Limit Budgets

Court Decisions, based on 14th
Amendment "Equal Protection"
ideas

Political tangle over limiting some,
so that the state could afford
the cost of bringing all others UP

History of School Finance

“Categorical aid”

Federal Role in public school finance has always been minor

Aid targeted at certain “categories” of students rather than as general support for operations of schools

History of School Finance

Weighting systems

Goal is to capture the “cost” of each individual student.

“Normal” student is 1.0

Additional costs are “add on” fractions.....

School Finance in Kansas 2010-11

Pupil Weighting System

Total weighted enrollment

x "BASE" of \$3,937 = General

Fund Budget

Local Option Budget

up to 31%

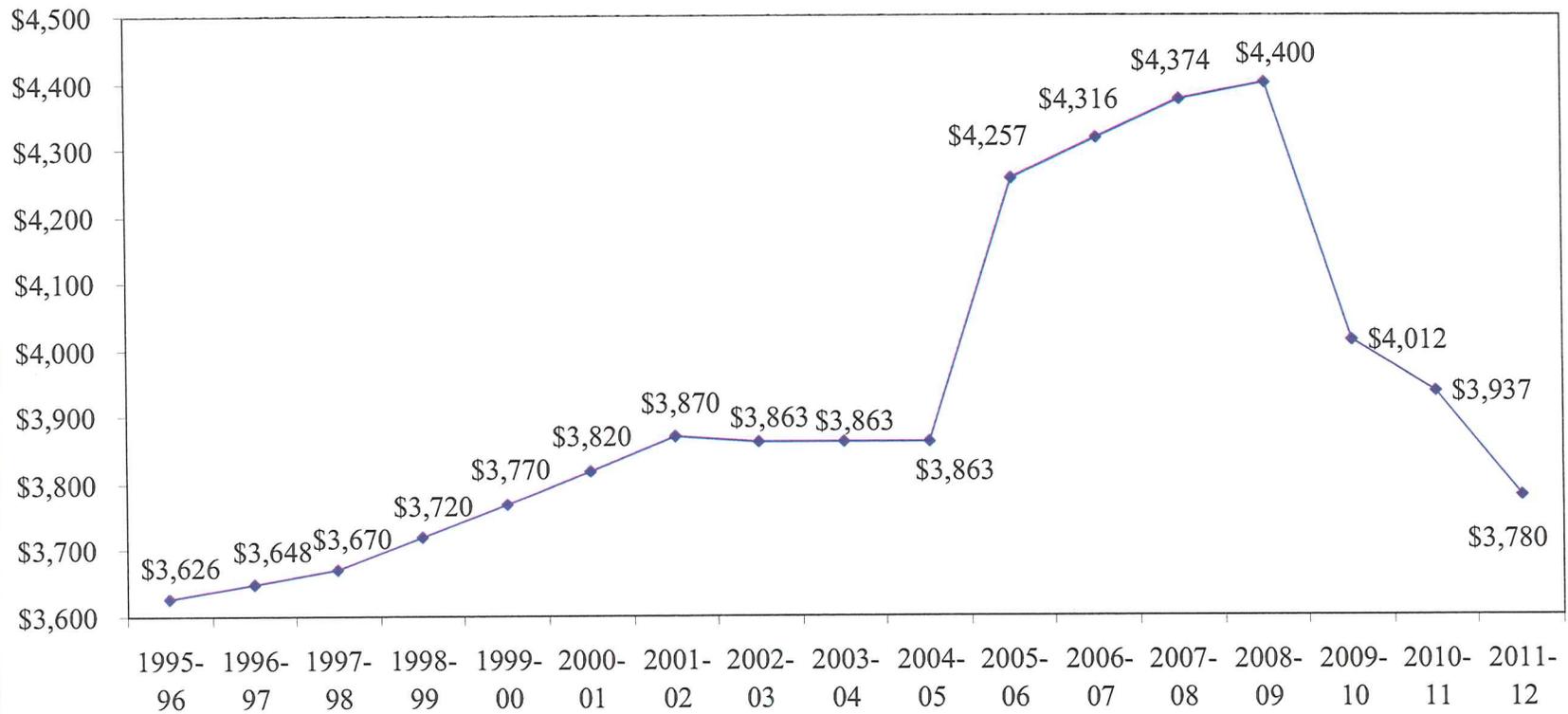
State Aid system for General

Fund & LOB

“Base State Aid per Pupil”

- This is an amount set in statute
- You will hear this referred to as “State Aid.” It is NOT state aid. State aid is NOT determined on a per pupil basis.
- It is your BUDGET AUTHORITY....the amount you’re allowed to spend. State aid is different.....

History of Base Budget Authority per Pupil



Property Taxes for Schools

General Fund Levy; 20 mills

LOB Levy

Capital Outlay Levy

Bond & Interest Levy

“Other”

= Total Levy for Schools

Per Pupil Assessed Valuation

Total Real Estate Valuation in the
district

Total Full-Time Equivalent
Enrollment

Valuation / FTE Enrollment =
Per Pupil Assessed Valuation

All Districts Listed High to Low

HIGH	\$525,179
90th %tile	\$142,428
80th %tile	\$102,302
70th %tile	\$83,462
60th %tile	\$69,586
MEDIAN	\$60,626
40th %tile	\$55,753
30th %tile	\$47,829
20th %tile	\$43,762
10th %tile	\$37,795
LOW	\$1,307

State Aid

GF Budget Authority – whatever 20 mills raises = General State Aid

LOB State Aid: Equalized to 81st percentile Threshold (about \$105,239 Per Pupil Assessed Valuation)

Bond & Interest State Aid: 25% for median valuation district

HIGH	\$525,179
90th %tile	\$142,428
81st Percentile: LOB Aid threshold	\$105,239
80th %tile	\$102,302
70th %tile	\$83,462
60th %tile	\$69,586
MEDIAN	\$60,626
40th %tile	\$55,753
30th %tile	\$47,829
20th %tile	\$43,762
10th %tile	\$37,795
LOW	\$1,307

		LOB State Aid
HIGH	\$525,179	
90th %tile	\$142,428	
81st Percentile: LOB Aid threshold	\$105,239	0.0%
80th %tile	\$102,302	2.8%
70th %tile	\$83,462	20.7%
60th %tile	\$69,586	33.9%
MEDIAN	\$60,626	42.4%
40th %tile	\$55,753	47.0%
30th %tile	\$47,829	54.6%
20th %tile	\$43,762	58.4%
10th %tile	\$37,795	64.1%
LOW	\$1,307	98.8%

Bond & Interest State Aid

Median District = 25%

\$1K more than median = -1%

\$1K less than median = +1%

HIGH		\$525,179
90th %tile		\$142,428
80th %tile		\$102,302
70th %tile:	2% Aid	\$83,462
60th %tile:	16% Aid	\$69,586
MEDIAN: 25% Aid		\$60,626
40th %tile:	30% Aid	\$55,753
30th %tile:	38% Aid	\$47,829
20th %tile:	42% Aid	\$43,762
10th %tile:	48% Aid	\$37,795
LOW: 84% Aid		\$1,307

What this IS

Annual calculation of state aid
RATE

Reimbursement for expenditures
from Bond & Interest Fund

What this ISN'T

Same % rate for life of bond issue

Guaranteed forever

% rate isn't state paying for X% of the debt, mill levy, construction cost, or anything but B&I Fund expenditures

A thought about your budget:

Most of your GF Budget goes
for salaries

How many staff do you have
& what do you pay them?

Finance Database: 2011 Finance Database.xls

Microsoft Excel - 2010-11 Finance database.xls

File Edit View Insert Format Tools Data Window Help

Type a question for help

100%

Reply with Changes... End Review...

Arial 10

R12

1 This Excel workbook has several "sheets" devoted to statewide information about financial matters affecting school districts. All of these sheets can be easily sorted by any field, to display only a selected group of districts. Enter your USD number in the blue box below and then print this directory sheet.

2

3

4 **Enr Wts:** Data is included here on all 289 districts, arranged in USD number order. The fields of data are self explanatory and show amounts from the determination of enrollments and weighting factors in the General Fund Budget authority total.

5

6

7 **GF and LOB:** Data is included here on all 289 districts, arranged in USD number order. The fields of data are self explanatory and show amounts from the General Fund, the LOB, and Special Education State aid. The LOB % Actually Used figure is calculated, LOB % Authority is an entered value. As with other sheets, scroll to the right to find county, KASB Region, KNEA uniserve, or high school league to sort on.

8

9

10

11 **Property Tax and Debt:** Data is included here on all 289 districts, arranged in USD number order. The fields of data are self explanatory and show amounts from the referenced school year for property valuation, indebtedness, property tax mill levies and bonded debt payments.

12

13

14 **State Aid:** Data is included here on all 289 districts, regardless of how much state aid is received. Dollar amounts and percentages are shown. State aid formulae are different, from one type of aid to another, and so varying percentages may reflect different systems for determining state aid.

15

16

17 **Your District Financial Data:** Enter your USD number here: District Name: #N/A

18

#N/A	September 20th Count	#N/A	General Fund Mill Levy	#N/A	Cost of Living
#N/A	Declining Enrollment Adjusted	#N/A	LOB Levy	#N/A	USD Subtotal
#N/A	Total Weighted Enrollment	#N/A	Capital Outlay Levy	#N/A	Hist/Museum/Lib
#N/A		#N/A	Bond and Interest Levy	#N/A	RecComm
#N/A	General Fund Budget	#N/A	Other Levies	#N/A	Total Levies
#N/A	LOB Authorized	#N/A	Ancillary		
#N/A	LOB Actually Used	#N/A	Declining Enrollment		
#N/A	Total General Fund: GF + LOB				
#N/A		#N/A	General State Aid		
#N/A	Total Property Valuation	#N/A	% of GF		
#N/A	Valuation Per Pupil Statewide Rank	#N/A	LOB State Aid		
		#N/A	% of LOB		
#N/A	Indebtedness as of July 1, 2010	#N/A	Bond and Interest State Aid		
#N/A	Bond and Interest Payments	#N/A	B & I State Aid as Mill Levy Equivalent		

35 **Pie Charts:** After you have entered your USD number in the blue cell above, note the various pie charts in the database which show how much of your district's Total GF is GF and how much is LOB, and how much of your GF is State Aid, and how much of your LOB is State Aid

36

Draw AutoShapes

Ready NUM

start | Inboxes | Gmail | S:\RESEARCH\... | chart on budget... | 2010-11 Finance... | Microsoft Power... | 9:56 AM

A Guide to Boardsmanship

- Chapter Nine
 - School District Budgets:
Revenue and Spending
 - Page 83