

Framework for a New School Finance Formula



Kansas School Superintendents Associations (KSSA) – LEAD CONTRIBUTOR

Kansas Associations of School Business Officials (KASBO) – LEAD CONTRIBUTOR

Kansas School Public Relations Association (KanSPRA)

Kansas Association of Elementary School Principals (KAESP)

Kansas Association of Secondary School Principals (KASSP)

Kansas Association of Middle School Administrators (KAMSA)

Kansas Association Special Education Administrators (KASEA)

Kansas Association of School Personnel Administrators (KASPA)

Kansas Association of Supervision and Curriculum Development (KASCD)

Kansas Council of Career and Technical Education Administrators (KCCTEA)

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Background

The 2015 Kansas Legislature changed the school finance funding system from a formula-based system to a Block Grant for the 15/16 and 16/17 school years. The Block Grant is set to expire June 30, 2017.

School administrators and Board members began to meet in the summer of 2015 to build a new school finance system. Participants represented a cross-section of school size, geographical representation and differing student demographics.

School leaders are lending their expertise, knowledge, and experience to assist the legislature in writing a new permanent school finance formula which will provide the foundation to support student success as outlined in the Kansas State Board of Education's new vision and mission.

The organizations participating include United School Administrators of Kansas School Superintendents Association, Kansas Association of School Business Officials, Kansas Association of Special Education Administrators, Kansas School Public Relations Association, and Kansas Association of School Boards.

Throughout the year, a series of meetings continued the refinement of the school finance framework. Participants reviewed the prior formula and Block Grant characteristics for strengths and areas for improvement. Consideration for issues raised by Legislators has been included in the evaluation.

The focus is to develop a funding framework which meets the educational needs of Kansas students.

July – December 2015

- July Call to Action meeting
- August -KASB school finance summit
- Stakeholder meetings

Legislative Session 2016

- Updates to legislative committees
- Additional stakeholder meetings

Spring - Summer 2016

- April USA – KASB school finance session
- Work group meetings to incorporate discussions into the framework
- Continuation of feedback and revisions. The working groups continue to develop and refine a framework which supports the Guiding Principles and Kansas State Board of Education's vision, mission, and outcomes for student success.

Fall – 2016

- Sept. USA-KASB School Finance Session.
- Continuation of feedback and revisions.

Guiding Principles

The school finance discussion is rooted in the guiding principles developed by the participants and by the Kansas State Board of Education's new vision statement - *Kansan Can* and mission statement. Guiding Principles were written at the first meeting and have been revisited at each statewide meeting to check for agreement.

Guiding Principles

Every public school student in Kansas will have an equal opportunity to be college and career ready, as defined by the Kansas State Board of Education Kansan Can mission and vision as aligned with the Rose Standards;

Some students will require greater supports to meet standards;

Funding to districts must be directly related to what it costs to educate each individual student;

Any formula must meet constitutional requirements for equity and adequacy;

The formula should recognize local control and provide funding of educational services; and

The Legislature and school districts need budgeting predictability.

Kansas State Board of Education

Vision

Kansas leads the world in the success of each student.

Mission

To prepare Kansas students for lifelong success through rigorous, quality academic instruction, career training, and character development according to each student's gifts and talents.

Motto

Kansans CAN.

Successful Kansas High School Graduate

A successful Kansas high school graduate has the

Academic preparation,

Cognitive preparation,

Technical skills,

Employability skills and

Civic engagement

to be successful in postsecondary education, in the attainment of an industry recognized certification, or in the workforce without the need for remediation.

Outcomes for measuring progress

- Kindergarten readiness
- Individual Plan of Study focused on career interest
- High school graduation rates
- Postsecondary completion/attendance
- Social/emotional growth measured locally

Framework for a finance formula supporting student learning

The goal is to develop a funding system to support the guiding principles and Kansas State Board of Education's (KSBE) vision, mission, and goals for a successful high school graduate. This framework will provide a system to distribute appropriated funds in a manner which addresses guiding principles and KSBE's vision and mission.

The primary focus of this document is on the concepts by which all funding should be distributed to schools. Efforts were made to make the framework understandable and predictable, while giving districts the ability to address the needs of the individual student. A hold harmless should not be required if adequacy is met but may be needed if a multi-year phase-in is adopted. Also it should be understood that no formula will be "perfect" for every school district. An appropriate formula should distribute funding based on solid concepts that address the needs of the individual student yet allows for local control and flexibility based on the individual district's needs.

This report is organized into four sections for the purpose of grouping items for consideration. The organization of the report and the "names" or "titles" attached are not the priority. The individual concepts presented are the primary focus of the Framework for School Finance.

Sections:

- A. **Foundational Student Funding and Aid.** Foundational funding provides the basis for meeting the Guidelines and KSBE vision by supporting every student and classroom. Foundational Funding provides for local control to meet curriculum and support services required to serve individual student needs.
- B. **High Needs Aid.** Funding for the students that need additional support as a result of factors outside of the district's control.
- C. **Student Programs.** Identified educational programs that have some form of funding specifically identified for the program.
- D. **Local Needs Funding.** Areas of funding supporting operations, capital and local control budget.

A. Foundational Student Funding and Aid

Foundational Funding must provide adequate funding for Kansas students to meet the expectations of student success as measured by the KSBE outcomes and Rose Standards.

The total number of enrolled K-12 students will provide the foundation for funding Kansas schools.

To provide predictability for the Legislature and for school districts, the prior year's audited enrollment will provide the base for funding. Districts with declining enrollment may use a three-year average. There may be exceptions made for extraordinary growth.

A second count date on February 20th for military related students will be based upon the net increase in the current year and be distributed the following school year.

To support KSBE's outcome measure of "Kindergarten readiness," it is important to continue the 4-year-old At Risk program under current guidelines and expand funding to meet the needs of all students identified under the program criteria.

Kindergarten students attending full-day should be counted as a 1.0 Full Time Equivalent (FTE) student.

Once the foundational formula is adequately funded, an annual Consumer Price Index (CPI) adjustment (also known as an escalator) must be included in order to cover inflationary cost increases to school districts.

Foundational Student Funding supports Guiding Principles:

Every student in Kansas public schools will have an equal opportunity to be college and career ready, as defined by the Kansas State Board of Education Kansan Can Mission and Vision as aligned with the Rose Standards;

Any formula must meet constitutional requirements for equity and adequacy;

The Legislature and school districts need budgeting predictability.

B. High Needs Aid

The Guiding Principles recognize some students will require additional support. High academic needs students require additional support to meet the outcomes for a successful Kansas high school graduate. Two widely agreed on factors contributing to increased academic needs are poverty and language. Students who live in poverty or are English language learners require additional support to become successful high school graduates. There are many other factors that affect students' ability to achieve, thus creating the need for additional support. This area should continue to be monitored to meet the ever-changing student needs.

High Academic Needs – Poverty

The number of students qualifying for free lunch is the most commonly used factor across the nation to determine poverty levels in schools. It is the preferred method for providing funding for students with high academic needs. It should be noted there are times students who receive free lunch service do not require additional academic needs, and at times students who do not receive free lunch service do require additional academic needs.

High Academic Needs – English Language Learners

Funding for English Language Learners (ELL) would be determined by the number of students who are identified by a home language survey and the KSDE approved language proficiency assessment. An additional weighting would be applied for identified students.

High Academic Needs – Enrollment

Although it is very difficult to identify specific enrollment cutoffs, it has been determined smaller school districts and larger school districts require additional funding support to meet the core curricular needs of students. Our recommendation is to utilize the formula used in the 2014-15 funding formula.

Supplemental Student Funding supports Guiding Principle:

Some students will require greater supports to meet standards;

Funding to districts must be directly related to what it costs to educate each individual student;

The Legislature and school districts need budgeting predictability.

C. Student Programs

Career and Technical Education (CTE)

Weighting would be based upon a November 2013 cost study of courses/programs. A cost study would be conducted every five years and weighting adjusted accordingly.

The first year, weighting will be based on the November 2013 study of CTE course/program costs.

To meet the KSBE outcome for individual plans of study focused on career interest, establishing a ratio for counselors to pupils for middle and high school to determine funding for Career Counselors/Liaisons should be considered.

Virtual Education

To address the changing educational needs of students and families, full time students would be eligible for FSAPP. Part-time students would be prorated based on hours enrolled, and students 19 and older would receive one sixth of the foundational aide per credit hour.

Special Education

The current funding model should be continued and funded at the statutory rate of 92% of excess cost.

School districts continue to increase general funds to supplement the special education state aid to provide mandated services and to meet maintenance of effort requirements. The subsidy of special education, due to underfunding of excess cost, diminishes resources available for core educational needs of all students.

Student Programs supports Guiding Principles:

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The formula should recognize local control and provide funding of educational services

D. Local Needs Funding

Local Control – Local Needs Budget

Currently the Supplemental General Fund/Local Option Budget is used for operational costs and is no longer “supplemental” to the education needs of students. Increasing the Foundational Aid could be enough to address all the operational costs of a district. This would allow the Local Option Budget to return to its original intent of providing additional funding for locally determined needs that are above the regular operational needs of a district.

The LOB would be fully equalized according to the 2014-15 school finance law and fully authorized by a vote of the local school board.

Capital Outlay

Capital outlay mill rate will be excluded from tax increment financing, neighborhood revitalization, and industrial revenue bonds, same as 20 mill levy.

Capital outlay state aid law will remain as approved by the 2016 Legislature with exception of virtual school enrollment being excluded in the computation of assessed valuation per pupil.

Bond and Interest

Bond and Interest state aid would revert to the formula in 2014-15 with the exception of virtual school enrollment being excluded in the computation of assessed valuation per pupil. Repeal the current approval process required by the State Board of Education. This would apply to all school districts that had approval by the local voters.

Low and High Enrollment

Reinstate the low and high enrollment calculation from the 2014-15 formula.

Special Mill Levies

Maintain current formula for cost of living, extraordinary growth, and declining enrollment.

Transportation

Funding will remain the same as the formula in 2014-15, except lower the mileage limit from 2.5 miles to 1.0 miles for the 2017-18 school year. School district boards of education that elect to transport students between 1.0 and 2.5 miles will be eligible for state aid. The mandate for transporting students living over 2.5 miles would remain in effect.

Operational Funding supports Guiding Principles:

Every student in Kansas public schools will have an equal opportunity to be college and career ready, as defined by the Kansas State Board of Education Kansan Can Mission and Vision as aligned with the Rose Standards;

Any formula must meet constitutional requirements for equity and adequacy;

The formula should recognize local control and provide funding of educational services;

The Legislature and school districts need budgeting predictability.

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World Class Leadership, World Class Student Success
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