



**KANSAS ASSOCIATION
OF SCHOOL BOARDS**

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Testimony before the
House Committee on Education
on
**HB 2486 - School districts; relating to capital improvements; creating the school district bond
project review board**

by
Mark Tallman, Associate Executive Director for Advocacy
On Behalf of Kansas Association of School Boards and United School Administrators of Kansas
February 1, 2016

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify. Our summary of the bill is as follows:

HB 2486 - Creating the school district bond project review board

- 2015 Block Grant SB 7 amended state aid formula for bond election held between July 1, 2015 and July 1, 2017; abolished state aid after July 1, 2017
 - This bill reinstates new formula for elections held after Jan. 1, 2016, subject to approval of oversight board.
 - The formula provides 75% state aid for district with LOWEST valuation per pupil; drops 1% for each \$1,000 increase in AVPP.
- Bill creates the school district bond project review board - made up of chairs and ranking minority of Appropriations/Ways and Means; two members of State Board of Education
 - “The board shall determine the extent to which the facility being constructed or improved is to be utilized by the school district for direct instruction of students of the school district, and shall express such utilization as a percentage of the total utilization of such facility.” (Not defined)
 - “Any architectural enhancements to a facility beyond basic building planning and design shall not be deemed part of the facility that is utilized for direct instruction of students.” (Not defined)
- Only the percentage of the project approved by the board should be eligible for state aid.

Our testimony on the bill begins on the following page.

1. HB 2486 would restore a state aid program to assist lower wealth districts, which we strongly support, but at a much lower rate than the previous law.

2015 SB 7, the block grant bill, changed the formula for state aid for capital improvements (bond and interest) for two years (2015-16 and 2016-17), then eliminated the entire program, which would leave Kansas without any state assistance for building and construction.

We believe this is unconstitutional, based on previous Kansas Supreme Court opinions, and unwise as matter of public policy.

There are vast differences in local property wealth available to support local school districts. Unless the state “equalizes” these differences, the quality of education available to school children across the state will also be vastly different. Low wealth areas will simply lack the political and economic means to raise comparable revenues on their own.

To illustrate this point, we have prepared the following table on the next page using school districts in counties of members of this committee.

For each district, we provide information from KSDE on the district’s assessed valuation used for bond and interest aid, followed by the 2014-15 enrollment, which shows an assessed valuation per pupil. This tells us how much taxable property is available to support each student in the district.

Next, we show how much money each mill levied on the district’s property raises, and how much per pupil. Note that the difference in a single mill ranges from just \$1 in Fort Leavenworth, which as a military base has almost no taxable property, to a high of \$264 in Kaw Valley, home to a major power plant. Even excluding these two extremes leaves a range from \$29 per pupil to \$134 per pupil, meaning some districts can raise four times that other districts can raise at the same tax rate.

These differences explain why equity funding is so important in all aspects of school finance. To further explain what this means in buildings and capital outlay, we have estimated the cost of providing each district an “average” amount of funding for capital funding (buildings and equipment).

We devised this estimate as follows:

Total school district expenditures for 2014-15: \$6,079,997,660

Subtract “current operating expenditures” \$4,995,466,272

Equal capital expenditures and debt service: \$1,084,551,388 = 17.8% of total expenditures

Total expenditures per pupil = \$13,124 x 17.8% = \$2,336

Note: this presents an average amount for students across the state, not a specific amount for any district. The purpose is to show what it would cost each district to raise the “average” amount.

Table 2 shows the mill levy each district would be required to levy to fund the “average” capital and debt expenditure amount by dividing the \$2,336 per pupil by the dollars raised per pupil for each mill. The results reflect the disparities in per pupil taxable wealth available. A few districts are able to fund this amount at less than 20 mills; while others must spend over 70 mills to raise the same amount per pupil.

Table 1

		USD#	USD Name	County Name	2014-15 Valuation for LOB and Bonds	2014-15 FTE Enroll (incl VIRT)	Audited AVPP	One Mill Raises	One Mill Raises Per Pupil
Kasha Kelley	Arkansas City	D0462	Central	Cowley	13,688,080	310.4	44,098	13,688	44
		D0463	Udall	Cowley	18,513,985	331.0	55,933	18,514	56
		D0465	Winfield	Cowley	103,502,883	2,192.4	47,210	103,503	47
Ed Trimmer	Winfield	D0470	Arkansas City	Cowley	84,884,527	2,768.1	30,665	84,885	31
		D0471	Dexter	Cowley	7,746,594	145.0	53,425	7,747	53
		D0246	Northeast	Crawford	17,992,431	486.5	36,983	17,992	37
Charles Smith	Pittsburg	D0247	Cherokee	Crawford	30,186,314	563.9	53,531	30,186	54
		D0248	Girard	Crawford	35,523,836	980.5	36,230	35,524	36
		D0249	Frontenac Public S	Crawford	24,986,922	875.5	28,540	24,987	29
		D0250	Pittsburg	Crawford	139,944,149	2,873.2	48,707	139,944	49
John Barker	Abilene	D0393	Solomon	Dickinson	21,991,983	326.0	67,460	21,992	67
		D0435	Abilene	Dickinson	78,539,455	1,570.9	49,996	78,539	50
		D0473	Chapman	Dickinson	71,825,752	1,048.0	68,536	71,826	69
		D0481	Rural Vista	Dickinson	29,465,511	291.0	101,256	29,466	101
		D0487	Herington	Dickinson	20,093,302	466.1	43,109	20,093	43
Sue Boldra	Hays	D0388	Ellis	Ellis	37,250,346	411.0	90,633	37,250	91
		D0432	Victoria	Ellis	37,658,825	281.0	134,017	37,659	134
		D0489	Hays	Ellis	310,180,498	2,851.6	108,774	310,180	109
Kevin Jones	Wellsville	D0287	West Franklin	Franklin	38,684,809	553.5	69,891	38,685	70
		D0288	Central Heights	Franklin	24,526,777	560.0	43,798	24,527	44
		D0289	Wellsville	Franklin	48,307,306	767.0	62,982	48,307	63
		D0290	Ottawa	Franklin	117,096,901	2,405.4	48,681	117,097	49
Marc Rhoades	Newton	D0369	Burrton	Harvey	17,993,993	225.5	79,796	17,994	80
		D0373	Newton	Harvey	149,587,228	3,395.3	44,057	149,587	44
		D0439	Sedgwick Public Sc	Harvey	16,683,385	483.9	34,477	16,683	34
		D0440	Halstead	Harvey	39,179,163	761.9	51,423	39,179	51
		D0460	Hesston	Harvey	41,749,535	798.0	52,318	41,750	52
Becky Hutchins	Holton	D0335	North Jackson	Jackson	18,157,050	376.0	48,290	18,157	48
		D0336	Holton	Jackson	42,228,018	1,118.5	37,754	42,228	38
		D0337	Royal Valley	Jackson	28,932,645	871.5	33,199	28,933	33
Rob Bruchman	Leawood	D0229	Blue Valley	Johnson	2,485,440,081	21,375.1	116,277	2,485,440	116
Jarrold Ousley	Merriam	D0230	Spring Hill	Johnson	145,382,388	3,174.8	45,793	145,382	46
Charles Macheers	Shawnee	D0231	Gardner Edgerton	Johnson	248,331,877	5,359.5	46,335	248,332	46
Nancy Lusk	Overland Park	D0232	De Soto	Johnson	411,968,524	6,752.1	61,013	411,969	61
Jerry Lunn	Overland Park	D0233	Olathe	Johnson	1,787,298,923	27,601.4	64,754	1,787,299	65
Amanda Grosserode	Lenexa	D0512	Shawnee Mission	Johnson	2,960,369,802	26,280.1	112,647	2,960,370	113
Tony Barton	Leavenworth	D0207	Ft Leavenworth	Leavenworth	2,178,352	1,738.9	1,253	2,178	1
		D0449	Easton	Leavenworth	34,112,418	620.1	55,011	34,112	55
John Bradford	Lansing	D0453	Leavenworth	Leavenworth	182,068,659	3,642.5	49,985	182,069	50
		D0458	Basehor-Linwood	Leavenworth	125,955,702	2,320.0	54,291	125,956	54
		D0464	Tonganoxie	Leavenworth	94,748,976	1,907.5	49,672	94,749	50
		D0469	Lansing	Leavenworth	116,846,640	2,534.6	46,101	116,847	46
Ron Highland	Wamego	D0320	Wamego	Pottawatom	77,056,306	1,494.8	51,550	77,056	52
		D0321	Kaw Valley	Pottawatom	296,504,894	1,121.4	264,406	296,505	264
		D0322	Onaga-Havensville	Pottawatom	20,313,122	304.5	66,710	20,313	67
		D0323	Rock Creek	Pottawatom	46,241,882	902.1	51,260	46,242	51
Dennis Hedke	Wichita	D0259	Wichita	Sedgwick	2,571,313,572	47,254.4	54,414	2,571,314	54
		D0260	Derby	Sedgwick	392,727,553	6,448.4	60,903	392,728	61
		D0261	Haysville	Sedgwick	135,776,642	5,196.9	26,126	135,777	26
		D0262	Valley Center Pub	Sedgwick	120,381,723	2,707.5	44,462	120,382	44
		D0263	Mulvane	Sedgwick	105,256,200	1,747.9	60,219	105,256	60
		D0264	Clearwater	Sedgwick	59,545,535	1,132.8	52,565	59,546	53
		D0265	Goddard	Sedgwick	238,063,778	5,222.1	45,588	238,064	46
		D0266	Maize	Sedgwick	372,313,030	6,843.1	54,407	372,313	54
		D0267	Renwick	Sedgwick	109,812,186	1,874.0	58,598	109,812	59
		D0268	Cheney	Sedgwick	30,616,491	760.1	40,280	30,616	40
Valdenia Winn	Kansas City	D0202	Turner-Kansas City	Wyandotte	117,368,581	3,969.6	29,567	117,369	30
		D0203	Piper-Kansas City	Wyandotte	159,195,388	1,897.0	83,920	159,195	84
		D0204	Bonner Springs	Wyandotte	156,974,306	2,526.1	62,141	156,974	62
		D0500	Kansas City	Wyandotte	666,767,507	20,523.2	32,488	666,768	32

To address this issue, following a school finance challenge in 1992, the Legislature created the capital improvement state aid program to assist districts with bond projects to construct and equip schools. This system used a formula to determine that the state would pay a percentage of bond payments based on the wealth of the districts. That formula was amended by SB 7 last year.

The amount the state would pay under the previous formula is shown in the column headed “2015-16 Final B&I Aid Rate Prior 7/1/15.” The column shows the percentage of bond payments the state would pay. For example, the first district listed, USD 462 Central in Cowley County has a factor of 0.50, which means the state would pay 50% of bond and interest costs. Below that, USD 463 Udall would have 38% of bond costs paid, etc. Note that six districts did not qualify for any state aid under this formula.

The next column, “Mills Required under Previous Aid Formula,” shows the mill rate necessary to fund the average amount of capital expenditures per pupil AFTER state aid was paid. Without state aid, Central would have to levy 52.97 mills. With half of that amount paid by the state, the mill rate dropped to 26.49.

Note that under this formula, districts receiving higher amounts of state aid still had higher mill levies than districts receiving less or no aid. However, the disparities in funding were dramatically reduced. Instead of some districts needing mill rates over 70, no district was required to levy more than 30. For these counties, with just two outliers, the range of mill levies required to fund the average capital costs per pupil is between 20 and 30 mills.

It is also important to stress that the impact of this law is to significantly reduce property taxes in most districts.

However, that aid formula was repealed last year by SB 7. The new formula, which will be in effect for the two years of the block grant and would be extended by this bill, reduces the percentage of state aid. The changes are shown under the heading “2015-16 Final B&I Rate After 7/1/25.” Central’s percentage paid by the state, which was 50% under the old formula, is 32 % under the new formula. Central’s required mill levy, which dropped from 52.97 without state aid to 26.49 under the old formula, increases to 36.02 mills under the new formula.

The range of mill levies under the formula also increases, from no districts over 30 to six districts over 40 mills, and 44 districts over 30.

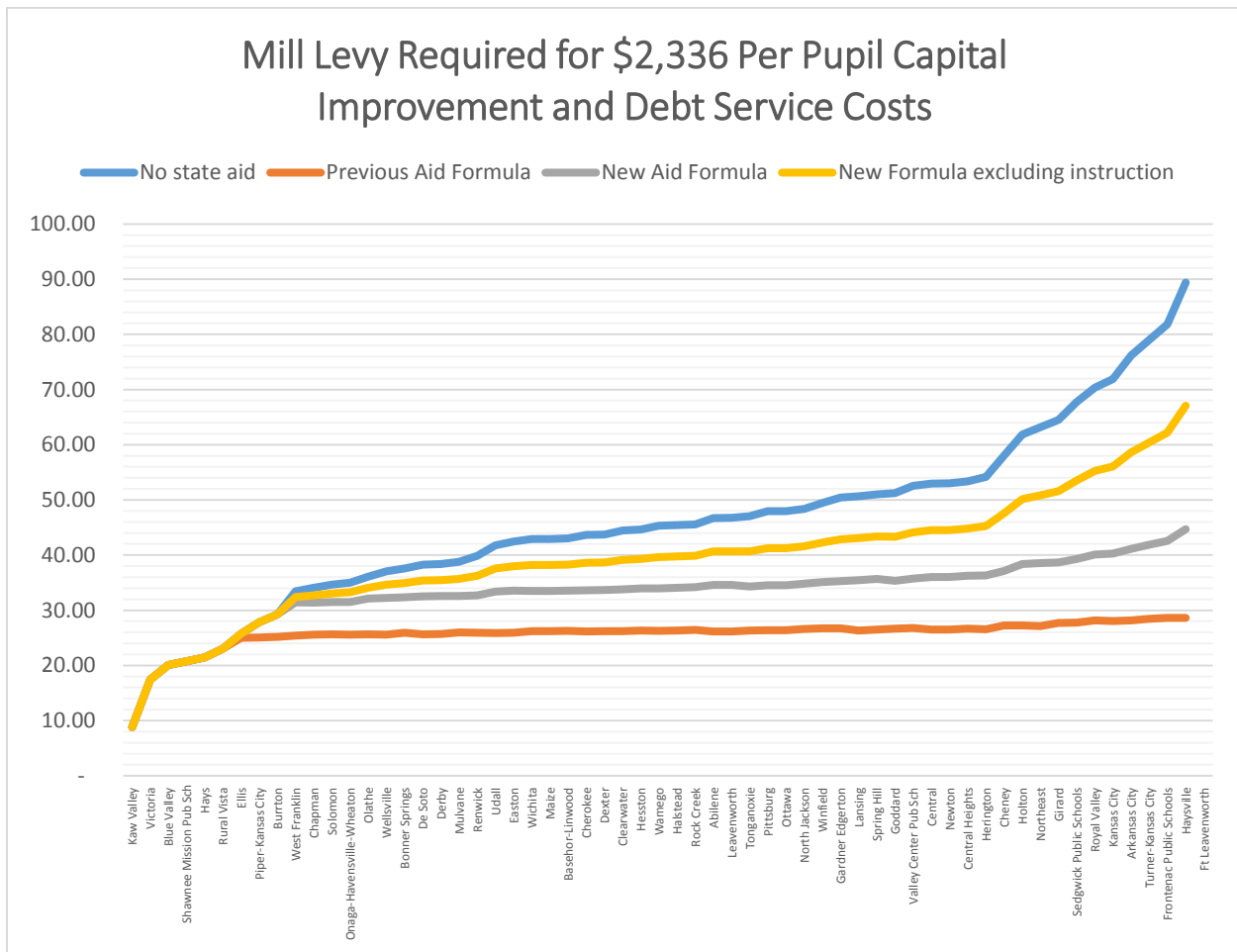
Finally, table two shows an estimate of what might happen under the provision of HB 2486 that could exclude areas of facilities not used for direct instruction from state aid. KASB has received information suggesting that as much as 50% of school facilities could be interpreted as not used for direct instruction.

The final column of table 2 shows the mill levy required if districts are required to pay for 50% of the \$2,336 average cost without state aid, than applied the new aid formula to remaining amount. In this case, Central would be required to raise 44.5 mills, compared to 36.2 under the new formula without excluding 50% for non-instructional areas, and 26.49 under the previous aid formula.

Table 2

		USD#	USD Name	County Name	Mills Required for Average Capital Expend. Per Pupil (\$2,336)	2015-16 Final B&I Aid Rate - Prior 7/1/15	Mills Required under Previous Aid Formula	2015-16 Final B&I Aid Rate - After 7/1/15	Mills Required under New Aid Formula	Mills Required if 50% Excluded as Not Instruction
Kasha Kelley	Arkansas City	D0462	Central	Cowley	52.97	0.50	26.49	0.32	36.02	44.50
		D0463	Udall	Cowley	41.76	0.38	25.89	0.20	33.41	37.59
		D0465	Winfield	Cowley	49.48	0.46	26.72	0.29	35.13	42.31
Ed Trimmer	Winfield	D0470	Arkansas City	Cowley	76.18	0.63	28.19	0.46	41.14	58.66
		D0471	Dexter	Cowley	43.73	0.40	26.24	0.23	33.67	38.70
		D0246	Northeast	Crawford	63.16	0.57	27.16	0.39	38.53	50.85
Charles Smith	Pittsburg	D0247	Cherokee	Crawford	43.64	0.40	26.18	0.23	33.60	38.62
		D0248	Girard	Crawford	64.48	0.57	27.72	0.40	38.69	51.58
		D0249	Frontenac Public S	Crawford	81.85	0.65	28.65	0.48	42.56	62.21
		D0250	Pittsburg	Crawford	47.96	0.45	26.38	0.28	34.53	41.25
John Barker	Abilene	D0393	Solomon	Dickinson	34.63	0.26	25.62	0.09	31.51	33.07
		D0435	Abilene	Dickinson	46.72	0.44	26.17	0.26	34.58	40.65
		D0473	Chapman	Dickinson	34.08	0.25	25.56	0.08	31.36	32.72
		D0481	Rural Vista	Dickinson	23.07	0.00	23.07	0.00	23.07	23.07
		D0487	Herington	Dickinson	54.19	0.51	26.55	0.33	36.31	45.25
Sue Boldra	Hays	D0388	Ellis	Ellis	25.77	0.03	25.00	0.00	25.77	25.77
		D0432	Victoria	Ellis	17.43	0.00	17.43	0.00	17.43	17.43
		D0489	Hays	Ellis	21.48	0.00	21.48	0.00	21.48	21.48
Kevin Jones	Wellsville	D0287	West Franklin	Franklin	33.42	0.24	25.40	0.06	31.42	32.42
		D0288	Central Heights	Franklin	53.34	0.50	26.67	0.32	36.27	44.80
		D0289	Wellsville	Franklin	37.09	0.31	25.59	0.13	32.27	34.68
		D0290	Ottawa	Franklin	47.99	0.45	26.39	0.28	34.55	41.27
Marc Rhoades	Newton	D0369	Burrton	Harvey	29.27	0.14	25.18	0.00	29.27	29.27
		D0373	Newton	Harvey	53.02	0.50	26.51	0.32	36.05	44.54
		D0439	Sedgwick Public Sc	Harvey	67.76	0.59	27.78	0.42	39.30	53.53
		D0440	Halstead	Harvey	45.43	0.42	26.35	0.25	34.07	39.75
		D0460	Hesston	Harvey	44.65	0.41	26.34	0.24	33.93	39.29
Becky Hutchins	Holton	D0335	North Jackson	Jackson	48.37	0.45	26.61	0.28	34.83	41.60
		D0336	Holton	Jackson	61.87	0.56	27.22	0.38	38.36	50.12
		D0337	Royal Valley	Jackson	70.36	0.60	28.15	0.43	40.11	55.24
Rob Bruchman	Leawood	D0229	Blue Valley	Johnson	20.09	0.00	20.09	0.00	20.09	20.09
Jarrod Ousley	Merriam	D0230	Spring Hill	Johnson	51.01	0.48	26.53	0.30	35.71	43.36
Charles Macheers	Shawnee	D0231	Gardner Edgerton	Johnson	50.42	0.47	26.72	0.30	35.29	42.85
Nancy Lusk	Overland Park	D0232	De Soto	Johnson	38.29	0.33	25.65	0.15	32.54	35.42
Jerry Lunn	Overland Park	D0233	Olathe	Johnson	36.08	0.29	25.61	0.11	32.11	34.09
Amanda Grosserode	Lenexa	D0512	Shawnee Mission	Johnson	20.74	0.00	20.74	0.00	20.74	20.74
Tony Barton	Leavenworth	D0207	Ft Leavenworth	Leavenworth	1,864.74	0.92	149.18	0.75	466.19	1165.47
		D0449	Easton	Leavenworth	42.46	0.39	25.90	0.21	33.55	38.01
John Bradford	Lansing	D0453	Leavenworth	Leavenworth	46.73	0.44	26.17	0.26	34.58	40.66
		D0458	Basehor-Linwood	Leavenworth	43.03	0.39	26.25	0.22	33.56	38.29
		D0464	Tonganoxie	Leavenworth	47.03	0.44	26.34	0.27	34.33	40.68
		D0469	Lansing	Leavenworth	50.67	0.48	26.35	0.30	35.47	43.07
Ron Highland	Wamego	D0320	Wamego	Pottawatom	45.32	0.42	26.28	0.25	33.99	39.65
		D0321	Kaw Valley	Pottawatom	8.83	0.00	8.83	0.00	8.83	8.83
		D0322	Onaga-Havensville	Pottawatom	35.02	0.27	25.56	0.10	31.52	33.27
		D0323	Rock Creek	Pottawatom	45.57	0.42	26.43	0.25	34.18	39.87
Dennis Hedke	Wichita	D0259	Wichita	Sedgwick	42.93	0.39	26.19	0.22	33.49	38.21
		D0260	Derby	Sedgwick	38.36	0.33	25.70	0.15	32.60	35.48
		D0261	Haysville	Sedgwick	89.41	0.68	28.61	0.50	44.71	67.06
		D0262	Valley Center Pub	Sedgwick	52.54	0.49	26.79	0.32	35.73	44.13
		D0263	Mulvane	Sedgwick	38.79	0.33	25.99	0.16	32.59	35.69
		D0264	Clearwater	Sedgwick	44.44	0.41	26.22	0.24	33.77	39.11
		D0265	Goddard	Sedgwick	51.24	0.48	26.65	0.31	35.36	43.30
		D0266	Maize	Sedgwick	42.94	0.39	26.19	0.22	33.49	38.21
		D0267	Renwick	Sedgwick	39.87	0.35	25.91	0.18	32.69	36.28
		D0268	Cheney	Sedgwick	57.99	0.53	27.26	0.36	37.12	47.56
Valdenia Winn	Kansas City	D0202	Turner-Kansas City	Wyandotte	79.01	0.64	28.44	0.47	41.87	60.44
		D0203	Piper-Kansas City	Wyandotte	27.84	0.10	25.05	0.00	27.84	27.84
		D0204	Bonner Springs	Wyandotte	37.59	0.31	25.94	0.14	32.33	34.96
		D0500	Kansas City	Wyandotte	71.90	0.61	28.04	0.44	40.27	56.08

The chart below graphically shows the unequal impact of these different approaches to capital assistance among districts represented on this committee. The top line shows the range in mill levies without any state assistance. The bottom line shows how differences in mill levies were almost eliminated under the old formula (except for the highest wealth districts which fund their schools with very low levies).



The second line from the bottom shows how mill levy differences would wide under the new formula. The second line for the top shows how excluding 50% of facilities costs if they are non-instructional would almost eliminate the equalization impact altogether.

2. We strongly oppose limiting funding to instructional purposes.

While KASB supports the provisions of HB 2486 that restore a state aid program, we oppose the provisions that suggest such aid would be limited to the percentage of the building utilized for direct instruction.

“Direct instruction” is not defined. The following are the descriptions of school budget “functions” from the Kansas school district accounting handbook:

1000 INSTRUCTION includes the activities dealing directly with the interaction between teachers and students, including sports and activities.*

2000 SUPPORT SERVICES provide support to facilitate and enhance instruction, including transportation.*

The Support Services **Function** has several “sub-functions.”

- **2100 Student Support Services** includes attendance and social work services, substance abuse, guidance, health, psychology, speech pathology, and audiology.
- **2200 Instructional Staff Support Services** assists with the content and process of providing learning experiences for students, including library/media center, professional development, testing and instructional technology.
- **2300 General Administration** includes board of education and clerk, negotiations, superintendent and staff, assistant superintendents, and area directors.
- **2400 School Administration** is the principal (including vice principals and other assistants), full-time department chairpersons and the principal’s staff.
- **2500 Central Services** includes fiscal services, human resources, planning, and administrative information technology.
- **2600 Operation and Maintenance** includes utilities, insurance, custodial cleaning and upkeep, safety and security.
- **2700 Student Transportation Services** between home, school and activities.
- **2900 Other Support Services** is all other support services, including room and board for Special Education students.

3000 OPERATION OF NON-INSTRUCTIONAL SERVICES provide non-instructional services to students, staff, or the community, including food service operations, enterprise operations (such as bookstores) and community services (such as recreation, public library, and historical museum).*

4000 FACILITIES ACQUISITION AND CONSTRUCTION include acquiring land and buildings; remodeling buildings; constructing buildings and additions to buildings; initially installing or extending service systems and other built-in equipment; and improving sites.

5000 DEBT SERVICE is servicing the long-term debt of the school district, including payments of both principal and interest for bond interest payments, retirement of bonded debt, capital lease payments and other long-term notes.

**Generally, these functions are Current Operating Expenditures*

As a result, funding direct instruction could exclude the portion of the facilities used for:

- Counselors, health services, psychology, speech pathology, and audiology.
- Libraries and media centers.
- Lunchrooms or common areas, safe rooms and security features, and transportation areas (even though districts are required to provide transportation).
- Depending on how defined, auditoriums, fine arts and technology facilities.
- Utility rooms, teacher work spaces and principals offices, where parents have a voice and students are served.

However, depending upon the interpretation, this definition might NOT exclude athletic facilities which are used in part for teaching and for activities that are considered “instructional” expenditures.

KASB consulted a school architect who suggested as much of 51% of an average school could be considered not used for direct instruction. That’s probably a reasonable number, since approximately 50% of school district expenditures are for direct instruction.

Attempting to exclude non-instructional areas would exclude functions that are supportive of state education goals or Rose capacities (career counseling, physical and mental health, arts and culture), required by state law or regulations (transportation, food service, library media services, school and central administration), or simply necessary for the operation of both classroom and other functions. Certainly, all of these functions are part of the “educational interests of the state” for which the Kansas Constitution directs the Legislature – not local school districts – to make “suitable provision for finance.”

Moreover, excluding these functions would not fall equally on all students of the state. The greatest impact would fall on the lowest wealth districts, with some of the most challenging students.

3. We believe a school district review board could play a role in setting priorities for capital improvement funding but its function and organization should be changed.

KASB and USA understand the Legislature’s concerns about the bond and interest program, which has grown rapidly and has required the state to simply “pay the bill.” We noted the following in response to the K-12 Commission recommendations:

- Some limits on bonding may be constitutional, just as limits on general operating expenditures have been accepted. However, such limits cannot be implemented in a way that makes the health, safety, operating efficiency and availability of programs under the “Rose” standards contingent upon the tax wealth of the local district without violating the Kansas Constitution.
- Some form of annual budgeting for capital aid could be acceptable, but there should be mechanisms to ensure the most critical student needs are addressed, rather than exclusively “first come, first serve.”
- There are other mechanisms the state could use to provide equitable funding for facilities, but the state cannot ignore disparities in local wealth.

We believe the state may be able to set a fixed amount of funding for capital improvement costs, and use a mechanism such as a review board to determine the priority for those dollars. That means some districts might have to wait for state aid to be available.

We believe this process could consider whether certain features of construction projects go beyond normal costs. However, limitations on state aid should not arbitrarily limit certain “functions” of the building, and should take into account the most critical needs of districts.

We also suggest that the composition of this board should be revised to include input from individuals specifically involved in school facility use, management, design and construction.

Finally, we believe that the review board should not be required to approve state aid for projects until after the law is passed and not be retro-active to January 1, 2016.

For we want to provide some addition facts and context about capital expenditures in Kansas.

Since 2005, the cost of this program has tripled, from \$52 million to \$155 million this year and a projected \$162 million next year, while school operating budgets have increased just 36%. KASB's review of national school funding data indicates Kansas ranks high in capital expenditures per pupil and outstanding debt.

However, it is important to understand these facts about school bonding aid.

- School bonds are the only aspect of school funding *always* approved by local voters.
- Local taxpayers always pay a share of bond and interest costs proportionate to local tax wealth. Even if a district receives a higher share of state aid, the local mill levy or taxpayer contribution is similar to other districts.
- Under the previous school finance law and the current block grants, the Legislature has limited how much districts can spend on operating budgets and classroom costs. Local operating funding through the Local Option Budget is limited to a maximum percent of base funding. However, there has been no limit on what districts can raise through bond issues or increased valuation for capital outlay.
- Therefore, the only way district patrons have been able to vote to “contribute more to their schools” is through bond issues (unless the Legislature raises LOB limits and requires a vote). Moreover, they can't decide to shift this money to operating expenditures even if that is a higher priority.

Although Kansas ranks high in capital expenditures and debt, it also ranks high in student success (national test scores, graduation rates, preparation for college); so spending more on building and equipment has not harmed and may have helped educational quality.

- The chart on the next page shows how Kansas compares to groups of states on 14 different educational measures. The first three columns shows student performance for seven states that have better performance than Kansas on at least seven of the 14 measures, which we call aspiration states, and further divide those states between those on or near the East Coast (Massachusetts, New Hampshire, New Jersey and Vermont) and those in the Midwest (Indiana, Iowa and Nebraska). As expected, the average performance exceeds Kansas on most indicators.
- However, we also wanted to compare Kansas performance to states most like us, based on student characteristics, adult population characteristics, population distribution and overall. Note that Kansas exceeds the average performance of those states on almost all measures. Finally, note that Kansas provides less total funding per pupil than ANY of these groups of states.
- All states that exceed Kansas on a majority of student success indicators provide more funding per pupil, but Kansas also provides between \$300 and \$500 less per pupil than the average of any group of states most like us - and has better student success on most measures.

Why does this matter? It means the present system - including expenditures for capital improvements - is working both effectively and efficiently.

Table 3

		Aspiration States - Higher Student Success than Kansas			Kansas (and national rank)	Peer States - Most Like Kansas			
		All Aspiration	Aspiration East	Aspiration Midwest		Overall Peers	Student Peers	Population Peers	Pop. Dis. Peers
Average Freshman Graduation Rate 2013	All Students	87.4	86.8	88.3	86 (10)	81.5	80.9	81.9	82.9
Adjusted Cohort Graduation Rate 2013	All Students	87.4	86.8	88.3	86 (13)	81.5	80.9	81.9	82.9
	Economically Disadvantaged	78.0	75.5	81.3	77 (13)	70.8	71.1	71.4	72.6
	Limited English Proficiency	68.7	66.8	71.3	75 (5)	59.8	62.9	59.5	63.3
	Students with Disabilities	70.9	70.8	71.0	78 (3)	61.0	61.0	61.5	65.3
2013 Percent of Population 18-24 year old	High school completers	88.7	89.8	87.3	87 (16)	86.7	87.0	86.9	85.5
2015 National Assessment of Educational Progress, Combined 4th and 8th Grade Reading and Math - Percent at Benchmarks	All Students At Basic	81.1	82.5	79.3	76 (20)	75.6	74.6	75.9	75.5
	Free/Reduced Meal Eligible Students At Basic	68.3	69.0	67.3	65 (17)	62.8	62.4	62.8	63.9
	Free/Reduced Meal Not Eligible At Basic	89.6	90.3	88.7	88 (10)	86.7	86.7	86.9	86.2
	All Students at Proficient	43.7	46.3	40.3	36 (22)	36.9	36.0	37.4	36.1
	Free/Reduced Meal Eligible Students At Proficient	25.9	26.8	24.7	22 (18)	21.7	20.9	21.6	22.0
	Free/Reduced Meal Not Eligible At Proficient	55.4	57.5	52.7	51 (20)	50.1	50.3	50.5	48.3
2015 ACT Test	Percent Meeting All Benchmarks, Percent Tested, Adjusted Rank	40.3	46.5	32.0	32 (12)	32.5	31.9	31.5	30.5
		43.6	27.3	65.3	74	58.8	61.7	64.2	67.6
2015 SAT Test	Mean Score, Percent Tested and Adjusted Rank	1,596.4	1,548.0	1,661.0	1748 (16)	1635.6	1652.6	1666.4	1661.8
		53.4	74.0	26.0	5	32.5	30.9	26.2	24.0

Total Revenue Per Pupil, 2013	\$14,276	\$18,318	\$12,234	\$11,596	\$12,423	\$12,412	\$12,535	\$11,904
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