

Approved: 2/8/96
Date

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairman Bill Mason at 3:30 p.m. on January 24, 1996 in Room 519-S of the Capitol.

All members were present except: Kay O'Connor (excused)
Tony Powell (excused)

Committee staff present: Ben Barrett, Legislative Research Department
Avis Swartzman, Revisor of Statutes
Dale Dennis, Department of Education
Beverly Renner, Committee Secretary

Conferees appearing before the committee: Ben Barrett, Associate Director-Legislative Research Department

Others attending: See attached list

Ben Barrett, Legislative Research Department continued his briefing on features of the school finance formula. He reported on the findings of the Governor's Task Force on Public School Financing convened in October, 1991 in response to Judge Terry Bullock's rules of law for applying provisions of the Kansas Constitution that would be used if the consolidated school finance cases went to trial (Attachment 1). Ben explained the derivation of the pupil weight factors (Attachment 2) and gave a comprehensive statement of the formula and definition of terms in the School District Finance and Quality Performance Act for the 1995-96 school year (Attachment 3). The conclusion of the presentation on the history of school finance to the present day application included local option budgets, school district bond principal and interest obligations and state aid payments.

A motion to approve January 16, 17, and 18th minutes as distributed was made by Representative Ballard and seconded by Representative Pettey. Motion carried.

The meeting was adjourned at 5:00 p.m.

The next meeting is scheduled for January 25, 1996.

HOUSE EDUCATION COMMITTEE GUEST LIST

DATE: January 24, 1996

NAME	REPRESENTING
Diane Gjerstad	USD 259
Glen Stephens	BV USD 229
Jim Yonally	USD 512
Jim Allen	KEC

TASK FORCE REPORT

November 21, 1991

To: Governor Joan Finney and the Legislative Coordinating Council

From: Governor's Task Force on Public School Financing

REPORT OF THE GOVERNOR'S TASK FORCE ON PUBLIC SCHOOL FINANCING

In relation to four lawsuits that had been consolidated in Division 6 of the Shawnee County District Court, the presiding judge, Honorable Terry Bullock, on October 14, 1991, at a conference arranged by the judge principally for the benefit of Legislative Branch leaders and the Governor, issued an order containing a series of rules of law for applying provisions of the *Kansas Constitution* that would be used if the consolidated school finance cases went to trial. The judge sought to determine if the sentiment of the group assembled was that the trial proceed as scheduled (the trial had been scheduled for the week of October 28 through November 1) or whether time should be allotted for review and possible adjustment of the school finance system. The initial response of the state leaders was a preference for re-evaluating the system in view of rules of law articulated in Judge Bullock's October 14 order.

On October 15, 1991, Governor Joan Finney issued Executive Order 91-147 creating the 16-member Task Force on Public School Financing for the purpose of considering Judge Bullock's order and making recommendations on public school financing in Kansas. The Task Force was requested to file a preliminary report of its recommendations with the Governor and Legislative Coordinating Council by December 9, 1991.

This report constitutes fulfillment by the Task Force of the responsibilities assigned to it. The Task Force wishes to emphasize that it has taken very seriously the awesome challenge set before it. The Task Force met on November 1, 7, 8, and 13, during which time it reviewed Judge Bullock's order in depth, reviewed statistical data related to various features of the present school funding system, considered two Attorney General's opinions concerning legal considerations in connection with the concept of a statewide property tax, received expert testimony on alternative state approaches to addressing the school facilities financing issue, conferred with school finance consultants, and evaluated suggestions submitted by several school administrators and education interest groups.

This report contains the principles for a major revision of the way Kansas public schools are financed. These principles greatly enlarge the state level role in determining public school finances and have at their core a very vigorous effort under a new set of ground rules to ensure an equal educational opportunity for all of the children of the state. Two points need to be made perfectly clear:

- In order to implement the principles embodied in the Task Force plan, a great many second level policy issues remain that must be addressed and tested before the plan truly becomes viable. The Task Force has no illusions about the extreme difficulty of this undertaking, but believes that the legislative arena is the appropriate forum for this task.
- While this report represents a consensus action by the Task Force, this should not be construed to mean that all of the members personally endorse or will support any specific feature of the plan.

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RECOMMENDATIONS

1. Full State Funding

The present school finance system should be replaced by a new system based on a full state funding concept. This means that for school district operations the Legislature will determine school district spending levels and provide for the mix of revenue sources to fund the approved spending.

- a. A component of the financing plan should be a uniform statewide property tax for school district operations. In accord with provisions of the *Kansas Constitution*, it will be necessary for the Legislature to reenact the statewide tax rate every one or two years.
- b. The balance of the funding would be derived from other state funding sources.

2. Determining School District Operating Expenditures

The Legislature should determine school district spending authority by using a weighted pupil method. To accomplish this, a "base" per pupil expenditure level should be established. The base per pupil amount must be founded upon a rational basis and be adequate to satisfy the constitutional requirement of suitable financing. This base amount per pupil should include appropriate recognition of school district nongeneral fund expenditures under the present law for equipment and repair of buildings and inservice education and amounts levied for technology education. The following pupil weightings should be incorporated for determining school district operating expenditures:

- a. **Special Education.** The weighting assigned for special education pupils should be based on prior year statewide costs and be computed on a full-time equivalent pupil basis.
- b. **Vocational Education.** The weighting assigned for vocational education pupils should be based on prior year statewide costs and be computed on a full-time equivalent pupil basis.
- c. **Bilingual Education.** The weighting assigned for bilingual education pupils should be based on prior year statewide costs and be computed in a full-time equivalent pupil basis.
- d. **Transportation.** The weighting assigned for transportation should be based on application of a cost/density formula to prior year regular transportation expenditures for pupils transported 2.5 miles or more.
- e. **Enrollment.** The weighting assigned for enrollment should be based on a linear scale driven from 1991-92 adjusted actual expenditures.
- f. **Other Categories.** Other pupil weighting categories should be added, as determined appropriate by the Legislature.

It should be noted pursuant to this recommendation that the separate tax levying authority for capital outlay, technology education, and transportation would be abolished. Of course, any bond and interest levies presently associated with the tax levying authority for these funds would not be affected. Such debt would be retired as scheduled. School districts would continue to have separate tax levying authority to pay judgments and for adult basic education.

3. Categorical Aid Programs

A few discrete categorical state aid programs should be continued. These are: educational excellence grants, parent education, adult basic education, food service, driver training, and motorcycle safety. These programs provide incentives for experimentation and innovation deemed to be especially meritorious, are needed for compliance with certain federal program requirements, or relate to programs and services generally regarded as peripheral to the usual grades K-12 operations.

4. Funds For Unforeseen Needs

Some state funds should be reserved for distribution by the State Board of Education to school districts to respond to unforeseen situations that from time to time are bound to arise. In order to secure these funds, school districts would submit applications to the State Board who would provide funding in accord with criteria the Board would be required to prescribe.

5. School Facilities

Future school building remodeling, reconstruction, and construction, including equipping of such buildings, should be subject to state level approval and be fully state funded. This proposal is not intended in any way to affect existing capital facilities financing commitments, but only those proposed on or after the effective date of the new legislation. The Task Force recommends that the State Board of Education be assigned responsibility for administering this program. A small portion of the funding provided for this program should be dedicated to meeting critical short-term needs and the remaining amount should be used to address longer-term requirements. A formalized priority system should be established as the basis for discharging this responsibility.

A uniform statewide property tax should be imposed to provide revenue for financing school buildings.

The State Board of Education should be authorized through the Kansas Development Finance Authority to cause bonds to be issued for the purpose of administering this program.

6. Selected Transitional Issues

With respect to certain specific issues, the following recommendations are offered:

- a. **"Local Effort" Resources.** The revenues to which school districts are entitled under the existing law from the motor vehicle tax, mineral production tax, revenue bond "in lieu" payments, and rental/lease vehicles sales tax should be used for statewide funding of the school financing system. To the extent authorized by federal law, the Public Law 874 (impact aid) receipts of a school district should be credited against the recipient school district's state funding entitlement.
- b. **Operating Funds in the Transition Year.** Cash balances, property taxes, and other revenues received by school districts in the transitional period to full implementation of the new funding system should be credited against the school district's state funding allocation. This would ensure that school districts receive revenue distributions to which they are entitled under existing laws but are not advantaged or disadvantaged relative to other districts in the operation of the new funding program.
- c. **Cash Balances in the School District Capital Outlay Fund.** Unencumbered balances in the school district capital outlay fund in the year of implementation of the new funding program should be "frozen" and, as long as any such revenue is available, be

used only to defray costs of any capital improvement project approved for the district by the State Board of Education. (See No. 5 above.)

7. Monitoring the School Financing System

The Legislature should establish an ongoing mechanism for monitoring implementation and operation of the school financing system. Because of its magnitude, complexity, and ever-changing nature, an institutionalized oversight mechanism is needed to identify problematic areas in the operation of the law and to propose remedies before problems reach overwhelming proportions.

8. Considerations for the Future

In future years, as it becomes feasible to do so, changes in the school funding system should occur in the direction of increased linkages to educational outcomes of student performance. Also, interdistrict cost sharing and reorganization incentive options should be explored, such as, for example, those being used in the State of Iowa.

Additionally, the Task Force believes there is merit in exploring alternatives for site-based allocation of funds within the school financing system and encourages legislative consideration of this matter.

9. Concluding Observations.

In conclusion, the Task Force wishes to note that concerns were expressed during the deliberations about the premium a plan such as this places on the fidelity of the state's property appraisal system and the impact that may be felt resulting from actions by local units of government in granting property tax abatements and exemptions. These are matters regarded as being beyond the scope of the charge to the Task Force, but are, nonetheless, very real concerns. The Task Force believes these are matters that should continue to be monitored closely by policy makers.

Task Force Members

Governor's Appointees

Susan Seltsam, Chief of Staff
Mary Holladay, Appointments Secretary
Gary Reser, Legislative Liaison
Ladislado Hernandez, Education Advisor
Mark Beshears, Secretary of Revenue
Gloria Timmer, Director, Division of Budget
Dan Hermes, Division of Budget
Timothy Emert, Chairperson
State Board of Education

Legislative Appointees

Representative Rick Bowden, Chairperson

Representative Bill Reardon
Representative Don Crumbaker
Representative Cindy Empson
Senator Joseph C. Harder
Senator Sheila Frahm
Senator Jerry Karr
Senator Nancy Parrish

MEMORANDUM

Kansas Legislative Research Department

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November 29, 1993

To: Kansas Committee on School District Finance and Quality Performance
From: Kansas Legislative Research Department and State Department of Education
Re: Background Re Pupil Weights in the School District Finance and Quality Performance Act

Introduction

This memorandum was prepared pursuant to a request by the Committee at its October 7-8 meeting. The memo's purpose is to provide a brief descriptive background concerning the bases on which the various pupil weight factors contained in the school finance law were derived. This summary is focused on the major decision points affecting the pupil weights issue. The final product of the 1992 Legislature, of course, reflected the culmination of much discussion and debate and consideration of many varying ideas.

While the issue of using pupil weights as a means of modifying the Kansas school finance plan has been discussed intermittently for several years, this memorandum picks up on the issue beginning in 1991 in connection with two main events: the study on this topic that was being conducted under the auspices of the State Department of Education pursuant to a previous legislative recommendation and the work of the Governor's Task Force on Public School Financing which was created by Executive Order in response to an order by Honorable Terry Bullock, Shawnee County District Court Judge (Division 6) in which the judge announced the principles of law that would guide him in ruling on the consolidated school finance litigation then under his jurisdiction. The Task Force medium was viewed to be one way in which the Legislature would have an opportunity to consider the state's school finance plan in the context of the judge's legal guidelines and to propose any changes deemed necessary in order for the plan to survive judicial scrutiny.

State Department of Education's Committee on Pupil Weighting

In its report to the 1991 Legislature, the interim Special Committee on School Finance recommended, among other things, that the State Board of Education convene a task force to assist it in examining the subject of pupil weights. The State Board was requested to report its findings to the 1991 and 1992 Legislatures. In response to this recommendation, the State Board of Education secured some funding from the 1991 Legislature to support its efforts and convened the Committee on Pupil Weighting to conduct the study that had been recommended. The Committee was composed of 15 persons -- school administrators, teachers, legislators, local school board members, a special education director, a State Board of Education member, and representatives of the Kansas Association of School Boards and Kansas-National Education Association.

This Committee functioned during 1991 and concluded its work on or about November 1 of that year. As one part of the Committee's activity, it employed a consultant who attended one of the

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Committee's meetings and who, based on his understanding of the Kansas school finance plan and the Committee's preliminary conclusions, submitted a report which contained some recommendations for the Committee's consideration. The consultant was Dr. Allan Odden, then Co-Director, The Finance Center, Consortium for Policy Research in Education Finance, School of Education, UCLA.

There was no connection between this study and the school finance litigation. However, as it turned out, the Committee's work occupied a somewhat important role in the 1992 school finance deliberations. The Committee did not recommend that the School District Equalization Act (SDEA) be abandoned in favor of a new funding system driven by a pupil weights plan. Instead, the Committee said that if it is determined that a pupil weights system should be implemented, the Committee's recommendations should be given serious consideration. The recommendations pertaining to pupil weights were:

1. **At Risk Pupils.** A Committee survey of school districts revealed that no conclusion could be reached about additional costs for students who qualify for free and reduced priced meals. It was noted that the major cost associated with these pupils was the cost of providing free textbooks. (It generally is recognized that there is a relationship between low income and disadvantaged or at risk children. Eligibility for free or reduced price lunches is a proxy commonly used to define family poverty.)

The Committee recognized, though, that there are at risk students and that serving them engenders additional costs. The Committee reported that identifying these students and providing additional money for them would not ensure that they would receive the additional help. It was felt, because of difficulty of accounting for extra costs for services in at risk programs conducted during the regular school day, that programs offered during the regular school day and school year should not receive additional weight.

The Committee recommended, however, that at risk students be counted for the time they attend during summer and after-school programs and that the extra time be added to the September 20 enrollment count, except that there should be no weight for such students in programs that are federally funded.

The Committee also recommended that children of at risk students be counted in the September 20 enrollment of school districts to the extent that the district provides day care services for children of at risk students.

The consultant suggested that the weight for at risk pupils be an extra 25.0 percent, which he said seemed to be about the modal policy among the states. He also suggested structuring any accountability efforts around outcomes.

2. **Kindergarten Students.** The Committee recommended that any school district which provides all day kindergarten be permitted to count students attending the program as 1.0 in the funding formula. (Current law provides for counting kindergarten pupils at 0.5, whether or not the program provided is for one-half a day or for a full day.)

This concept, an extra 0.5 weight for all day kindergarten enrollments, was endorsed by the consultant.

3. **Three and Four Year Old Preschool Program Enrollments.** The Committee recommended that enrollments in school district programs that operate for at least a

half day for three and four year old children be counted in the funding formula at a weight of 0.5. School districts could contract with outside programs for this service. Students in school-sponsored Head Start programs should not be counted because these programs are federally funded.

This weight concept was endorsed by the consultant. He emphasized the importance of such programs, especially for children who come from poverty backgrounds.

4. **Special Education.** The Committee suggested that students in special education services be assigned a single weight of 3.1 for their time enrolled in special education and a factor of 1.0 for their time in a "regular" school program.

The Committee observed that special education costs had been computed on a statewide basis to determine the cost per special education student and the cost per regular education student. For school years 1989-90 and 1990-91, the ratio was 3.1 to 1.0 (this counts all special education students an **extra 2.11**).

The consultant noted that the Committee's proposal was consistent with national trends and that the weight computed on actual costs generally was consistent with national data. Several suggestions were offered in relation to evaluation of funding for this program. The consultant thus recommended an additional weight of 2.11 for full-time equivalent (FTE) special education students or 1.0 for a head count of special education students.

5. **Weights by Grade Level.** The Committee recommended that pupil-teacher ratios by grade levels not be given additional weights.

The consultant generally concurred with the Committee's position on this issue.

6. **Weights by Size of School District Enrollment.** The Committee recommended that the enrollment categories in the then current law remain the same, including continuing the phase in of the fourth (next largest) enrollment category with the fifth (largest) enrollment category. The Committee said that a second alternative would be to have a linear transition from the enrollment categories of 200 to 400 to a 2,000 and over enrollment category.

The consultant generally concurred with the Committee's position on this issue.

7. **Bilingual Education.** The Committee recommended that bilingual students be counted as 1.2 under a system of pupil weights. The Committee referred to its consultant's observation that bilingual costs are 20 percent higher than costs for regular students.

Prior to the time the recommendation was made, the Committee had been considering a weight that was 10 percent higher than the weight for a "regular" student. This number (10 percent) had been reached through a State Department of Education analysis of school district data relating to expenditures for bilingual programs. State Department of Education staff expressed the view that these data probably understated actual school district expenditures for this purpose because, in the staff's opinion, a

number of school districts made expenditures for bilingual education even though they did not participate in the state's bilingual education categorical aid program and did not report these expenditures separately in the bilingual education fund.

8. **Transportation.** The Committee recommended no change in the transportation aid formula other than that it be modified so aid would be paid on behalf of students who live more than 1.0 mile from school (rather than 2.5 miles). The Committee noted that its consultant knew of no states that included transportation in the state's equalization formula.

The Consultant generally concurred with the Committee's recommendation on this issue.

9. **Vocational Education.** The Committee noted that vocational education programs under the new federal Carl Perkins law had stressed the importance of integration of academic and vocational programs. The Committee said that, although some vocational programs may cost more, vocational pupils, nonetheless, should be counted as 1.0 under the formula. The Committee further observed that school districts should have greater access to vocational school programs.

Based partially on data analysis that had been conducted by State Department of Education staff, the consultant supported a weight of 1.5, an additional 50 percent, for vocational programs but only for students who attended a vocational school more than 25 miles from the "regular" school attended.

Task Force on Public School Financing

In its November 21, 1991 report, the Task Force recommended that the existing school finance plan, the SDEA, be replaced by a new system based on a full state funding concept, meaning that the Legislature would more directly determine school district spending levels and would provide for the mix of revenues to fund the approved level of spending. In connection with the matter of determining school district spending authority, the Task Force proposed using a pupil weights method for making adjustments to a legislatively determined per pupil expenditure base amount. The Task Force did not recommend any specific weights that should be used, but it did identify several categories to which pupil weights should be assigned and suggested how the specific weights should be derived, as follows:

1. **Special Education.** The weight assigned for special education pupils should be based on prior year statewide costs and be computed on a full-time equivalent pupil basis.
2. **Vocational Education.** The weight assigned for vocational education pupils should be based on prior year statewide costs and be computed on a full-time equivalent pupil basis.
3. **Bilingual Education.** The weight assigned for bilingual education pupils should be based on prior year statewide costs and be computed on a full-time equivalent pupil basis.

4. **Transportation.** The weight assigned for transportation should be based on application of a cost and density formula to prior year regular transportation expenditures for pupils transported 2.5 miles or more.
5. **Enrollment.** The weight assigned for enrollment should be based on a linear scale driven from 1991-92 adjusted actual expenditures.
6. **Other Categories.** Other pupil weight categories should be added, as determined appropriate by the Legislature.

1992 Legislature

Against the backdrop of the activities described above, the Governor made recommendations for a new school finance plan and various legislators pursued development of a school finance proposal based upon the concepts contained in the Task Force report. In this connection, these parties worked with State Department of Education staff in reviewing the fiscal effects of various plans involving pupil weights.

The first measure to emerge, and the one that served as the focal point for school finance deliberations during the 1992 Session, was H.B. 2892, authored by the House Committee on Education.

The Governor's plan, subsequently introduced as H.B. 3075, remained in the House Education Committee throughout the 1992 Session. It contained the following weights: bilingual education, 0.2; vocational education, 0.5; transportation, based on prior year formula costs (involving conversion of the previous formula to a pupil weight method); at risk pupils, 0.05 based on pupil qualification for free meals under the National School Lunch program; and low enrollment, based on a linear schedule with differentiated transitions applied to school districts having enrollments of from 100 to 299 and from 300 to 1,999. (The Governor initially had recommended a 2.4 weight for special education, but this concept was not included in H.B. 3075.)

With respect to H.B. 2892, the first five of the weights listed below initially were included in the legislation. The sixth weight (for "new school facilities") was added in the Senate. A brief description of the weights and an explanation of changes that occurred follows:

1. **Bilingual Education.** The added weight, based on FTE enrollment, was 0.2 (20 percent) for enrollment in approved programs. This provision remained intact throughout the entire process.
2. **Vocational Education.** The added weight, based on FTE enrollment, was 0.5 (50 percent) for enrollment in approved programs. This provision remained intact throughout the entire process.
3. **Transportation.** The weight, based on prior year formula costs, essentially was a conversion of the previously existing transportation aid program to a pupil weights concept. This provision remained intact throughout the entire process.
4. **At Risk Pupils.** This weight of 0.05 (5 percent) was generated on behalf of pupils who qualify for free lunches under the National School Lunch program. An additional requirement added by amendment on the Senate Floor was that the district maintain an at risk pupil assistance plan. At one stage, the Senate Education Committee endorsed increasing this weight to 0.075 (7.5 percent). However, the version of the bill that finally passed the Senate restored the 0.05 (5 percent) weight and retained the

requirement for a district to maintain an at risk pupil assistance plan. These provisions remained in the version of the bill that finally passed.

5. **Low Enrollment.** The weight applied to districts having enrollments of less than 2,000. Differentiated linear transitions applied to school districts having enrollments of from 100 to 299 and from 300 to 1,999. The bill passed the House in this form. The Senate passed version was the same as the House version, except that the amount computed under the formula was to be prorated at 95 percent of the entitlement. The finally passed version, which contained no proration provision, terminated the low enrollment weight at 1,900 enrollment (rather than 2,000).

It should be noted that numerous modifications of this feature of the plan were reviewed by various parties during the course of the Session, most, if not all, of which were designed to reduce the fiscal consequences of the proposal originally incorporated into the bill.

6. **New School Facilities.** The weight, which is a factor of 0.25 (25 percent), applies to the enrollment in a new school facility and is available for only two years. In order to qualify for the weight, the district must have used the full amount of its local option budget authority for the school year. This provision, not originally part of the bill, was added by the Senate Committee on Education. It responded most directly to concerns brought to the Committee by the Blue Valley school district. The provision was retained in the final version of the bill.

1995-96 EDITION

**SCHOOL DISTRICT FINANCE AND QUALITY
PERFORMANCE ACT**

(1995-96 School Year)

FORMULA FOR COMPUTING GENERAL STATE AID

STATE FINANCIAL AID	<u>minus</u>	LOCAL EFFORT	<u>equals</u>	GENERAL STATE AID
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Kansas Legislative Research Department
May 1, 1995

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PART A

STATE FINANCIAL AID

BASE STATE AID PER PUPIL (BSAPP)	<u>times</u>	ADJUSTED ENROLLMENT	<u>equals</u>	STATE FINANCIAL AID (SFA)
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The BSAPP is \$3,626. However, if the appropriation in a school year for general state aid is insufficient to pay school districts' computed entitlements, the State Board of Education will reduce BSAPP -- and, therefore, SFA -- as necessary to match school district entitlements with the amount of funding that is available.

STATE FINANCIAL AID: ENROLLMENT ADJUSTMENTS AND ENROLLMENT DECREASES

In addition to the regular full-time equivalent enrollment in a school district, enrollment adjustments are added in order to reflect additional costs associated with serving certain pupil populations, transporting pupils, operating low and larger enrollment school districts, and adding new school facilities. There are seven such weights.

Also, there is a "decreasing enrollment" feature which is designed to facilitate school district financial planning in the face of lower enrollments. This feature permits a school district with an enrollment decrease to base its SFA in the current school year partially on its enrollment in the preceding year.

ENROLLMENT ADJUSTMENTS

1. Low Enrollment

This weight applies to school districts having "regular" enrollments of under 1,875.* The weights are driven from 1991-92 school district general fund budgets per pupil. More specifically, the median budgets per pupil (BPP) at three points are used for applying a mathematical formula that produces uniform weight adjustments commensurate with enrollment variations.

Enrollment	Basis for Computing Weights	BPP Median	Median BPP Difference	Enrollment Range	Adjustment Factor	Calculation of BPP Used in Weight Adjustment
Under 100	BPP median of 75-125	\$7,337	NA	NA	NA	\$7,337
100-299	linear adjustment, from median of 75-125 to median of 200-399	\$7,337 \$5,406	\$ 7,337 \$ -5,406 \$ 1,931	200	$\frac{\$1,931}{200}$ equals \$9.655	\$7,337 minus \$9.655 (E-100) equals BPP used for computing low enrollment weight
300-1,874	linear adjustment, from median of 200-399 to median of 1,900 and over	\$5,406 \$3,426	\$ 5,406 \$ -3,426 \$ 1,980	1,600	$\frac{\$1,980}{1,600}$ equals \$1.2375	\$5,406 minus \$1.2375 (E-300) equals BPP used for computing low enrollment weight

* Before 1995-96, this weight applied to all districts with under 1,900 enrollment. 1995 legislation is intended to reduce the application of this weight to districts under 1,850 in 1996-97, 1,825 in 1997-98, and 1,800 in 1998-99 and thereafter.

EXAMPLES: LOW ENROLLMENT ADJUSTMENT COMPUTATIONS

EXAMPLE 1

Enrollment = 95								
\$7,337.00	then	<u>\$3,911.00</u>	equals	1.141565	then	95	=	low enrollment adjustment of
<u>-3,426.00</u>		\$3,426.00				<u>x 1.141565</u>		108.4
\$ 3,911.00						108.448675		

EXAMPLE 2

Enrollment = 200										
\$7,337.00 - \$9.655 (E-100) equals \$965.50, so										
\$7,337.00	then	\$6,371.50	then	<u>\$ 2,945.50</u>	equals	.859749	then	200	equals	low enrollment adjustment of
<u>- 965.50</u>		<u>-3,426.00</u>		\$ 3,426.00				<u>x .859749</u>		171.9
Adjusted BPP \$6,371.50		\$2,945.50						171.949800		

EXAMPLE 3 (USED FOR GENERAL STATE AID CALCULATION LATER IN THIS ILLUSTRATION)

Enrollment = 1,400										
\$5,406 - \$1.2375 (E-300) equals \$1,361.25 so										
\$5,406.00	then	\$4,044.75	then	<u>\$ 618.75</u>	equals	.180604	then	1,400	equals	low enrollment adjustment of
<u>-1,361.25</u>		<u>-3,426.00</u>		\$ 3,426.00				<u>x .180604</u>		252.8
Adj. BPP \$4,004.75		\$ 618.75						252.8456		

2. Correlation

This weight applies to districts having "regular" enrollments of 1,875* and over. It is determined by multiplying the full-time equivalent enrollment by a factor of 0.009031.**

EXAMPLE

<u>FTE Enrollment (Sept. 20)</u>		<u>Factor</u>		<u>Correlation Weight Adjustment</u>
5,000	<u>times</u>	.009031	<u>equals</u>	45.2

* This weight was created by 1995 legislation. It is intended, subject to sufficient funding, that this weight be applied to all districts with "regular" enrollments of 1,850 and over in 1996-97, 1,825 and over in 1997-98, and 1,800 and over in 1998-99 and thereafter.

** Based on sufficient funding for implementation of each of the four steps, this factor will be 0.018062 in 1996-97, 0.027090 in 1997-98, and 0.036121 in 1998-99 and thereafter.

3. 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.

The preceding year's cost of providing transportation to public and nonpublic school pupils, adjusted to net out costs of transporting pupils who live less than 2.5 miles from school, is determined. The resulting amount is divided by the number of public school pupils enrolled in the district who were residing 2.5 miles or more by the usually traveled road from the school attended and for whom transportation was made available by the district. The result (quotient) is the per pupil cost of transportation.

The per pupil cost of transportation of each district is then plotted on a density-cost graph. A statistical technique is employed to construct a "curve of best fit" for all school districts. (This procedure recognizes the relatively higher costs of per pupil transportation in sparsely populated areas as contrasted with densely populated areas.)

Based on a district's density (number of pupils enrolled in the district who reside 2.5 miles or more by the usually traveled road from school divided by the number of square miles in the district), the point on the curve of best fit is identified for each district. This is the formula per pupil cost of transportation of the district.

The formula per pupil cost then is divided by the BSAPP and the quotient is multiplied by the number of public school pupils in the current school year who live more than 2.5 miles from the school and for whom transportation is being provided. The result is the district's transportation weight enrollment adjustment.

EXAMPLE

1. From Density-Cost Graph: Formula Per Pupil Cost of Transportation = \$600
2. Number of pupils transported 2.5 miles or more in current year = 500
3. BSAPP = \$3,626

THEN

\$ 600				500		weight adjustment for	
\$3,626	<u>equals</u>	.1655	<u>and</u>	<u>x .1655</u>	<u>so</u>	transportation	<u>equals</u> 82.8
				82.75			

4. Vocational Education (Program Weight)

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.

EXAMPLE

<u>FTE Equivalent Vocational Education Enrollment (Sept. 20)</u>		<u>Factor</u>		<u>Vocational Education Program Weight Adjustment</u>
60.0	<u>times</u>	0.5	<u>equals</u>	30.0

5. Bilingual Education (Program Weight)

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 0.2. Revenue generated by this weight must be spent for bilingual education.

EXAMPLE

<u>FTE Bilingual Program Enrollment (Sept. 20)</u>		<u>Factor</u>		<u>Bilingual Education Program Weight Adjustment</u>
40.0	times	0.2	equals	8.0

6. 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 .05. A further condition is that in order for it to obtain this weight, a school district must maintain an at-risk pupil assistance plan approved by the State Board of Education. All revenue generated by this weight must be spent for at-risk pupil programs.

Pupils who receive services under the plan are determined on the basis of at-risk factors and not by virtue of eligibility for free meals under the National School Lunch Program.

EXAMPLE

<u>Number of Pupils Qualifying for Free Lunches (Sept. 20)</u>		<u>Factor</u>		<u>At-Risk Pupil Weight Adjustment</u>
420	times	0.05	equals	21.0

7. School Facilities Weight

This weight is assigned for costs associated with beginning operation of new school facilities. The enrollment in the new school facility is multiplied by a factor of .25 to produce the weight adjustment.

In order to qualify for this weight, the district must have utilized the full amount of the local option budget (LOB) authority authorized for the school year. This weight is available for two school years only -- the year in which the facility operation is commenced and the following year.

EXAMPLE

<u>Enrollment of Pupils in New School Facility (Sept. 20)</u>		<u>Factor</u>		<u>School Facilities Weight Adjustment</u>
260	times	0.25	equals	65.0

NOTE

In addition, the law permits a school district to appeal to the State Board of Tax Appeals for permission to levy a property tax up to two years to defray costs associated with commencing operation of a new facility beyond the costs otherwise financed under the law. To qualify for this tax levying authority, the district must have begun operation of one or more new facilities in the preceding or current school year (or both), have adopted the maximum LOB, and have had extraordinary enrollment growth, as determined by the State Board of Education.

This tax levying authority may extend for an additional three years, in accord with the following requirements. The school district's board of education must determine that the costs attributable to commencing operation of the new school facility (or facilities) are significantly greater than the costs of operating other school facilities in the district. The tax that then may be levied is computed by the State Board of Education by first determining the amount produced by the tax levied for operation of the facility (or facilities) by the district in the second year of the initial tax levying authority and by adding the amount of general state aid attributable to the school facilities weight in that year. Of the amount so computed, 75 percent, 50 percent, and 25 percent, respectively, are the amounts that may be levied during the three-year period.

NOTE: All weight adjustments are based exclusively on current year features.

DECREASING ENROLLMENT ADD-ON

When a district's enrollment in the current school year has decreased from the preceding school year, the district may add to the enrollment in the current year one-half of the number of pupils by which the enrollment in the current school year has decreased -- up to a limit of 4 percent of the enrollment in the preceding school year.

EXAMPLE

Sept. 20 Enrollment Preceding Year: 1,410 <div style="text-align: right;"><u> </u></div> Current Year: 1,390 <div style="text-align: right;"><u> </u></div> Decrease: 20	Then, the lesser of: <div style="text-align: center;"> 4% of Preceding Year <u>times .5 equals</u> 28.2 </div> <div style="text-align: center; margin-top: 10px;"> <u>or</u> </div> <div style="text-align: center;"> 50% of Decrease -- Current Year from Preceding Year: 10 (20 <u>times .5 equals</u> 10) </div> <div style="text-align: center; margin-top: 10px;"> The Lesser Number is 10 </div>	<div style="text-align: right;"> <u>so:</u> Current Year 9-20 Enrollment With Decreasing Enrollment Add-on </div> <div style="text-align: right; margin-top: 10px;"> Actual 1,390 </div> <div style="text-align: right; margin-top: 10px;"> <u>plus</u> </div> <div style="text-align: right; margin-top: 10px;"> Add-on <u>10</u> </div> <div style="text-align: right; margin-top: 10px;"> <u>equals</u> </div> <div style="text-align: right; margin-top: 10px;"> "New" 9-20 Enrollment 1,400 </div>
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NOTE: For 1995-96, a special provision applicable to 14 school districts potentially affected by the Fort Riley downsizing holds these districts harmless at a 90 percent level of any enrollment loss.

PART B

LOCAL EFFORT

A school district's local effort is, in essence, a credit against its general state aid entitlement. Local effort represents locally generated resources that are available to the school district general fund to help finance the district's educational program.

The following items are defined as local effort:

<u>Example</u>	
\$ 1,800,000	1. proceeds of the uniform school district general fund property tax (35 mills in 1994 and 1995),
400,000	2. motor vehicle tax receipts,
None	3. rental/lease vehicle excise tax receipts,
200	4. mineral production tax receipts,
5,000	5. industrial revenue bond and port authority bond in lieu of tax payments,
None	6. federal PL 874 impact aid (in accord with federal law and regulations),
None	7. tuition paid on behalf of nonresident pupils for enrollment in "regular" education services,
3,000	8. unexpended and unencumbered balances remaining in the general fund,
1,800	9. unexpended and unencumbered balances remaining in the "program weighted" funds, <i>i.e.</i> , -- transportation, bilingual, and vocational education funds except for the vocational fund of a district which operates a vocational school, and
None	10. remaining proceeds of the former general fund and transportation tax levies prior to their repeal (repealed in 1992).

**TOTAL
LOCAL
EFFORT \$ 2,210,000**

- NOTES:** 1. If the sum of a district's local effort exceeds its SFA entitlement, the district receives no general state aid and the "excess" amount is remitted to the State Treasurer and is credited to the State School District Finance Fund. Revenue in this fund is used for school district general state aid.
2. Proceeds from the recreational vehicle tax, enacted in 1994 and effective January 1, 1995, which are not specified as "local effort," will appear as unexpended or unencumbered balances of the general fund (Reference: 1994 House Sub. for S.B. 191).

PART C

GENERAL STATE AID

A district's general state aid entitlement is determined by subtracting the district's local effort from its SFA.

EXAMPLE

	\$	6,742,910	SFA*
<u>minus</u>		<u>2,210,000</u>	Local Effort**
<u>equals</u>	\$	4,532,910	GENERAL STATE AID

This example is based on a district that receives low enrollment weight. Thus, the correlation weight example is not applicable in this instance.

* \$3,626 BSAPP times 1,859.6 (adjusted enrollment). However, if the appropriation for general state aid is insufficient to fund all school district entitlements, the \$3,626 BSAPP is reduced to the level at which entitlements may be funded.

** Sum of local effort items.

ATTACHMENT I

THE LOCAL OPTION BUDGET (LOB)

School districts are authorized to adopt an LOB in an amount of up to 25.0 percent of the SFA. School districts may levy local property taxes to fund LOB spending authority. The supplemental general state aid program, is designed to provide a substantial degree of equalization among school districts in terms of their ability to utilize their LOB spending authority.

Other pertinent facts about the LOB authority:

- A district's use of LOB authority is subject to a 5 percent protest petition election procedure.
- A district's LOB authority, if not rejected by the electors, is good for up to four years, as proposed by the local school board. During this period, one increase in LOB authority is authorized, subject to the same protest petition election procedure.

**FORMULA FOR COMPUTING SUPPLEMENTAL
GENERAL STATE AID**

District Assessed Valuation Per Pupil (Prior Year)	<u>subtracted</u>		1.0	<u>times</u>	District's Local Option Budget	<u>equals</u>	Supplemental General State Aid
75th Percentile Assessed Valuation Per Pupil (Prior Year)	<u>from</u>						

Supplemental General State Aid is based on an equalization principle which is designed to treat each school district as if its assessed valuation per pupil (AVPP) were equal to that of the district at the 75th percentile of AVPP. Under this formula, districts having AVPP above the 75th percentile receive no supplemental general state aid. However, such districts do not have to impose as high a tax rate as do districts having AVPP below the 75th percentile in order to fund their LOBs.

EXAMPLES

DISTRICT 1		DISTRICT 2	
Prior Year District AVPP	\$30,000	Prior Year District AVPP	\$ 70,000
Prior Year 75th Percentile AVPP	\$41,999*	Prior Year 75th Percentile AVPP	\$41,999*
 <u>so</u>		 <u>so</u>	
<u>\$30,000</u>	<u>equals</u>	0.7143	
<u>\$41,999</u>			
	<u>then</u>		
	1.0000		
<u>minus</u>	<u>0.7143</u>		
<u>equals</u>	0.2857 State Aid Ratio		
	<u>then</u>		
	\$500,000 LOB		
<u>times</u>	<u>0.2857</u> State Aid Ratio		
<u>equals</u>	\$142,850 Supplemental General State Aid		
* Preliminary estimate.		If the result equals or exceeds 1.0, the district receives no supplemental general state aid. 1.6667 exceeds 1.0, therefore the district receives no supplemental general state aid.	

ATTACHMENT II

FORMULA FOR COMPUTING 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 inversely 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 percent for contractual bond and interest obligations incurred prior to July 1, 1992 and 25 percent for contractual bond and interest obligations incurred on July 1, 1992 and thereafter.

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

FORMULA

DISTRICT BOND AND INTEREST PAYMENT OBLIGATION FOR SCHOOL YEAR	<u>times</u>	STATE AID PERCENTAGE FACTOR	<u>equals</u>	CAPITAL IMPROVEMENTS STATE AID
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EXAMPLES

DISTRICT 1				DISTRICT 2			
B&I Payment Obligations				B&I Payment Obligation			
Before 7-1-92		\$100,000		Before 7-1-92		\$100,000	
After 7-1-92		\$ 80,000		After 7-1-92		\$ 80,000	
District AVPP		\$ 24,962		District AVPP		\$ 36,962	
so				so			
Before 7-1-92	\$100,000	After 7-1-92	\$ 80,000	Before 7-1-92	\$100,000	After 7-1-92	\$ 80,000
Percentage Factor (From Table)	x 10%	Percentage Factor (From Table)	x 30%	Percentage Factor (From Table)	x NA	Percentage Factor (From Table)	x 17%
B&I State Aid	\$ 10,000		\$ 24,000	B&I State Aid	NA		\$ 13,600
Total B&I Payment Due for Fiscal Year		\$180,000		Total B&I Payment Due for Fiscal Year		\$180,000	
Amount from State Aid		\$ 34,000		Amount from State Aid		\$ 13,600	

PARTIAL TABLE TO ILLUSTRATE BOND AND INTEREST STATE AID PROGRAM PRINCIPLE

AVPP	Bond and Interest State Aid Percentages	
	Bond and Interest Obligations Prior to July 1, 1992	Bond and Interest Obli- gations On and After July 1, 1992
19,962	15	35
20,962	14	34
21,962	13	33
22,962	12	32
23,962	11	31
24,962	10	30
25,962	9	29
26,962	8	28
27,962	7	27
28,962	6	26

Median AVPP	29,462 *	5%	25%	State Aid Percentage Factor
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29,962	4	24
30,962	3	23
31,962	2	22
32,962	1	21
33,962	0	20
34,962		19
35,962		18
36,962		17
37,962		16
38,962		15

* Preliminary estimate.