



Testimony before the
House Committee on K-12 Education Budget
on
HB 2324 – School district finance and quality performance act of 2017
by
Mark Tallman, Associate Executive Director for Advocacy
February 16, 2017

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to appear before you today. We appear as proponents of this bill based on the policies adopted by our members and contained in “Putting Students First,” a document we previously shared with this committee. It contains both recommendations and rationale for KASB's school finance positions as approved by the entire KASB Delegate Assembly in December and shared with Governor Brownback following his request for input.

As we have discussed with you before, these positions are the result of two years of work by KASB, based on feedback from local school districts, research on the finance formulas of the states with highest educational outcomes, and following the work of the United School Administrators.

The chart below compares our vision of a school finance system with the provisions of HB 2270, which you heard yesterday, and HB 2324. As we understand the new bill, it essentially reinstates the previous finance formula except for phasing in a higher base amount per pupil. If we are incorrect about those assumptions, you can compare the corrected features with our position.

A school finance system should have the following components:	HB 2270	HB 2324	
1. Accountability The school finance formula must support the State Board of Education’s vision that an excellent school system must focus on helping each student succeed and setting accountable outcomes to measure that goal.			
a. The formula must allow districts to meet or exceed the Rose capacities identified by the Kansas Supreme Court and adopted	<i>Not necessary to include the bill, because adopted by the State Board. However, the committee might wish to include</i>	<i>Same as comments on HB 2270</i>	

<p>by the Kansas Legislature. To do so, it should also assist districts in improving district outcomes under the State Board of Education's Kansans Can vision: kindergarten readiness, higher graduation rates, more postsecondary participation, individual plans of study and social and emotional indicators.</p>	<p><i>Kansans Can outcomes in the bill.</i></p>		
<p>b. The formula must be monitored regularly to ensure the state is meeting its responsibility to provide adequate and equitable funding.</p>	<p><i>KASB recommends consideration of adding a permanent oversight committee to monitor the adequacy and equity of the funding system; including legislators, State Board members, local district leaders and others.</i></p>	<p><i>Same as comments on HB 2270</i></p>	

<p>2. Adequacy. The school finance formula must provide each student an equal opportunity to be college and career ready and recognize the additional needs of students who require special services. Adequacy should include the following:</p>			
<p>a. A foundational amount per pupil, which should be significantly higher than previous base state aid per pupil to recognize the effect of inflation and mandatory costs that have been shifted to the local option budget.</p>	<p>Foundation state aid per pupil (FSAPP) will increase to \$4,895 over a four-year period. Year 1-\$4,253; Year 2-\$4,467; Year 3-\$4,681; and Year 4-\$4,895</p>	<p>Reinstates base state aid; increases to \$4,082 in FY 18; \$4,312 in FY 19; \$4,542 in FY 20; \$4,772 in FY 21 and \$5,000 in FY 22.</p>	
<p>b. Foundational funding should include additional funding for the full cost of full time kindergarten students and expanded funding for preschool programs. It should also support additional staff if necessary to effectively implement individual career plans and meet the social and</p>	<p>All-day kindergarten will be funded and counted in the enrollment. Expand early childhood funding by increasing state aid for four-year-old at-risk programs.</p>	<p>Does not fund all-day kindergarten or expand four-year-old at-risk programs</p>	

emotional needs of each student.			
c. The foundational amount should be adjusted annually based on changes in the consumer price index. In addition, this increase should be supplemented if necessary based on employment costs and other costs imposed by the state requirements.	Foundation state aid per pupil will increase based upon the Midwest consumer price index for the second preceding calendar year by 2021-22.	Does not provide an inflationary adjustment after FY 22.	
d. In the transition to a new formula, no district should lose funding on a per pupil basis. Thereafter, if any district loses budget authority under the school finance system, the reduction should be phased in through some mechanism.	<i>KASB recommends a hold harmless provision for any districts losing per pupil budget authority under the newly adopted formula.</i>	<i>Same recommendations as for HB 2270.</i>	

3. Equity. A new school finance formula must provide adequate and equitable funding as required by the Kansas Constitution. Such a formula would provide equalization to allow similar funding based on similar local effort.			
a. The foundational amount should be adjusted to address differences in district student populations, programs or other factors based on evidence that demonstrates an impact on the cost of each student reaching educational outcomes as defined by the State Board of Education. At a minimum, these should include:	<i>See below.</i>	<i>See below.</i>	
<ul style="list-style-type: none"> • Full funding of the costs of special education services required by federal and state law. 	Special education funding remains the same as current law (92 percent of excess cost) and fully funded (phased	Same as current law.	

	in over four-year period).		
<ul style="list-style-type: none"> The impact of poverty and other student risk factors, including concentration of poverty. 	At-risk funding is based upon prior year's actual enrollment for two years and then funded based upon twice the U.S. Bureau of Census poverty rate times .456 weighting (same as old law).	Previous formula; at-risk based on free lunch enrollment.	
<ul style="list-style-type: none"> The additional costs of teaching English as a Second Language. 	Bilingual education weighting will remain the same as law prior to the 2014-15 school year and will be computed based upon the prior year's actual enrollment.	Same as previous formula.	
<ul style="list-style-type: none"> The additional costs of student transportation. 	Transportation is funded as in current formula except mileage limitation is lowered as follows: 2018-19 – 2.5 to 2.0 2019-20 – 2.0 to 1.5 2020-21 – 1.5 to 1.0 The current transportation law will remain intact. The proposed change would make students who are transported more than 2.0 and less than 2.5 miles on September 20 eligible for state aid under the transportation formula during the 2018-19 school year. Those students that drive to and from school or the school district does not transport would not receive transportation aid. The mileage limitation would be lowered by .5 a mile for 2019-20 and 2020-21.	Same as previous formula.	
<ul style="list-style-type: none"> The additional costs of career and technical education programs. 	Career & Technical Education (vocational education) funding will be based upon .5	Same as previous formula.	

	weighting (same as old law). The State Department of Education is required to study CTE cost by program and weighting adjusted accordingly in year two.		
<ul style="list-style-type: none"> Additional costs based on density and district size. 	Low and high enrollment will be reinstated as in law prior to 2014-15.	Same as previous formula.	
<ul style="list-style-type: none"> Other adjustments as necessary based on evidence of cost differences. 	<p>The special mill levies currently in place for declining enrollment, cost of living and extraordinary growth will continue.</p> <p>Virtual based upon FTE enrollment and FSAPP of \$4,253 with part-time students funded at \$1,700 per FTE. The funding for students over 19 years of age would be \$709 times number of credits earned not to exceed six credits.</p>	Same as previous formula.	
b. Funding for the foundation level and adjustments should be fully funded by the state.	20-mill levy will continue except the revenue raised will become a part of local effort and remain in the local school district.	Same as previous formula.	
c. Capital costs should continue to be the responsibility of local districts through local bond issues and capital outlay levies, provided both receive state equalization aid that meets constitutional standards of equity.	<p>The computation for LOB state aid and capital outlay state aid will remain under current law for the 2017-18 school year.</p> <p>Assessed valuation per pupil for computing supplemental general (LOB) state aid and capital outlay state aid will be based upon a three-year average of the three preceding</p>	Assessed valuation based on prior year.	

	<p>years beginning in 2018-19.</p> <p>School districts would be eligible for capital outlay state aid only if they levy at least four mills for capital outlay.</p> <p>Capital outlay levy will be excluded from tax increment financing and neighborhood revitalization.</p> <p>Bond and interest state aid will be under the old law prior to 2014-15. The approval process for the bond and interest state aid would require approval of the State Board of Education in an amount not to exceed the six-year rolling average.</p>		
d. An adequate foundation level should reduce the need for local funding, the cost of equalization and challenges of fluctuating local tax bases.	<i>KASB believes the increases proposed for foundation state aid will reduce pressure on local funding requirements.</i>	<i>Same note as for HB 2270.</i>	

4. Efficiency. A new school finance formula must give local districts the responsibility to respond to unique community needs while encouraging efficiencies through cooperation among districts. Efficiency should include:			
a. Locally elected boards should determine the most efficient way to spend resources to meet their specific student and community needs. The state should focus on results, not process.	<i>The bill maintains local control of school district spending.</i>	<i>Same note as on HB 2270.</i>	
b. Both school districts and the state would have greater	Enrollment will be based upon prior year.	Enrollment based on prior year.	

<p>predictability by using the previous year's enrollment or a three-year average for determining foundation aid, with the ability to appeal to the State Board of Education for funding for extraordinary costs.</p>	<p>Military second count with net increase in enrollment between September 20 and February 20.</p> <p><i>KASB recommends consideration of an appeals process for significant growth over the prior year.</i></p>		
<p>c. Districts should be able to carry reasonable operating funds reserves for cash flow, enrollment changes, revenue shortfalls or delays and savings for large projects without incurring debt. If new limits on balances are imposed, districts should be given time to spend down to that level.</p>	<p><i>No new limit on cash reserves is included in the bill.</i></p>	<p><i>Same note as on HB 2270.</i></p>	
<p>d. The system should provide incentives for sharing high cost programs on a regional basis and for voluntary district cooperation and consolidation.</p>	<p><i>The bill restores previous financial incentives for district consolidation.</i></p>	<p><i>Same as previous formula.</i></p>	

<p>5. Excellence. A new school finance formula must allow flexibility for districts to go beyond state requirements, foster innovation and promote improvement. Many communities want more freedom and flexibility to enhance their public schools</p>			
<p>a. Local boards of education should be able to authorize additional funding beyond the foundation level, provided such authority includes equalization that meets constitutional standards of equity.</p>	<p>School districts may adopt up to 30 percent of their supplemental general fund (local option budget) on board action. If a district chooses to increase the LOB up to 33 percent, this would require board action and right of protest petition. Those</p>	<p>Same as previous formula.</p>	

	<p>school districts that are already at 33 percent will retain that authority.</p> <p>The computation for LOB state aid and capital outlay state aid will remain under current law for the 2017-18 school year.</p> <p>Assessed valuation per pupil for computing supplemental general (LOB) state aid and capital outlay state aid will be based upon a three-year average of the three preceding years beginning in 2018-19.</p>		
<p>b. The system should provide incentives for accomplishment of student outcomes or other policy goals, provided that foundational aid and equalization aid are fully funded and all districts have the ability to meet such outcomes.</p>	<p><i>No new incentives are included.</i></p>	<p><i>Same note as for HB 2270.</i></p>	

HB 2324 appears very similar to HB 2270. Both are similar to the previous formula in positive ways and both significantly increase base or foundational aid. HB 2324 gets to a higher base quicker, but does not add funding for all day kindergarten and preschool. HB 2324 does not have the change to census poverty and minimum capital outlay levy for state aid that raised our concerns in HB 2270.

Thank you for your consideration.