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To: Representative Melissa Rooker
From: Edward Penner, Research Analyst
Re: Local Option Budget Cap History

This memorandum summarizes legislative history of the local option budget (LOB) cap and provides information on the process used by school districts pursuing local option budget authority of 33 percent. Other changes to school finance law that would have had an indirect effect on the LOB authority or LOB financing of a district are not addressed by this memorandum.

Local Option Budget Cap

In 1992, the School District Finance and Quality Performance Act (SDFQPA) provided for a maximum LOB of 25 percent of a school district's state financial aid (SFA). The law originally required the maximum percentage of LOB be decreased in the future by the percentage increase in base state aid per pupil (BSAPP). Legislation enacted in 1995 eliminated the provision reducing the LOB cap based on future growth of the BSAPP.

In 2005, the Legislature increased the LOB cap to 27 percent of SFA for school year 2005-2006, 29 percent of SFA for school year 2006-2007, and 30 percent for school year 2007-2008 and all school years thereafter. Beginning in school year 2006-2007, any school board action to adopt an LOB in excess of 25 percent required the board to adopt a resolution that was then subject to a protest petition by the electorate of the school district.

Legislation enacted in 2006 accelerated and increased the rise of the LOB cap, allowing LOBs to reach 30 percent in school year 2006-2007, and allowed for an LOB of 31 percent in school year 2007-2008 and all years thereafter. Any school district wishing to adopt an LOB in excess of 30 percent would be required to receive approval of the electorate of the district at an election.

In 2009, the Legislature allowed the LOB authority of school districts to be calculated using a BSAPP of \$4,433 for any year in which the actual BSAPP was lower than \$4,433 and allowed school districts to calculate their LOB authority using the greater of the special education aid (as a component of SFA) they had received for school year 2008-2009 or the current school year.

Legislation enacted in 2014 allowed the LOB authority of school districts to be calculated using a BSAPP of \$4,490 for school years 2014-2015 and 2015-2016 before the amount would

return to \$4,433 for school year 2016-2017 and all years thereafter. This legislation also excluded virtual school state aid from SFA for purposes of calculating LOB authority and provided that any school district with an LOB in excess of 30 percent may take school board action to adopt an LOB of up to 33 percent for school year 2014-15, but is required to conduct a mail-ballot election in order to adopt an LOB in excess of 31 percent for any school year thereafter.

In 2015, the Legislature changed the LOB cap calculation as a part of the legislation repealing the SDFQPA. LOBs were no longer capped as a percent of SFA, but rather by a district's school year 2014-2015 LOB, with one exception. If a school district successfully conducted a mail-ballot election prior to July 1, 2015, it could receive LOB authority up to 33 percent of its SFA for school year 2014-2015.

Senate Bill 19, enacted by the 2017 Legislature, reinstates the LOB cap based upon a percent of a school district's total foundation aid (the statutory successor to SFA). All districts are capped at 33 percent of the district's total foundation aid, but any district that has not previously adopted an LOB in excess of 30 percent that wishes to do so is subject to a protest petition by the electorate of the school district. The same exceptions allowing for the use of a BSAPP (now referred to as base aid for student excellence [BASE]) of \$4,490 and the school year 2008-2009 special education aid amount continue to be in effect. The \$4,490 BASE amount is scheduled to increase with inflation beginning in school year 2019-2020.

School Districts with Local Option Budget Authority of 33 Percent

According to the Kansas Department of Education (KSDE), 38 school districts had authority to adopt an LOB up to 33 percent of total foundation aid immediately upon passage of SB 19. All 38 of these districts received this authority via the successful passage of a mail-ballot election prior to the beginning of school year 2015-2016. According to KSDE, no school district received authority for an LOB cap of 33 percent by school board action for the 2014-2015 school year and maintained that authority after that year without also successfully passing a mail-ballot election to maintain that authority.

Attached please find information provided by KSDE detailing the time and manner in which the 38 school districts received authority to adopt an LOB of 33 percent.

EFP/mkh

10/23/2017	Authorized Pct due to Election beginning 2007-08	Authorized Pct due to Election beginning 2008-09	Authorized Pct due to Election beginning 2009-10	Authorized Pct due to Election beginning 2010-11	Authorized Pct due to Election beginning 2011-12	Authorized Pct due to Election beginning 2012-13	Authorized Pct due to Election beginning 2013-14	Authorized Pct due to Election beginning 2014-15	Authorized Pct due to Mail Ballot beginning 2014-15	Authorized Pct due to Mail Ballot beginning 2015-16	(Max 30.00%) Authorized Pct due to Board Action beginning 2015-16	(Max 33.00%) Authorized Pct due to Mail Ballot beginning 2015-16
	D0229 - 31.00%	D0233 - 31.00%	D0209 - 31.00%	D0448 - 31.00%	D0237 - 31.00%	D0385 - 31.00%	D0232 - 31.00%	D0203 - 31.00%	D0225 - 33.00%	D0102 - 30.00%	D0209 - 33.00%	D0207 - 33.00%
	D0468 - 31.00%	D0496 - 31.00%	D0407 - 31.00%	D0496 - 31.00%	D0267 - 31.00%			D0207 - 31.00%	D0460 - 33.00%	D0107 - 30.00%	D0209 - 33.00%	D0209 - 33.00%
	D0512 - 31.00%	D0468 - 31.00%			D0400 - 31.00%			D0239 - 31.00%		D0111 - 30.00%	D0225 - 33.00%	D0225 - 33.00%
								D0240 - 31.00%		D0114 - 30.00%	D0226 - 33.00%	D0226 - 33.00%
								D0293 - 31.00%		D0115 - 30.00%	D0229 - 33.00%	D0229 - 33.00%
								D0312 - 31.00%		D0206 - 30.00%	D0231 - 33.00%	D0231 - 33.00%
								D0350 - 31.00%		D0211 - 30.00%	D0232 - 33.00%	D0232 - 33.00%
								D0410 - 31.00%		D0219 - 30.00%	D0233 - 33.00%	D0233 - 33.00%
								D0416 - 31.00%		D0256 - 30.00%	D0237 - 33.00%	D0237 - 33.00%
								D0419 - 31.00%		D0266 - 30.00%	D0239 - 33.00%	D0239 - 33.00%
								D0423 - 31.00%		D0283 - 30.00%	D0240 - 33.00%	D0240 - 33.00%
								D0438 - 31.00%		D0285 - 30.00%	D0242 - 33.00%	D0242 - 33.00%
								D0460 - 31.00%		D0291 - 30.00%	D0267 - 33.00%	D0267 - 33.00%
								D0509 - 31.00%		D0299 - 30.00%	D0275 - 33.00%	D0275 - 33.00%
								All above - Continuous		D0303 - 30.00%	D0360 - 33.00%	D0360 - 33.00%
	D0229 - Continuous	D0233 - Continuous	D0209 - Continuous	D0448 - Continuous	D0237 - Continuous	D0385 - Continuous	D0232 - Continuous	All above - Continuous	D0225 - Continuous	D0308 - 30.00%	D0368 - 33.00%	D0368 - 33.00%
	D0468 - 2 years	D0497 - Continuous	D0407 - Continuous	D0496 - Continuous	D0267 - 4 years		D0460 - Continuous		D0460 - Continuous	D0314 - 30.00%	D0383 - 33.00%	D0383 - 33.00%
	D0512 - Continuous		D0468 - Continuous							D0323 - 30.00%	D0384 - 33.00%	D0384 - 33.00%
										D0327 - 30.00%	D0394 - 33.00%	D0394 - 33.00%
										D0351 - 30.00%	D0395 - 33.00%	D0395 - 33.00%
										D0356 - 30.00%	D0398 - 33.00%	D0398 - 33.00%
										D0359 - 30.00%	D0400 - 33.00%	D0400 - 33.00%
										D0363 - 30.00%	D0407 - 33.00%	D0407 - 33.00%
										D0387 - 30.00%	D0410 - 33.00%	D0410 - 33.00%
										D0390 - 30.00%	D0411 - 33.00%	D0411 - 33.00%
										D0403 - 30.00%	D0415 - 33.00%	D0415 - 33.00%
										D0405 - 30.00%	D0418 - 33.00%	D0418 - 33.00%
										D0408 - 30.00%	D0419 - 33.00%	D0419 - 33.00%
										D0429 - 30.00%	D0423 - 33.00%	D0423 - 33.00%
										D0436 - 30.00%	D0448 - 33.00%	D0448 - 33.00%
										D0439 - 30.00%	D0460 - 33.00%	D0460 - 33.00%
										D0444 - 30.00%	D0461 - 33.00%	D0461 - 33.00%
										D0454 - 30.00%	D0468 - 33.00%	D0468 - 33.00%
										D0456 - 30.00%	D0496 - 33.00%	D0496 - 33.00%
										D0457 - 30.00%	D0497 - 33.00%	D0497 - 33.00%
										D0459 - 30.00%	D0501 - 33.00%	D0501 - 33.00%
										D0470 - 30.00%	D0509 - 33.00%	D0509 - 33.00%
										D0471 - 30.00%	D0512 - 33.00%	D0512 - 33.00%
										D0479 - 30.00%		
										D0480 - 30.00%		
										D0483 - 30.00%	All above - Continuous	
										D0487 - 30.00%		
										D0502 - 30.00%		
										D0504 - 30.00%		
										D0508 - 30.00%		