



## G-1 School Finance

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# Kansas Legislator Briefing Book 2014

## Education

### G-1 School Finance

#### School District Finance and Quality Performance Act; Bond and Interest State Aid Program

#### 2013-2014 School Year

The School District Finance and Quality Performance Act provides the formula for computing General State Aid and Supplemental General State Aid for the 286 unified school districts in Kansas.

#### General State Aid Formula

$$\text{Base State Aid Per Pupil} \times \text{Adjusted Enrollment} = \text{State Financial Aid}$$

According to KSA 72-6410, the Base State Aid Per Pupil (BSAPP) is \$4,492. However, appropriations have only been made to fund a BSAPP of \$3,838 for the 2013-2014 school year.

- *Enrollment Adjustments*
  - **Low Enrollment.** This weight applies to school districts having unweighted full-time equivalent enrollments of under 1,622. The low enrollment factors were adjusted during the 2006 Session. Note: a district cannot receive both low enrollment and high enrollment weighting.
  - **High Enrollment (Correlation).** This weight applies to districts having unweighted full-time equivalent enrollments of 1,622 and over. It is determined by multiplying the full-time equivalent enrollment by a factor of 0.029942. Note: a district cannot receive both low enrollment and correlation weighting.
  - **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.
  - **Vocational Education.** 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.

- **Bilingual Education.** 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 0.395. Revenue generated by the weight must be spent either for bilingual or at-risk education.
- **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 0.456.

Pupils who receive services are determined on the basis of at-risk factors determined by the school district board of education and not by virtue of eligibility for free meals.

- **High Density At-Risk Weighting.** 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 the following factors:
  - Those districts that have free meal student percentages of 50.0 percent or more would use a 0.105 factor; or
  - Those districts that have a density of 212.1 students per square mile and a free lunch percentage of at least 35.1 percent and above would use 0.105 factor.
  - For those districts having between 35.0 percent to less than 50.0 percent at-risk pupils, the district will subtract 35.0 percent from the percentage of at-risk enrollment in the district and multiply that result by 0.7. The product of this calculation multiplied by the at-risk student enrollment is the high-density at-risk weighting.
- **Non-Proficient At-Risk Weighting.** This weight is determined by calculating the number of pupils in a school district who are not eligible for the federal free lunch program and who scored below proficiency, or failed to meet the standard established

by the State Board of Education, on either the reading or math state assessments in the preceding school year. This number is then multiplied by 0.0465. The product is the non-proficient at-risk weighting for the preceding school year.

If the State Board determines that students in a school district are unable to take the state assessments as a result of a natural or manmade disaster, the non-proficient at-risk weighting for the school district will be equal to the school district's non-proficient at-risk weighting for the preceding school year.

- **School Facilities.** This weight is assigned for costs associated with beginning operation of new school facilities. The enrollment in the new school is multiplied by a factor of 0.25 to produce the weight adjustment. This weight is available for two school years only—the year in which the facility operation is commenced and the following year.
- **Ancillary School Facilities.** The law permits a school district to appeal to the State Court of Tax Appeals for permission to levy an *ad valorem* tax for ancillary school facilities for two years to continue to levy for up to six years. This tax is designed to defray costs associated with commencing operation of a new facility beyond the costs otherwise financed under the law.
- **Special Education and Related Services.** The amount of special education services state aid a school district receives is divided by BSAPP to produce this weighting. This procedure does not increase the school district general fund state aid requirement; it only increases the computed size of this budget for the benefit of the Local Option Budget provision of the law. Special education funding remains a separate

- categorical aid program distributed on the basis of a statutory formula.
- **Cost-of-Living Weighting.** The law permits a local school board to levy a local tax for the purpose of financing the cost-of-living weighting in a district which has higher than the average statewide cost-of-living based on housing cost. The State Board of Education is required to determine which districts are eligible to apply for this weighting. The district will be deemed eligible if its average cost of living is at least 25.0 percent higher than the statewide average. In addition, to be eligible, the district must have adopted a local option budget in an amount equal to at least 31.0 percent of the state financial aid for the district. The cap that can be levied is 5.0 percent of the district's state financial aid calculation. The local school board is required to pass and publish a resolution authorizing the levy, and the resolution is subject to protest petition. If a school district already was authorized to levy a tax to finance the cost-of-living weighting in the 2006-07 school year, the law allows the district to continue to levy the tax at a rate that generates the same amount of revenue that was generated during the 2006-07 school year. The law allows this as long as the district adopts a local option budget which equals or exceeds the amount of local option budget adopted in the 2006-07 school year.
  - **Declining Enrollment Weighting.** Any school district that has adopted a local option budget in an amount that equals at least 31.0 percent of the state financial aid for the district and has declining enrollment from the prior year may seek approval from the State Court of Tax Appeals to make a levy for up to two years, capped at 5.0 percent of the district's general fund budget. The levy is equalized up to the 75th percentile. An amount equal

to the levy approved by the State Court of Tax Appeals is converted to the ancillary school facilities weight. The weight is calculated each year by dividing the amount of the levy authority approved by the State Court of Tax Appeals by BSAPP.

- **Decreasing Enrollment Provisions.** When a district's enrollment in the current school year has decreased from the preceding school year, the district may base its budget on the greater of unweighted full-time equivalent enrollment of the preceding year or the three-year average of unweighted full-time equivalent enrollment (current school year and two immediately preceding school years).

In a school district for which the State Board of Education has determined that the enrollment of the district in the preceding school year had decreased from the enrollment in the second preceding school year and that a disaster had contributed to the decrease, the enrollment of the district in the second school year following the disaster is determined on the basis of a four-year average of the current school year and the preceding three school years. However, if the enrollment decrease provisions of the general law (above) are more beneficial to the district than the four-year average, the general law will apply.

- **Virtual School Act**

The 2008 Legislature passed the Virtual School Act. For each school year that a school district has a virtual school, the district is entitled to Virtual School State Aid, which is calculated by multiplying the number of full-time equivalent pupils enrolled in a virtual school times 105.0 percent of the unweighted Base State Aid Per Pupil.

In addition, virtual schools receive a non-proficient weighting of 25.0 percent multiplied by the full-

time equivalent enrollment of non-proficient pupils in an approved at-risk program offered by the virtual school. Advanced placement course funding of 8.0 percent of the BSAPP is paid to virtual schools for each pupil enrolled in at least one advanced placement course if the pupil is enrolled in a resident school district that:

- Does not offer advanced placement courses;
- Contains more than 200 square miles; or
- Has an enrollment of at least 260 pupils.

In addition, a pupil with an Individualized Education Plan (IEP) and attending a virtual school is counted as the proportion of one pupil, to the nearest tenth that the pupil's attendance at the non-virtual school bears to full-time attendance. Any student enrolled in a virtual school is not counted in the enrollment calculation. The law requires school districts to provide adequate training to teachers who teach in virtual schools or virtual programs. The definition of a virtual school requires that students make academic progress toward the next grade level and demonstrate competence in subject matter for each class in which a student is enrolled, and it requires age-appropriate students to complete state assessment tests.

- **Capital Outlay**

A 2013 change in state law authorizes a school district to use capital outlay funds for school district property maintenance, various equipment for academic uses, computer software, and performance uniforms; however, prior to such authorization, the law requires the Director of the Budget and the Director of Legislative Research to jointly certify to the Secretary of State that capital outlay state aid is fully funded at 100.0 percent of the amount a district is entitled to receive. (Capital outlay state aid has not been funded since the 2008-09 school year.)

## **The Local Option Budget and Supplemental General State Aid**

The law provides that in addition to General State Aid, a school district board may approve Local Option Budget (LOB) spending in any amount up to 30.0 percent (and an additional 1.0 percent, subject to approval of the voters) of its State Financial Aid in the current school year.

Statute provides an alternative formula for the calculation of the LOB of a school district. State law authorizes a school district to calculate its LOB using a base state aid per pupil (BSAPP) of \$4,433 in any school year in which the BSAPP is less than that amount. The bill also authorizes a school district to calculate its LOB using an amount equal to the amount appropriated for state aid for special education and related services in school year 2008-2009 or the current year's special education state aid, whichever amount is greater. This alternative provision expires on June 30, 2014.

## **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 in an amount inversely related 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 5.0 percent for contractual bond and interest obligations incurred prior to July 1, 1992, and 25.0 percent for contractual bond and interest obligations incurred on July 1, 1992, and thereafter.

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

<b>Base State Aid Per Pupil History</b>	
2005-06	\$4,257
2006-07	\$4,316
2007-08	\$4,374
2008-09	\$4,400 (originally \$4,433)
2009-10	\$4,280 (following adjournment of the 2009 Legislature)
2009-10	\$4,012 (after the Governor's November 2009 allotment)
2010-11	\$3,937
2011-12	\$3,780
2012-13	\$3,838
2013-14	\$3,838
2014-15	\$3,852 (approved by the 2013 Legislature)

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