

House K – 12 Budget Committee

H.B. 2324 – School Finance Act

February 16, 2017

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On behalf of Wichita Public Schools

Chairman Campbell, members of the Committee:

Our schools are the foundation of our communities. Since the Great Recession Kansas schools have sustained funding loses to operational budgets which were frozen in place by the Block Grant. School budgets are subject to fixed cost increases. Balancing the budget the past two years has found Board of Education making difficult decisions to reduce staff, eliminate positions, reducing transportation, delay textbook adoptions and in Wichita shortening the school year by fifteen days.

Kansas State Board of Education’s work the past two years centers on the requirements of Kansas 21st century economy where seventy-one percent will need some post-secondary credential: 36% a bachelor or better and 35% an associates or technical credential. Business also identified the importance of “soft skills” to the success of a young employee. The business of K 12 schools is to prepare our students for success in the work of work, career and life.

Groups of school superintendents and business officers have been meeting since July 2015 to discuss the old formula, the Block Grant and what is needed in a funding formula to meet these challenges. Our process was informal to review, confer on topics, taking these to larger groups hosted by KASB for input and refinement. From these series of meetings the self-described Framework was adopted. It is not a formula but a template for the development of a new school finance plan.

The Framework for a New School Finance Formula has been adopted by United School Administrators and affiliate organizations including Kansas School Superintendent Association and Kansas Association of School Business Officers which I have been a member.

In July of 2015 the group adopted Guiding Principles which were affirmed at each meeting. These Principles reflect our collective thoughts on educational opportunity for every student across the state.

Guiding Principles

Every public school student in Kansas will have an equal opportunity to be college and career ready, as defined by the Rose Standards and the Kansas State Board of Education *Kansans Can* mission and vision;

Some students will require greater supports to meet standards;

Funding to districts must be directly related to what it costs to educate each individual student;

Any formula must meet constitutional requirements for equity and adequacy;

The formula should recognize local control and provide funding of educational services; and,

The Legislature and school districts need budgeting predictability.

Foundational Student Funding and Aid. Foundational Funding must provide adequate funding for Kansas students to meet the expectations of student success as measured by Kansas State Board of Education (KSBE) outcomes and Rose Standards. Foundation aid should be based on the total number of enrolled students. By using previous year's enrollment we can satisfy the need expressed by previous legislatures for greater predictability. For districts with declining enrollment use the three-year average of enrollment and second count date for military.

One of the five outcomes identified by the State Board of Education is kindergarten readiness. The Framework calls for funding all-day Kindergarten programs and expanded high quality early childhood programs.

The Framework recognizes the likelihood Foundational Funding will be phased in. Once Foundation Aid is reached an inflationary factor would cover inflationary cost increases.

- HB 2324 increases base state aid to \$4082 in FY 18; \$4312 in FY 19; \$4542 in FY 20; \$4772 in FY 21; and \$5000 in FY 21. The bill does not have a CPI factor, nor does it fund all-day kindergarten or expand pre k programs. The Framework recommends using prior year enrollment to give the legislature predictability.

High Needs Aid. The Guiding Principles recognize some students will require additional support to meet the outcomes for a successful Kansas high school graduate. Widely agreed on factors contributing to increased academic needs are poverty and language. Students who live in poverty or are English language learners require additional support. The Framework groups spent a great deal of time reviewing and discussing how best to account for students requiring additional support. After much review and deliberation we concluded the model used by most states, along with Kansas, that the students qualifying for free lunch generate funding and the district serves any student requiring additional support. English Language Learners would be identified through the state's language proficiency assessment and receive additional funding. Continue the high density poverty support for districts which have intense urban poverty and the related issues when students live in these situations.

- HB 2324 reestablishes the at-risk weightings from the previous formula including high density at-risk which recognizes the impact of urban poverty.

Student Programs. The Framework recognizes the need to continue funding for Career and Technical Education (CTE) programs which help students explore their career interests and expose students to career options. The Framework envisions CTE funding be based on the November 2013 cost study by KSDE and reviewed, adjusted every five years to reflect changing technology and career possibilities.

Virtual education continues as an emerging resource for students who are not able to attend the regular classroom or seek courses not provided by their home district. Full time virtual students should be eligible for foundation aid, part-time prorated based on hours enrolled, and adult students over age 19 would receive one-sixth of the foundational credit hour aid.

Schools are using general fund money to supplement special education aid to provide the mandated services and meet maintenance of effort requirements. Fully funding the 92% of excess cost required by statute would allow districts to focus their general fund money on core educational needs of all students.

- HB 2324 funds CTE at .5 and special education at 92% of excess cost, the same as the previous formula.

Local Needs Funding.

Local Option Budget: The Framework recognizes the need for additional local funding to meet community expectations and needs. We recognize increasing Foundational Aid benefits all districts needs to meet operational costs of the classroom and programs for students. The Framework suggests the Local Option Budget (LOB) return to original intent to provide funding beyond Foundational aid's support of regular operational needs of a district. To avoid wide variance in LOB and ability to access LOB, the LOB, at any level, should continue to be subject to local School Board authorization. The locally elected Board is accountable to the electorate and best has the ability to recognize and address community expectations and the needs of student populations.

Capital Outlay: Capital Outlay mill levy should be excluded from tax increment financing, neighborhood revitalization and industrial revenue bonds, just as 20 mills levy is exempt. Continue capital outlay state aid as approved by 2016 Legislature and affirmed by the Kansas Supreme Court.

Bond and interest state aid. The Framework returns bond and interest state aid to the 2014-15 formula with the exception of excluding virtual enrollment in the computation of assessed valuation per pupil. Repeal the approval process required by the State Board of Education.

High and low enrollment. Continue the previous high and low enrollment factors which recognize economies of scale.

Special mill levies: maintain cost of living, extraordinary growth and declining enrollment.

Transportation aid: Funding the previous formula and phase in a lower threshold to 1.0 miles by the 207-18 school year. School districts transporting students between 1.0 and 2.5 miles would be eligible for aid.

- HB 2324 funds LOB, capital outlay, bond & interest state aid, high/low enrollment and transportation the same as the previous formula The Framework recommends lowering transportation aid mileage.

Chairman Campbell, members of the Committee, the school community has spent a great deal of time discussing the needs of Kansas students. School districts are beginning the budget planning process for the 2017-18 school year, but the lack of a school finance formula puts all districts into a holding pattern. It is difficult to plan for a new year, the needs of students, the adoption of new activities, programs or textbooks without a school finance formula and the revenue required to sustain a formula into the future.

We are greatly encouraged by the deliberate work of this committee and stand ready to help craft a formula which works for Kansas students, their families and our communities.