

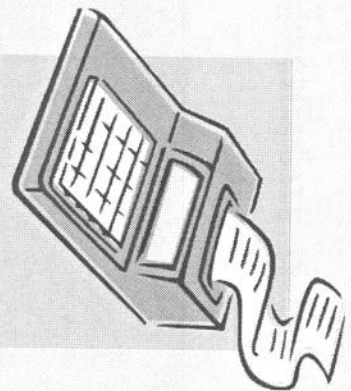
SCHOOL FINANCE BASICS

Kansas Legislative Research Department

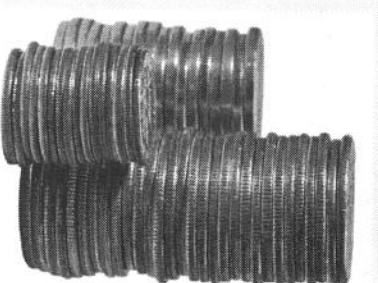
January 2013

TWO PRINCIPLES BEHIND THE GENERAL FUND FORMULA

- *Differences in students result in different education costs*
- Addressed in the **budget calculation**



- *Differences in property wealth among the school districts result in different abilities to pay for the same level of education*
- Addressed in the **revenue calculation**



DIFFERING CHARACTERISTICS AMONG STUDENTS CAUSE DIFFERENCES IN COST

■ *Example:*

■ *Disabled Students*

- May have acute learning challenges that require acute care, smaller pupil-teacher ratios, one-on-one attention
- Policy choice made several decades ago, through decisions at the federal and state legislative levels and by the U.S. Supreme Court



DIFFERENCES AMONG STUDENT ENROLLMENT CAUSE DIFFERENCES IN COST

■ *More Examples:*

- *Student Enrollment*
 - Small district size
 - Large district size
 - Varying transportation distances

STUDENT DIFFERENCES

In Kansas

- **Students in a small school district**
 - Addressed through weighting
 - Student counts range from less than 100 to more than 46,800
 - Policy source: State Legislature
- **Students pursuing vocational education**
 - Addressed through weighting
 - Importance is increasing and direction is evolving
 - Policy source: State Legislature
- **Bilingual students**
 - Addressed through weighting
 - The number of non-English speaking or bilingual students is large and growing
 - Policy source: State Legislature

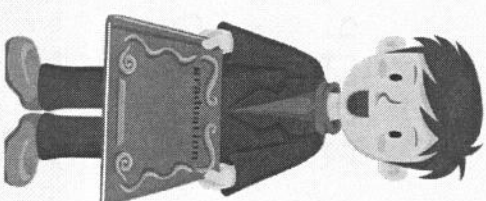
GENERAL STATE AID
(BSAPP X ADJUSTED ENROLLMENT) - LOCAL EFFORT
= GENERAL STATE AID

The BSAPP for the 2012-2013 school year is \$3,838

■ This is Jill. She attends a Kansas school, full-time. She is 1.0 FTE.



■ This is Jack. He attends the same school, full-time. He is also 1.0 FTE.



The district automatically gets \$3,838 for Jill and \$3,838 for Jack.

WEIGHTINGS

- Low Enrollment
- Transportation
- Bilingual
- School Facilities
- Ancillary School Facilities
- High Enrollment
- Vocational Education
- At-Risk
 - High Density
 - Low Density
 - Non-proficient
- Declining Enrollment
- Cost of Living

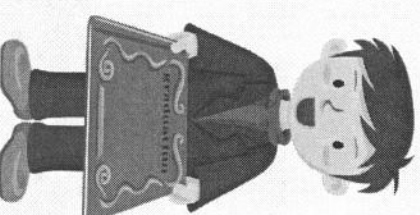
VOCATIONAL EDUCATION WEIGHTING

Determined by multiplying the FTE enrollment in vocational education programs by 0.5 and by the amount of time in vocational instruction (*e.g.*, 0.5).

Revenue must be spent on vocational education.

FTE enrollment in Voc. Ed x 0.5 x 0.5 = Vocational Education Adjustment

- Jack spends one-half of each school day in a vocational education class, so .5 FTE x .5 vocational education weighting = .25 is the vocational weight for Jack



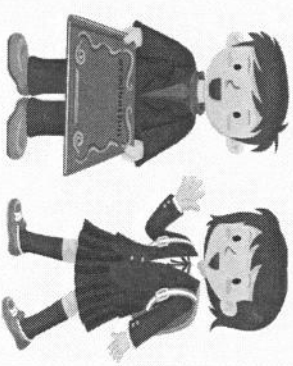
AT-RISK PUPIL WEIGHING

Applies to students who qualify for free meals under the National School Lunch Program.

No. of pupils qualifying for free lunch x 0.456 = At-Risk Pupil Weighting

- Ten students in Jack and Jill's school district qualify for free lunch. The at-risk weighting is determined as shown below:

$10.0 \times 0.456 = 4.56$ is the at-risk weight for the school district



Information on weightings for all school districts can be found at the address below on the Kansas Department of Education website.

<http://www.ksde.org/Default.aspx?tabid=1830>



**PART ONE:
THE GENERAL FUND BUDGET* CALCULATION**

$$\begin{aligned} & \text{Total Weighted FTE} \\ & \times \text{Base State Aid Per Pupil ("BSAPP")} \\ & \underline{\hspace{10em}} \\ & = \text{General Fund Budget*} \end{aligned}$$

*In state law, this is referred to as "state financial aid"

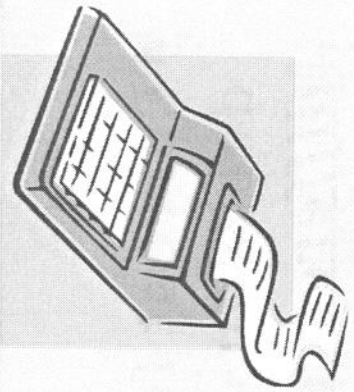
PART ONE: THE GENERAL FUND BUDGET CALCULATION

Finding Total General Fund Budget (Multiplying Weighted State Aid by BSAPP)

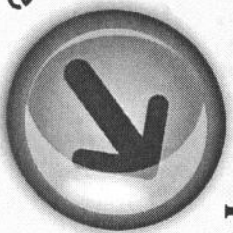
Fictitious District	FTE Enrollment	(Total Weighted FTE)	multiplied by	BSAPP)	equals	Total General Fund Budget
A	1,000	(1,271.4	X	\$3,838)	=	\$ 4,879,633
B	1,000	(1,510.4	X	\$3,838)	=	\$ 5,796,915
C	25,000	(25,173	X	\$3,838)	=	\$ 96,613,974
D	25,000	(27,986	X	\$3,838)	=	\$107,410,268

REMEMBER THE TWO PRINCIPLES BEHIND THE GENERAL FUND FORMULA

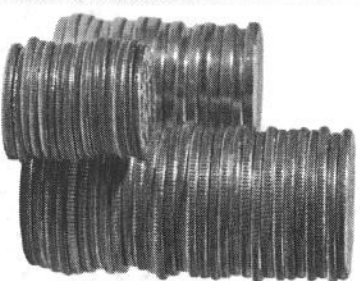
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You're going here



THE GENERAL FUND REVENUE CALCULATION

- **The Kansas experience:**
 - Two equity-based lawsuits (1973 and 1992)
 - 1992: School District Finance and Quality Performance Act established the basic equalization aid formula
 - It has been amended and refined since then
 - see <http://skyways.lib.ks.us/ksleg/KLRD/Education.htm> for link to summary

THE GENERAL FUND REVENUE CALCULATION

■ What is the Local Effort? Some major items include:

- The statewide education property tax levy
 - 20 mills* multiplied by assessed valuation, with a \$20,000 residential exemption
- Other local property tax amounts
 - *e.g.*, delinquent, mineral production
 - “Federal Impact Aid” (70 percent)
- Unencumbered cash balance

*20 mills since 1998

PART TWO: THE GENERAL FUND REVENUE CALCULATION

**How does Local Effort (mostly property wealth) impact
General Fund State Aid?**

Fictitious District	FTE Enrollment	Total Weighted FTE	General Fund Budget	Assessed Valuation Per Pupil	Local Effort	General State Aid
A(1)	1,000	1,271.4	\$ 4,879,633	\$ 20,000	\$1.8M	\$3.1M
A(2)	1,000	1,271.4	\$ 4,879,633	\$500,000	\$3.1M	\$1.8M
B(1)	1,000	1,510.4	\$ 5,796,915	\$ 20,000	\$2.0M	\$3.8M
B(2)	1,000	1,510.4	\$ 5,796,915	\$500,000	\$3.8M	\$2.0M

ONLY THE BEGINNING...

