

KANSAS

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I. GENERAL BACKGROUND

State

In 1992, the Kansas Legislature enacted new school finance legislation. The 1992 legislature replaced the former School District Equalization Act (SDEA, 1972), which allowed wide differences in tax rates and expenditures, with a new law entitled the School District Finance and Quality Performance Act (SDFQPA, 1992) which rigidly controlled expenditure and tax rate differences. The financing mechanism of the new legislation is known as State Financial Aid (SFA).

The purpose of the SFA is to ensure equal spending power for similarly situated pupils in school districts under equal tax effort. Aid is determined by multiplying the base state aid per FTE pupil (BSAPP) of a district by the district's adjusted enrollment, as defined by various program weights. The BSAPP has risen from \$3,600 per student in 1992–93 to \$3,720 per student in 1998–99. The plan includes seven pupil count weightings, recognizing learner, program, or school district characteristics believed to contribute to higher costs than can be met by the BSAPP.

The state share of general revenue for public schools rose from 25.5% to 42.5% during the 20 year life of the SDEA. Under the new SDFQPA, the state share again rose from 66.2% in 1993–94 to 68.4% in 1997–98. This change from 42.5% to 66.2% over a short period is attributable in large part to change in the basic school finance support program represented in the new aid plan.

State funds for public schools are derived through annual appropriations by the legislature during the regular session (January to April).

The SDFQPA dictates both amounts and sources of state and local contributions. State appropriations continue to come from the state's general revenues, increasing dramatically under the new law. Significant change also occurred in amounts of local resources collected in school districts, with some districts contributing much more but with most districts' local share declining significantly. The main local source for funding schools continues to be the school district general fund property tax, but all districts are now required to impose a uniform tax rate: 32 mills in 1992; 33 mills in 1993; 35 mills in 1994 through 1996; 27 mills in 1997; and 20 mills in 1998 and thereafter until legislatively adjusted. State aid makes up the difference, if any, between the amount of local resources and the district's allowable budget as calculated under SFA. If local resources exceed the budget amount, the excess local effort is remitted to the state to help finance general state aid to other districts.

A provision of the law known as Local Option Budget (LOB) permits districts to add up to 25% of base budgets, subject to local protest petition and referendum. In 1997, a provision was added to the law allowing local school boards to pass an LOB without the possibility of a protest petition if the proposed LOB was at or below the state average LOB percentage for schools of comparable size.

Extensive court review of the SDFQPA occurred when various districts challenged operation of the new law. With the exception of two flaws, the trial court determined that the act met state constitutional standards.

A provision of law that mandated the tax rate for a period of three years exceeded a two-year limitation contained in the Kansas Constitution. Legislation will have to be passed in two-year intervals in order to change the mill levy.

In *Unified School District No. 229 v. State*, 885 P.2d 1170 (Kan. 1994) the low enrollment weighting factor was held unconstitutional. Because this provision was so intertwined with other aspects of the formula, the court held that the weighting provision was not severable and that the entire act would have to be declared unconstitutional. However, the holding was stayed until July 1, 1995, to allow the legislature to amend the provisions of the school finance law, with modification to low enrollment weighting. The legislature did so with the addition of correlation weighting into the formula. Where low enrollment weighting gives additional weighting to districts with low student numbers, correlation weighting gives additional weighting to districts with high student numbers.

The state pays the local district contribution to the Kansas Public Employee Retirement System (KPERs).

Despite the sweeping changes seen in moving from the SDEA (1972), as amended, to the new SDFQPA (1992), reform continues to be a major concern in school districts, as the new law incorporates both new funding methods and is far more heavily involved in learner outcomes, tying continued funding to successful student performance on state-mandated achievement standards.

Local

There are 304 independent public school districts. Included in these districts are 356 high schools, 39 junior high schools, 172 middle schools, 860 elementary schools, and 20 special purpose schools.

For nearly 20 years Kansans supported education through a basic support program called the School District Equalization Act (SDEA, 1972). In *Mock v. Kansas* No.-91-CV-1009 (Shawnee County Dist. Ct., 1991) the district court, in findings presented in advance of trial, warned state policymakers of potential legal problems and advised the legislature to change the law short of trial proceedings. This pronouncement came as a result of four consolidated lawsuits, each grieving different issues. In May 1992, a bill drawn up by a House-Senate conference committee passed both branches of government and was subsequently signed into law. The bill called for all districts to levy 32 mills in 1992–93, 33 mills in 1994–95, and 35 mills thereafter. Designed to raise \$349 million in state taxes, the bill simultaneously reduced property taxes statewide by \$293 million. New money sources included: (a) an increase in state sales tax from 4.25% to 4.9%; (b) higher individual and corporate income taxes; (c) existing treasury balances; (d) elimination of sales tax exemptions on services used in construction, utilities used in production, telephone services, trade fixtures sold with buildings, and longterm hotel and motel stays. The bill contained a state-imposed uniform base budget of \$3,600 per FTE pupil, weighted to account for additional expenses. Funding for low enrollment, based on a linear transition formula, provided extra monies for districts under 1,900 pupils. Previously high-spending districts were subject to a cap in that any amount over 10% of the prior year's budget had to be deducted from the state allotment. Districts losing budget authority were able to add an extra 10%, part of which was paid by local property tax. Subject to voter protest petition, these districts were also allowed a 25% base budget increase for the 1993–94 school year. A second bill also included an equalization plan to fund

bond and interest debt, using a formula based on the statewide median for assessed valuation per pupil.

The school finance bill also included a Quality Performance Accreditation (QPA) system. This system is based on goals framed in measurable terms by defining specific outcomes. In order for districts to be eligible for general state aid, each district must evaluate progress toward achieving outcomes and submit an annual report to the State Board of Education. As a part of QPA, each school must establish a school site council. The council provides advice in evaluating state, district, and site performance goals and objectives and in determining methods to be employed at the school site to meet goals and objectives.

Before the new finance law, the minimum term required grades 1–11 to attend at least 180 six hour days; for grade 12, a minimum of 175 six hour days. Alternatively, districts could choose 1,080 hours for grades 1–11 and 1,050 hours for grade 12 in any configuration. The new law increased the minimum days and hours each year until 1994–95 and thereafter when grades 1–11 need 186 six hour days; grade 12 needs 181 six-hour days; and kindergarten, 186 two and one-half hour days. No number of inservice days is specified.

Funding Summary 1998–99

Total State School Aid (All Programs)		\$ 2,222 million
Grants in aid	2,137 million	
Teacher Retirement Contributions	85 million	
FICA	0 million	
 Total Local School Revenue		 \$ 639 million
Property Tax	593 million	
Other local source tax revenue	46 million	
Local source non-tax revenue	0 million	
 Total Combined State and Local School Revenue		 \$ 2,861 million
 State Financed Property Tax Credits Attributable to School Taxes		 0

II. LOCAL SCHOOL REVENUE

Property Tax

The property tax forms the mainstay of local school revenues. Use of the property tax, however, has been markedly changed under SDFQPA by virtue of a uniform tax rate statewide and recapture of excess revenue generated under uniform tax rate in wealthy districts. The main operational features are reiterated here:

1. Each district is required to levy 20 mills in 1998 and thereafter for general fund purposes;
2. Each district receives a portion of motor vehicle and recreational vehicle property taxes;
3. Property tax revenues are combined with other revenues to create a deduction against State Financial Aid (SFA). Other revenues are industrial revenue bond and port authority bond revenues in lieu of tax payments; mineral production tax receipts; and rental/lease vehicle excise tax receipts.

Property is fractionally assessed according to a constitutionally required property classification scheme, with major property classes as follows: residential property (11.5%); commercial property (30%); motor vehicles (30%); agricultural land (30% of use value); and commercial equipment and machinery (20%). Numerous exemptions also apply. Reappraisal following a constitutional amendment in 1986 requiring both classification and reappraisal has brought assessed values into greater alignment with legal requirements. Properties are adjusted annually to current market values, with physical reinspection at least every four years. The Division of Property Valuation also conducts annual sales-to-assessment ratios for compliance purposes.

In 1998–99, general fund tax levies on real property for SCA and SGSA yielded \$592.6 million.

In 1998–99, general fund motor vehicle tax yield for SCA and SGSA was \$46.0 million.

In 1998–99, total general fund tax levies for SCA and SGSA was \$638.6 million.

Income Tax

No income tax is available directly to school districts. Income tax at the state level funds a major portion of the state's revenues that feed state aid to schools.

Sales Tax

No sales tax is available directly to school districts. Sales tax at the state level funds a major portion of the state's revenues that feed state aid to schools.

Tax Credits and Exemptions

None.

III. TAX AND SPENDING LIMITS

General fund tax rates are statutorily uniform and may not be exceeded, as described earlier, except that qualifying districts may add on to local tax rates by:

1. Supplemental general fund (local option budget); the local board of education may approve a local option budget (LOB) without a vote of the constituency as long as the LOB is at or below the state average LOB percentage for schools of comparable size. Any LOB above the average is subject to approval of the voters via a protest petition.
2. Capital outlay fund; subject to protest petition, the local board of education may approve up to 4 mills of tax revenue per year for capital outlay projects such as facility work or purchase of equipment.
3. Bonded indebtedness, subject to bond election.

There is no statutory limit *per se* to aggregated millages, except as effectually limited by the 25% cap on LOB, the 4 mill capital outlay limit, and statutory bond debt ceilings calculated for each separate district.

General fund spending is strictly limited (minimum and maximum) by the operation of SDFQPA wherein:

1. The formula base budget per pupil is \$3,720;

2. The formula base budget may only be adjusted for weightings;
3. The formula base budget may only be increased locally by LOB limits.

No debt, other than bonding for facility purposes, is allowed under the state's cash basis law. No deficit spending is allowed, although a very limited mechanism for no-fund warrants is available as a deduct against future aid payments.

Budgets are not subject to voter approval. The exception pertains to the Local Option Budget (LOB), where a 5% protest petition triggers a referendum.

Bond elections require referendum, with a majority required. Debt is limited to 14% of assessed valuation, which can be appealed for cause to the State Board of Education to exceed the statutory debt ceiling. There is no limit on how many times the same question can be presented to voters.

IV. STATE/PROVINCIAL EARMARKED TAX REVENUE

Legislation enacted in 1993, effective in FY 1993, eliminated the earmarkings of the 1992 state revenue enhancements. However, simultaneously, sales and use tax received both rate increases and changes in exemptions in order to benefit school funding as follows:

1. Statewide sales and compensating use taxes increased from 4.25% to 4.9% on June 1, 1992.
2. Four sales tax exemptions were repealed and became taxable at 4.9%: interstate telephone and telegraph services; residential intrastate telephone and telegraph services; trade fixtures and equipment previously installed when sold by a person ceasing business; hotel and motel rooms rented for more than 28 consecutive days.
3. Two sales tax exemptions were repealed and became taxable at 2.5%: electricity, gas, and water consumed in production or manufacture of tangible personal property; original construction services, except for oil and gas wells, non-profit community housing development, and certain services furnished in connection with written contracts entered into prior to May 15, 1992.

To assure that additional sales and use tax receipts attributable to SDFQPA were available, existing demand transfers from the State General Fund to the State Highway Fund (SHF), Local Ad Valorem Tax Reduction Fund (LAVTRF), and County-City Revenue Sharing Fund (CCRSF) were adjusted so that those funds would receive approximately the same amount of money as they would have received under prior law.

Individual income taxes were also increased to make greater funding available to schools. Old rates were 3.65% on taxable income up to \$27,500 and 5.95% on taxable income in excess of \$27,500. New rates increased to 4.4% on income up to \$20,000 and 7.75% on income in excess of that amount.

Corporation income taxes were also adjusted. The base rate was lowered from 4.5% to 4.0%, the surtax increased from 2.25% to 3.35%, and the level at which the surtax becomes effective was increased from \$25,000 of taxable income to \$50,000.

V. BASIC SUPPORT PROGRAM

Funding in 1998–99: \$1,781 million.

Percentage of Total State Aid: 80.1%.

Nature of program: High level foundation with weighting scheme for programs, low enrollments, and other selected features. Some categorical funds as described later.

Allocation Units: State aid is calculated on enrollment of full time equivalency (FTE) pupils enrolled on September 20, or the first school day thereafter. The definition of a pupil is: (1) a child regularly enrolled in a district and attending kindergarten or any grade 1–12 maintained by that district; (2) a child regularly enrolled in a district and attending kindergarten or any grade 1–12 in another district in accord with an agreement under KAN. STAT. § 72-8233, as amended; (3) a child regularly enrolled in a district and attending special education services provided by the district for pre-school age exceptional children. Kindergarten and special education pre-school students are counted as ½ an FTE regardless of whether they attend a full-day or half-day program.

Local Fiscal Capacity: The local district's share of its base allowable budget is, in essence, a credit against its SFA entitlement. Local effort is defined as the sum

of the following revenues received in the current school year: (1) proceeds of the school district's general fund property tax levy (20 mills in 1998 and thereafter); (2) unexpended and unencumbered balances remaining in the general fund (except for revenues specifically identified by law as not being operating expenses); (3) unexpended and unencumbered balances remaining in the program weighted funds (except amounts in the vocational fund of a district which is operating an area vocational school); (4) amounts credited to the school district general fund from industrial revenue bonds and port authority bonds in lieu of tax payments; (5) motor vehicle tax receipts; (6) mineral production tax receipts; and (7) rental/lease vehicle excise tax receipts.

How Formula Operates:

General State Aid (GSA). GSA is the main funding program for districts' entitlement to General State Aid and is based on an enrollment driven formula. A district's spending power, called State Financial Aid (SFA), is determined by multiplying its adjusted (weighted) full-time equivalent (FTE) enrollment by Base State Aid Per Pupil (BSAPP). The statute fixes BSAPP at \$3,720 subject to annual legislative review. Adjusted enrollment includes the full-time regular enrollment of pupils in the district after taking into account a declining enrollment feature and seven other adjustments (weights) that have been added to reflect higher costs associated with serving certain pupil populations, transporting pupils, operating low or high enrollment districts, and adding new facilities. Specific weights are for low enrollment (under 1,750 pupils), correlation (over 1750 pupils), transportation, vocational education program enrollment, bilingual education program enrollment, at-risk pupils, and operation of new facilities.

Formula for Computing General State Aid:

$$\text{GSA} = \text{State Financial Aid} - \text{Local Effort}$$

where:

State Financial Aid (SFA) is BSAPP, i.e., \$3,720 per FTE pupil, times adjusted (weighted) enrollment. The \$3,720 BSAPP is adjusted by the State Board of Education if legislative appropriation is insufficient to fully fund entitlements. Adjusted enrollment includes the regular enrollment count, or the previous year's enrollment count in the case of a district in declining enrollment, plus pupil weightings as follows:

Category	Weighting
Transportation	Based on density/cost analysis for prior year and number of pupils transported 2.5 miles or more in current year.
Low Enrollment	Under 1,750 based on linear transition schedule. Three groupings qualify for aid: 0-99.9; 100-299.9; 300-1749.9.
Correlation	Over 1,750; rate is .054183
Vocational	0.5
Bilingual	0.2
At Risk	0.08
New Facilities	0.25, districts may use this for students attending new facilities only for two years and only if their voters have approved a 25% LOB and they are using the full amount.

and

Local Effort equals revenue from the uniform mill levy, balance in the general fund, balances in program weighted funds (vocational, transportation, and bilingual), proceeds of the general fund and transportation fund levies under the former finance law, revenues from port authority and revenue bonds in lieu of tax payments, mineral production tax receipts, motor vehicle tax receipts, rental/lease vehicle excise tax receipts, non-resident student tuition, and 75% of federal impact aid (P.L. 874) in accord with federal law and regulations.

In 1998-99, estimated GSA was \$1,716 million (80.3% of total state school aid).

Formula for Supplemental General State Aid (SGSA) for Local Option Budget (LOB). As noted earlier, districts may choose to adopt a Local Option Budget of up to 25% of BSAPP subject to protest petition and referendum. For districts

adopting a LOB, state aid is available depending on eligibility (local ability to pay), with local effort calculated as follows:

Supplemental General State Aid (SGSA) =

$$[1.0 - (\text{Prior Year AVPP} / \text{Prior Year 75th Percentile AVPP})] \times \text{District LOB}$$

where:

AVPP = assessed valuation per pupil

LOB = permissible local option budget

If a LOB is adopted, the district imposes property taxes above the statewide uniform tax rate to fund the balance of the LOB for which general state aid or other local revenues are not available.

The LOB resolution, authorizing the district to levy LOB for up to four years, is subject to a 5% protest petition election. The only exception is a provision for a 25% continuous LOB. Subject to protest petition, a district may pass a resolution authorizing a 25% LOB that never expires; the resolution must be for 25%, no lower, and must state that the LOB will never expire.

In 1998–99, estimated SGSA was \$65.3 million, which is 23.1% of all LOB money (3.1% of total state school aid).

Bond and Interest State Aid. Enactment of the new SDFQPA was accompanied by the introduction of state assistance to bonded indebtedness, where previously all such costs were borne by the local tax base. For qualifying districts, the following formula grants aid to capital needs:

Capital Improvements State Aid=

$$\text{District Bond \& Interest Payment Obligation For School Year} \\ \times \text{State Aid Percentage Factor}$$

where:

The state percentage factor is based on a formula providing aid for capital improvements inversely to the AVPP of districts. A state aid computation percentage factor is assigned to the median AVPP of all of school districts.

This factor is 5% for contractual bond and interest obligations prior to July 1, 1992, and 25% for obligations incurred July 1, 1992, and thereafter. This state aid computation factor is increased or decreased by 1% for each \$1,000 change in AVPP of a district above or below the median. Local property tax funds the balance of the district's bond and interest obligation. Districts are limited statutorily in the maximum amount of debt that can be incurred. This limitation is a separate provision from the basic school finance law.

In 1998–99, the state share of bonds and interest was \$22.7 million (1.1% of total state school aid).

Local Share: Districts are required to levy the uniform mill levy of 20 mills. Revenues exceeding the budget limit are re-captured. Districts may also approve a local option budget.

Weighting Procedures: Under the theory of declining economy of scale for small enrollment districts, the legislature, in SDFQPA, established a low enrollment adjustment for districts with fewer than 1,900 students (the student number was gradually lowered to 1750 after the passage of the correlation weighting provision in 1995). The low enrollment weighting was determined by constructing linear transitions between the 1991–92 median budget per pupil of districts having enrollments of 75–125 and 200–399, and between the 1991–92 median budget per pupil of districts having enrollments of 200–399 and 1,900 or more. These cutoffs were retrospectively related to the old SDEA, which contained enrollment categories for the same purpose of recognizing diseconomy of scale but which were widely believed to be discriminatory under the findings of the first court in advance of trial. The new SDFQPA eliminated the enrollment categories, but nonetheless used the old cutoffs as benchmarks for creating the low enrollment weights in the new law. This weighting procedure provided a basis for determining a "schedule amount" for each school district having an enrollment under 1,900. The 1991–92 median budget per pupil in districts with 75–125 enrollment served as the schedule amount for districts with enrollments less than 100. For districts with enrollments of 100–1,800, the schedule amount was determined by a linear transition schedule based on the district's enrollment in the current school year. Increments in the linear schedule for districts with enrollments of 100–299 varied from the increments in the schedule for districts with enrollments of 300–1,899. The amount of the median budget per pupil of districts with enrollments of 1,900 or more is subtracted from the schedule amount determined for each district with an enrollment of less than 1,900. The result is divided by the median budget per pupil of districts with enrollments of

1,900 or more, and the quotient so derived is applied to a district's current enrollment to produce the low enrollment weighting factor. The total result is a table of weights indexed to each incremental change in pupil enrollment. Graphically, the result is the inverse J-curve found in the literature of school finance (see David C. Thompson, et al. *Fiscal Leadership for Schools: Concepts and Practices* (New York: Longman, 1994, p. 243). In response to the aforementioned first court findings in advance of trial, the legislature added correlation weighting to the funding formula in 1995. Correlation weighting gave additional weighting to larger schools to account for diseconomies of scale and higher costs as student numbers increase. In 1995–96, the student number cutoff for correlation weighting was lowered to 1875 (from 1900 previously), then 1850 in 1996–97, 1800 in 1997–98, and 1750 in 1998–99.

In 1998–99, the low enrollment weighting accounted for approximately \$222.8 million in formula aid (10.4% of total state school aid) and the correlation weighting accounted for approximately \$61.5 million in formula aid (2.9% of total state school aid).

Adjustments for Special Factors: Decreasing Enrollment Add-on. When a district's enrollment in the current school year has decreased from the preceding year, that district may use the previous year's enrollment numbers for the current year.

Aid Distribution Schedule: In contrast to the old SDEA, which saw quarterly state aid payments to qualifying districts, the SDFQPA requires each district to submit to the state estimates of funds needed. Whereas, districts previously invested idle funds in a full-scale management of total resources, districts are now dependent on electronic fund transfers to meet their full obligations, as the state now manages aid distribution on a tight disbursement schedule as follows:

July 5 and August 1:	Requested amounts from local districts;
September 1:	8.5% of prior year general state aid;
October 1 – December 1:	9% of current year general state aid;
January 1:	10% of current year general state aid;
February 1:	18.5% of remaining current year general state aid;

March 1:	20% of remaining current year general state aid;
April 1:	25% of remaining current year general state aid;
May 1:	50% of remaining current year general state aid;
June 15:	Total entitlement less payments to date.

District Off Formula: None.

VI. TRANSPORTATION

Funding in 1998–99: \$70.6 million.

Percentage of Total State Aid: 3.3%.

Description: Included in General State Aid (GSA) as weighted factor. The State Board of Education determines expenditures from the preceding year for transporting public and non-public school pupils on regular school routes. Calculations are then made to net out a portion of these costs designed to represent 50% of the costs of transporting pupils residing less than 2.5 miles from school. The remaining amount is divided by the number of pupils enrolled in the district residing 2.5 miles or more by the usually traveled road from the school attended and for whom transportation was made available by the district. The result (quotient) is the allowable per-pupil cost of transportation. The per-pupil cost of transportation of each district is then plotted on a density-cost graph to which a statistical technique is applied to construct a curve of best fit for all school districts. This procedure recognizes the relative costs of transportation per pupil in sparsely populated areas, as contrasted with costs in densely populated areas. Based on the school district's density (i.e., the number of resident pupils enrolled in the district who reside 2.5 miles or more by the usually traveled road from the school attended divided by the number of square miles of territory in the district), the point on the curve of the best fit is identified for each district. This is the formula per-pupil cost of transportation for that particular district. This figure is divided by the BSAPP and the quotient is multiplied by the number of resident pupils in the current school year living more than 2.5 miles from school and for

whom transportation is being provided. This produces the district's transportation weighting enrollment adjustment. This is then included in the weighting system to produce an additional weight per pupil to be used when calculating the district's total budget.

State Share: The state authorizes the amount of transportation aid disbursed by state funds, and the district assumes any remainder.

Extent of Participation: All 304 districts participate, either by operating transportation systems, contracting transportation with carriers, or making mileage payments to parents in lieu of operating a transportation system.

VII. SPECIAL EDUCATION

Funding in 1998–99: \$218.8 million.

Percentage of Total State Aid: 10.2%.

Description: Special education is a strict categorical fund based on a plan that funds the number of FTE special teachers employed in a district or special education cooperative or interlocal agreement.

Catastrophic State Aid

School districts receive reimbursement for 75% of actual costs of special education services to an exceptional child in excess of \$25,000, based upon applications submitted by districts to the State Board of Education. This aid is the first claim on the amounts legislatively appropriated each year for special education services aid.

Special Education Services Aid

Of the amount of special education aid remaining after the catastrophic state aid entitlements have been paid, school districts receive 80% of travel allowances for special education teachers, 80% of costs for transporting special education students to and from special education services, 80% of maintenance of an exceptional child away from home (subject to a \$600 limit per child per year). After catastrophic and transportation costs are known, the remaining amount of appropriation is distributed by a formula based on a uniform amount per teaching unit (FTE teacher = 1.0, while approved paraprofessionals = 0.4). In most years,

the appropriation has been based on a targeted percentage of a statewide calculation of the excess costs of providing special education services.

State Share: See Special Education Services Aid above.

Local Share: Any remaining cost not covered by either catastrophic aid or special education services aid is the responsibility of the local district, usually met by transferring monies from the district's general fund to its special education fund. Districts also may choose different delivery systems for special education to curb costs. Two such systems are common. Larger districts generally choose to operate their own special education services. All other districts choose either a special education cooperative, or alternatively, a special education interlocal agreement. The differences between a cooperative and an interlocal are legal and managerial, with both designs resulting in collaboration and cost-sharing among a group of districts.

Extent of Participation: All 304 districts must participate and all receive aid.

VIII. COMPENSATORY EDUCATION

Included in the State Financial Aid (SFA).

IX. GIFTED AND TALENTED EDUCATION

Included in Special Education funding.

X. BILINGUAL EDUCATION

Funding in 1998–99: \$5.4 million.

Percentage of Total State Aid: less than 1%.

Description: Included in General State Aid (GSA) as weighted factor.

Extent of Participation: Only districts with a state-approved bilingual program may participate.

XI. EARLY CHILDHOOD EDUCATION

Funding in 1998–99: \$3.0 million.

Percentage of Total State Aid: less than 1%.

Description: At-risk four-year-olds can be counted as ½ FTE, which is included in the district student count.

Extent of Participation: Only districts with a state-approved at-risk preschool program may participate

XII. OTHER CATEGORICAL PROGRAMS

Kansas utilizes categorical programs for the areas of food service, driver training, inservice education, parent education, and educational excellence grant program funds. Most of these funds are minor compared to the programs already discussed. Further, districts may be responsible for operating post-secondary vocational education programs, although these tuition programs are not included here since they do not fit K–12 education; additionally, a very small number of districts operate adult education programs, although not required by law and are not discussed due to lack of relevance to K–12 education.

Food Service

Funding in 1998–99: \$2.4 million.

Percentage of Total State Aid: less than 1%.

Description: Aid to local districts, in addition to federal subsidies.

State Share: The state's share is structured in the same manner as federal food aid, set at \$.50 per reimbursable meal and includes an underproration provision. In practice, the amount appropriated is based on minimum federal program state level matching requirements.

Local Share: The local district determines the price of meals as a part of local decisionmaking. In practice, the district calculates its actual cost per meal, subtracts federal and state aid, and decides how much of the difference should be shifted to the child, with the district paying the remainder.

Extent of Participation: All 304 districts.

State Safety Fund

Funding in 1998–99: \$1.5 million.

Percentage of Total State Aid: less than 1%.

Description: Driver training aid is provided in a uniform amount per pupil, who, in the preceding year, completed an approved driver training course conducted by the school district. Motorcycle safety is provided in a uniform amount per pupil, who, in the preceding year, completed an approved motorcycle safety course conducted by the school district.

State Share: A uniform amount as reimbursement based on legislative appropriation and distributed as described above.

Local Share: The difference between actual cost less state reimbursement.

Extent of Participation: Any school district that wishes to operate a driver training or motorcycle safety program may participate.

Inservice Education

Funding in 1998–99: \$4.0 million.

Percentage of Total State Aid: less than 1%.

Description: A program designed to provide staff development and school improvement. Local districts create inservice programs based on local needs and state requirements for reform found in SDFQPA.

State Share: Aid entitlements are determined on the basis of priorities established through a needs assessment program. A district's state funding may not exceed the lesser of .5% of the district's legally adopted budget of operating expenses or 50% of program costs, *or*, for innovative and experimental procedures, activities, and services in a school district inservice education plan, 50% of program costs. Awards are based on applications submitted by districts to the State Board of Education.

Local Share: Any costs beyond state reimbursement are the responsibility of the district.

Extent of Participation: All 304 districts.

Parent Education

Funding in 1998–99: \$4.7 million.

Percentage of Total State Aid: less than 1%.

Description: The program is designed to provide parents of children up through age two with parenting and child development information.

State Share: Kansas's law states that the amount of a parent education program grant may not exceed program costs. However, funding provisions establish a 100% school district local funds matching requirement.

Local Share: Any unfunded costs after aid to districts are borne locally.

Extent of Participation: 198 districts participated, either alone or in cooperative programs.

Educational Excellence Grant

Funding in 1998–99: \$1.6 million.

Percentage of Total State Aid: less than 1%.

Description: Educational Excellence is a competitive grant program. Application is made to the State Board of Education, with amounts determined by the State Board of Education according to established funding priorities.

State Share: An educational excellence grant may not exceed 50% of the cost of maintaining the plan. Since 1992, funds have been limited to only innovative programs.

Local Share: At least 50% of cost is borne by the local district and may be greater if the SBOE chooses to fund an application at less than the maximum allowable by law.

Extent of Participation: 21 grants were made, in which 137 districts participated.

Structured Mentoring Programs

Funding in 1998–99: \$0.9 million.

Percentage of Total State Aid: less than 1%.

Description: In 1999, the Legislature approved \$975,000 for local school districts to fund structured mentoring programs. The purpose of these programs is to provide a highly organized mentoring system that is designed to improve students' skills and raise academic achievement. Trained mentors interact with students to strengthen their skills in reading, mathematics, language arts, and/or Spanish language arts. The interaction is to be guided by a diagnosis of the individual student's needs and an individual learning plan developed by a classroom teacher. Mentoring may occur one-to-one or in small groups by trained volunteers or certified staff. Eligible programs must provide mentoring instructional support for a minimum of 15 minutes per day at least three times a week.

State Share: Grants are awarded on a competitive basis and priority is given to those applications that demonstrate the greatest need based on state assessment results in reading and mathematics. State funds may be used to expand current mentoring programs or establish new ones.

Local Share: State funds must be matched locally dollar for dollar.

Extent of Participation: 18 applications were approved in the 1998–99 school year.

XIII. TEACHER RETIREMENT AND BENEFITS

Funding in 1998–99: \$84.6 million.

Percentage of Total State Aid: 4.0%.

Description: The Kansas Public Employees Retirement System (KPERS) is a mandatory program for Kansas educators, as well as many other employees of the state. Employee deduction (4%) funds the first share, and the state contributes to KPERS on behalf of school employers. There is no local district share. The

state's contribution is a percentage of payroll that is determined by actuarial evaluation.

State Share: See above.

Local Share: See above.

Extent of participation: All 304 school districts.

XIV. TECHNOLOGY

Funding in 1998–99: \$10.0 million.

Percentage of Total State Aid: less than 1%.

Description: There is no provision specifically for technology; however, in 1998–99, the legislature allocated \$10 million of windfall tax dollars to K–12 education for technology. The money was used as a matching grant that each school district was eligible for as long as the district had a state-approved technology plan. The money was split between all 304 school districts as a flat \$12,500 per district plus \$13.70 per student.

State Share: See above.

Local Share: State funds had to be matched locally dollar for dollar.

Extent of participation: All 304 school districts.

XV. CAPITAL OUTLAY AND DEBT SERVICE

State Aided Programs

Capital Outlay

Funding in 1998–99: A restricted form of aid to capital outlay is included in General State Aid (GSA) as a weighted factor as described below. A separate funding scheme for state assistance to bonded indebtedness is described later.

Description: Separate aid for maintenance and operations is not available, as these may be paid from a district's general fund or from a special capital outlay

fund that is allowed to accumulate. School facilities weighting is part of General State Aid (GSA) as noted earlier and below.

New Facilities Weighting: This weighting is assigned to the enrollment of districts to assist with costs associated with beginning operation of new facilities. For qualifying districts, such weighting of 0.25 per pupil is available only during the first two years-the year in which the facility is opened and the following year. This weighting is further restricted to those districts which have utilized the full amount of local option budget (LOB) authorized for the school year (see earlier discussion of LOB).

State Share: See new facilities weighting above. Maintenance and operations may be paid from the school district's general fund or its capital outlay fund. The general fund is equalized by payment of general state aid (GSA). The capital outlay fund may also receive GSA monies by scheduled transfers from the general fund.

Local Share: Local share is determined by the extent of local participation in GSA. See calculation of local share under earlier description of how general state aid is determined.

Local Special Taxing Authority. In addition to the foregoing provisions, a 1993 amendment permitted school districts to seek approval from the State Board of Tax Appeals (SBOTA) for authority to levy a property tax to pay certain costs associated with commencing operation of new school facilities. To qualify, the district must have begun operation of one or more new schools in the preceding or current year; or both have adopted the maximum LOB of 25% of State Financial Aid (SFA) and have had an enrollment increase in each of the last three school years preceding the current year which averages 7% or more. The funds from this levy, if approved by SBOTA, are for an amount equal to the cost of operating the new facility that is not financed from any other source previously discussed here. This separate levy authority may not exceed two years, and the proceeds are deposited to the district's supplemental general fund and budgeted in the LOB as an addition to the maximum amount otherwise permitted under LOB. These revenues are restricted to use for new facility operations.

Extent of Participation: All 304 districts may participate in maintenance and operations funding as described, and all districts may qualify for facilities weighting as described.

Debt Service

Funding in 1998–99: \$22.7 million.

Percentage of Total State Aid: 1.0%.

Description: Beginning under SDFQPA, school districts are entitled to bond and interest state aid payments to help pay the costs of bond obligations approved by the district's voters. This aid, first authorized in 1992, is based on an equalization principle designed to provide aid inversely to district assessed valuation per pupil. One state aid matching rate applies to the duration of bond and interest payments on bonds issued before July 1, 1992. A different matching rate applies during the life of bonds issued on or after July 1, 1992. For districts at the median assessed valuation per pupil, the aid ratio is 5% for obligations incurred before July 1, 1992, and 25% for obligations incurred thereafter. This matching aid increases or decreases by one percentage point for every \$1,000 change in assessed valuation above or below the median assessed valuation per pupil for the state.

State Share: See description above.

Local Share: The unfunded portion of the obligation is paid from the local property tax as an added millage above the uniform statewide mill rate. The local share is effectively limited by the district's debt ceiling under separate statute, although there is no limit to actual mills charged.

Extent of Participation: All districts are eligible, providing the requirements of law are met. Because this aid is a demand transfer on the state general fund, the amount needed to fund entitlement is the amount expended.

XVI. STANDARDS/ACCOUNTABILITY MEASURES

Funding in 1998–99: \$1.2 million.

Percentage of Total State Aid: less than 1%.

Description: All schools are required to test students at various levels using state assessment instruments. The state mathematics assessment is given yearly in grades 4, 7 & 10; the reading assessment is given yearly in grades 3, 7 & 10; the writing assessment is given every other year in grades 5, 8 & 10; the science and social studies assessments are given in the years opposite the writing assessment

(currently, the science and social studies assessments are being revised and will skip a year, with the intended start date for the new assessments to be the 2000–2001 school year). Each school in the state is issued an Annual Report Card, showing these test data as well as district profile information (gender, ethnicity, and percentage of economically disadvantaged), attendance rate, graduation rate, dropout rate, school violence data, and numbers of students passing advanced math and science courses. The Annual Report Card must be published to the patrons of the school district.

State Share: The costs of developing and purchasing the assessment tools are borne by the state department of education.

Local Share: There is no direct cost to the districts.

Extent of Participation: All districts must participate in the state testing program.

XVII. REWARDS/SANCTIONS

None reported.

XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS

All funding for the state's charter schools is given to the charter school's base district. The charter school's student count, including all weightings, is counted in the base district's student count; the base district, then, allocates money to the charter school based on the provisions stated in the school's charter agreement.

XIX. AID TO PRIVATE SCHOOLS

None, except as transportation space by the most direct route is available, and as notification regarding certain federal funds applies to private schools.

XX. RECENT/PENDING LITIGATION

None, except for the litigation in *Unified School District No. 229 v. State*, 885 P.2d 1170 (Kan. 1994) that prompted the legislature to add correlation weighting to the low enrollment provision in 1995 (see low enrollment and correlation weighting under Basic Support Program).

XXI. SPECIAL TOPICS

None reported.