



Legislative Update

SCHOOL FINANCE AND OTHER POLICY

APRIL 14, 2014

School Finance Changes & Impact to USD497

Impact outline is based on 2013-2014 Enrollment and Weighting Information

Description	USD 497 Information	Funding Change
GF: Non Proficient At Risk: Eliminates	23.6 FTE X 3838	(90,577)
GF: Regular At Risk: No Students over the age of 19 or part time students grades 1-12; does not apply to students with IEP	8.2 FTE X 3838	(31,471)
GF: BSAPP increase \$14.00	Before removing above Funding	195,732
LOB: Reduced FTE Counted towards LOB Calculation	$(1449.6 + 23.6 + 8.2) \times 4433 \times 31\%$	(2,035,784)
LOB: Increase the BSAPP used in NEW LOB calculation ** (4433 to 4490= \$57 increase)	$12,862 \times \$57 \times 31\%$	227,272
LOB: Impacted by \$14 BSAPP	COLA FTE adjusts with BSAPP change	(1,671)
	Sub Total	(1,736,499)

LOB and Capital Outlay Equalized at Full Funding

Capital Outlay Fund will be fully equalized with State funding

- USD#497 Lawrence does not receive any state aid funding in the Capital Outlay fund, so this will have no effect on the District

Local Option Budget will be fully equalized with State Funding, currently it is equalized at 78%

- The additional State Aid will not provide additional budget authority for USD#497, we are already maxed at the 31%
- It will mean that the district doesn't need to assess as high a mill levy to fund the same 31%
- Assuming the % of state aid we receive remains at 19.74%, and **BEFORE** we lose LOB funding under the new formula change we would have gained state aid of \$1,016,534, approximately 1 Mill of property tax relief

LOB Option to increase from 31% to 33%

There is an option to increase the LOB for districts from 30% to 33%; or if a district has had an election to be at 31%, from 31% to 33%

If a district is moving from 30%-33%, they must have an election and it must be a mail in ballot election.

If a district is moving from 31%-33%, for 2014-2015 this can be done by a vote of the Board of Education. The resolution would be valid for 1 year. - this is the option USD497 has.

If the district wants to stay at 33% after the 2014-2015 school year, it must be done by election and it must be a mail in ballot election in order to continue an LOB at 33% for the 2015-2016 school year and beyond.

In addition it must be noted the extra \$57 added to the BSAPP amount (\$4,433 to \$4,490) used for calculating the LOB budget authority expires at the end of 2015-2016 and for fiscal year 2016-2017 it goes back down to \$4,433 from the \$4,490. So the \$57 increase is only good for 2 years.

What would the change in LOB mean to USD#497 Lawrence if the District would go to 33% ?

Description	USD 497 Information	Funding Change
LOB: Increase to 33%		1,393,365
	Sub Total from earlier impacts	(1,736,499)
	Net Change – No Enrollment, Weighting growth or changes other than formula changes have been considered in this example	(343,134)

Impact on Mill levy going from 31% to 33% and getting 100% State Equalization Aid:

Due to the formula change and the calculation impact to USD#497 even if we go to 33% and the higher, 2 year calculation BSAPP, we will not gain back 100% of what is lost in the formula change and we would anticipate there is still a .4 to .6 mill decrease which equates to property tax relief.

No growth considered.

Additional Finance Items

Expanded use of capital outlay:

- This requires a new resolution the board can do at any time after July 1, 2014

Statutory BSAPP is currently at \$4,492, which the State is not funding, the bill changes the statutory reference to \$3,838

Virtual Enrollment is retained for general fund at the 1.05 weighting, but removed from the FTE calculation for the LOB

New Facilities Weighting is grandfathered for Bond issues approved before July 1, 2014

- This would mean that USD#497 will get to calculate and use the “two year” new facilities funding to assist with start up costs of new classrooms in the various school additions over the next few years.

Policy Items

Replaces the current statutory goals with Rose “capacities” (a Kentucky based court case)

Commission established to study opportunities to make more efficient use of taxpayer money

Allows licensure of certain high school teachers (CTE, STEM) without college education degree

Teachers under Tort Claims Act – requires notice of coverage

Due Process Rights for Teachers – eliminates due process rights for teachers employed by school districts; continuing contract law will still apply

Allows for an increase in Innovative Districts from 10% of total districts to 20% only for districts with Focus or Priority Schools.

School District Budget Documents – Requires one-page summary budget documents available at board meetings (KSDE will be developing the format for this)

Income Tax Credits for Private Schools -- Creates corporate income tax credit for scholarship contributions to low income, previously enrolled in Title I Focus or Priority schools public schools

Questions



Note: Estimates in this presentation are subject to change as further budget development and clarification is given from the Kansas State Department of Education School Finance division as they interpret the bill and develop the State Budget Documents