

To: Board of Education

From: Anna Stubblefield, assistant superintendent, educational support
Kathy Johnson, director, finance

Re: Approval of School Finance Recommendations & 2017 Legislative Priorities

Date: November 23, 2016

Background:

In 2015, the Kansas Legislature repealed the 1992 school finance formula and replaced it with a block grant system for two years. The block grant system expires in 2017, so the Legislature will be developing a new funding system in the upcoming legislative session.

On November 14, 2016, the Lawrence Board of Education reviewed a draft of input received related to developing a new school finance framework. The board also reviewed last year's legislative priorities.

Recommendation:

The board will review the final draft of input regarding a new school finance framework prior to submission to the Governor, Kansas Legislature and Kansas Association of School Boards. The Governor's office is also accepting direct input from any interested party on school finance by emailing StudentsFirst@ks.gov by November 30, 2016. The board will review a final draft of 2017 legislative priorities.

Motion 1:

"I move the Board of Education approve the submission of Lawrence USD 497 Input on School Finance Formula Framework to the Governor, Kansas Legislature and Kansas Association of School Boards."

Motion 2:

"I move the Board of Education approve the 2017 legislative priorities, as outlined."



Lawrence Public Schools, USD 497

Input Regarding New School Finance Framework

Lawrence USD 497 is a learning community committed to ensuring educational equity and excellence so that students of all races and backgrounds achieve at high levels and graduate prepared for success in college, careers and life in a diverse and rapidly changing world. The Lawrence Board of Education believes educational opportunity should be a function of the taxable wealth of the state. A student's zip code should not determine his/her access to educational opportunities. A system of local control by school boards helps to ensure the needs of all students and their unique communities are met.

Developing a new or revamping a former school finance formula is a complex process. There are many unique and complex variables that can impact a district and the varying needs of students. Lawrence USD 497 advocates that the following considerations be included as the state of Kansas develops a new school finance framework.

Equity and Adequacy

The framework should meet the constitutional requirements of equity and adequacy. Public education funding needs to be adequate to meet the diverse needs of students and to ensure that teachers and staff are paid a fair and competitive wage, including benefits. Funding should be paid to districts in a known and timely fashion, received during the appropriate fiscal year and support recommended best practices related to class size (student/teacher ratio). The funding formula should be based on research, not politics.

Educational Risk Factors

The framework should provide funding to ensure all students have an equal opportunity to be college and career ready, as defined by the Rose Standards, and meet state educational outcomes set forth by the Kansas State Board of Education (Kansas Can!) and KESA (Kansas Education Systems Accreditation). Some students will require greater support and instruction to meet (the Rose) standards. Student risk factors should be defined by more variables than poverty, including absenteeism, retention, English Language Learner (ESL/ESOL), homelessness, mental and social risk factors, race and ethnicity and other circumstances as applicable.

Targeted Funds

The framework should support the additional costs of vocational/career and technical education programs, such as smaller class sizes and the higher cost of equipment/materials; teaching English as a Second Language, mental health support (social, emotional and behavioral) and personalized learning (academic). Student transportation should be reimbursed at a lower mileage threshold (one mile) than the current 2.5 miles for qualified circumstances, including homelessness, safety, young age and road hazards, including highways, no sidewalks. Funding should be available for Safe Routes to School programs for students who walk to school.

The state should provide full funding to support special education, as required by law; full-day kindergarten, early childhood education, Parents as Teachers programs, teacher mentoring, National Board Certified teacher stipends, professional development and collaboration to maintain and increase high quality staff in all areas (administration, certified and classified) and to implement new standards and curriculum and ongoing programs and initiatives.

Based on Audited Enrollment

The framework should be based on a known and audited student enrollment number, such as the audited enrollment of the prior fiscal year with no fall adjustments. Enrollment should include students in virtual education. Reductions in enrollment should be phased by the highest of three options: current enrollment, prior enrollment or a three-year average. The formula should provide a predictable system for budgeting by both school districts and the Legislature with a known annual adjustment based on Cost of Living/CPI to keep up with inflationary cost increases and factors to account for the density and size of districts.

Cash Carryover/Cash Balances/Contingency Reserve

The framework should include allowances for carryover of cash balances in all funds. Cash balances support growth in a subsequent year, support cash flow and enable districts to manage unforeseen circumstances, develop short- and long-range plans for meeting student needs and plan for projects without incurring debt. If a maximum percentage cap is used, it should not be established as of July 1, but rather as of December 31, when cash balances are usually at their lowest point in a fiscal year. GASB guidelines should be used for establishing a percent of cash to operating expenditures to carry. The calculation should not include funds such as Bond and Interest, Capital Outlay, Contingency Reserve, Special Assessments, Federal Grants, Local Donation, Student Activity Accounts and Special Liability Funds. The framework should allow for a Contingency Reserve Fund separate from the Operating Fund reserves/cash balances. Local school boards determine the most efficient way to spend resources to meet student and community needs.

Local Option Budget

Local Option Budget authority should be allowed without being included as part of base funding. LOB authority should be separate to supplement and enrich district educational opportunities, foster innovation, freedom and flexibility. LOB authority should include equalization that meets the constitutional standards of equity. A district's LOB authority should not be subject to public referendum.

Capital Outlay

A Capital Outlay funding system should be continued, as defined in the prior formula and current law for equalization and use of funds. The flexibility of funds should be limited to the current criteria, as defined in statute. If a careful balance is not maintained between capital improvements and ongoing operational expenses, school buildings will no longer be maintained in a manner that provides safe and secure facilities for students. The state should increase the maximum mill authority on the Capital Outlay fund from eight to ten mills and allow local boards to set a mill levy required to meet the maintenance and facility upkeep unique to their districts.

Bond and Interest/New Facility Dollars

Bond and Interest funding should return to the state aid calculation of the formula prior to the block grant. In providing funding for new facilities, the state should recognize that new schools and classrooms have additional startup costs. This formula should be based on square footage and extend the two-year window.

COLA

The state should continue the Cost of Living Allocation for districts with a higher than average cost of living.

State Tax Policy

Public school districts should remain tax exempt, paying no local, state or federal tax. State tax policy should be balanced and sustainable. Changes in education funding and policy should not increase the disparity in local tax efforts. New revenue sources should be equalized. State revenues should come from a balanced and equitable mix of sources: sales, income and property taxes. Taxes should be broadly based to ensure fairness for all Kansans. The state should fully fund operating costs of a "suitable" education through state taxes and a statewide mill levy.

Public School Funding Policy

The framework should not be tied to teacher performance, student assessments or required participation in a state health plan. Kansas should not prohibit state aid from being used for extracurricular activities or food services. The framework should not include school vouchers, tuition tax credits or choice plans to aid private schools not subject to the same legal requirements as public school districts. The state should continue to support the authority of local boards to provide services to private school students.



Lawrence Public Schools, USD 497's 2017 Legislative Priorities

Universal public education, a foundation of our democracy, is a fundamental right that does and should provide for each child the opportunity to reach his/her potential. Lawrence USD 497 is committed to policies that promote continuous academic growth for students of all races and backgrounds.

Kansas public education is governed by locally elected, non-partisan boards of education, citizens from varied backgrounds serving school districts without pay and with accountability to district voters. USD 497 supports this system of local control by school boards.

School Finance/Tax Reform

Lawrence USD 497 advocates for full and fair funding of Kansas public schools, the development of a new school finance framework that meets the constitutional requirements of equity and adequacy and tax policy based on a balanced and sustainable mix of sales, income and property tax revenues. **(See Input Regarding New School Finance Framework.)**

Governance

- As the constitutional authority charged with the management of local schools, the school board is accountable to district patrons through the electoral process, and must be the final authority on local management decisions for expenditures, personnel and programs.
- School districts and interlocals should be authorized to provide virtual schools and programs meeting the same accountability requirements as traditional schools.

Elections

- School board members should be elected as part of non-partisan elections held in the spring.
- Lawrence USD 497 opposes legislation that limits qualified individuals from serving on local school boards. Existing conflict of interest policies suffice to ensure accountability.

Curriculum

- A district's curriculum should be established by the local board of education, not by state statute, as long as the district meets state accreditation requirements.
- Whenever costs are incurred by local school districts that can be attributed to actions of any agency acting under state authority, those costs should be reimbursed to the school district by the state. New curriculum and program requirements should not be imposed unless the change has received an independent cost study and additional funding is provided by the state.

Personnel

- Lawrence USD 497 supports evaluation of personnel as a local responsibility, focused on improving instruction and student achievement and based on multiple measures of performance.

Standards and Accountability

- Lawrence USD 497 supports the implementation of Kansas College and Career Ready Standards with continued emphasis on career and technical education, an outcomes-based accreditation system for Kansas school districts and meaningful support for districts not meeting accreditation standards.
- High school graduation proficiencies should be established by local boards of education. The establishment of "proficiency" standards by the State Board should be guidelines not requirements.

KPERS

- Lawrence USD 497 supports a long-term, sustained commitment to state funding for KPERS.
- Lawrence USD 497 opposes making KPERS a non-contributory system. The Legislature should consider changes in the KPERS system to reduce the need for state general fund support, providing that benefits remain appropriate to attract and retain qualified employees.
- Reinstate previous working after retirement laws to allow KPERS retired staff to continue working without penalty.

Independent Judiciary

- Lawrence USD 497 supports the role of an independent judiciary in enforcing constitutional provisions and opposes either changing the selection process for judges or limiting the ability of the courts to enforce these provisions, which would weaken the separation of powers in Kansas.

Student Data

- Revise the Student Data Privacy Act to allow districts to administer surveys such as the Youth Behavior Risk Survey to assess health and wellbeing and to monitor student perceptions of safety in schools.

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