

House Appropriations Committee

Testimony on HB 2403 – The Classroom Learning Assuring Student Success (CLASS) Act

Delivered by Cheryl L. Semmel, Executive Director
United School Administrators of Kansas and the Kansas School Superintendents' Association

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Thank you for the opportunity to appear before the Committee on HB 2403 – The Classroom Learning Assuring Student Success (CLASS) Act. We appear today in opposition to the bill.

Administrators recognize that there is a lot of interest in discussing how education in Kansas is funded. Often times, the Governor and members of the Legislature have talked about education being the most important function of state government. Certainly, funding for education programs comprises the largest portion of the State's budget. Above all, it is the mechanism by which we prepare students for success in postsecondary education and the workforce.

When discussing school finance and costs, it seems appropriate to begin with the end in mind. USA|Kansas believes the discussion of education funding and resources must begin with a discussion of what it means to be a well-educated student in Kansas. In many ways, this could fundamentally change the shape of the year in-year out debates over outcomes and school finance. Unfortunately, there has been little discussion about the outcomes we hope to accomplish *for students* and how this proposal supports those goals.

USA|Kansas maintains support for funding the current formula. To the extent that it truly is complex, it is so because it is designed to meet the educational needs of a vast array of students. We recognize that there may be areas in the current formula that could be improved and are willing to work with you to address concerns. However, we are strongly opposed to simply throwing it out.

Creating uncertainty. A block grant proposal has largely been promoted as a temporary measure until the Legislature can develop a new school finance plan. With no clear vision of what the future holds – in terms of a school finance formula, state revenues or appropriations – this bill could impede efficiency and discourage innovation and development of new programs. Already, some schools participating in the Innovative Schools program or ramping up their career and technical education programs are afraid they will have to scale back their growth because the only way to fund them would be at the expense of basic education programs.

Further uncertainty is created for school districts with declining enrollment or continued growth. The bill appears to allow *only those* districts currently receiving declining enrollment or ancillary facilities weightings to continue to do so for the next two years. Some are now indicating it will be exceptionally hard for them to develop budgets and allocate resources without a certain funding formula. Some of our growing districts have new facilities scheduled to open over a period of several years. Those districts approved long-term plans to address growth and did so with the expectation that

the new facility weighting would be funded. Unfortunately, HB 2403 eliminates the new facility weighting for those districts opening buildings in 2016-2017.

New funding to schools? In HB 2403, \$171 million of the \$300 million in “new funding” is allocated for the KPERS employer contribution rate. This is new money, but it will not go to the classroom. There are no new resources directed toward student learning.

The remaining \$129 million in “new funding” was appropriated by the 2014 Legislature to fund Capital Outlay and Supplemental General State Aid (equalization) in the current school year. Based on last year’s commitment, districts have already incorporated that funding into current budgets.

Equalization. Administrators believe that equalization is an especially important aspect of any funding formula given the significant variance in the value of a mill across the state. HB 2403 amends the formula for calculating capital outlay and supplemental general state aid equalization. This change results in decreased spending on equalization aid and creates even greater disparities among districts (based on the assessed valuation per pupil).

Weightings and allocation of funds. The weightings have been effective, in large part, because they are responsive to changes in student demographics over time. As district enrollment increases with students who demonstrate the greatest needs, additional funding becomes available to invest in programs and resources specifically targeted to those students. HB 2403 does not account for the cost variations of serving different student populations.

Bond and Interest. School districts are committed to ensuring safe and modern facilities that are conducive to student learning. HB 2403 amends the bond and interest state aid formula for contractual bond obligations incurred after July 1, 2015. We question whether this was intended to be bond elections held after July 1, 2015? Successful bond elections in Spring 2014 may not incur the debt until after July 1, 2015. Districts holding elections this Spring have represented financial information to taxpayers based on current law.

Extraordinary need state aid fund. The bill creates a new fund that appears to be an effort to respond to concerns about unforeseen and unexpected circumstances. Unfortunately, this section leaves a number of question, including:

- How often will the state finance council convene to review applications?
- What happens if legitimate claims exceed the amount appropriated?
- How will terms like “extraordinary” and “substantial” be defined?

Fund flexibility. HB 2403 does provide school districts with additional fund flexibility by allowing funds in certain programs to be used for general operating expenses approved by the local board of education. Administrators have often advocated for additional fund flexibility and recognize your efforts to respond to those requests.

Given the state’s current fiscal projections, administrators are concerned that no matter what the funding formula, neither will be funded at proposed or current funding levels.

Administrators stand ready and willing to respond to questions about our testimony and address concerns related to the existing formula. **Our goal is to work with you to accomplish what is best for students.**