

Testimony submitted to the
House Committee on Appropriations
on
HB 2403 – School Finance (Block Grant: SFY2015-2017)

by

Lew Faust, Director of Business Services
Manhattan-Ogden USD 383
March 9, 2015

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify on HB 2393. I submit this as an opponent HB 2403.

First, the primary change proposed in this bill would be to unequally reduce the amount of state aid to school districts for the current year. This would be the result of the adjustments to the distribution formula for both capital outlay and local option budget equalization aid. Manhattan-Ogden USD 383 would lose \$592,128 in local option budget aid. That reduction, coming during the ninth month of the fiscal year, represents a 28% reduction in the aid amount for the local option budget fund.

Equalization aid was the topic of consideration by the Kansas Supreme Court in 2014. The finding of the court led to adjustments (HB 2506) that fully funded equalization aid for SFY 2015. This action resulted in the court finding that the legislature had complied with the equalization order in the Gannon case.

The adjustments to the current fiscal year proposed in HB 2403 are not applied equally and defy the decision from the Kansas Supreme Court. Furthermore, the Governor and almost every member of the legislature noted that additional money was put into education and that education would not be subject to reductions, during the campaign last fall. The current proposal undermines the trust of the voters in the Kansas.

The Governor's office and legislative leadership have made it clear that they do support the current school finance formula. The formula was created by the legislature and has been found to be constitutional. The administration claims the formula is broken and hard to understand. Education funding makes up 50% of the state budget. The Governor and legislative leadership of the state during the last four years did not understand the process by which that large of a portion of the budget was determined? I doubt if that is true, rather it is rhetoric created to justify not funding the school finance formula. The objectives are clearly driven by the tax reduction policies. Recommending a plan to not fully fund education at the levels approved by the legislature and signed by the Governor in HB 2506 last session will likely invoke another intervention by the courts.

There has been much discussion of the "unanticipated increased costs" of fully funding the current formula during SFY 2015. Legislators were informed that the calculations done last spring were estimates and there was no way to know how school districts would respond to 100% equalization aid levels. A combination of factors led to many districts increasing their local option and capital outlay

budget authority. The additional costs were inevitable, if one took the time to understand how the changes in HB 2506 impacted school finances and budget management for SFY 2015.

The bottom line is that the current school finance formula is valid, constitutional and understandable. Yes, it is complex, but the budget process for an entity the size of the State of Kansas is inherently complex. The formula has worked for Kansas schools and citizens for over twenty years. The fundamental issue is the state does not have the means to fund the formula. This has led to the court cases and essentially created an adversarial relationship. Meanwhile the students of Kansas, our future, do not have the benefit of an educational system that is fully focused on preparing them to be better citizens for the future.

The solution is simple, fund the constitutional formula. I realize getting to that point is problematic. Leadership is never easy and at times you must assess if the pathway you are on is really based on what is best for the majority of citizens in our state.

Thank you for your time and consideration.