



**KANSAS ASSOCIATION
OF SCHOOL BOARDS**

Serving Educational Leaders, Inspiring Student Success

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Testimony before the
Senate Committee on Education
on
SB 294 - Creating the Education Finance Act of 2015
by
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Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **SB 294**. KASB appears as neutral on this bill because there are elements we would support under the policies adopted by our members; there are elements we would oppose under our current policies; and there are elements we need the opportunity to study. We ask you to consider the following points:

First, we strongly agree that the proposal places the focus where it should be: on measures of long-term student success. The definition of successful students in this bill is very close to the definition adopted by KASB. We need to shift from the focus from test scores, curriculum and program mandates and allocation of dollars to how well districts prepare students for successful lives. However, it will take further study to determine if these are the best measures available.

Second, KASB's current school finance positions were developed in 2010 by a special committee of school board members and administrators representing the diversity of Kansas districts. The recommendations of that committee have been annually reaffirmed by our Delegate Assembly in specific policies including adequacy for rising education outcomes; differential funding based on different educational costs for students, programs and districts; adjustments as those costs change; and equalization of local funding mechanisms.

KASB opposed the block grant concept that passed in the Legislature on **SB 7** because it was not supported by our school funding positions. However, assuming **SB 7** becomes law, KASB supports developing a new school finance system that incorporates those features based on rational education needs and meets requirements of the Kansas constitution,

Third, **SB 294** is presented as a pilot program for innovative school districts. We believe the concept of a pilot program makes sense, and KASB has supported the innovative district model as a way to experiment with innovative educational policies from its conception. However, we suggest that the innovative districts should be given the opportunity to decide whether to participate in this funding system because it is a significant "change in the rules" for these districts.

Should any of the current districts decide not to participate, the Legislature and State Board could consider an expedited process of adding a replacement(s) if other districts are interested.

Fourth, while there is much about **SB 294** that we cannot yet fully evaluate, it shares some important components of our school finance principles; specifically, adjustments for enrollment and district characteristics such as population density and student poverty, and local funding flexibility with a system of equalization similar to previous system and perhaps improved by a more comprehensive definition of wealth.

KASB School Funding Committee Positions	SB 294 - Pilot
1. The Kansas school finance system must provide equal opportunity for all students. Because of the disparity in revenues available to local districts, this requires equalization funding in the formula.	Contains equalization for local levy budgets; modified bond and interest aid; eliminates unequalized capital outlay levy; provides unequalized local funding for highest-wealth districts.
2. The basic structure of the current school funding formula is sound. The current weightings serve a rational purpose, but all weightings should be based on scientific research, not political expediency.	Provides a sparsity, poverty and student success adjustment; however, some current weightings are not included.
3. All school district expenditures should support student learning. The state should not attempt to direct funds into certain budget areas. Locally-elected boards should decide how education funds are used to address student achievement.	Does not direct funding into specific areas, but appears to eliminate state bond and interest aid for non-instructional areas.
4. The school finance system should encourage and remove barriers to sharing services and curriculum across school districts to promote efficient use of resources.	Not specifically addressed.
5. The state should seek to provide budget stability and predictability to promote long-term planning and to avoid mid-year budget cuts after contracts are in place.	The system is based on enrollment on Dec. 15 of the preceding year; providing both the state and districts more certainty in funding; however it does not adjust for significant additional costs in the current year.
6. Expanded local option budget funding is not a long-term solution to funding Kansas public schools. However, in the current state financial crisis, the ability to expand the LOB is a short term solution that can help students now. a. To address the requirements of the Kansas Constitution, any additional LOB must be offset with a higher equalization rate. b. Additional use of the LOB should be determined by locally-elected boards of education based on local needs.	Provides for a local levy budget equalized to the 81.2 percentile using a broader definition of district wealth (a higher rate of equalization than when the KASB committee position was adopted). There is no limit on the local levy, but districts above the 81.2 percentile share a portion of their additional spending with the rest of the state. An additional level of local funding authority is not equalized. Boards may adopt any level of local levy funding without any other approval.
7. Local tax effort should be more consistent among all Kansas school districts.	Cannot yet be determined with the information currently available.
8. The current “grandfather provision” allowing the LOB to be based on a \$4,433 base state aid per pupil should be extended to maintain current LOB levels.	No longer applicable.

9. Districts might benefit from additional flexibility in the use of state and local funds, but KASB should undertake further study on the impact of shifting funds among specific revenue sources.	Appears to have fewer requirements on the use of state and local funds as a result of fewer weighting factors.
10. KASB encourages a comprehensive review of state and local tax policy, including the appropriate balance among tax sources, the impact of tax exemptions and the role of school districts and other entities in granting tax exemptions and abatements.	Not addressed in this bill.

Fifth, at this time we cannot offer a complete endorsement of any of the mechanisms in this bill. There are numerous practical and philosophical concerns about many features. However, the Legislature, State Board of Education and local school districts must begin the discussion. However, we cannot support it being applied to the public school system as a whole without much more information. KASB is committed to developing research-based recommendations for the best possible system to promote successful students under the “Rose” capacities.

Sixth, KASB has serious concerns about Sec. 22, which creates a state review board to approve state aid for school construction bonds, and appears designed to limit state aid to that portion of school facilities exclusively used for instruction. Subsection (3), beginning on line 39, says the board shall review and “approve or deny the disbursement of capital improvement state aid under K.S.A. 75-2319, and amendments thereto, based on whether the project for which such bonds are to be issued is for instruction.” We question both the policy justification and the practical implications of such an approach.

Excluding non-instructional areas of school buildings would exclude counselor’s offices (positions critical to improving student planning for success in college and career), libraries, health rooms, kitchens and cafeterias (despite the importance of health and nutrition), transportation facilities (despite the fact that transportation of many students is required by state law), maintenance and supply rooms critical to the operation of classrooms, and principal’s offices that oversee instruction, student services and safety of students and staff.

State aid for capital improvement is not “charity” for low wealth districts; it is how the state meets its obligation to provide all students with an equal chance at success, regardless of the wealth of their district. Non-instructional functions described above are critical to helping students succeed. This provision quite simply means that taxpayers in lower-wealth districts must pay more for school buildings that include these functions - which means ALL school buildings.

Seventh, KASB also has serious concerns about Sec. 43, which would require all districts to comply with the generally accepted accounting principles of the Governmental Accounting Standards Board. During a hearing in the House Education Committee on a bill with this provision, there was compelling testimony from school business officials and C.P.A.’s that such a requirement would be counterproductive. The House committee tabled the bill.

If the committee wishes to advance the new finance system provisions of this bill contained in the first 21 sections, we would request that you remove the provisions on bond and interest aid and GAAP/GASB. Thank you for your consideration.