

MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by SENATOR JOSEPH C. HARDER at
Chairperson

1:30 ~~xx~~ p.m. on TUESDAY, MARCH 19, 1985 in room 254-E of the Capitol.

All members were present except:

Committee staff present:

Mr. Ben Barrett, Legislative Research Department
Ms. Avis Swartzman, Legislative Revisor's Office
Mrs. Millie Randell, Secretary

Conferees appearing before the committee:

HB 2144 - School district equalization act, definition of taxable income, limitations, capital outlay interest earnings. (Education)

Proponents:

Mr. Paul Fleener, Director, Public Affairs Division, Kansas Farm Bureau
Mr. Ken Rogg, Schools for Quality Education
Mr. Ferman Marsh, Superintendent, USD 450, Shawnee Heights; representing USA
Mr. Robert J. Clemons, Independence, member of the State Board of Education
Dr. A. W. Dirks, USD 259, Wichita
Mr. John Koepke, Executive Director, KASB

After calling the meeting to order, the Chairman recognized Mr. Paul Fleener, Director of Public Affairs, Kansas Farm Bureau. Mr. Fleener's testimony is found in Attachment 1. Mr. Fleener also urged the Committee to implement some of the recommendations of the Ad Hoc School Finance Committee on behalf of which he had given testimony at a prior meeting.

Mr. Ken Rogg, speaking on behalf of the Schools for Quality Education (Attachment 2), told the Committee that reliance on the property tax for financing education was the key issue of concern when he met with his board of directors on February 7. He continued by saying that the lower budget limitation was considered to be more of an issue than the higher budget limitation. Mr. Rogg stated that although he supports HB 2144 at this time, he also endorses the concepts of the Ad Hoc Committee on School Finance to which Mr. Fleener had referred and would hope that the Committee give serious consideration to these concepts in the future.

Mr. Ferman Marsh, Superintendent of USD 450, Shawnee Heights, stated that he was testifying on behalf of United School Administrators and urged the Committee to give serious consideration to a state mandate to improve teachers' salaries to a better position on the national scale and to address and continue to address both state and national mandates on a statewide basis. He expressed concern for a third consideration, as recommended by USA, and that is "Where does the money come from?" He asserted that the property tax had reached its limits. He recommended that HB 2144 address these aforementioned priorities as outlined by USA. In responding to questions, Mr. Marsh said that funding for school finance should be shared equally at the 50% level by the local district and the state. He also responded that he supports the concepts of the Ad Hoc Committee on School Finance and would recommend them for further study. In further response, Mr. Marsh indicated that although he believes a cut in administrative personnel could effect some financial savings in USD's, he felt this issue should be addressed at the local level.

Mr. Robert Clemons, a member of the State Board of Education, said that HB 2144, in essence, incorporates the State Board's objectives for increasing teachers' salaries, and his testimony is found in Attachment 3.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION,
room 254-E, Statehouse, at 1:30 ~~a.m.~~/p.m. on TUESDAY, MARCH 19, 1985

Dr. A. W. Dirks, on behalf of USD 259, Wichita, presented testimony which is found in Attachment 4. Dr. Dirks also stated that USD 259 supports pre-school education for handicapped children.

Mr. John Koepke, Executive Director of the Kansas Association of School Boards, described HB 2144 as having inadequate budget limits to properly fund education, and he pointed out the need for considering SB 88 in conjunction with HB 2144. SB 88, he explained, provides the funding for HB 2144. Mr. Koepke maintained that the budget authority allowed in HB 2144 is irrelevant and unrealistic since a statewide property tax of \$47 million would be needed to fully fund the budget authority allowed in the bill. Mr. Koepke indicated his support for a sales tax increase to help fund education. He also reiterated testimony previously given to the Committee by noting that the KASB's Delegate Assembly last fall had recommended to support no new programs, such as education for pre-school handicapped, until adequate state aid for funding present programs is realized. Mr. Koepke urged the Committee to delete the capital outlay provision relating to interest from HB 2144. He explained that this provision can be used for a one time purpose only and that it does nothing to increase budget authority in the following year.

Because of lack of time, the Chairman requested the remaining conferees to return to testify tomorrow, and he adjourned the meeting.

SENATE EDUCATION COMMITTEE

TIME: 1:30 p.m. PLACE: 254-E DATE: Tuesday, March 19, 1985

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Karl C. Oles	Topeka	Kansas-NEA
Bill Curtis	Topeka	Ks. Assoc. of School Bds.
John Kozyke	Topeka	KASB
Jacque Dakes	Topeka	KASB
Ken Rogge	Paola	SQ E
Bill Albers	Uchita	U.S. H. 259
M. D. McKenney	Topeka	USA
Leo H. Hubbard	Wesley	Wesley USD 260

SENATE EDUCATION COMMITTEE

TIME: 1:30 p.m. PLACE: 254-E DATE: Tuesday, March 19, 1985

GUEST LIST

NAME

ADDRESS

ORGANIZATION

<i>Susan Kroenert</i>	<i>8000 Granada, P.V. 66208</i>	
<i>CHARLES BELT</i>	<i>WICHITA</i>	<i>CHAMBER OF COMMERCE</i>
<i>Lisa Buehler</i>	<i>Weslata</i>	<i>USR 232</i>
<i>Jerry Marshall</i>	<i>Tecumseh</i>	<i>USA</i>
<i>Bob Johnson</i>	<i>Topeka</i>	<i>U.S.A.</i>
<i>Alma Edwards</i>	<i>Ottawa</i>	<i>Ex Co Farm Bureau + Bd, 290</i>

Statement to:
SENATE EDUCATION COMMITTEE

RE: H.B. 2144 - School District Equalization Act
March 19, 1985
Topeka, Kansas

Presented By:
Paul E. Fleener, Director
Public Affairs Division
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to make a statement on school finance on behalf of the farmers and ranchers in Kansas who are members of the 105 county Farm Bureaus in this state. We have long been supportive of efforts to create and to maintain an equitable system for funding elementary and secondary schools. Our delegates adopted the following statement on school finance at the most recent annual meeting of Kansas Farm Bureau, Dec. 2-4, 1984, in Wichita. It stresses a number of points which I will bring out later, but the resolution adopted by voting delegates from 105 counties is as follows:

School Finance

We believe the Kansas Legislature should develop a school finance formula to assist in the delivery of and funding for a "basic education" for every child enrolled in public schools in each unified school district in the state.

We continue to believe that there should be minimal reliance on the property tax for support of our elementary and secondary schools. As long as property is used as a measure of wealth, then intangible property should be a part of such measurement of wealth.

We support legislation to create a school district income tax to be collected by the state from every resident individual and returned by the state to the school district of residence of the individual taxpayer.

We will support legislation to increase the state sales tax by one cent (1%), PROVIDED the revenues from such increase are used for financing elementary and secondary schools and to reduce property taxes now levied for school finance.

State General Fund revenues should be enhanced for school finance purposes by increasing the rates of income and privilege taxes imposed on corporations, financial institutions, insurance companies, and non-resident individuals.

We believe that federally and state mandated programs should be fully funded by the federal or state government, whichever mandates a given program.

We have opposed in the past, and we will continue to oppose efforts to establish a statewide property tax levy.

Mr. Chairman and Members of the Committee, the school finance procedures embodied in the School District Equalization Act needs some revision. The procedures and funding in H.B. 2144 need some revision. We were told on the House side it represents the best efforts of the state for this year. We support the best efforts of the state, but we have a question about this bill representing the best that can be done.

Farmers and ranchers in Kansas are not participants in the "economic upturn" we hear discussed out of Washington, D.C. There is a genuine economic crisis in agriculture. We bring that to your attention only to point out that we believe there is time in this Legislative Session to significantly modify the School District Equalization Act to provide a reduced reliance on the property tax.

In a related educational policy position our members expressed the belief that the citizens of Kansas, with the cooperation of the Kansas Legislature, should conduct an in-depth examination of the operation, the goals and objectives of our public schools. Our people want to optimize the educational opportunities for our children at an affordable cost. To do that several steps need to be taken. Among the things recommended by our farmers and ranchers are these:

- * A more efficient use of classroom assistants and volunteers,

- * A reduction in the number of administrative personnel employed by USDs,
- * Curtailing, or limiting to after the regular school day, extra-curricular activities,
- * More efficient use of classroom instructional hours, and
- * Spending and budget lids on USDs.

Proposals advanced thusfar for school finance - including H.B. 2144 - would pump in additional millions of dollars from the state and would, at the same time, cause a significant increase in property taxes paid by the citizens of this state. We need to revamp the system.

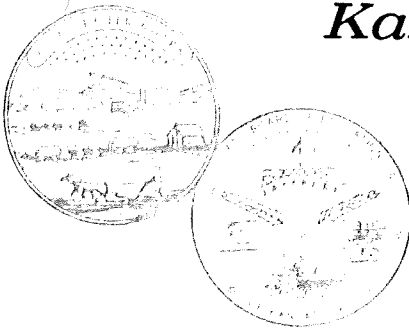
We indicated we would stress two or three points from our resolution Mr. Chairman. We need to reduce the reliance on the property tax. We need a school district income tax. We need a one percent increase in the sales tax PROVIDED the revenues from that increase are used for financing elementary and secondary schools and are used to reduce property taxes now levied for school finance.

There is time in this Session to make significant changes in school finance. NOW is the time for this committee and for the Legislature to take a look at the Ad Hoc School Finance Committee recommendations. It is appropriate that some of the steps recommended by the Ad Hoc Committee be implemented this year! It is vital to agriculture. It is important to the entire state that we equitably fund our elementary and secondary schools. This

Committee can make such a recommendation. This Legislature can achieve equity. We urge you to do it. We support you in your efforts to do so using H.B. 2144 as your vehicle and using such other bills as would be appropriate to achieve an equitable funding situation for our elementary and secondary schools.

1984-85 MEMBERSHIP SCHOOLS FOR QUALITY EDUCATION

USD	School	USD	School
104	Esbon	374	Sublette
209	Moscow	386	Madison
214	Ulysses	387	Altoona Midway
216	Deerfield	390	Hamiltion
217	Rolla	395	LaCrosse
219	Minneola	397	Centre
220	Ashland	399	Natoma
221	Haddam	403	Otis-Bison
222	Washington	417	Council Grove
225	Fowler	418	McPherson
227	Jetmore	422	Greensburg
228	Hanston	424	Mullinville
241	Sharon Springs	427	Belleville
242	Weskan	438	Skyline
245	LeRoy	444	Little River
252	Hartford	449	Easton
254	Medicine Lodge	455	Cuba
256	Moran	462	Central Burden
258	Humboldt	463	Udall
269	Palco	468	Healy
275	Winona	471	Dexter
278	Mankato	474	Haviland
280	Morland	476	Copeland
282	Howard	477	Ingalls
283	Longton	479	Crest/Kincaid
285	Cedar Vale	492	Rosalia
286	Sedan	496	Pawnee Heights
291	Grinnell	502	Lewis
292	Grainfield	507	Satanta
293	Quinter	509	South Haven
295	Jennings	511	Attica
301	Utica		
302	Ransom		
304	Bazine	83	
307	Brookville		
311	Pretty Prairie		
316	Seldon		
324	Agra		
326	Logan		
327	Ellsworth		
328	Lorraine		
329	Alma		
332	Cunningham		
335	Jackson Heights		
354	Claflin		
358	Oxford		
359	Argonia		
360	Caldwell		
362	LaCygne		
363	Holcomb		
366	Yates Center		
371	Montezuma		



Kansas State Board of Education

Kansas State Education Building

120 East 10th Street Topeka, Kansas 66612

Kay M. Groneman
District 1

Connie Hubbell
District 4

Bill Musick
District 6

Evelyn Whitcomb
District 8

Kathleen White
District 2

Ann L. Keener
District 5

Theodore R. Von Fange
District 7

Robert J. Clemons
District 9

Dale Louis Carey
District 3

Marion (Mick) Stevens
District 10

March 19, 1985

TO: Senate Education Committee
FROM: Robert Clemons, State Board of Education
SUBJECT: 1985 House Bill 2144

My name is Robert Clemons, a member of the State Board of Education from Independence.

The State Board of Education spent considerable time reviewing several studies such as the Nation at Risk and the Rand Report regarding the improving of education for elementary and secondary students. These reports strongly emphasized the improvement of teacher salaries.

The State Board recommends that the state authorize an overall average general fund budget increase of 10 percent which should permit school district salaries to increase a minimum of 11 percent and to raise Kansas' ranking. In addition, the State Board requests local boards of education to review budgets in terms of school improvement objectives and to give high priority to adequate budgeting for salaries that will bring classroom teachers more in line with the national average.

If teacher salaries could be increased by approximately 10 to 11 percent, we believe that Kansas would rank approximately 27th in the national ranking of states. It is anticipated that Kansas will rank 30th during the 1984-85 school year.

The State Board recommends that general state aid and income tax rebate should be increased by a total of approximately \$70,000,000 in order to prevent any large increase in the property tax.

We believe that House Bill 2144, in essence, incorporates the State Board's objectives. State aid is increased by \$67,100,000 and teacher salaries have the potential of increasing by approximately 10.5 percent.

Numerous studies have indicated that the potential exists for a teacher shortage in some areas. In order to alleviate such a shortage and to improve the quality of students entering the education profession, we highly recommend that the Legislature approve House Bill 2144 which is very close to the State Board's recommendation.

ATTACHMENT 3 (3/19)

WICHITA PUBLIC SCHOOLS
Educational Services Building
640 North Emporia
WICHITA, KANSAS 67214

March 19, 1985

*Division of Research, Planning,
and Developmental Services
(316) 268-7882*

SENATE EDUCATION COMMITTEE TESTIMONY

H.B. 2144 AMENDED

Senator Harder, Chairman, and members of the Senate Education Committee, thank you for conducting this hearing and allowing the Wichita Public Schools to be heard on this most important matter of school legislation. U.S.D. 259's position is not unlike that of the major groups representing school boards, teachers, and administrators who are all advocates for children.

One positive factor regarding House Bill 2144 is the timely manner in which this legislation has been considered. It is helpful in recruitment and employment of personnel when school districts can make firm offers early to college graduates who are prospective teachers. U.S.D. 259 believes it is helpful to complete the negotiations process at an early date. Early resolution of salary matters is important to teachers and other school employees.

Budget authority is an integral part of the Equalization Act. This Act has proved effective for more than a decade. The formula has provided both fiscal restraint and flexibility and more importantly has provided a means of equalization among districts of unequal wealth. However, the budget controls of 104%-108% are too restrictive to permit Kansas teachers to move toward a more favorable position among the other states. U.S.D. 259 presented its legislative

proposals to you at the beginning of this session and urged you to consider higher budget controls.

It is recognized that House Bill 2144 does not contain appropriations; nonetheless, it is predicated on only thirty million dollars of additional revenue. This assumption is a retreat from 45.7% to 45.5% in the state's percentage when the goal should be to move toward a higher level. Since House Bill 2144 has already been amended in committee and by the full House, members of this committee are respectfully requested to consider further revisions. Two areas are most in need of change, in U.S.D. 259's opinion. Namely, an increase in budget controls and in a commitment of additional revenues beyond those projected. U.S.D. 259 perceives education as an investment more than an expenditure and is willing to make a reasonable effort locally. We hope that effort can be shared to a greater degree by the state.

U.S.D. 259 Legislative Liaison, A. W. Dirks

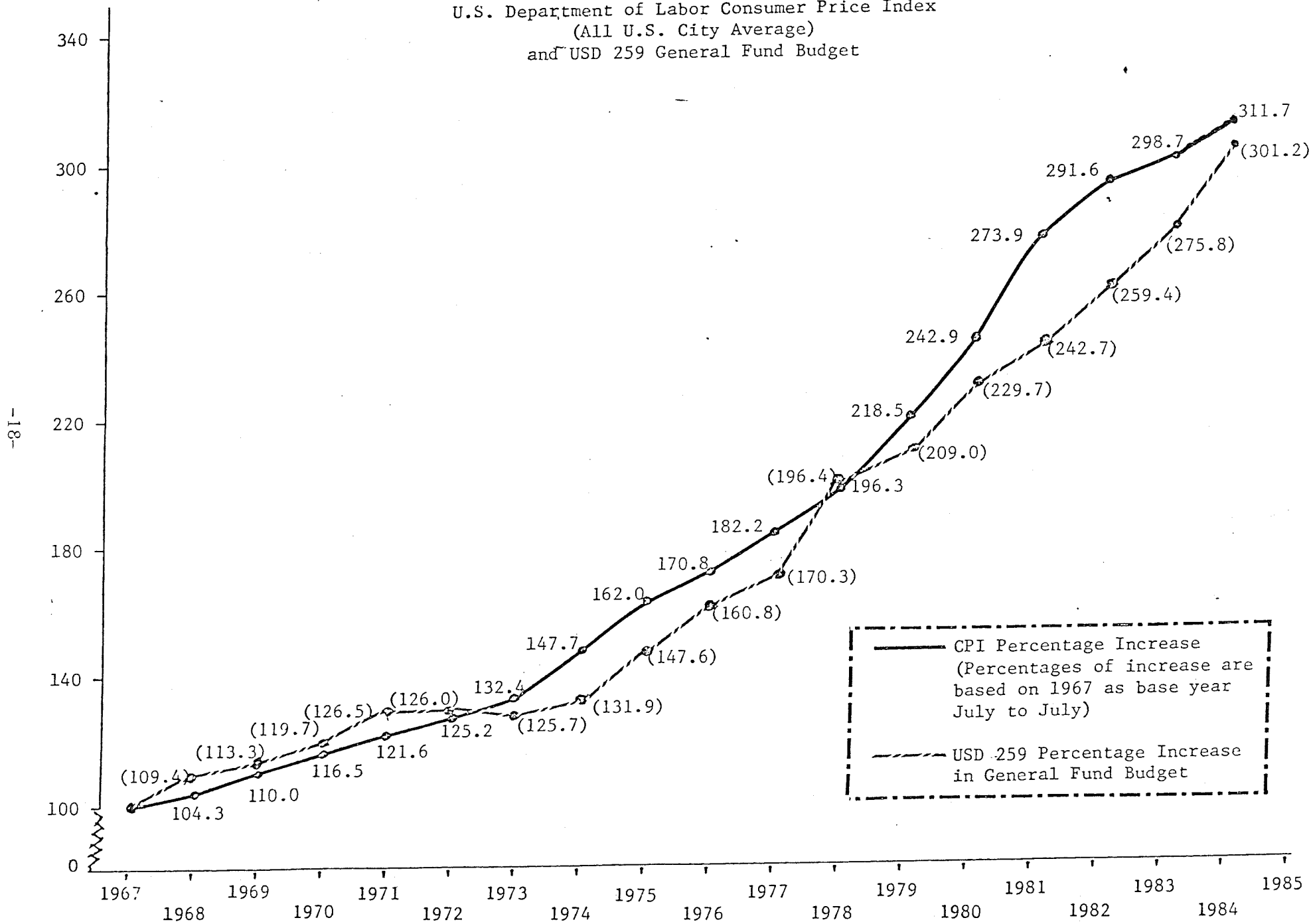
enclosures--Page 17 Comparison of Salary Increases and Budget Authority
Page 18 Comparison of C.P.I. and Budget Increases
Page 19 Proposed Budget Authority

A COMPARISON OF GENERAL FUND BUDGET AUTHORITY
AND SALARY AND BENEFIT INCREASES FOR USD 259
SINCE THE SCHOOL DISTRICT EQUALIZATION ACT
WAS ENACTED IN 1973

Each year since the School District Equalization Act became law on July 1, 1973, the Kansas legislature has established budget authority for school districts. Budget authority permits districts to increase their general fund budget from one fiscal year to another by a given percentage, thereby placing a limitation on school district expenditures. Because salaries represent a large percentage of the general fund budget, there is a direct correlation between budget authority and percentage of salary and benefit increase granted through the negotiations process.

<u>School Year</u>	<u>Increased Budget Authority from Preceding Year</u>	<u>Percentage of Salary and Benefit Increase</u>
1973-74	105%	5.50%
1974-75	107%	7.00%
1975-76	110%	12.20%
1976-77	107%	7.20%
1977-78	105%	5.50%
1978-79	106%	6.01%
1979-80	106%	8.80%
1980-81	109%	12.00%
1981-82	105%	9.00%
1982-83	106.25%	8.25%
1983-84	105%	5.0%
1984-85	109.27%	11.2%

A COMPARISON OF YEARLY PERCENTAGE INCREASES
 U.S. Department of Labor Consumer Price Index
 (All U.S. City Average)
 and USD 259 General Fund Budget



MAINTAIN BUDGET AUTHORITY UNDER CURRENT LAW

Rationale: Employee salaries and benefits represent the major part of the school district budget, and increases in employee salary and benefit packages are tied closely to increases in budget authority. It is imperative that the limitations placed on increased budget authority by the legislature realistically reflect existing and projected inflationary rates. Medical costs, utilities, and many required maintenance services are continuing to increase at an accelerated rate. Budget authority should be provided that is consistent with inflationary and cost of living factors. Budget controls should be continued to prevent educational opportunity from being disequalized with the wealthier school districts having an advantage because of their ability to tax themselves a greater amount with less effort. The poorer districts would be at a distinct disadvantage because increased tax rates would raise fewer dollars than in wealthy districts. It is believed that 105%-110% would be the appropriate budget authority.